

Nazi Ties Bring Trouble to U. S. Drug Firm

Records Subpenaed by Government and Activities Condemned by British Economic Minister

Nazi interests in Sterling Products, Inc., and its huge royalties and trade in South America have caused Sterling all kinds of trouble.

Its records, along with those of a hundred other drug and chemical firms, were subpenaed this spring by the Government in an investigation of an alleged monopoly.

Its activities were condemned in a statement in May by Hugh Dalton, Minister of Economic Warfare for the British. A technical error brought a column-long correction from Dalton in *The New York Times*. The basic charges were not affected: It was shown that Nazi stockholders profited by Sterling activity.

And a few days ago Walter Kerr of the *Herald Tribune's* South American staff forwarded packages of German-labeled drugs sold in South America. They showed that Bayer Aspirin made by I. G. Farben and Bayer Aspirin made by the New York Bayer Co., owned by Sterling, were being sold in packages that were identical except for the maker's name and seller's name.

Two Other Firms

Kerr reported two other U. S. firms were selling to the South American trade using German labels. They were the Schering Corp. of Bloomfield, N. J., and the Bilhuber-Knoll Corp. of Orange, N. J.

The American firms used labels similar

to those of the European firms bearing almost identical names. The U. S. firms once were owned in part by the foreign firms, once acted as agents, or once bought patent rights from them. The foreign firms recently have changed from German to Swiss corporations or have formed Swiss subsidiaries. The U. S. firms denied any present financial hook-up with the German firms of the same names.

The *Herald Tribune* estimated that on one \$4,000,000 portion of this South American medical and drug trade Germany received

75 per cent of the profits. On a portion of about \$20,000,000 the German share was not known.

The 75 per cent figure was that used by Mr. Dalton. He said:

"The Sterling subsidiary by using its license and performing its agreement to pay up to 75 per cent in royalties is not only furnishing supplies to I. G. subsidiaries which the British government have specified as enemies but is further making in Latin America very large profits, three quarters of which it has so far considered itself bound to go on paying to the German dye trust."

Mr. Dalton expressed the hope that "Dr. W. E. Weiss and Mr. E. I. McClintock (officers of Sterling) will do whatever they can to reduce to a minimum if they can not entirely eliminate the financial assistance they have hitherto felt obliged to render to a country which is now unblushingly engaged in trying to make both hemispheres unsafe for democracy."

The history of that agreement and the patent acquirement is interesting. The Alien Property Custodian in 1917 took over the Bayer Co. from its original German owner, Friedrich Bayer & Co. of the I. G. Farben industries. Sterling bought the company from the Custodian in 1920.

This is one version of what followed:

Mr. McClintock took over very successfully the promotion of South American sales. One principal sales agent was one DeCastro with whom Dr. Weiss subsequently had violent quarrels.

DeCastro is reported to have left Weiss after one such argument. He walked down Varick Street to the office of the American office of the German Bayer company, and asked:

"Did you know that Weiss didn't take the trouble to re-register his Bayer and other German trade marks which had expired?"

The German agent is said to have thanked DeCastro, who subsequently went to work for him, and later died. The original Bayer company re-registered the trade marks. A legal battle followed.

Weiss went to Germany, made his peace, and got a sales agreement with I. G. Farben which controlled Bayer. The German corporation was to "get a handsome share"

What Is Being Done About Cash Diversion

Is anything being done and can anything be done about diversion of American cash and credit to the use of Nazi Germany through business channels as reported in these stories?

Anti-trust indictments have been returned against many corporations, most of which are not even mentioned in these stories.

Stockholders of individual companies can force action by their directors. Standard of New Jersey stockholders, for instance, meet June 3. Effective action will cost their own corporations money.

Shipments of German-labeled goods, or goods on which German royalties are paid, or goods in whose profits German corporations share can be embargoed.

German-bound funds may be impounded. This action already has been taken in several cases. It can be broadened.

The President, under "unlimited emergency" powers he has just acquired, may take almost any action necessary to stop the flow of funds to sources that can use them against the U. S. A.

of the profits. The figure was not made known.

Today the drugs of the type exported by Sterling and subsidiaries to South America have increased as much as \$5,000,000 in a year. Dyes and chemicals exported by General Aniline and Film Corp. to Latin America have more than doubled in a year. Some specific products are being exported in quantities 10 times as great as a year ago.

Sterling has organized its own Latin America subsidiaries. They import, distribute, and retail German-patented products made by Sterling for a profit that is shared with Germany's I. G. Farben. They are managed in most cases by German citizens, or Latin American citizens of German origin.

This week PM will tell more of the story of Sterling Products and German participation in American profit-making business enterprises.

War Chest, continued

thetic rubber. These companies hold exclusive rights to those Farben patents outside Germany.

D. A. SCHMITZ

Naturalized American born in Germany. Director-general of Aniline and Film Corp. and American Magnesium Corp.

E. M. CLARK

Director-general of Aniline and Film, Standard I. G., Ethyl Gasoline Corp. and Agfa-Ansco, and a former vice-president of Standard of New Jersey.

EDSEL B. FORD

Director of Ford Motor Co., Ford Motor Co., Ltd., Ford Motor Co. of Canada, Ltd., Ford Motor Co. Exports, Inc., General Aniline and Film Corp.

E. V. MURPHREE

Director of Standard I. G. and several Standard of New Jersey subsidiaries.

WILLIAM H. VOM RATH

German-born American, son of the late Walther vom Rath, who was once vice-chairman of the I. G. Farben board. He is a former employe of I. G. Farben, now a director of General Aniline and Film.

RUDOLF HUTZ

German-born American, former employe of I. G. Farben, now a director of General Aniline and Film.

DR. FELIX ISELIN

Swiss subject, officer of I. G. Chemie, which has large stock interest in Standard of New Jersey and General Aniline and Film.

HERMAN SCHMITZ

German citizen, member of the board of management of I. G. Farben, and president of I. G. Chemie, Swiss holding company whose dividends are guaranteed by I. G. Farben.