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COUNTER INTELLIGENCE CORPS
MILAN DETACHMENT, ZONE 3
APO 512, U.S. ARMY

Ref.No.335.

5 November 1946.

SUBJECT: Yugoslav Commercial Activity.

RE : Further Investigation.

More information on Subject above, first reported on Summary of Information of 8 October 1946, Subject: Same as above, has been received by this Agent.

1. The merchandise mentioned above is stored in "Porto Franco" in Trieste.

2. The sellers are two Slovenes, BRSIDER Ernesto and SKRBL, Mariano, who are at present in Trieste. The price has fallen from 3000 lire to 2000 lire per piece, the drop resulting from the necessity on the part of the sellers to complete the deal in as little time as possible.

3. False documents will be used to avoid customs charges.

4. It is nearly certain (according to reliable informants) that the money obtained is to be used for Communist and pro-Slav activity in the V.C. Because of the use of false documents, the merchandise could be confiscated under customs evasion laws. This could be realized in the following manner:

a. An undercover agent could be used to negotiate for the purchase of the merchandise. Credit could be opened in a bank in the name of this undercover agent. Credit will be "pro forma" only since the money will not have to be paid out before the merchandise leaves "Porto Franco". When the merchandise is brought up for customs inspection (through use of the false documents) the merchandise could be immediately blocked and confiscated.

b. All people involved in the negotiations could then be arrested.

5. Since the merchandise is worth about 50 million lire, this would be a big loss for Yugoslav and Communist organizations in the Venezia Giulia.

6. It is suggested that CIG Zone 1 or FSS Trieste exploit the above plan or any similar plan to confiscate the merchandise.

Nicholas A. NATSIOS,
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APPROVED:

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