

## CI in the OSS

### End Notes

1. The problem of X-2 operational communications was never satisfactorily resolved. X-2 communications, unlike other OSS traffic, were not read for information by other OSS officers or branch staffs in Washington or in the field. However, several incidents of using X-2 communications to by-pass normal OSS channels finally resulted in the compulsory review of all X-2 messages in Washington by the Director's office and in the field by the Strategic Services Officers.
2. Vetting is the process of checking all available CE files to ascertain whether the individual in question has ever been reported to have unfavorable or potentially dangerous associations.
3. British Military Intelligence 5 was responsible for home security, while MI-6 (V) took care of security abroad. These might roughly be compared to the FBI (responsible for the entire Western Hemisphere) and OSS/X-2.
4. Two additional sections, the Art and Insurance Units, were added.
5. See "X-2/Italy, above and "X-2/France, below.
6. These had been previously available to SO through its close integration with SOE.
7. The SCI War Room had previously maintained liaison with MI-5 and with the French through one officer from each of these services.
8. Reports on the extreme vulnerability to enemy saboteurs of Allied supply lines were unfortunately ignored by Services of Supply.
9. See "X-2/France", below.
10. See Washington section on X-2.
11. This paper is reprinted with the approval of Mr. Timothy J. Naftali, a National Security Fellow at the John M. Olin Institute for Strategic Studies, Center for International Affairs, Harvard University.
12. Maj. Graham Erdwurm to X-2 London, Oct 24, 1944, Box 4, Entry 121 RG 226, NA.
13. Mark Clark's 5th Army went into hibernation in October 1944. The British 8th Army did not continue its northern push through Christmas 1944. However it was behind the 5th Army and did not reach Bologna before the spring of 1945.
14. Sicherheitsdienst, or SD, was the intelligence arm of Heinrich Himmler's Reichssicherheitshauptamt (RSHA). Although the Militarisches Amt also belonged to the RSHA, it was composed of former members of the defunct military intelligence service, the Abwehr. As of October 1944, the Germans had three radio agents reporting from Allied-occupied territory. These agents, who were not under Allied control, regularly communicated with their German case officers from Florence, Leghorn, and Rome, respectively. British SCI, "German Espionage and Sabotage Activities in Italy, 1944," Box 23, Entry 119, RG 226, NA.
15. October and November 1944 brought the peak of German line-crossing activities in Italy. The Germans attempted "at least a hundred" of these crossings with a 50 percent success rate.
16. According to Robinson O. Bellin, whom Angleton was to replace as head of the X-2 field unit (SCI Z), "a disaster" befell the unit in October 1944 because of a poorly planned operation designed to root out stay-behind agents in Rome. The scale of this disaster resists definition, yet it may very well explain the urgency with which Erdwurm sought Angleton's arrival. Responsibility for this plan is also not clear, for it was formulated in the confusing weeks during which Andrew Berding passed the leadership of the unit to Bellin. Bellin, whose career in X-2 was marked by careful investigative work and consistent preparation, denies that he planned this operation.
17. Norman H. Peason to J. R. Murphy, Oct 23, 1944, Box 57, Entry 119, RG 226, NA.
18. Favorable reviews of this book reveal widespread agreement with the thrust of Mangold's argument. For example, see Tom Bower's review, "Lost in a wilderness of mirrors," *The Sunday Times*, June 23, 1991. Among works on Angleton, an important exception in tone and perspective is the chapter, "The Theorist," in Robin

Winks's rich book on Elis in the U.S. intelligence community. See *Cloak and Gown: Scholars in the Secret War, 1939-1961*, New York, 1987, pp. 322-437.

19. November 1944: Angleton appointed head of SCI Z, X-2's Italian field unit headquartered in Rome. April 1945: Angleton appointed head of X-2 Italy. December 1945: Angleton appointed head of SSU Italy. November 1947: Angleton returns to Washington, where he become Special Assistant to Col. Donald H. Galloway, Assistant Director for Special operations at the new CIA. See Winks, *Cloak and Gown*, p. 383. Regarding Galloway's position, see Arthur B. Darling, *The Central Intelligence Agency: An Instrument of Government to 1950*, University Park, PA, 1990, pp. 11, 270-271.
20. These were the émigré information service of the former Croat government, the information service of the democratic Croat emigration, the French SDECE, the chief intelligence service of the Georgian Republic, the Italian Naval Intelligence Service, the Italian Pubblica Sicurezza, and the Yugoslav OZNA.
21. Regarding the regularity of reports from SIM and SIS, see Entry 108A, RG 226, NA; regarding the Soviet and Yugoslav ciphers, see Angleton's comments to NHP, in undated letter: James J. Angleton to NHP, Wooden File, Box 3, File: "XX," Norman Holmes Pearson Collection, the Beinecke Rare Book and Manuscript Library, Yale University: Hereafter James Jesus Angleton will be referred to as JJA.
22. Although there is no concise statement available of Angleton's political philosophy in this early period, his emphasis on the role of power in international affairs and his unwillingness to rank ideologies in terms of potential threat to the United States betray a Realist point of view. See Robert O. Keohane, Realism, Neorealism and the Study of World Politics," in Keohane, ed., *Neorealism and its Critics*, New York, 1986, pp. 7-16, for a useful discussion of political realism.
23. In his seminal work on intelligence as an instrument of foreign policy making, *Strategic Intelligence for American World Policy*, Sherman Kent referred to the 1945 Gouzenko case in Canada as an example of the value of counterintelligence as a source bearing on foreign intentions. pp. 216-217.
24. For a good discussion of the distinction between counterespionage and security, see Christopher Felix (James McCargar), *A Short Course in the Secret War*, second. ed., New York, 1988, pp. 126-127.
25. Naftali, *X-2: An Appreciation*. For a succinct description of X-2's various field responsibilities, see Office of Strategic Services, Planning Group, "Counterespionage Field Manual-Strategic Services, (Provisional)," Aug. 24, 1944, Box 2, Entry 176, RG 226, NA.
26. Angleton wrote: "In practice, a certain overlapping of X-2 (counterespionage) and SI (positive intelligence) functions exists, particularly in this turbulent period before the peace conference when most secret political activities of foreign powers are conducted through intelligence services' contacts and networks." JJA to the Director, SSU, Mar 18, 1946, "Consolidated Progress Report for November, December 1945 and January 1946," Box 268, Entry 108A, RG 226. NA.
27. JJA to JRM, "Activity Report SCI/Z Units, 1-30 September 1945," Box 259, Entry 108A, RG 226, NA.
28. *Ibid.*
29. *Ibid.*
30. JJA, interview with the author, Sept. 16, 1986, Washington, DC.
31. BB068 (Maj. Graham Erdwurm) to JJ001 (James R. Murphy) and Chief, X-2 London, Oct. 10, 1944, "Pair," Box 20 Entry 119, RG 226, NA. For evidence of the use of the term ISOS, see F.H. Hinsley and C.A.G. Simkins, *British Intelligence in the Second World War*, vol. 4, *Security and Counter-Intelligence*, London, 1990, p. 183.
32. Naftali, *X-2: An Appreciation*.
33. (Undated), X-2 Branch OSS," Box 80, Entry 99, RG 226, NA.
34. Naftali, *X-2: An Appreciation*. Since ULTRA was their source, the British added the proviso that they were to have veto power over the indoctrination of any American officer, most of whom would be trained in London. Interview with JRM, Nov. 16, 1983. An unfortunate side effect of X-2's exclusive access to ULTRA was the envy and suspicion of the other operational branches of the OSS, all of which were required for security purpose to share the names of agents and contacts with X-2, but none of which were told the reason for their sister branch's extreme secretiveness. The close cooperation with the British necessitated by the ULTRA link also served to widen the gulf between X-2 and the other branches.

35. James Angleton, interview, Dec. 15, 1983. Angleton argued that a successful counterespionage service required a superior source, either in the form of signals intelligence or another significant penetration.
36. Hinsley and Simkins, *British Intelligence in the Second World War*, 4: 180-183.
37. *Ibid.*, p. 182. The British Government Code and Cypher School (GC and CS) issued 268,000 counterintelligence decrypts during World War II, of which 250,000 were deciphered German intelligence messages.
38. *Ibid.*, p. 183. There are a few examples of ISOS/PAIR at the National Archives. Box 1, Entry 138, RG 226 holds some paraphrases of original decrypts pertaining to stay-behind networks in Europe.
39. A complete set of Angleton's Keys and their addenda are located in Boxes 10-13, Entry 174, RG 226. NA. Angleton introduced the concept to his superiors in Jan. 1945, Box 206, Entry 108A, RG 226, NA.
40. In July 1945, Angleton wrote "Interrogations of captured GIS (German Intelligence Service) personalities to date have released much information which previously made it impossible to include in the KEYS." JJA to Major Erdwurm, July 3, 1945, "Appreciation of GIS KEYS," Box 255, Entry 108A, RG 226. NA.
41. An excellent example of a personality file is the one that the Rome Police (JK4, also known as the PANSY group) turned over to Angleton on the socialite Barbara Hutton. JJA to JRM, "Barbara Hutton," Apr. 2, 1946, Box 270, Entry 108A, RG 226, NA.
42. See the "Instrument of Surrender of Italy, September 29, 1943," *Treaties and Other International Act Series*, U.S. Department of State, Washington, DC. No. 1604. This document does not include any direct references to the Italian military intelligence services. It can be assumed that these services are subsumed in references to the Italian military. It may also be assumed that with the end of Allied military government in most of Italy in late 1945, the prohibitions on independent Italian military intelligence operations ceased.
43. Lt. Col. James H. Angleton to C.O., Hqs., 2677th Regt., OSS (Prov.) Aug 4, 1945, "Duty Assignment Completed as of 2400 hours, July 29, 1945," Box 120, Entry 174, RG 226, NA.
44. *Ibid.*
45. Andrew Berding and Robinson Bellin led the X-2 field unit successively from its establishment in Naples in January 1944. In making his October 1944 plea for Angleton's assignment to the field, Erdwurm's had contrasted the weak liaisons then in place with what Berding had achieved (see note 1). Despite Erdwurm's outburst, Berding's successor, Bellin, was not without his own achievements in liaison. As a consequence of the Cornacchia Abwehr case, Bellin established trust between X-2 and the Rome headquarters of the Pubblica Sicurezza, which led to a sharing of police archives and the use of police investigators by the perennially short-staffed X-2 field unit. See Bellin, "Notes for Symposium." There is reason to believe that Bellin's contacts in the Pubblica Sicurezza became the PANSY group that later undertook investigative duties for and provided police information to Angleton. Names of police officers on a PANSY document dated Dec. 28, 1944 are identical to those listed in an October 1944 document detailing a joint operation involving Bellin and the Pubblica Sicurezza (Undated), Regia Questura Di Roma, Commissariato de P.S. di Castro Pretorio, Arresto Di Fede Giovacchino, agente del servizio di informazioni nemico," Box 261, Entry 174, RG 226, NA. There is textual evidence that this document was produced in October 1944.
46. Angleton described the affair in "Memo No. 139" to X-2 London, Dec. 1, 1944. Box 205, Entry 108A, RG 226. Forty years later, Bellin said that he had not wanted to close down the Marine Unit: "I had learned that a member of the Decima Flottiglia MAS had been detected passing information to the Germans. Very soon after I read this report, I received a delegation consisting of two American naval officers from the OSS Marine Unit and an Italian naval officer. The Marine Unit wanted me to issue a security clearance, giving SCI's (X-2 field unit) benediction to use (sic) by the MU, of the Decima FM. I declined respectfully, saying that I had no objection to their use of the Italian group, but that I did not have enough information to grant a wholesale security clearance. Perhaps I was being over-cautious, but my intuition told me to be careful." Bellin, letter to the author, Jan. 10, 1987.
47. Hinsley and Simkins, *British Intelligence in the Second World War*, 4: 183.
48. CB015 (Robinson O. Bellin) to X-2 Washington and London, "Borghese," Oct 19, 1944, Box 114, Entry 174, RG 226. NA.

- <sup>49.</sup> See SALTY (Carlo Resio of the Italian Naval Intelligence Service) report on Capitano di Fregata, Junio Valero Borghese, JJA to X-2 London, "Memo No. 429," Jan 27, 1945, Box 207, Entry 108A, RG 226, NA.
- <sup>50.</sup> Calosi is identified as head of the Italian Naval Intelligence Service, SIS, in a memorandum prepared for the State Department by SSU, "Changes in Naval Intelligence Key Personnel, Italy," June 17, 1946, CIA Research Reports: Europe, 1946-76, Microfilm, University Publications of America, 1983, Roll 3.
- <sup>51.</sup> *Ibid.* For biographical information on Resio, see "Report by Capt/Freg. Carlo Resio On His Activities From November 1939 to December 1944," Box 115, Entry 174, RG 226, NA. Before the Italian Armistice, Resio had headed Section D of the SIS, which was responsible for all naval intelligence gathering abroad. In September 1943, fearing German capture, he ordered the destruction of all of the files of Section D and set up a clandestine SIS in Rome.
- <sup>52.</sup> Angleton assigned maritime code names to all of his contacts in Italian Naval Intelligence. Aside from SALTY, Angleton received reports from BEACON, CORAL, and TAR. The code name for the Italian SIS was SAIL, Box 254, RG 226, NA. Strong evidence that Resio was SALTY comes from the cover letter, BB090 (chief, Italian desk, X-2 London) to JJA, "Carlo Resio," Mar 5, 1945, Box 115, Entry 174, RG 226, NA. Handwritten at the top of this document is "SALTY." "SALTY's identity is also strongly suggested by the statement in a May 1945 report that "ARTIFICE will enter MILAN in company with PATERNI, MACAULEY, CALDEERON, CERUTTI, and SALTY," BB090 to SAINT DH001 (chief, X-2 Washington), "SCI/Z Activities," May 2, 1945, Box 20, Entry 109, RG 226, NA. This was just after Angleton and Resio had jointly prepared operations in northern Italy.
- <sup>53.</sup> See SCI Z (X-2 Rome) memos 419-439 and 442-447, all dated Jan 27, 1945, from "SALTY," Box 207, Entry 108A, RG 226, NA.
- <sup>54.</sup> When X-2 Washington learned in February 1945 that one of Angleton's sources, DUSTY, was also passing information to the Soviets, it cabled Rome: "It is our understanding that present policy does not permit activities either with or against these persons, and in view of present political and diplomatic activities, it would seem particularly dangerous to under take contact with such persons at this time." Box 248, Entry 108A, RG 226, NA.
- <sup>55.</sup> X-2 Washington to JJA, Feb 26, 1945, Box 248, Entry 108A, RG 226, NA.
- <sup>56.</sup> *Ibid.*
- <sup>57.</sup> Another explanation for the absence of subsequent political intelligence reporting from Resio is that after February 1945 he confined himself to cooperation on operational matters with X-2 and left the sharing of intelligence to his subordinates. When X-2 Rome renamed its intelligence sources in the spring of 1945, Resio became JH1/1.
- <sup>58.</sup> Confidential interviews.
- <sup>59.</sup> JJA to Lt. Col. P.G.S. Mero, Signal Section, OSS, Mar. 3, 1945, "Plan IVY," Box 207, Entry 108A, RG 226, NA.
- <sup>60.</sup> In February 1945 Resio provided X-2 with 21 radio operators. There was a shortage of radiomen across the branches of the OSS. After screening by X-2, these men were parceled out to the other branches, with only a few staying in counterespionage. These operators took part in the intelligence assault on northern Italy. JJA to X-2 London, Mar 13, 1945, Box 252, Entry 108A, RG 226, NA.
- <sup>61.</sup> Box 282, Entry 174, RG 226, NA.
- <sup>62.</sup> Stato Maggiore Della R. Marina (Italian Royal Navy), "Organizzazione segreta della X M.A.S.," Aug 11, 1945, Box 128, Entry 174, Rg 226, NA.
- <sup>63.</sup> Angleton wrote in July 1945: "We are afraid that IVY was somewhat responsible for the great success in shooting spies by the CLN (partisans)," JJA to X-2 London, July 18, 1945, Box 256, Entry 108A, RG 226, NA.
- <sup>64.</sup> X-2 contacted Borghese in Milan through one of its agents and brought him to Rome. He was transferred to CSDIC (Combined Services Interrogation Centre) after the British were informed. His arrest record had been falsified to prevent the Italian government from knowing he was in custody. It seems likely that Carlo Resio and the Italian Navy knew of his capture. Resio and Angleton visited jointly visited Milan soon after its

liberation, exactly at the time that Borghese's transfer was being negotiated by X-2. JJA to AC of S, G-2, CI, AFHQ, May 19, 1945, Box 254, Entry 108A, RG 226, NA. For evidence that Resio and Angleton went to Milan together see Italian Desk, X-2 London (BB090) to X-2 Washington, May 2, 1945, Box 122, Entry 174, RG 226, NA.

65. *Ibid.* JJA to Commander Titolo, Nov. 6, 1945, Box 260, Entry 108A, RG 226, NA. Angleton attempted to prevent Borghese's execution by the Italians because of X-2's "long term interest" in him. Although Angleton had to give him up to the Italians in late 1945, Borghese survived well into the 1970s.

66. JJA to JRM, Dec 13, 1945, "Transmittal of Letter," Box 261, Entry 108A, RG 226, NA.

67. JJA to JRN, Jan. 19, 1946, "Publication Desired for Liaison," Box 262; JJA to JRM, Feb. 21, 1946, "Magazines," Box 266, Entry 108A, RG 226, NA.

68. (Undated), JJA to NHP, Wooden File, Box 3, File: "XX," Pearson Collection, Yale University. "Either with Rock (Ray Rocca) or separately I am sending the latest crypt stuff. I believe that you will appreciate the effort put into this work by JK1/14. He is doing this solely for us." From internal evidence it appears the letter was written in early 1946, after Angleton returned from his November 1945 trip to Washington and before Pearson left X-2 in May 1946.

69. *Ibid.*

70. Angleton assigned the prefix JK1 to all cryptonyms for contacts in the SIS. See Entry 108A, RG 226, NA for reports from JK1/1, JK1/2, JK1/3, JK1/4, JK1/5, JK1/6, JK1/7, JK1/8, JK1/11, JK1/14. The use of JK1/14 implies that there were 14 informants, although no reports from JK1/9, JK1/10, JK1/12 or JK1/13 have been found in this entry.

71. JJA, "Consolidated Progress Report for November, December 1945 and January 1946," Mar 18, 1946, Box 268, Entry 108A, RG 226, NA.

72. "Status of Liaison Relations of SSU/X-2 To the Counter-Intelligence Branches of Foreign Special Services," (1946), Wooden File, Box 1, File: "IV Thoreau OK," Pearson Collection, Yale University.

73. X-2 London to X-2 Washington, "German and Japanese Penetration of OSS in ETO (European theater of operations)," July 7, 1945. William J. Donovan

Collection, U.S. Army Military History Institute, Carlisle Barracks, PA.

74. JJA to Francis Kalnay, chief of X-2 Venice, Oct. 31, 1945. Box 260, Entry 108A, RG 226, NA. "Our present difficulty is mainly that of evaluating the various reports which have been produced by yourself, No.5 SCI Unit and the SIM/CS (Italian CE), and SCI Unit Z, Trieste. I feel that the time must come to carefully examine and control the Balkan information obtained in Italy during the past four months, and, therefore, we would appreciate your comments.

75. There are a few clues to the identity of JK1/8. The comparison of two documents regarding contacts between the Italian Navy and Albanian resistance narrows considerably the possible candidates. See documents JZX-7590, Apr. 8, 1946 (Box 270, Entry 108A, RG 226, NA.), and JZX-7719, Apr. 9, 1946 (Box 271, Entry 108A, RG 226, NA), respectively. Further corroborative evidence can be found in the "CUBA" file (Box 261, Entry 174, RG 226, NA), where a note from double agent CUBA to JK1/8 appears to confirm JK1/8's identity as the former SIS Istanbul chief.

76. JJA comment on report, X-2 Italy to Washington, "Propaganda and Penetration of Left-Wing Parties vis-à-vis the Italian Royal Navy," Feb 11, 1946, Box 265, Entry 108A, RG 226, NA.

77. JJA, "Consolidate Progress Report for November, December 1945 and January 1946," Mar. 18, 1946, Box 268, RG 226, NA.

78. Capt. Henry R. Nigrelli, C.O., SCI Z Genoa, to JJA, Apr. 3, 1946, Box 143, Entry 174, RG 226, NA.

79. See two reports by JK1/8 pouched Oct. 7, 1946 by JJA to SSU Washington. One is entitled "SIS Contact with Monarchists," the other "SIS Activity in the Val D'Agosta." Box 248, Entry 108A. RG 226, NA.

80. As there is no postmortem on the JK1/8 case in the X-2 files at the National Archives, one must use his declassified reports as a guide to the length and substance of his career. From them, one can conclude that JK1/8 worked for X-2, at least, from August 1945 through October 1946 (an example of an early JK1/8 report is JJA to X-2 Washington, "Austro-Italian Economic Conference," Aug. 7, 1945, Box 257, Entry 108A, RG 226, NA; for October reports see below). It appears that in January 1946, JK1/8 was moved from Rome to the SIS station in Genoa (X-2 Italy, "Albanian Resistance Group in Italy," Apr. 8, 1946, Box 270, Entry

108A, RG 226, NA). After 3 months there, he may have left the SIS. (In April 1946, CUBA, a joint SIS/X-2 agent said to JK1/8 that he hoped “both Resio and I will come back into the service.” Capt. Henry R. Nigrilli, chief SCI Z Genoa to JJA, “CUBA,” Apr. 25, 1946, Box 261, Entry 174, RG 226, NA.) There is reason to believe he returned to Italian naval intelligence after the republican victory in the referendum on the monarchy in June 1946. His October 1946 reports imply access to inside SIS sources, though conceivably he may have been running SIS contacts from the outside. (JJA to SSU Washington, “SIS Contact with Monarchists,” and “SIS Activity in the Val D’Agosta,” both Oct. 7, 1946, Box 248, Entry 108A, RG 226, NA.) The length of JK1/8’s career is impossible to determine because the date of his last known reports coincides with the cutoff point for most of the operational material in the X-2 files.

81. Resio must have known that SAILOR had offered X-2 his records of contacts with Mihailov because at the time of the offer, SAILOR’s files were still in Istanbul, and the only way for X-2 to obtain them was to ask the Italian naval attaché there, Comdr. Giuseppe Bestagno, to hand the documents to the X-2 chief in Istanbul, Joseph Toy Curtiss. It has to be assumed that Bestagno alerted his superiors to this request. The record clearly shows Bestagno disapproving of the order and dragging his feet for weeks on the excuse that he needed this time to “collect the necessary documents.” Presumably he stalled because he wanted higher authorization. JJA to JRM, Oct. 13, 1945, Box 260, Entry 108A, RG 226, NA.

82. *Ibid.*

83. Apr. 8, 1946, “Albanian Resistance Group in Italy,” Box 270, Entry 108A, RG 226, NA.

84. JJA to X-2 Washington, Aug 19, 1945, Box 258, Entry 108A, RG 226, NA.

85. “Argomento: incontro con il Signor Max Pradier,” Box 262, Entry 174, RG 226, NA. This report appears to be from August 1947. It is unclear whether SAILOR wrote this particular report.

86. Box 263, Entry 108A, RG 226, NA.

87. *Ibid.*

88. *Ibid.*

89. For example, see two reports by JK1/8 pouched Oct. 7, 1946, by JJA to SSU Washington. One is entitled “SIS Contact with Monarchists,” the other “SIS Activity in the Val D’Agosta.” Box 248, Entry 108A, RG 226, NA.

90. JJA to JRM, Nov 6, 1945, “Report of Activities of the Italian Mission from 1-31 October 1945,” Box 260, Entry 108A, RG 226, NA.

91. The standard account of the VESSEL case is in Anthony Cave Brown, *The Last Hero: Wild Bill Donovan*, New York, 1982, pp. 683-705. Cave Brown was the first to write an extended study of the case based on OSS documents. However, he did not see any of X-2’s reports on the case. Unfortunately, as a result, he concluded that Scattolini was VESSEL and that DUSTY was a synonym for this source. Cave Brown also made no mention of Setaccioli. His account, therefore, leaves the counterespionage angle to the case unclear and Angleton’s actions incomprehensible. The most authoritative discussion of all aspects of the VESSEL case was a 1982 BBC radio broadcast entitled “Little Boxes,” written by Derek Robinson. (*Radio Times*, April 10-16, 1982, pp. 17, 19). Robinson’s script was based on the research of Father Robert A. Graham, S.J., an archivist at the Vatican, who had studied Scattolini for a decade. In the early 1970s Father Graham had demonstrated the falsity of the reports that Scattolini had sold to American newspapers before and during the war and linked the forger to two books on Vatican policy that appeared during the crucial Italian election of 1948: *Documenti Segreti della diplomazia vaticana, Il Vaticano e la Democrazia Italiana* (Lugano, 1948) and *Vaticano contro la pace mondiale* (Lugano, 1948). See Graham, “Virgilio Scattolini: The Prince of Vatican Misinforms, A Bibliographical Note.” *The Catholic Historical Review*, Jan, 1974, pp. 719-721. Using the Freedom of Information Act, Father Graham obtained documents regarding Scattolini’s sales to the OSS and Angleton’s role as controller of DUSTY. See Thomas O’Toole “U.S. Blessed with OSS Spy in Vatican,” *The Washington Post*, Aug 3, 1980. I am grateful to Father Graham for sharing his Scattolini file with me (hereafter Graham FOIA file).

92. X-2 Italy, “Plan Dusty-Preliminary Report,” Feb 27, 1946, Graham FOIA file.

93. Setaccioli revealed himself to X-2 when he foolishly sent some of this Vatican material by mail. As all mail in Allied-occupied Italy was subject to censorship, this package ended up on the desk of James Angleton.

Setaccioli was later picked up by Rome police officers working under X-2 supervision. X-2 Italy, "Plan DUSTY, Second Report," Mar. 23, 1946, Graham FOIA file.

<sup>94.</sup> Angleton and CB055, "Plan Dusty, Second Report," Mar 23, 1946, Graham FOIA file.

<sup>95.</sup> JJA, "Vessel Traffic," report sent to General Magruder, Mar. 22, 1945, Graham FOIA file. Angleton wrote: "There is good evidence that Dusty's (Setaccioli's) information passed to us daily for redistribution to our unknowing clients is culled from actual Vatican documents."

<sup>96.</sup> *Ibid.*

<sup>97.</sup> *Ibid.*

<sup>98.</sup> CIA, "Memorandum For the President: Japanese Feelers," *Studies in Intelligence*, vol. 9, no. 3, Summer 1963 (declassified 1990).

<sup>99.</sup> JJA to Special Funds Officer, Sept. 5, 1945, Graham FOIA file.

<sup>100.</sup> "Plan Dusty," (undated), Graham FOIA file.

<sup>101.</sup> X-2 Italy report, "Plan DUSTY, Second Report," Mar. 23, 1946, Graham FOIA file.

<sup>102.</sup> *Ibid.*

<sup>103.</sup> Cave Brown, *The Last Hero*, pp. 699-701.

<sup>104.</sup> OSS Washington to OSS Caserta, Feb. 17, 1945, Box 228, Entry 134, RG 226, NA. General Magruder and Whitney Shepardson, head of SI, cabled: "It is our impression that the current material is a mixture of the obvious, the unimportant if true, and plants. It has the earmarks of being concocted by a not too clever manufacturer of sales information. As a result, for the time being we are withholding the dissemination of most of this material."

<sup>105.</sup> CIA, "Memorandum For the President: Japanese Feelers."

<sup>106.</sup> In August 1945 Angleton wrote: Through the use of our double agent 'DUSTY' (Setaccioli), we have gained information concerning the CG-LAND (Japanese) activities as revealed in Vatican cables." JJA to JRM in Washington, CG-LANDERS Situation

Italy," Aug. 14, 1945, Box 1945, Entry 108A, RG 226, NA.

<sup>107.</sup> See Box 1, Entry 174, RG 226, NA. This box contains cables from September 1945 through January 1946. The last cables in this collection coincide with the timing of the assessment of this material by SSU Washington. The analysis concluded that of the material submitted by Setaccioli in fall 1945, only 35 percent was partially or wholly true, whereas 16 percent had been "definitely proven false," and 49 percent could not be properly evaluated. This survey most likely brought an end to the dissemination for intelligence purposes of the Scattolini cables. U.S. counterespionage officers maintained relations with Setaccioli and Scattolini until September 1947 at least. "Plan Dusty," (undated), Graham FOIA file. I am grateful to Max Corvo for sharing a copy of this declassified document with me.

<sup>108.</sup> "Plan Dusty," (undated), Graham FOIA file. The same document added that this case "illustrated the danger of accepting at face value the product of an intelligence operation which had not been secured by adequate counterespionage investigation."

<sup>109.</sup> Tom Mangold is the most recent writer on James Angleton to assume that once the Germans were defeated, Angleton immediately redirected his efforts against the Soviets. "When the wartime necessity for secrecy began to wane, only the enemy changed for Jim Angleton. Now the hammer and sickle replaced the crooked cross" (*Cold Warrior*, p. 43). Robin Winks had a more subtle view of Angleton's mindset. From interviews and the declassified X-2 records then available, Winks surmised that Angleton was "rather apolitical, mainly intent on his job, and protecting counterintelligence." (*Cloak and Gown*, p. 434n).

<sup>110.</sup> On the tendency of some British intelligence officers to view World War II as a diversion from the contest with the Soviets, see Naftali, "The DSM and the Politics of Allied Counterespionage," paper delivered at the Eisenhower Leadership Center, University of New Orleans, May 1990. According to the British official history of counterintelligence in World War II, as of the fall of 1939, most of the information collected by the counterespionage branch of MI6 and the domestic security branch, MI5, dealt with the Comintern. Hinsley and Simkins, *British Intelligence in the Second World War*, 4: 11.

- <sup>111</sup>. Like many in X-2, Angleton believed the eventual collapse of the German intelligence services a foregone conclusion, and there is evidence that from early 1944 when he was still in London, he worked to build the data base necessary to monitor significant intelligence activities in Italy. BB008 (JJA) to CB001 (Andrew Berding), Feb. 28, 1944, "General," Box 145, Entry 174, RG 226, NA.
- <sup>112</sup>. JJA to JRM, Nov. 6, 1945, "Report of Activities of the Italian Mission from 1-31 October 1945," Box 260, Entry 108A, RG 226, NA.
- <sup>113</sup>. JJA to the Director, SSU, Mar. 18, 1946, "Consolidated Progress Report for November, December 1945 and January 1946," Box 268, Entry 108A, RG 226, NA.
- <sup>114</sup>. There was no serious German or Japanese penetrations of OSS. See two reports, X-2 London to X-2 Washington, "German and Japanese Penetration of OSS in ETO," July 7, 1945, and "Supplement to German and Japanese Penetrations of OSS in ETO, dated 7 July 1945," both from the Donovan Collection, U.S. Army Military History Institute. Soviet penetration of the OSS remains a puzzle. As a good first attempt to resolve that issue, see Hayden B. Peake, *Soviet Espionage and the Office of Strategic Services (OSS): A Preliminary Assessment*, prepared for *The Conference on World War II & The Shaping of Modern America*, Rutgers, The State University of New Jersey, April 1986.