

Excerpts from "Total Espionage," by Curt Riess (Putnam's, 1941).

Pages 49-56: Re Bund - its early history

However, it would be bad history to begin a description of the Nazi underground organization in the United States with Dr. Ignaz Griebel. We must begin at the beginning.

The real beginning was the foundation of the "Teutonia" in Chicago in 1925. It was founded by a man named Ulrich Staack, and Messrs. Walter Kappe and Fritz Gissibl, were charter members.

In 1932 the North American Landesgruppe of the National Socialist Party was founded. Karl Manger of New York was appointed fuehrer of this group. Whether they liked it or not, the members of the Teutonia Club found themselves taking orders from him. In October 1932 the first Nazi meeting was held in the Pfalzer Hof in New York. At this meeting storm troopers appeared in uniform. All this was still months before Hitler became Chancellor. But this was to be only a prelude...

Early in 1933 the German Vice Consul in New York, Dr. George Gysling, had dissolved the Nazi Party: it had had too much unpleasant publicity. He established a club which he called the Friends of the Hitler Movement, a club which attracted a large membership, including many influential and financially powerful Americans. Gysling did not have to wait long for his reward. In April 1933 he was appointed Consul in Los Angeles. Before he left New York, he renamed the club; it became the Friends of the New Germany.

Los Angeles.... Even during these first months of their work, the Nazis understood the tremendous importance of the West Coast as a field for espionage. During the next few years there grew up in and around Los Angeles what amounted to the central committee of German espionage. Here, too, there were ships for smuggling vital material and men into and out of the country. Here Count von Duelow appeared and rented himself a house at Point Loma in San Diego, overlooking the naval base. And here, there worked a young man with a Hitler mustache, who had acquired American citizenship--which he later forfeited when it was learned that he had acquired it under false pretenses. This man directed all German espionage in this part of the country. He spent most of his time in the German House at 634 West 15th Street, Los Angeles; but he occasionally took interesting trips to Mexico. His name was Hermann Schwinn.

Meanwhile the Friends of the New Germany prospered under the leadership of a photo-engraver from Detroit named Heinz Spanknoebl. But Herr Spanknoebl was imprudent; he behaved somewhat too arrogantly; he tried gangster methods to persuade New York's population of German origin to obey his orders. Again there was unpleasant publicity, he was indicted by a grand jury for violation of the law covering the status of foreign agents, and had to flee precipitately to Germany--on one of those favorite German liners. It was in connection with this affair that Washington first became interested in Dr. Ignaz Griebel.

Until now there had been no reason to pay any attention to him. He had fought in the German Army in the World War, and coming to America had settled down as a physician. He was a member of many German clubs, but until Hitler took power he kept clear of politics. After 1933 this attitude underwent a great change. He became a Jew-hater par excellence and leader in the fight to Aryanize all German clubs. He also became--though this was not revealed until much later--Chairman of the Secret Execution Committee of the Friends of the New Germany--whatever that meant. When he was accused in court of having aided Spanknoebl's fight and of hiding him in his own home, he offered patriotism as his excuse...

The leadership of the Verein was taken over by Fritz Gissibl until he also had to flee to Germany. For a time a certain Reinhold Walther took his place until Dr. Hubert Schnuch came from Germany as an exchange student to take the Friends of the New Germany in hand. He, too, did not last long; there were quarrels and occasionally even open street brawls between the followers of Walter Kappe and the followers of Schnuch, until finally, in 1935, Kappe sailed for Europe on a German liner. Some time later, in March 1936, the Buffalo Convention of the Friends--renamed the "Bund"--elected Fritz Kuhn as leader.

But the real leader of the Bund after 1936 was not Kuhn, any more than those other gentlemen had been the real leaders before 1936. The real fuehrex, the power behind the throne and the man who was organizing Nazi espionage in the United States, was Walter H. Schellenberg.

His career in Germany almost predestined him for the role that he was to play over here. During the World War he joined one of the bands of adventurers known as Free Corps which, under the pretense of fighting bolshevism in the Baltic states, sold their services to the highest bidder while becoming the terror of the native population with their looting, raping, burning, and murdering. Schellenberg belonged to the Free Corps von Brandis which "liberated" Latvia. For his signal brutality he soon advanced to an officer's commission. By the end of 1919, Schellenberg's outfit had committed so many outrages that the Baltic states finally drove the "liberators" back to their own ather-land, where the German government disarmed them. Like all mercenaries, Schellenberg could not bring himself to find a regular job. To earn his livelihood by regular work was beneath his dignity. So he and a gang of his hoodlums hired out as guards on a large Prussian Junker estate. Schellenberg not only smashed the farmers' union which had been formed under the protection of the young German republic but started a cache of arms and ammunition on the estate of his employer Baron von Dangen-Steinkeller who was in full sympathy with the preparations for a putsch against the republican regime. However, Schellenberg did not long enjoy the easy life on the estate because not even the tolerant German republic would stand for open murder. A poor farmhand had stumbled across one of the arms caches and was surprised by one of Schellenberg's men. He called his leader and Schellenberg beat out the farm worker's brains. The boy's brother openly cast suspicion of the murder upon the guards. When this came to Schellenberg's ears, he strode into the village inn two days later and pumped the nine slugs of his Parabellum pistol into the unlucky lad's head. The police simply had to intervene, but they contrived never to catch up with Schellenberg. A few months later Schellenberg joined, with the rank of First Lieutenant, the notorious Ehrhardt Brigade, a secret military organization sworn to overthrow the German Republic. In this capacity he participated in the Kapp Putsch in 1920, afterwards quickly changing back to civilian clothes when the government put down the insurrection. Schellenberg joined the Nazi Party and for the next few years his income came from various sources. As long as the party was legitimate he was a paid organizer of storm troops. As leader of one of the "Rollkommandos"--special street-fighting detachments of the storm troops--his police dossier in the Prussian Ministry of the Interior, which already recorded two murder charges that were never prosecuted, was augmented by three more suspected murders, homicide, assault with deadly weapons, unlawful possession of firearms, and destruction of property. But like other storm-troop leaders he always got away with small fines. When the party was outlawed after Hitler's unsuccessful Beer-Hall Putsch Schellenberg had a tough time for a while living on whatever he could borrow. By 1925, when the Nazi Party came back stronger than ever, Schellenberg had a new racket. He was selling "protection" to wealthy Jews in Berlin, Frankfurt, Munich, and Magdeburg. It was quite lucrative in two ways. Schellenberg promised to use his influence with the Party to tone down anti-Jewish agitation. His other and more profitable line was to promise that when the Party came to power he would personally see to it that his benefactors would be exempted from whatever anti-Jewish measures the Nazis would decree.

Shortly before Hitler came to power, Schellenberg came to New York. Without a visible occupation or means of support, he began at once to organize Nazi intelligence activities. He organized a secret department of the German Consulate General in New York under Dr. Walther Becker, at that time nominally German commercial attache. This first work consisted of systematic espionage in the New York Financial district. By October, 1932, Schellenberg had people in the foreign departments of some banks who furnished information on transactions of German accounts or accounts suspected of evading the German foreign exchange restrictions. Several of these informers were subsequently found to be members of the German Nazi Party or the German American Bund and its parent organizations. Schellenberg himself joined the staff of a small financial firm on lower Broadway, which turned out to be a cleverly disguised blind for Nazi financial transactions. Also in his new role as "security salesman" and "customer's man" Schellenberg was able to establish a plausible front. He nearly came to grief in 1934, when government agents heard that he had boasted of purchasing his American immigration visa in Berlin through a crooked American attorney. Questioned under oath, Schellenberg could not be prosecuted because it was impossible at that time to obtain the evidence from Berlin to convict him.

Shortly after Hitler came to power Schellenberg made a secret trip to Germany, despite the fact that he had taken out American citizenship papers and sworn his first oath of allegiance to this country. American government authorities have in their possession a picture which appeared in the summer of 1933 in the official Nazi Party newspapers, Voelkischer Beobachter, of Schellenberg in full Nazi storm-trooper regalia. The caption on that picture reads: "Party Comrade Walter H. Schellenberg, Special Assistant on the staff of Party Comrade E. W. Bohle, bidding good-bye to Party Comrade Colonel F. X. Hasenuehl, who is on a special Party mission to the Far East."

Shortly thereafter Schellenberg returned to the United States. Within a week Spanknoebl and all the other big shots of the American Nazi organization, the Friends of the New Germany, were living with Schellenberg at a hotel on Lexington Avenue. Schellenberg paid all the bills. For almost three months this was the nerve center of the Nazi spy ring. In correspondence acquired later by private and government investigators, the espionage set-up was referred to as the Cultural Division of the Friends of the New Germany. The inner circle consisted of Schellenberg, Spanknoebl, Dr. Ignaz Griehl, Dr. Gerhart Spanner, who was connected with Columbia University, Dr. Otto Koischwitz, then at Hunter College and now with the Nazi Ministry of Propaganda in Berlin, Wendel de Monterooca of the intelligence section of the Nazi storm troops, and a Dr. Schlink from Union City, New Jersey. At Schellenberg's behest Schlink took charge of the American branch of the Uechla (Untersuchungs- und Schlichtungs Ausschuss--Investigation and Settlement Committee) the dreaded secret Party tribunal with power over life and death. How many "traitors" were kidnaped and dragged aboard German ships in New York harbor after being sentenced by the Uechla not even American government agents know.

When the McCormack Committee in 1934 seized the files of the Friends of the New Germany, reports to Germany of several possible kidnappings were found. It was also found that Schellenberg and Dr. Albert Degener, secretary of the Board of Trade for German-American Commerce, were among the most generous financial contributors to the local Nazi organizations. For some mysterious reason this evidence was never made public.

Once public excitement over Spanknoebl's flight had died down, Schellenberg early in 1934 built the Cultural Division of the Friends of the New Germany into a most efficient espionage machine. Every member of the Friends was instructed, under threat of the punishment and disfavor of the Nazi Party in Germany, to make weekly reports on all his contacts, friends, and acquaintances, on what he had heard socially and during business hours. Schellenberg himself would instruct the Kultursachwalter (Educational Directors) in the various Nazi units on the training of their people. Weekly, so-called

Schulungsabende (educational) were held in New York, Chicago, St. Louis, Los Angeles, and the other eighty-odd American communities where the Nazis were organized. These reports were turned over to Schellenberg, who then would transmit pertinent data to the German Consulate General in New York. Schellenberg also worked with German naval intelligence agents who masqueraded as "clerks" of the New York office of the North German Lloyd.

By 1936 Schellenberg's task had expanded to such an extent that when the Friends of the New Germany were reorganized into the German-American Bund and Fritz Kuhn brought in as leader, Schellenberg set up an entirely new and separate organization for his purposes.

He adopted every possible precaution to remain in the background. He was never seen at Bund meetings or other Nazi gatherings except at the monthly secret meetings of German Nazi Party functionaries including all consuls. They were held behind strongly guarded doors at the Ureole Room of the New York Turn Hall; he sometimes attended secret meetings, held up to 1939 at 5 East 66th Street in New York City. This was the building of the German Club, which since has been razed. But Schellenberg's importance is sharply illustrated by an incident which occurred on October 2, 1937, during a "German Day" celebration at Madison Square Garden. The hall was jammed to its 20,000-seat capacity. In the front row were Fritz Kuhn in full storm-troop regalia, Dr. Kessler, president of the pro-Nazi United German Societies, the Reverend Sigismund von Bosse, who was customarily speaker before the "respectable" meetings of the Bund, and a son of one of the most notorious German agents in America during World War I--and His Excellency, the German Ambassador, Dr. Hans Heinrich Dieckhoff. After the program was under way, Schellenberg in immaculate morning coat and striped trousers strode down the aisle. Bund storm troopers, posted every ten feet, snapped to attention and saluted while Schellenberg gave them merely a condescending nod. When he reached the first row, Dr. Wilhelm Tannenberg, First Secretary of the German Embassy, who sat next to the Ambassador, upon seeing Schellenberg, jumped to his feet like a recruit; his right arm shot up in the Hitler salute and he begged Schellenberg to accept his seat; he would find himself another. At that moment Mr. Dieckhoff turned around and recognized Schellenberg. The ambassador of the German Reich greeted Schellenberg with respect and effusion which could not have been more elaborate for the Fuehrer himself. Fritz Kuhn, not to be outdone, sent two uniformed orderlies to stand by Schellenberg's chair. Reporters standing near by who understood German heard Kuhn order Rudolf Markmann, commander of Storm Troopers, "Sofort je einen Meldeganger und Ordonnanz fur Parteigenossen Schellenberg abkommandieren." (At once: detail an orderly and an adjutant for Party Comrade Schellenberg.)

So much fuss for an ordinary securities salesman?

P. 63 - Re Mexico - Colin Ross

They spin tales about German agents encamped there during the last world war. They still remember when Herr von Papen ran down to Mexico City from Washington to establish a kind of collaboration with President Venustiano Carranza, who was not on the best terms with Washington. It was an open secret in town then that the German minister, Herr Hintze, indulgent though he was with Herr von Papen, knew Mexico and realized all the time that it was no go. As it turned out, Hintze was right, and smart Herr von Papen could not do anything. Neither did his helper Captain von Boy-Ed succeed, or the German propagandists Mr. Viereck or Herr Colin Ross, who drifted down at that time to see what could be done.