

FBI Bares Gestapo Ring In New York

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Evidence Given
U. S. by Former
German Consul

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NEW YORK, Aug. 12 (C.T.P.S.). FBI agents, armed with the reluctant testimony of German-Americans including the Reich's former consul here, will soon submit evidence to the Federal Grand Jury that the firm of Deutcher Handels und Wirthschaftsdienst, at 17 Battery Pl. here, is the New York if not the U. S. headquarters of Hitler's Gestapo, object of heretofore fruitless search since the New York German spy trials of 1938.

This is the firm—licensed as a travel and foreign exchange agency—whose offices were damaged on June 20 last by a bomb blast, injuring nine persons. The bomb was believed to have been intended for the German consulate, one floor above.

Firm Called Private

At the time, Dr. Hans Borchers, German consul-general, lent credence to the belief that the bombed firm was dissociated from the consulate when he told police:

"It's a private firm—we don't even know the people."

But G-men today climaxed a long probe of the agency, which has specialized in the repatriation of Nazi-minded Germans and German-Americans.

Three-Year Feud

They called Dr. Paul Schwarz, for four years German consul here, and from him gained confirmation of their suspicions that the June bombing culminated a bitter three-year feud between Dr. Borchers, a scholarly career man in the German foreign service, and the Gestapo staff that used the travel agency as a front.

The feud reached a previous boiling point, Federal men were told, when Dr. Borchers asked and received permission from Berlin, in 1938, to expel the Gestapo office from the consulate floor of the office building. He was incensed, it was revealed, because

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he had found the secret police had extended their spying activities to include the consulate officials and to Dr. Borchers himself.

Became Citizen

Deutscher Handels und Wirtschaftsdienst accepted their expulsion from the consulate floor. But they retaliated by hiring new quarters on the eighteenth floor, almost directly under the consulate, on the nineteenth.

Dr. Schwarz was summoned today by Assistant U. S. Attorney Matthias Correa. The former consul became an American citizen in 1939. He refused to pose for a photograph or to discuss the case with a reporter today upon leaving Correa's office in the Federal Building.

But from Federal sources was learned how the Gestapo—still under the pretentious D. H. und W. title—has conducted its espionage activities up to the present time, and to the great annoyance of Dr. Borchers.

The story centers around the mysterious Jochem Freiherr Von Wummersperg, 42-year-old copartner in the "agency," and who wears many German decorations.

Von Wummersperg told New York Germans he was here on a pleasure trip, in 1933, when the Nazi party came into power. Supposedly no longer able then to withdraw funds from his homeland, he entered into a partnership with Ernst O. Hopf.

Nucleus for Gestapo

This partnership, German-Americans have proved to the satisfaction of Federal probers, was the nucleus for the present Gestapo organization in New York, part if not heart of a far-reaching network throughout the United States.

On January 15, 1938, the two

partners formed the new corporation of Deutscher Handels und Wirtschaftsdienst and took offices on the consulate floor on Battery Place. Federal probers said Dr. Borchers received instructions from the German foreign office at that time to see that this new concern was accommodated with space adjoining the consulate—and also given preference on the consulate's travel and related business.

With that, of course, the consulate staff knew it was harboring the Gestapo, Federal men said today, but there was nothing to do but obey orders.

Leaves for West

Then came the bombshell—in the summer of 1938.

Von Wummersperg left for a Western trip, leaving a sealed envelope containing cash, bonds, and valuable papers in the private safe of consulate officials.

While Von Wummersperg was away a customer of the agency demanded return of a German bond of large denomination. It was in the envelope. Borchers gave telegraphic permission to have the envelope unsealed to satisfy the customer's demand.

This was done, but Assistant U. S. Attorney Corea learned that when Borchers was returning the envelope to his safe he saw it contained an elaborate report concerning him and other officials of the consulate. It had been prepared by Von Wummersperg and the original, Correa was told, had been submitted to the German headquarters of the Gestapo.

Sends Ultimatum

Borchers, angered, sent an ultimatum to the foreign office, demanding permission to expel the D. H. & W. According to witnesses, he stated in effect that

he couldn't work with a gun at his forehead.

High German officials in this country, it was revealed, have long known of Von Wummersperg's identity. But they have been compelled to accept a situation requiring the co-existence of the Gestapo in all fields of Nazi enterprise, including the German Army.

Under cover of the agency title, the FBI ascertained, Von Wummersperg has been able to study the papers, missions, connections and financial resources of all travelers to and from Germany—and to complete comprehensive files on them for Berlin.

Career Men Stirred

Until recently, however, it was presumed that the Gestapo probes would remain discreetly away from the activities of the diplomatic corps. Lately, however, with the inside exposure of Von Wummersperg's operations, and reports from Boston that even a diplomat such as Herbert Scholz, now consul there and formerly first secretary of the embassy, had been directed to spy on other diplomats, the career men have become jittery.

They have recalled that several persons in this country occupying important Nazi posts have felt the sting of Von Wummersperg's disfavor. Among these is reported to have been Frederick Carl Mensing, for many years port captain here for the former North German Lloyd Line.

Assertedly on Von Wummersperg's say-so, Mensing was banished four years ago to his present inferior post with Hapag-Lloyd in San Francisco. It was whispered in diplomatic circles that Von Wummersperg reported home that Mensing's wife, the former Dutch Countess Limburg-Stirum, was not wholly "Aryan."