

FAILURE TO FREE AN ENEMY:  
HOW THE DYNAMICS OF WWII PREVENTED THE SUCCESS  
OF OSS OPERATIONS IN HUNGARY

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In many ways, the allied success in Europe during World War II would have been much more difficult had it not been for a little unconventional help from the United States' clandestine intelligence organization, the Office of Strategic Services (OSS). The accounts of agents parachuting into Germany, establishing resistance groups in France, foiling Nazi plans, and rescuing downed airmen highlight the bravery and cunningness of the OSS. Their official records contain reports that read like fantastic spy adventures with agents just as successful as James Bond. Yet, for the remarkable actions in Western Europe, the OSS efforts elsewhere more often than not met with failure. One such area was Hungary, a beleaguered ally of Germany. Hungary was deeply involved in Germany's eastern European operations and as the war continued, it increasingly sought a way out, a means of escaping its alliance with Germany. The OSS attempted to play a key role in organizing the surrender of the Hungarian government starting in 1942. However, when the OSS conducted serious operations to get the Hungarian government to commit to a separate peace in 1944, the missions failed. Administrative and staffing issues within the OSS, Hungarian social biases, and the inability to establish reliable communication within Hungary prevented the OSS from being successful.

It is important to not automatically demonize Hungary for its alliance with Adolf Hitler and to understand why, by 1943, a separate peace was the sincere wish of its leaders. Hungary was, by all accounts, a small, poor, and miserable nation during the interwar years. It had been on the losing side of the First World War as part of the Austrian-Hungarian Empire. The 1920 Treaty of Trianon, signed between the Allies and Hungary, not only dissolved the Empire, but gave two-thirds of Hungary's historic land to

Austria, Romania, Yugoslavia, and Czechoslovakia.<sup>1</sup> Understandably, the loss of their ancient territory devastated the Hungarian people and for the next twenty years, there would be cries to revise the treaty. With the loss of the land came the loss of 89% of Hungarian iron production, 84% of its timber, and over 60% of its railroad system. These losses, coupled with the global depression of the 1930s, led to a 20% unemployment rate and severe food shortages across Hungary.<sup>2</sup> Facing a desperate nation, the Hungarian regent, Admiral Miklós Horthy, commander-in-chief of the Austro-Hungarian Navy during World War I, met with Adolf Hitler two days after he took office in 1933. The meeting resulted in a series of trade agreements, signed by Hungarian Prime Minister Gyula Gombos, that strengthened the Hungarian economy. Germany, a strong economic power, purchased 96% of Hungary's bauxite production and bought substantial amounts of Hungarian cotton for a better price than the world market could offer.<sup>3</sup> With 52.2% of Hungarian exports going to Germany, Hitler successfully tied the Hungarian economy closely to his own.<sup>4</sup> Both the Hungarians and Germans understood that the success of Hungary's economy was tied to the German economy.

Besides holding the purse strings of the Hungarian economy and effectively buying himself an ally, in 1938 and 1940, Hitler coerced Romania and Slovakia to give back some of Hungary's lost territory. These Vienna Arbitration Awards put Hungary in Germany's debt, but also convinced Horthy that through Germany, the Hungarian land could be reunited. Thus, given economic pressure from Germany and the chance to regain its land, Hungary allowed itself to become part of the German war machine and allowed limited use of its army in German military operations to remain in Hitler's good graces. However, Horthy never truly trusted Hitler. He fought with him often and did all that he could do to keep German influences at an arm's reach to prevent Hungary from becoming a puppet government like so many others in Germany's orbit.<sup>5</sup> In 1939, the

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<sup>1</sup> Treaty of Trianon, *Treaty of Peace between the Allied and Associated Powers and Hungary and Protocol and Declaration*, 4 June 1920, [http://wwi.lib.byu.edu/index.php/Treaty\\_of\\_Trianon](http://wwi.lib.byu.edu/index.php/Treaty_of_Trianon).

<sup>2</sup> Cecil D. Eby, *Hungary at War* (University Park: The Pennsylvania State University Press, 1998), 5, 8.

<sup>3</sup> *Ibid.*, 9.

<sup>4</sup> Ioannis-Dionysios Salavrakos, "Explaining Different FDI Inflows in Eastern European Countries," *Global Business and Economic Review* 8 (2006): 62.

<sup>5</sup> During a 1938 shooting trip with Hitler, Horthy told him that "Germans will never dominate the world, because they were so universally disliked for their bad manners." At a separate meeting that year, Hitler tried to convince the Regent to commit troops to the invasion of Slovakia. Horthy flatly replied, "You will get another world war and you will lose it, because you have no sea power." At this, Hitler began shouting and screaming, and according to the US ambassador to Hungary, Horthy asked him not to forget that "he [Hitler], the leader of an infant state, was speaking to the head of a thousand-year old state; and told him that unless he was treated as such, he would leave at once!" Hitler calmed down. If Horthy was intimidated by Hitler, it did not show. The first time they met, Hitler bowed to Horthy who, in return,

foreign minister of Germany instructed Hungary to prepare its railroads for the transport of German troops and military equipment to Poland. The Hungarian Premier, Pál Teleki refused, fearing a situation “whereby the German Reich in passing through the country slowly takes everything into its own hands.”<sup>6</sup> Teleki instead offered the use of the railroads for materials in locked wagons with no military escort to avoid conflict. When the Allied landing in North Africa occurred in 1942, Horthy suspected Germany would lose the war.<sup>7</sup> Reports from Budapest in 1943 state quite frankly that Hungary tried many times to pull away from Hitler economically and militarily, but every time they tried, Hitler’s threats that he would allow the Rumanians to occupy Hungary forced the Hungarian government to back down. Hungarian leaders understood they would be unable to escape Hitler on their own, and the idea of following Italy’s example and establishing a separate peace with the Allies was seriously considered.<sup>8</sup> Hitler, aware that his ally was attempting to defect, invaded in 1944 and killed thousands of people. The Russians would “liberate” the capital in 1945 and then oppress the Hungarians with decades of communism under Soviet rule. In the end, Hungarians would pay a steep price to become a sovereign state and free people again in 1989 after nearly four decades of hardship.

The American secret intelligence community, the OSS monitored these Hungarian hardships throughout WWII. The inception of the OSS can be directly traced to Colonel William J. Donovan, a World War I Congressional Medal of Honor recipient turned New York lawyer. Having worked as the assistant attorney general with the Justice Department in the mid-twenties, he was well-traveled and well-connected in political circles.<sup>9</sup> After the fall of France, Donovan was asked to visit London and assess the likelihood of British success against the German army should there be an invasion. While abroad, Donovan learned of England’s intelligence service and “techniques of unorthodox warfare.”<sup>10</sup> Given what he saw, he not only reported that Britain would hold, but committed much of what he saw to memory to be used later.<sup>11</sup> The surprise attack on Pearl Harbor showed how

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remained erect. John Flournoy Montgomery, *Hungary – The Unwilling Satellite* (New York: Devin-Adair Co., 1947), 69.

<sup>6</sup> Karoly Kapronczay, *Refugees in Hungary* (Toronto: Matthias Corvinus Publishing, 1999), 196.

<sup>7</sup> When the Germans recognized the immense scale of the landings, Rommel called Count de László Almaszy, a desert researcher with the Germans, and told him, “You are a Hungarian and can leave us at any time. If I were you, I should get out while the going’s good. We are going to lose this war.” John W. Gordon, *The Other Desert War* (Westport, Conn.: Greenwood Press, Inc., 1987), 159.

<sup>8</sup> Edward Hymoff, *The OSS in World War II* (New York: Richardson & Steirman, 1986), 20, 26.

<sup>9</sup> Corey Ford, *Donovan of OSS* (Boston: Little, Brown and Company, 1970), 91-94.

<sup>10</sup> The British had a series of underwater pipelines that, in the event of a German invasion, would make every beach a flaming sea of oil. Ford, *Donovan of OSS*, 91.

<sup>11</sup> John V. Grombach, “Personal Papers of Grombach,” Modern Military Records Division, Record Group 263, National Archives, College Park, Maryland.

woefully inadequate the United States' intelligence efforts were, and throughout the next several months, Donovan advocated for the creation of a centralized intelligence organization. Finally on 13 June 1942, the President used executive order 9241 to create the OSS solely for use in, and only for the duration of, the war.<sup>12</sup> Upon its creation, the organization started growing with Donovan at the head. The organization employed foreign nationals as contacts, average businessmen as spies, military men as radio operators, and women as non-threatening deceptions in hundreds of espionage, sabotage, intelligence gathering, and other dangerous missions throughout the war. As more and more records become declassified, the role of the OSS in many Allied successes in the Pacific theater and in Europe becomes clearer. What they cannot claim, however, is success in Hungary.

Hungary was by no means the main concern of the OSS. With agents around the world in places like Algiers, Italy, Yugoslavia, France, Germany, Burma, India, and China, the OSS was involved in nearly every aspect of World War II.<sup>13</sup> It employed thousands of people to include Julia Child, the future French chef, Major League Baseball player Moe Berg, actor Sterling Hayden, and future Supreme Court Justice Arthur Goldberg.<sup>14</sup> With agents around the world, overseas offices were set up to manage their operations. The London, Lisbon, Istanbul, and Yen'an offices were the main locations and instrumental in secretly facilitating the many operations of the OSS.<sup>15</sup> Perhaps the best known missions of the OSS were by the Jedburgh Teams in Germany and France. These teams jumped into occupied territory, organized resistance fighters, armed them, and carried out harassment missions against the Germans.<sup>16</sup> However, the OSS played a more critical role elsewhere in the world. It was instrumental in establishing favorable connections with the Free French in North Africa before Operation TORCH and the first "official" relations between the United States government and the communists in China through the work of the Dixie Mission to northern China.<sup>17</sup> Colonel Ivan Yeaton, Chief of the Dixie Mission, felt that the OSS exerted "more influence on [the] Chinese Communist Party policy than any other unit."<sup>18</sup> Thus, throughout the war, the OSS maintained a global focus,

<sup>12</sup> "Eastern Europe," 6 October 1942, Modern Military Records Division, Record Group 226, National Archives, College Park, Maryland.

<sup>13</sup> *The Secrets War*, George C. Chalou, ed. (Washington, DC: National Archives and Records Administration, 1992), vii.

<sup>14</sup> Andrea Stone and Emily Bazar, "Famous Personnel Included in Opened OSS Spy Files," *USA Today*, 14 August 2008, [http://www.usatoday.com/news/washington/2008-08-14-archives\\_N.htm](http://www.usatoday.com/news/washington/2008-08-14-archives_N.htm).

<sup>15</sup> *The Secrets War*, vii, 302.

<sup>16</sup> John Singlaub, interviewed by author, 29 January 2011. Singlaub is a former member of the OSS and retired as a Major General in the United States Army.

<sup>17</sup> Richard Harris Smith, *OSS: The Secret History of America's First Central Intelligence Agency* (Guildford, Conn.: The Lyons Press, 1972), 51.

<sup>18</sup> Maochun Yu, *OSS in China* (New Haven: Yale University Press, 1996), 183.

conducting operations whenever and wherever possible to assist in the Allied victory. Hungary was just one small part of the OSS's overall focus. As an important ally to Germany due to its rich resources and strategic location, it was a potential breeding ground of Nazi supporters and therefore, an important region to the OSS.

For all the good that the OSS did during the war, it struggled to produce substantial results within Hungary. The goals of the OSS were to aid resistance movements in Hungary and, later on, convince the government to join the allies. Unfortunately, many of its well-intentioned actions failed badly. For instance, throughout 1942, the Hungarian Desk of the OSS began formulating "Eastern Europe Project 7": Location – Hungary. The objective of this mission was to gain "General strategic information; and to attempt to influence Hungarian public opinion" by manipulating a neutral press agency.<sup>19</sup> By October, the operation was approved and in preparation. Imre Bekessy, the owner of the Geneva Press Service in Switzerland, under the guise of journalism, was to send a correspondent to Budapest. The "journalist" would relay "information otherwise unavailable and unobtainable" back to Switzerland and the United States for analysis and also get subscriptions to newspapers and magazines of interest to the OSS. In addition to this, the agent would comment on the reaction of Hungarians to coded propaganda articles submitted by the Geneva Press Service to native papers and magazines.<sup>20</sup> In a series of letters and telegrams, the organization for this project began to take shape. However, none of the newspapers requested came through, and those that did offered little information the OSS did not already have.<sup>21</sup> Ultimately, the project was suspended because it lacked results.

In 1943, the OSS toyed with the idea of establishing radio communication with the underground, The Popular Front, in Hungary. However, the operation ended with all Hungarian members of the operation being arrested by the Gestapo.<sup>22</sup> The secondary and tertiary affects of this failure were serious, as will be discussed later. What was to be an easy mission, turned into a disaster as did most of the Hungarian missions. The reasons for these failures have not been well documented. There is very little written on the OSS in Hungary or the Hungarian Desk personnel.

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<sup>19</sup> "Report on Status of All SI Projects," 6 October 1942, Modern Military Records Division, Record Group 226, National Archives, College Park, Maryland.

<sup>20</sup> "Hungarian Project," 18 August 1942, Modern Military Records Division, Record Group 226, National Archives, College Park, Maryland.

<sup>21</sup> Imre E. Bekessy, "Mikrofilm Roll No: 101," 19 September 1942, Modern Military Records Division, Record Group 226, National Archives, College Park, Maryland.

<sup>22</sup> "Secret Intelligence – Turkey and Hungary," 9 June 1944, Modern Military Records Division, Record Group 263, National Archives, College Park, Maryland.

Little is known about many of the agents, but what can be determined tells a story of a strategic mission that appeared destined to fail.

One of the most important reasons that the OSS struggled so greatly with accomplishing anything in Hungary was simply the fact that it was dealing with Hungary. The Hungarian language is extremely unique with its closest possible connection being to an ancient Finno-Ugric dialect.<sup>23</sup> Thus, finding people who could speak the language, or even learn the language, was difficult. To be the head of a regional desk at the OSS, one had to fulfill many requirements to include: “(i) thorough knowledge of the country . . . acquired through extensive residence or travel in the area. (ii) Fluent proficiency in the language . . . (iii) training or experience in intelligence,” along with the ability to prepare reports and manage a staff. Agents also had to be less than fifty years old.<sup>24</sup> To fulfill a desk position for Germany or France was relatively easy considering how many Americans and immigrants were familiar with the countries and their language. However, as Hungary was a relatively obscure country, at war with the United States twice in forty years, it was difficult to find qualified individuals to head the desk. Major General (Ret.) John Singlaub, a former highly-decorated OSS agent, states that, given these factors, it is highly possible and probable that the OSS was forced to lower its standards for these state-side, planning positions simply because the bodies to fill them did not exist.<sup>25</sup> In 1940, there were 1,589,040 Americans citizens who considered German their primary language. In the same year, there were only 241,220 Hungarian speakers.<sup>26</sup> This testifies to both the small number of Hungarians in the United States and the vast disparity of possible OSS agents for the German and Hungarian operations. This factor has not been considered by the vast majority of historians, possibly because few have studied Hungary in depth, and therefore have not considered it a major problem. However, lowering standards routinely correlates to increasing problems within an organization.

This certainly seems to be the case with the Hungarian Desk. John Torok (originally “Toch”) was a Hungarian Jew born in Budapest who later became a Catholic priest. After working closely with communist radicals during the 1918 Hungarian Revolution, he immigrated to the United States because the church did not approve of his “political connections.”<sup>27</sup> While in America, Torok established connections in the Balkans, swindled money

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<sup>23</sup> Pál Engel, *The Realm of St. Stephen* (New York: I. B Tauris Publishers, 2001), 9.

<sup>24</sup> “Report from ETO Section, Washington, D.C.,” October 1944, Modern Military Records Division, Record Group 226, National Archives, College Park, Maryland.

<sup>25</sup> John Singlaub, interviewed by author, 29 January 2011.

<sup>26</sup> U.S. Bureau of the Census, *Mother Tongue of the Foreign-Born Population, 1910 to 1940*, Table 6. 9 March 1999, <http://www.census.gov/population/www/documentation/twps0029/tab06.html>.

<sup>27</sup> “Subject: John Torok,” 13 November 1943, Modern Military Records Division, Record Group 263, National Archives, College Park, Maryland.

from a Wisconsin bishop, and then fled when the conspiracy was revealed. For a time, he moved all over the eastern United States selling the idea of a unification of all Hungarians across all Christian denominations in the United States, the idea being that it could form a powerful (nay, violent) party able to demand changes to the Trianon Treaty. Using his pitch to collect donations, swindling followers out of money in an estate scam, and selling fake paintings, he accrued quite a bit of money and had a rather exhaustive criminal record. Yet, this was the man chosen to handle the Hungarian Desk and affairs for the OSS, presumably because he fit the minimal qualifications and had an intimate knowledge of the country.<sup>28</sup> Although he was cleared by the Civil Service Commission and the FBI for a “responsible Government position,” the FBI continued to interview those who were in contact with him. While serving in the OSS, he was under FBI scrutiny after claiming to a friend that he had confidential memos from the Office of Price Administration.<sup>29</sup>

It is slightly troubling that, because of the presumed lowering of standards, at the head of the Hungarian desk was a man who had no intelligence experience and arguably questionable morals. Not only was the FBI watching Torok, but he was also under the scrutiny of the Coverage and Indoctrination Branch (code name – The Pond). This was another government sanctioned intelligence organization whose secrecy was so guarded, MG Singlaub had never heard of the group or its leader, Colonel John Grombach – surprising seeing as how MG Singlaub was also a founding member of the CIA.<sup>30</sup> Their records only began to be declassified in 2010 and have not been studied by historians in depth at all. In Grombach’s personal papers, he argues that the “lack of experience of the key personnel in the OSS resulted in poor administration, poor security, wastefulness of lives and money, embarrassment to our Government, and the compromise of the OSS all over the world to our enemies, allies and neutrals during the war.”<sup>31</sup> Grombach lists eleven of the most senior men, to included Donovan, Edward Buxton, the Deputy Chief of the OSS, and Lawrence Lowman, who was in charge of radios and communications, all of whom had no prior knowledge of, or had ever worked with, intelligence.

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<sup>28</sup> Ibid.

<sup>29</sup> Steve Rosswurm, *The FBI and the Catholic Church* (Boston: University of Massachusetts Press, 2009), 246.

<sup>30</sup> Grombach, a West Point graduate and colonel in the U.S. Army, believed that the OSS compromised its secrecy by cooperating and coordinating with allied services and neutral nations. He felt that an exclusively American secret intelligence agency would be of value, and thus, the Coverage and Indoctrination Branch (CIB) was born. It is my conclusion that hundreds of OSS records are yet to be declassified because they reference or are about the CIB, whose records are slowly becoming available to the public.

<sup>31</sup> John Grombach, “Inexperienced Personnel – Conclusion,” Modern Military Records Division, Record Group 263, National Archives, College Park, Maryland.

With Torok, a radical with no experience, commanding the Hungarian desk, it is little wonder that details of planning and secrecy were put aside while developing operations. Although it was not unheard of for criminals to be used by the OSS, they were most often used for a specific skill. Smugglers were employed to sneak equipment and people into different areas, and counterfeiters were pulled out of prisons to forge paperwork.<sup>32</sup> However, for a person with Torok's background to be entrusted with a regional desk, the OSS must have been unable to find a more suitable candidate.

One of the major obstacles that the desk had to overcome, and never quite did, was the political complications in trying to gain the trust of the Hungarians. One of the major concerns that kept Hungarians as a whole wary of America was its alliance with the Soviet Union, resulting in the perceived American support of Bolshevism. One Hungarian contact told OSS agents that "the U.S. lost Hungarian sympathy when she began to collaborate with the Soviet [sic]."<sup>33</sup> The fear that a German loss would result in Europe being overrun by Bolsheviks was common and not entirely outrageous, considering how close the Soviet Union was located to Hungary. Many Hungarian agents with connections to the Hungarian government held this fear and were unwilling to cooperate much with the OSS.

Another political complication was that of German pressure on the Hungarian government to continue cooperating with the Reich. Despite OSS efforts to encourage a separate peace with Hungary, Horthy and his government were compelled to back down. Each time Hitler sensed his ally pulling back slightly, economic pressure and threats of violence against Hungary or the government were stronger than the Hungarian will to resist. Even the idea of disowning Horthy, as the Italians did Mussolini, and surrendering was quickly dropped when Hitler made it clear that Rumania would be given the "permanent title to all of Hungary up to the Tisza river."<sup>34</sup> The Hungarian ancient territory was in many ways directly linked to national honor, and the idea that it could be lost prevented cooperation from many Hungarian contacts as well. These political and cultural problems were obstacles to success that were never fully overcome.

The problem faced by the OSS with establishing *reliable* contacts in Hungary made the administrative problems pale by comparison. In the more easily accessible western countries, the OSS had an established protocol for contacting and verifying the validity of contacts. The standard plan was for agents to jump in behind enemy lines and scout out potential resistance

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<sup>32</sup> John Singlaub, interviewed by author, 29 January 2011.

<sup>33</sup> "1534-1538. Action: Washington, Information: London," 2 January 1944, Modern Military Records Division, Record Group 226, National Archives, College Park, Maryland.

<sup>34</sup> "Current Situation in Hungary," 27 October 1943, Modern Military Records Division, Record Group 226, National Archives, College Park, Maryland.

fighters. Once a reliable contact was found, a “welcome committee” was arranged.<sup>35</sup> Teams of specialized, uniformed military men and host country nationals then jumped in and determined the absolute sincerity of the contact. They then formed, led, and armed the new resistance group.<sup>36</sup> This was all entirely possible because Germany and France were within the American and British sphere of influence. The Americans and British did the majority of the fighting and dying there, and all action in those countries fell under American and British command. Thus, parachuting OSS teams in and conducting espionage, propaganda, and rescue missions was predominantly within American control.

This was not the case with Hungary or other Eastern European nations where there was a greater Soviet influence. By 1943, it was clear that the Soviets would inevitably liberate Eastern Europe and the Balkans and that they would fall under Soviet control in the post-war years, just as the Western Allies would take West Germany and Austria. Thus, by the time the OSS seriously attempted to put teams into Budapest in 1944, they were unable to do so without the Soviets’ permission which proved to be a major obstacle.<sup>37</sup> This prevented the verification of strong anti-Nazi contacts in Hungary because all communication had to be done outside the country or via intermediaries.

In 1944, the OSS began execution of the Toledo Mission – a daring and important mission that ultimately failed because, Soviet clearance could not be received to penetrate Hungary. The objective of the mission was to make contact with resistances groups within Hungary, collect “military intelligence of strategic importance” and to act in the emergency that Hungary fell early.<sup>38</sup> The head of the operation, Maj. Gilbert Flues, was to jump with his three-man team deep into the mountains of Yugoslavia and make contact with the Yugoslav partisans led by Marshall Josip Tito. They would, in theory, assist the team with secretly slipping across the Hungarian border. Upon initially landing, Flues was to radio for the equipment they would need for the penetration.<sup>39</sup> As of mid-September, a month after landing, the team had not been given clearance into Hungary by the Soviet-backed Tito who was, most likely, operating under Moscow’s guidance. The partisans had been growing more difficult to work with for they were

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<sup>35</sup> Colin Beavan, *Operation Jedburgh* (New York: Penguin Group Inc, 2006), 30.

<sup>36</sup> *Ibid.*, 293.

<sup>37</sup> Charles Fenyvesi, *When Angels Fooled the World* (Madison: The University of Wisconsin Press, 2003), 67.

<sup>38</sup> “To: Commanding Officer,” 13 May 1944, Modern Military Records Division, Record Group 226, National Archives, College Park, Maryland.

<sup>39</sup> “To: Mr. Eugene Warner,” 13 August 1944, Modern Military Records Division, Record Group 226, National Archives, College Park, Maryland.

suspicious of the Americans and aggressive in their communist rhetoric.<sup>40</sup> A month later, the partisan corps commander decided that no help would be given unless orders came down from his headquarters. Even then, he said, only a small partisan division would be of assistance.<sup>41</sup> The OSS scrubbed the Toledo Mission shortly thereafter when it became clear the operation would never get off the ground.<sup>42</sup> In late 1944, when the Soviets were en route to Budapest, the OSS determined that trying to put an “active penetration team” in Hungary was pointless, and that it would be more logical to simply wait for the Soviets to take the city. Then, a “city team” of 51 OSS officers could enter the city, with Soviet permission, to assist in post-war reconstruction and stability operations. Moscow, however, denied them permission and the teams were disbanded before they could leave America.<sup>43</sup> Opportunities such as these, denied to the OSS, prevented the development of strong ties to any pro-western liberation group within Hungary and demonstrated the influence that the Soviets had over the region. Placing “fault” on the OSS for wasting an opportunity is too strong. Rather, conflicting interests between nations and personalities prevented the OSS from conducting successful missions.

Thus, proving the validity of contacts in Hungary was nearly impossible, and given the questionable administration of the Hungarian Desk, the scrutiny of contacts was not as thorough as need be. The OSS base in Istanbul, a regional desk responsible for subversive action in the old Ottoman and Austro-Hungarian Empire, was located in a hot bed of Soviet and Axis intelligence agents, all “stumbling over each other” working on recruiting agents.<sup>44</sup> Although Cereus, the major intelligence network operating out of Istanbul, provided the OSS with over 700 reports, most of the intelligence later proved to be false, for the chain was filled with German operatives.<sup>45</sup> Historian Patrick K. O’Donnell asserts that the OSS carelessly handled its agents within Istanbul and traps set by pro-German Hungarians within the government resulted in the arrest of many OSS agents in Europe,

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<sup>40</sup> Nowell Robin, “Report of Geisha Mission,” 13 October 1944, Modern Military Records Division, Record Group 226, National Archives, College Park, Maryland.

<sup>41</sup> Ibid.

<sup>42</sup> Winston Churchill sent his son to work with the Partisans to show Tito that Britain supported the partisan operations, much the same way that kings would marry daughters off to rival kingdoms for peace. However, Tito requested more British troops to protect Churchill’s son because he was so obnoxious, Tito was afraid his own men would get rid of the son. John Singlaub, interviewed by author, 29 January 2011.

<sup>43</sup> Budapest was slated to have the largest “city team” of all the capitals to be liberated. CIA records show that the large focus on Budapest may be the result of the OSS’s close work with a Swedish diplomat in Hungary by the name of Raoul Wallenberg – one of the angels referred to in the title – who was responsible for saving more Jews in Nazi-occupied Europe than any other person or agency during the war. Fenyvesi, *When Angels Fooled the World*, 86.

<sup>44</sup> Franklin Lindsay, *Beacons in the Night* (Stanford: Stanford University Press, 1993), 224.

<sup>45</sup> Patrick K. O’Donnell, *Operatives, Spies, and Saboteurs* (New York: Free Press, 2004), 75.

members of the Hungarian General Staff (who were also in contact with Grombach), and many other contacts within Hungary.<sup>46</sup>

Such is true in the infamous “Hatz Case,” a peripheral operation to Cereus. In December of 1943, months before the German invasion of Hungary, the Hungarian military attaché in Ankara, Turkey, Colonel Bartalics, was replaced by Lt. Colonel Otto Hatz, described as “undoubtedly stupid and . . . spending more money than he had, especially on woman.”<sup>47</sup> This proved fortunate for the OSS operating out of Istanbul as they had been in contact with Hatz since October of that year. Hatz met with American OSS agents who repeatedly tried to persuade him that it was in Hungary’s best interest to defect from the Nazis and that he should help establish an underground resistance. Talks continued throughout December with Hatz relaying the content of the meetings to the German-Hungarian intelligence organization (Hungarian Abwehr) in Budapest.<sup>48</sup> The OSS had no need to be concerned. That Hatz was relaying information to his superiors was actually beneficial, for it kept them from suspecting him of being a traitor and it spread the OSS’s message. The Germans and Hungarians did not feel threatened by him communicating with Americans because he was clearly turning them down and frustrating their efforts. It was as if he were spying on the allies. The trouble came, however, from a similar lackadaisical approach to the man who had originally contacted Hatz for the OSS – Andre Gros, alias Andre Antol Gyorgy.<sup>49</sup> Gyorgy cooperated with the Gestapo and was indeed known as a double agent to the OSS.<sup>50</sup> In early 1944, Gyorgy and Hatz agreed to partner in an attempt to smuggle a radio into Hungary. They enlisted the help of General Kadar, head of the counter-espionage section of the Hungarian General Staff. The radio was hidden in the home of Kadar’s mistress. However, Gyorgy sold the entire operation out to the Gestapo. Hatz escaped death due to Regent Horthy’s intervention, but Kadar is listed as both executed and merely imprisoned, while his mistress was placed under surveillance. Only Gyorgy made it through unscathed.<sup>51</sup> The mission failed because the Hungarian Desk and coordinators in Istanbul placed trust in a double agent and a fool. To the OSS, Gyorgy had the potential to supply them with great amounts of information or contacts. As

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<sup>46</sup> Ibid.

<sup>47</sup> “German Reports on the Hungarian Colonel, Hatz,” Modern Military Records Division, Record Group 226, National Archives, College Park, Maryland.

<sup>48</sup> “German Conversation with Hungarian Colonel, Hatz,” December 1943, Modern Military Records Division, Record Group 226, National Archives, College Park, Maryland.

<sup>49</sup> “#1534 – 1538. Action: Washington, information: London,” 2 January 1944, Modern Military Records Division, Record Group 226, National Archives, College Park, Maryland.

<sup>50</sup> “Your DX-35 of 24 May 1944,” 8 June 1944, Modern Military Records Division, Record Group 226, National Archives, College Park, Maryland.

<sup>51</sup> “Activities of Andre Antol Gyorgy,” 13 June 1944, Modern Military Records Division, Record Group 226, National Archives, College Park, Maryland.

will be seen later, he was not the only imposter to dupe the OSS. The failure of this mission had many negative effects. John Grombach's intelligence organization later tried to plant another radio in Hungary. However, he concluded that "the Hungarians . . . were burned so badly on their last contact with a U.S secret intelligence agency, that they are afraid to smuggle. . . radio sets for the use of" the underground that was providing valuable information.<sup>52</sup>

Similarly, one of the most problematic and prolific double agents within the Cereus ring was "Dogwood," a Czech businessman who had worked with the British, but was transferred to the Americans when he was reassigned to Istanbul.<sup>53</sup> It was here that Dogwood, a Mr. Alfred Schwartz, deceived the Americans.<sup>54</sup> He claimed to have connections with prominent anti-Nazi members of the Abwehr, such as Helmut James Graf von Moltke, son of the famous World War 1 German Chief of Staff (which proved to be false).<sup>55</sup> He fed the OSS "reams of intelligence, most of it planted by the Germans. He never revealed his sources, merely assigning them code names, making the intelligence he provided impossible to verify."<sup>56</sup> Suspicion first came when Dogwood's contacts, his "flowers," whose identities were not known by the OSS until long after suspicion arose of Schwartz's true loyalty, passed along information about Hungary that was easily proven wrong by other local contacts.<sup>57</sup> Therefore, it becomes clear that although the Istanbul office was perhaps too trusting of this agent Dogwood, and took his word that the flowers were legitimate contacts, the question arises, what more could the OSS have done to prevent such a blatant security breach? With limited maneuverability in Eastern Europe and a relatively small overseas desk, it was difficult to determine who was a friend and who was an imposter.

It is for all these reasons that actual, legitimate attempts in 1944 to negotiate peace with Hungary were destined to fail. With so many factors working against the OSS, the two famous efforts – Operation Sparrow and the Bowery Mission – were bound to be ineffective. The Hungarian

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<sup>52</sup> Pond records, disdainful of the OSS as a rule, tend to argue that the OSS generally performed so badly that they lost the trust of locals and could not provide as much intelligence as Grombach's men. In a March 1944 document, a Pond agent stated that Hungarian government gave him a "frank disclosure" of Hungarian troops still on the Russian front in order to give "convincing proof of their confidence in the fairness of the United States," but with the hope that the information would not be given to other sources. "Secret Intelligence – Turkey and Hungary," 9 June 1944 Modern Military Records Division, Record Group 263, National Archives, College Park, Maryland.

<sup>53</sup> O'Donnell, *Operatives, Spies and Saboteurs*, 75.

<sup>54</sup> "Dogwood Chain," Modern Military Records Division, Record Group 263, National Archives, College Park, Maryland.

<sup>55</sup> Ronald Florence, *Emissary of the Doomed* (New York: Viking, 2010), 128.

<sup>56</sup> O'Donnell, *Operatives, Spies, and Saboteurs*, 75.

<sup>58</sup> "Dogwood Chain," Modern Military Records Division, Record Group 263, National Archives, College Park, Maryland. Ronald Florence, *Emissary of the Doomed* (New York: Viking, 2010), 129.

diplomatic mission in Bern launched Operation Sparrow. Using OSS channels, in which Hatz and Dogwood had access to, a request was sent for OSS agents to go to Hungary and arrange for the collaboration of the Hungarian government and hash out practical steps for the Hungarian government to take towards surrender. Unbeknownst in Bern, Hatz and possibly other double agents alerted authorities and betrayed the OSS again.<sup>58</sup> The idea behind the mission was for three Americans to jump into Hungary, and be “captured” by the Hungarian army. A high ranking contact in the army would meet with them to discuss terms.<sup>59</sup> The “sparrows” were lead by the flamboyant Colonel Florimond Duke, who had never made a jump before. Regardless, the three Americans parachuted into a remote section of Hungary on 15 March 1944.<sup>60</sup> At first, the mission went perfectly as planned and the Americans enjoyed the hospitality of the Hungarians while sitting comfortably in jail. However, the regent was in Germany at the time, being delivered a harsh tongue-lashing by Hitler who suspected Hungary’s disloyalty.<sup>61</sup> Hitler ordered an invasion of Hungary, and the sparrows attempted to blend in with the aviators who were being taken to POW camps. Instead, the Gestapo knew to look for them and interrogated them separately before sending them to the infamous Colditz Castle to sit out the rest of the war.

The reasons for the failure of Operation Sparrow are tragically many, though the blame lies mostly on the planning and intelligence work prior to the start of the operation. After suspicion had already arisen about the loyalty of the Dogwood chain, the British intelligence service actually generated a report of German agents in Hungary, and many of them worked for Dogwood. Furthermore, it was discovered that critical reports generated by OSS agents in Hungary were identical to the reports given to the Germans.<sup>62</sup> Clearly, there were some issues in who was employed and listening to the advice of the British. However, Donovan himself became extremely worried given this information and attempted to talk sense into those in charge. “Packy” MacFarland, who was heading the Istanbul desk, refused to believe that the Dogwood chain could be compromised or that Hatz was a double agent. He insisted that all the accusations against Hatz were simply part of his “cover story” though he would use caution with him.<sup>63</sup> Even more disappointing was that Dogwood’s “handler” did not seem to understand the importance of the information that had just been

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<sup>59</sup> Yehuda Bauer, *Jews for Sale?* (New York: Yale University, 1994), 137.

<sup>60</sup> Douglas Waller, *Wild Bill Donovan* (New York: Simon & Schuster, Inc, 2011), 197.

<sup>61</sup> Ibid.

<sup>62</sup> Paul Schmidt, *Hitler’s Interpreter* (New York: The Macmillan Company, 1951), 270-71.

<sup>63</sup> Agostino Von Hassell, *Alliance of Enemies* (New York: St. Martin’s Press, 2006), 181.

<sup>64</sup> Ibid., 182.

received and did nothing to monitor or check the agents' activities.<sup>64</sup> These untrustworthy Hungarian agents were allowed to operate because of the poor control by the Hungarian Desk and Istanbul office. Even when given credible intelligence that something was amiss, the Istanbul desk did painfully little to protect any ongoing missions involving the questionable contacts. Most historians now agree that Hatz was one of the most involved contacts in informing the Germans about the Sparrow Mission.<sup>65</sup> This may account for why Horthy was out of the country at that time and was therefore unable to help the men he had earnestly waited for to help deliver his country from war.<sup>66</sup> The Hungarian official that the Americans met with was imprisoned by the Gestapo as well and forced to produce a report on the matter.<sup>67</sup> It seems as though the Gestapo allowed the meetings (of which they had full knowledge) to go on until they had all the evidence that they needed to convict all the players involved. Days later, a group of Austrians working for the OSS, code name Cassia, went to Budapest to pick up radios, passing easily through the country since Austria and Hungary were allies. They too were betrayed by enemy agents, and a total of twenty people were executed.<sup>68</sup> Both the attempt to plant the radio and the Cassia operations were victims of the Dogwood/Cereus chain.

With the failure of Operation Sparrow and the German invasion of Hungary, a new mission was undertaken by the OSS to deliver to Horthy a plea seeking an armistice. The Bowery Mission was taken on by one under-studied man given his extraordinary adventure – a Monsignor of the Roman Catholic Church and a professor in the Vatican City. Monsignor Moly (for whom a full name is not given in the OSS report) was about 40 years old, short for a man, and Hungarian by birth and nationality.<sup>69</sup> On 7 October 1944, Moly was flown to a secret airfield in Slovakia and taken across the border into Hungary by a Slovakian guide. He made his way alone to Vamosladany, his birthplace and found refuge with a fellow priest who gave him clerical “garb” and escorted him further to Zselig.<sup>70</sup> His saga continued as he traveled by train and found Justinian Cardinal Seredi, also Prince Primate of Hungary, an old friend who was “transfixed by surprised” when Moly revealed himself and explained his mission.<sup>71</sup> Cardinal Seredi hid

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<sup>65</sup> Ibid.

<sup>65</sup> Agostino Von Hassell, *Alliance of Enemies* (New York: St. Martin's Press, 2006), 181.

<sup>66</sup> N.F. Dreisziger, ed., “Part II of the Interrogation Report on Veessenmayer,” *Hungarian Studies Review* 23 (1996): 61.

<sup>67</sup> Waller, *Wild Bill Donovan*, 198.

<sup>68</sup> Von Hassell, *Alliance of Enemies*, 183.

<sup>69</sup> Howard M. Chapin, “Resume of Moly Operation,” 17 April 1945, Modern Military Records Division, Record Group 226, National Archives, College Park, Maryland.

<sup>70</sup> Ibid.

<sup>71</sup> Ibid.

Moly until he was able to secure a train ticket to Budapest and located a friend, a well-connected professor who was able to contact General Pal Pongracz, a member of the regent's cabinet. Pongracz arranged for Moly to meet with Horthy and personally drove Moly and his friend to the royal palace, then walked them past all the guards. Moly was able to convince the chief of the regent's military cabinet and first adjutant to allow him to speak with Horthy and arrange for a piece of his radio to be repaired. That night, Horthy saw Moly who explained that all Hungarians outside the country saw that the war was lost, and that the foreign ministers and Allies all advised that Hungary seek an armistice and "surrender unconditionally to the Allies, and equally to the United States, Great Britain and the USSR."<sup>72</sup> However, everything Moly was about to advise the regent to do, Horthy had already set in motion by sending an armistice delegation to Moscow. They spoke of the armistice, and then, after an hour and a half, left and took refuge at a local monastery. The rest of his tale is amazing: He hid in a cousin's house for two and a half months to avoid the Gestapo which was hunting for Horthy sympathizers. When a bombing raid in January of 1945 destroyed the house, he fled to another monastery run by a Mother Superior who had once lived in Philadelphia. He stayed there until the Russians overran the country and he was able to reveal himself to them as an American agent and return to the United States.<sup>73</sup>

Although Moly's adventure truly reads like that of a movie character, the impact his mission had is generally not noted by many historians. Moly himself felt that his talk with Horthy played a large part in solidifying the defiant attitude of the regent, which proved to be the catalyst for the formation of the puppet government of Hungary. When Moly spoke with Horthy, the regent stated that "The interests of Hungary are more important than my personal safety. I would be willing to put my head under the guillotine if it would save Hungary . . . If I have sufficient troops to defend the capital against the Germans I will manifest my will to the Nation."<sup>74</sup> Moly and Horthy talked at length about just how to protect Hungary, Moly all the while encouraging the armistice. The day after Moly left, Horthy's son was kidnapped and the emboldened Horthy made a radio address announcing the armistice. Moly noted that many of the phrases that the regent used, he had said during their meeting. To Moly, their talk seemed to be what Horthy needed to commit himself to making the announcement. Sadly, this proclamation so enraged Hitler that he ordered the arrest of

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<sup>72</sup> Ibid.

<sup>73</sup> Howard M. Chapin, "Resume of Moly Operation," 17 April 1945, Modern Military Records Division, Record Group 226, National Archives, College Park, Maryland.

<sup>74</sup> Ibid.

Horthy by the Gestapo and quickly replaced the Hungarian government with pro-Nazi leaders who would remain until the communists' rule began.<sup>75</sup>

While in many ways, Operation Bowrey was a success in that Moly, the lone OSS agent to enter that deep into Hungary, was not captured or killed, but it may have inadvertently pushed Horthy to make the proclamation that resulted in the complete occupation of Hungary and the end to Horthy's rule. Announcing the armistice was, sadly, exactly what the OSS wanted Horthy to do – except the consequences were completely unexpected and unintentional. It was as if the planning of the operation did not take into account what the Germans would do in response. Moly was an absolutely loyal contact, yet, just as the Sparrow Mission instigated the occupation of Hungary, Moly may be responsible for the creation of the Nazi government in Hungary and ending any chance of separating Hungary from Germany.

It is a tragic conclusion that can be drawn from the OSS involvement in Hungary during World War II. Because of the uniqueness of the country, the OSS had a difficult time recruiting qualified agents to work for the organization. Hungarian concerns with the American alliance with Russia led to difficulties in forming relationships with Hungarian contacts, not to mention the trouble they had in even contacting and verifying anti-Nazi Hungarians because of Russian influence in that area. As a result, operations were often muddled and not secure, thus resulting in failed outcomes, such as the penetration attempts from Yugoslavia, to tragically failed operations such as Cassia and Sparrow. Even more disappointing, are the operations that had unintended, unforeseen, but possibly predictable results like those that resulted from the Bowery Mission. It was not for lack of trying and honest good intentions that the OSS could not achieve its goals in Hungary. The OSS achieved amazing results in Western Europe that saved lives and shortened the war as so many books and veterans can attest to. However, so many factors were working against the American attempts to influence Hungary that those same miracles were not only unrealistic, but destined to fail.

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<sup>75</sup> After Germany's defeat, Horthy was handed over to the Americans who happily testified at the Nuremberg trials, and then retired to Portugal where he wrote his memoir and lived out the rest of his life.