

NOTES ON THE ROLES OF HORACE W. SCHMAHL, ADAM KUNZE AND WILLIAM J. DONOVAN IN THE HISS CASE

Note: This memo is meant to summarize what I have learned on the roles of the people listed above in the Hiss case. The material is gathered from several sources: the notes made by Chip Lockwood on his interviews with Schmahl, dated August 10, August 12 and October 5, 1973; material in the file on Schmahl located in the Old Army Branch of the National Archives (Record Group 131, Military Intelligence Division file 2801-1432; material in the MID file relating to Adam Kunze; articles in the New York Times on Schmahl, Caroline Meade (Adam Kunze's wife) and Donovan. Much of what is related in this memo is unsubstantiated, based on Schmahl's allegations, and additional research is necessary to corroborate these allegations.

Sometime in late 1949, the law firm representing Alger Hiss, Debevoise, Plimpton of New York, hired a firm of private investigators to investigate the background of Whittaker Chambers. This firm, headed by John Joseph (Steve) Broady, assigned an investigator named Horace W. Schmahl to conduct the investigation. For several weeks Schmahl submitted to Debevoise, Plimpton excellent reports on Chambers. However, Schmahl's reports subsequently became less useful and Schmahl told a member of the law firm that he had contacts on the staff of the House Un-American Activities Committee and volunteered to secure material from the HUAC files. This offer was refused, and Schmahl was discharged from his investigative activities.

In 1951 or 1952 Chester Lane, Hiss' counsel on his motion for a new trial, said he had learned that Schmahl was a double agent, working not only for Hiss' counsel but also for HUAC and the FBI. And in the mid-1960's a retired investigator named Bretnall said he had been on Broady's staff assigned to the Hiss investigations. He said he learned that Schmahl had been a double agent, which led Bretnall to leave the assignment. Bretnall said that he had learned that Schmahl had helped Adam Kunze to produce the faked typewriter found by Hiss' counsel in May, 1949.

In 1973, Manice deF. (Chip) Lockwood interviewed Schmahl twice in Fort Lauderdale, Florida, where Schmahl now runs a marine engineering and surveying business with his son, a naval architect. These interviews took place on August 10 and October 5, 1973. In the interviews, Schmahl claimed that he had been hired by the New York law firm of Donovan and Leisure in 1946 or 1947 to help in producing a faked typewriter; Schmahl said "it was his understanding that it was an experiment designed to determine if such a project were feasible."

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Schmahl was vague about the date on Kunze's typewriter project, at one point saying it was 1946 or 1947 and at another point indicating that it was about the time "he had Chambers' farm under surveillance, when he saw all the 'government cars' going in and out prior to the discovery of the 'Pumpkin.'" This would place it at some time in December, 1948. He also did not state definitively that Kunze had completed the typewriter project, saying that Kunze had gone "font blind" and implying that Kunze's sight might have deteriorated and prevented him from completing the project.

Before going further into the questions raised by this story about fabricating a typewriter, let me indicate what I know about Schmahl and Kunze's backgrounds.

Schmahl was born Horst Schmahl in Dusseldorf, Germany in June, 1908. In a curriculum vita found in his MID file in the National Archives, Schmahl says he came to the United States in 1929, after studying law at several European universities, including the Sorbonne in Paris (his MID file contains a photostat of his Sorbonne identification card). Apparently he worked in New York as a translator, specializing in legal documents and patents. He formed a firm in New York called Schmahl and Schmahl, located at 15 Park Row, in partnership with his sister, Ruth Schmahl.

The earliest reference I have found about Schmahl's activities is in a 1941 document prepared by Military Intelligence in New York. It alleges that the files of the New York Police Department contains a report that "Horst Schmahl involved in Nazi movements headed by HEINZ SPANKNOEBEL, and was mentioned in this connection by Samuel Untermeyer (sic -- it should be Untermyer) at a City Hall hearing on October 25, 1933." This refers to a man named Heinz Spanknoebel, a German Nazi who came to the U.S. to organize German-Americans to support the Hitler regime. Spanknoebel, in July, 1933, organized a group called Friends of the New Germany. Later in 1933, Spanknoebel organized a meeting of the Friends of the New Germany at Madison Square Garden, which Jewish groups headed by Untermeyer, a leading corporate lawyer and advisor to Mayor O'Brien tried to prevent. Spanknoebel was indicted shortly afterward for failure to register as a foreign agent and fled the U.S. to Germany.

The MID report also alleged that Schmahl had told an MID informant that Hitler had personally pinned a medal on Schmahl in recognition of his services to Germany in training pilots for the German Army at Roosevelt Field, New York, although the informant did not actually see the medal. The MID report also said that an investigative agency "believed that Horace W. Schmahl was engaged in espionage, but there was no specific evidence to prove this belief." This report was based on an allegation that Schmahl had owned a boat which was "believed to have made trips between New York and Venezuela, and to have carried oil for German sub-

marines." The MID report also says that Schmahl was once employed by the Zurich Insurance Company as a claims adjuster but had been dismissed "because of his constant prevarications."

Other information in Schmahl's MID file indicates that he was naturalized as a U.S. citizen on June 22, 1937 in the U.S. District Court, Eastern District of New York. In his curriculum vita, Schmahl disavows adherence to Nazism or membership in any political party or "bund" (he did say he belonged to a New York Republican club). He also stated that he had been arrested in 1935 by the Gestapo while on a trip to Germany and compelled to sign a form agreeing never to return to Germany.

Also included in the MID file were the following items: 1) a "to whom it may concern" letter dated September 16, 1938, signed by Joseph G. Miller, Special Assistant Attorney General of New York, stating that Schmahl was employed on the staff of the Drukman Case Investigation. The letter did not specify his duties. The Drukman case was a major New York City scandal involving murder and the bribery of several New York City officials. 2) A letter to Schmahl dated May 7, 1941 from the law firm of Donovan and Leisure, thanking Schmahl for the translating work he had done for them in the past and saying that there was no work for him at present. 3) A letter to Schmahl dated September 15, 1941 from the American Jewish Joint Distribution Committee (a Jewish charity aiding refugees) thanking him for translating their annual report into Portuguese. 4) A letter dated January 23, 1942 to Schmahl from the American Jewish Congress enclosing a check for \$62.69 for translating work.

Another incident in which Schmahl was allegedly involved was the disappearance and presumed assassination in March, 1956 of Jesus Maria de Galindez, a Basque scholar and Columbia University teacher who was an opponent of the Trujillo regime in the Dominican Republic. A New York Times article on December 18, 1957 reported that Schmahl had been called before a Federal grand jury in Washington investigating the Galindez case in April, 1957 and had answered all questions. Schmahl, according to the Times, had been linked with employees of the Trujillo regime. In December, 1957, Schmahl moved to quash a subpoena to appear a second time before the grand jury, saying that the FBI did not believe his denials of involvement in the Galindez case and stating that he would take the Fifth Amendment. The Times did not have a follow-up story on the grand jury appearance, or of any actions taken by the grand jury. However, one of Schmahl's associates in his private investigation firm, John Joseph Frank, was convicted for failing to register as an agent of the Trujillo regime, although his conviction was later overturned. In a story on June 23, 1958, the Times reported that Schmahl's name was written at the top of a sheet recovered from the papers of Gerald Murphy, the pilot who transported Galindez to the Dominican Republic (and the sheet was reproduced by the Times). Schmahl's name was followed by the notation "New York Police, District Attorney Office." Schmahl again denied any involvement in the Galindez case.

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An interesting sidelight of the Galindez case is the notation of Schmahl's link to the New York City police and District Attorneys office. In Schmahl's MID file is a reference to the fact that as of 1941 Schmahl possessed a Deputy Sheriff's badge for Nassau County, and in 1938 he had been on the staff of the Attorney General of New York State.

The above information leads me to raise several questions about Schmahl's role in the Hiss case:

1. Schmahl was considered by the MID to have been involved in Nazi movements headed by Heinz Spanknoebel, and to have been involved in espionage and supplying oil for German submarines. However, Schmahl later was a law enforcement officer and investigator for the State of New York. The MID allegations were not documented, and raise the question as to how Schmahl became a law enforcement officer if the allegations of Nazi involvement came from the files of the New York Police Department.

2. If Schmahl was involved in Nazi movements, what was he doing in performing translating for Jewish agencies? These two activities seem antagonistic, unless he was infiltrating one of the two groups.

3. Schmahl claims to have been arrested by the Gestapo in 1935 and banned from Germany. Is it possible to check on whether he in fact went to Germany in 1935?

4. Schmahl's associations with William J. Donovan are interesting. Donovan was a right-wing Republican and war-time head of the OSS, of which Schmahl claimed to be an agent. An article in the New York Times on July 9, 1933 reported that Bernard G. Richards of the Jewish Council of Greater New York had issued a statement claiming that Donovan's name was on the letterhead of the Friends of the New Germany, the Nazi group headed by Heinz Spanknoebel, which Schmahl had also been linked. Donovan denied that he was a member of the group. Also, according to Ross Koen's book The China Lobby in American Politics (p. 53), Donovan was a vice-chairman of a China lobby group called the Committee to Defend America by Aiding Anti-Communist China. This group was associated with Alfred Kohlberg's American China Policy Association, and it seems likely that Donovan knew Kohlberg, who had financed much of the China lobby activity aimed at discrediting and attacking Hiss. Also serving with Donovan were David Dubinsky and Jay Lovestone, the anti-communist labor leaders who were close to Benjamin Mandel, the HUAC research director and friend of Chambers who had served on the State Department Security staff in 1945 and 1946, attempting while at the State Department to discredit Hiss. These are suggestive ties on Donovan's part.

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5. We have no real evidence of Schmahl's alleged connection with Adam Kunze, whom he says was hired by Donovan and Leisure to construct a typewriter. However, the MID files contain information on Kunze, saying that he was a member of the Protestant War Veterans of the U.S., a pro-Nazi group which was headed by Edward James Smythe, who collaborated with the German-American Bund. We also know that Kunze's wife, Caroline Meade, was an active Bundist in New Jersey and had let Fritz Kuhn, the first Bund leader, use her house for Bund meetings in 1938. Kuhn's successor as Bund head was Gerhardt Wilhelm Kunze (I don't know if he was related to Adam Kunze, but it seems likely). Kunze (G. W.) was involved in espionage with Ukrainian and Russian fascist groups and later became a defendant in the espionage trials of World War II.

In view of the above, I propose the following investigations:

1) Seeking from the Freedom of Information Office of the State Department all files of the Office of Controls of 1945 and 1946 prepared by Benjamin Mandel, Robert L. Bannerman and Frederick Lyon which mention Hiss.

2) Looking into the possible connection of Donovan to the Friends of the New Germany, through the files of the Anti-Defamation League and other Jewish groups and also the files of Donovan's law firm.

3) Seeking from Donovan and Leisure any of Donovan's files relating to Schmahl, Adam Kunze and the China lobby group mentioned above.

4) Looking further into the National Archives files on the German-American Bund and the people mentioned in this memo.

5) Seeking access to the FBI reports filed in the National Archives on "Soviet Espionage Activities" (dated September 18 and 24, 1945, contained in State Department records FW 861.20242/9-1845 and FW 861.20242/9-2445). I propose to seek access to these files on the basis of the Richardson order relating to Hiss case files, to see if they contain any references to Hiss.

6) I would like to interview Schmahl. I have talked with Andrew Kopkind, a writer with the Real Paper in Boston and formerly with the New Republic, who is interested in accompanying me. He will approach his editor and the Fund for Investigative Journalism for funds to finance this effort.

Peter Irons  
November 24, 1974

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HEADQUARTERS SECOND CORPS AREA  
OFFICE OF ASSISTANT CHIEF OF STAFF, G-2  
GOVERNORS ISLAND, NEW YORK

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OFFICE CHIEF OF STAFF  
MIL. INTEL. DIV.  
2801-1432  
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WAR DEPARTMENT  
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1941  
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February 7, 1941.

Subject: SCHMAHL & SCHMAHL, also HORST WM. SCHMAHL, alias HORST W. SCHMAHL  
alias H. W. SCHMALL, and  
RUTH ELMA KATHERINA SCHMAHL,  
15 Park Row,  
New York, N.Y.

1. Above subject company consists of HORACE W. and RUTH SCHMAHL, as partners. They are at present doing translation for the Military Dictionary Project, at 39 Whitehall Street, and are employed in the translation of the new Bendix dictionary.

2. HORACE W. SCHMAHL....Subject was at one time employed as Claim Adjuster by the Zurich Insurance Company, but his resignation was requested because of his constant prevarications. The files of the New York Police Department contain the following information:

"Horst Schmahl involved in Nazi movements headed by HEINZ SPANHOESEL, and was mentioned in this connection by Samuel Untermeyer at a City Hall hearing on October 25, 1933. At that time Schmahl's business address was 11 Broadway."

3. A source believed to be reliable states that he is well acquainted with subject under the name of Horace W. Schmahl, and that Schmahl invited informant to view a medal which he claimed was pinned on him personally by Adolf Hitler in recognition of his services to Germany in training pilots for the German Army at Roosevelt Field, N.Y. during the period when the Treaty of Versailles forbade such training in Germany. The informant cannot vouch for this statement as he did not avail himself of the invitation to view the medal. Informant further states that subject has applied for a Commission in the Military Intelligence Reserve.

4. An investigative agency believed to be reliable reports that it is believed that Horace W. Schmahl was engaged in espionage, but there was no specific evidence to prove this belief. Source further advises that subject owned a boat, which was so old Lloyds of London would not insure it, and this source of information alleges that the ship is believed to have made trips between New York and Venezuela, and to have carried oil for German submarines.

5. A third source of information believed to be reliable states that Schmahl has just recommended and supplied a Portuguese translator to the Military Dictionary Project within the last few days.

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Subject: SCHEMAHL & SCHEMAHL (continued)

6. RUTH SCHEMAHL, ... A source believed to be reliable states that Ruth Schmahl is the sister and silent partner of Schmahl and Schmahl, but that she is employed by one DR. SCHMIDT-BAEUMLER, as nurse, and is said to be living beyond the means of one in that profession. She is reported to be engaged to a supposedly wealthy physician, who is reputed to be a Hungarian or Austrian nobleman. Subject's father is now residing in Germany, and is reported by a source to be reliable, to be Port Commissioner of the City of Dusseldorf, Germany. It was stated to an officer of this office by a well-informed source that the father plans to come to the United States "as soon as his pension arrangements can be completed" and expects to purchase a piece of property at the end of Puget Sound, on the Straits of Juan de Fuca, which property is in Clalam, State of Washington, and is contained on the Dungeness Quadrangle Sheet. It is stated that this piece of property is one mile from a "protection island".

7. A Law Enforcement agency reports that Horace W. Schmahl carries a Deputy Sheriff's badge for Nassau County.

8. Another source believed to be reliable alleges that subject's mother who came from Germany in 1939 resides with subject and is reported to have stated at a social gathering in Kew Gardens that her "son had a secret order".

9. SCHEMAHL & SCHEMAHL claim to translate <sup>for</sup> the United States Department of Justice and the Law Department of the State of New York. An advertising blotter to that effect is attached herewith.

RECOMMENDATIONS: It is recommended that the Military Dictionary Project be instructed to terminate the performance of all translation for that Project by SCHEMAHL & SCHEMAHL.

For the Assistant Chief of Staff, G-2:

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1 Blotter Advertisement.  
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