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DEPARTMENT OF JUSTICE

Attorney General Francis Biddle announces the opening today in the United States District Court at Newark, New Jersey, of a sealed indictment charging seven naturalized American citizens with conspiring to transmit military information to Germany in violation of the espionage statute. The indictment was returned by a Federal Grand Jury yesterday.

Named in the indictment, which was returned yesterday, are:

Fritz Schroeder, 43, former national leader of the German-American Vocational League, New York City;

Felix Gustav Adolph Jahnke, 41, New York City, and

Gustav Wilhelm Kaercher, 47, Westwood, New Jersey, both of whom recently have completed two year sentences for violations of the Foreign Agents Registration Act;

Hans Philip Koenig, 41, and

Joseph Benedict Lieblein, 29, both of New York City and both now serving in the United States Army;

Carl Kranz, 43, Rochester, New York, and

Eric Heinrich Wilhelm Wedemeyer, 41, Floral Park, New York.

(In another indictment returned in the same court yesterday, Schroeder, Lieblein and Kranz were also named along with 26 other defendants charged with illegally conspiring to act as agents of the German Reich without proper notification to the United States government.)

The indictment charges that between April, 1939, and December 6, 1941, the defendants conspired to transmit to Germany "documents, writings, code

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books, sketches, photographs, blueprints, maps . . . and information relating to the national defense of the United States with intent and reason to believe that such . . . would be used to the injury of the United States and to the advantage of . . . the German Reich". The German government and 30 individuals, many of whom already have been convicted of espionage in previous cases, are named as co-conspirators but are not indicted.

The conspiracy, it is charged, was directed from overseas by agents of the German government. Offices of the German-American Vocational League in New York served as the "clearing house" for the conspiracy and arranged for meetings and the exchange of information between the defendants and co-conspirators.

Three methods were used in transmitting information to Germany, the indictment states:

(1) By means of "mail drops" maintained in such foreign cities as Buenos Aires, Lisbon, Madrid, Hamburg and Shanghai, correspondence was carried on with certain of the persons named as co-conspirators. Letters were written in code or with the use of invisible ink.

(2) Certain plans, documents and mechanical devices were microphotographed and the small negatives given to couriers working aboard ships. These in turn were delivered to the various co-conspirators when the ships reached foreign ports.

(3) For direct communication between the defendants and Nazi headquarters in Hamburg, a secret shortwave radio station was maintained.

The indictment charges a conspiracy to violate the espionage statute, Section 32, Title 50, U. S. Code, the maximum penalty for which is imprisonment



for 20 years. Since the conspiracy occurred before the entrance of the United States into the war, the wartime provisions of the statute, which permit the imposition of the death penalty, are not invoked.

The indictment climaxed an intensive investigation by the FBI which began in 1938. Presentation to the Grand Jury was made under the direction of Tom C. Clark, Assistant Attorney General in charge of the Criminal Division, by James M. McInerney, Chief of the National Defense Section; Paul J. Cotter, Special Assistant to the Attorney General, and Richard Hughes, and Howard M. Lawn, Assistant U. S. Attorneys for New Jersey.

#### BACKGROUND

This case is closely related to the famous Duquesne and Ludwig cases of 1941 and 1942 in which 41 persons were convicted and given prison sentences for acting as German spies. In running down what has proved to be the biggest and best organized Nazi spy ring in this country, the FBI succeeded in placing an informant, Harry Sebold, in a position of confidence within the organization. For more than a year, the FBI knew of every move made by these enemy agents: whom they saw, what they said in their conferences, the details of their plans and even the contents of their "secret" messages to their Nazi headquarters in Hamburg. So effective was the counter-espionage that during a part of the period an FBI informant acted as the group's radio operator, and only those messages which had first cleared Army and Navy intelligence were transmitted abroad.

Most of the defendants named in today's indictment were members or associates of this earlier group, and in many instances the conspiracies overlap. Subsequent investigation has now made it possible to extend the web of evidence to include them on virtually identical charges.

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In fact, two of the present defendants, Jahnke and Kaercher, were also defendants in the Duquesne case. They pled guilty to the first count of the indictment in that case (acting as a foreign agent without notification to the Secretary of State) and were sentenced to two years in prison. Evidence is now at hand to indicate that they were more deeply involved and that they actively assisted in the building and operation of the ring's short-wave radio stations.

Jahnke was born in Germany in 1902. He entered the United States in 1924 and was naturalized in 1930. He served as a radio operator in the German army during the first World War. Kaercher was born in Germany in 1896, entered the United States in 1923 and was naturalized in 1931. He was leader of the German-American Bund on Staten Island, and later of the Ordnungs-Dienst, the militant branch of the Nazi party. He returned to Germany in 1938 and joined the German army the following year, rising to the rank of Ober-lieutenant. He returned to the United States in November, 1940.

Schroeder and Lieblein were national officers of the German-American Vocational League. This is a widespread organization in this country which has been in existence under various names for many years. According to another indictment returned in Newark yesterday, the League had been under the active control of the Nazi government since 1934. Schroeder, as National Leader of the League, was in constant touch with various members of the conspiracy. Also associated with the League either as officers or members were Kurt Ludwig, Carl Reuper, Paul Scholz and various other defendants in both the present and the earlier cases.

Schroeder was born in Germany in 1900, entered the United States in 1923 and was naturalized in 1930. Lieblein was born in Germany in 1914 and was brought to the United States by his parents in 1923. He obtained



derivative citizenship when his father was naturalized in 1929. He was National Vice-President and Treasurer of the League and head of its youth organization, modeled on the lines of Hitler Youth. When Lieblein returned from a visit to Germany in 1937 he brought with him a list of addresses in various cities about the world which were later used by the ring for their secret communications with Germany. He was recently drafted and is now stationed at Camp Ripley, Minnesota.

Koenig was a partner of Paul Scholz (convicted in the Duquesne case) in the operation of a German book store which was frequented by members of the ring. He continued the business alone after Scholz's arrest. He acted as contact between members of the group and much of the defense information destined for Germany passed through his hands. He was born in Germany in 1902, entered the United States in 1927 and was naturalized in 1936. He returned to Germany for visits in 1936 and 1938. He has been drafted and is now stationed at Fort Dix, New Jersey.

Kranz was leader of the Rochester branch of the German-American Vocational League. In this as well as other capacities he was in frequent touch with Schroeder, Lieblein, Reuper and other members of the ring in New York. In his home were found a powerful shortwave radio set and a quantity of photographic equipment. Kranz was born in Germany in 1900, came to the United States in 1929 and was naturalized in 1934.

Wedemeyer was a member of the German-American Vocational League, the German-American Bund, a German rifle society and was an applicant for Nazi party membership through the German consul in New York. He was an associate of Reuper and Wheeler-Hill and certain of the defendants in the present case to whom he furnished information. In 1940 he and Reuper each received \$500 from abroad, cabled by a Swiss bank. He was born in Germany in 1902, entered the United States by jumping ship at New York in 1924 and married an American citizen in 1926. He gained legal immigrant status in 1936 and was naturalized in 1941.