

NEW YORK THE CENTRE OF VAST GERMAN SPY SYSTEM

How the Puppets Here Danced When Berlin Pulled the Strings Revealed by United States Investigators--- Machinelike Precision Shown in Plans to Hamper Allies and Cripple Shipments of Munitions

This is the second and final instalment of the true story of the Teutonic spy system in the United States. Other articles may follow as developments warrant. The evidence on which these articles are based was secured by the United States secret service under Chief William J. Flynn, the investigators of the Department of Justice under A. Bruce Bielaski and William M. Oflay and Capt. Thomas J. Tunney of the New York Police Department. Cases resulting in nearly a hundred indictments were developed by Roger B. Wood, Assistant United States District Attorney in charge of the criminal department, acting under the United States Attorney, H. Snowden Marshall. Other assistant Federal attorneys handling the cases are Raymond H. Sarfaty, John C. Knox and Harold A. Content.

By JOHN PRICE JONES.

THE machinician who invented the wireless enabled the German General War Staff to move to New York. The splash and splutter of electricity sending radio waves crackling over oceans and continents have virtually transported Germany's warriors, tacticians and scientists as well to hold sessions in Manhattan on matters arising in America and bearing on the battles front in the many theatres of actual warfare. Germany foresaw the possibilities of the wireless in war and developed secret methods of sending code messages by radiogram when apparently only ordinary messages were being transmitted.

So, indeed, denied the cable, Germany has in this country her wonderfully complex secret service or spy system to tell her exactly what the



Lieut. von Wedel, a leader in obtaining fraudulent passports, and his wife, Lida, who was mentioned in the papers seized from Capt. von Papan.

Alles are doing. New methods for gathering information are being put into effect with new needs because the United States authorities have revealed the old system. Her war staff can sit here and figuratively does, to get reports and to take measures to frustrate any move of the Allies.

One word only is required from the body directing Germany's fight, and the vast resources of reservists, gold and the like are set to work. The war staff orders a man from the trenches to come to New York to plant bombs on munition carrying ships. It directs by wireless a soldier in China to hurry to New York to undertake a task for which he has been specially trained. It sends from the city a man who has accomplished a satisfactory piece of work back to the trenches.

It means of the wireless the special man, fitted for a task, is notified in any part of the world and ordered to his work.

Sitting in New York via wireless confers the Iron Cross on the faithful who, thousands of miles away from the battle lines, have performed some daring and difficult enterprise. Franz Rintelen, one of the most conspicuous of Germany's young citizens, received the Iron Cross for his part played here in helping sink the Lusitania. Carl Ruroede, naturalized American, who for a time had charge of Germany's great factory making American passports for German reservists or for congressmen, had that fond ambition. When he fell into the clutches of the Department of Justice he said mournfully:

"Well, I thought I might get the Iron Cross for my work. Now I suppose I'll have a tin stove hung on my wall."

He got three years in a Federal penitentiary. The General Staff, through the thorough and intricate methods of the Intelligence Office, was kept thoroughly acquainted with every phase of America before the war started; her economic resources and her fighting power, both actual and potential, just as it was with every other country in the world. An instance of that was furnished one day last summer in Central Park by Capt. Franz von Papan, when he espied a trotting horse. He said: "Beautiful animal! You find them only in County ———, County ——— and County ———, Ireland." He knew because he had tracked every mile of the coast and the neighborhood of America's cities has been noted.

With the outbreak of the war Germany's spies immediately began to report the changes in the situation, to file up statistics and facts about war orders and the like, about the reserves waiting in New York to go to Germany—and there are at least 500,000,

reserves in the United States to-day who have served under the colors and ready to fight for the Kaiser either in America or on the Continent.

These new conditions were reported by wireless and by voluminous reports that Germans, travelling under passports fraudulently obtained, carried back to the fatherland.

And the German General Staff gathered around the war board with its American agents to meet each new condition as it arose. One of the first problems was the transportation of officers and reservists needed in the trenches and the despatching of other soldiers and spies from Germany to this country. For this hundreds, yes, thousands of American passports were needed. Straightway under orders from Germany regular bureaus were established in New York, Chicago and other cities to buy them. The price was \$10 for every passport bearing the United States seal.

When it became necessary to put the picture of the applicant on them, it was a simple matter to give a general description of a man's eyes, color of hair, age, and so forth, that would fit the man who was actually to use the document and then forward the picture of the applicant who would sell the passport. Even though the official stamp was placed on the picture the Germans were not dismayed.

One day an agent of the Department of Justice, who had bargained with Ruroede to bring him passports at \$20 apiece, kept his agreement. He received five documents direct from the State Department without any trouble and dashed promptly into Ruroede's office. Ruroede was delighted.

"I knew I could get these passports easily," boasted Ruroede. "Why, if Lieut. Adam von Wedel, (a German American who escaped from the country just before he would have been arrested) had kept on here he never would have done this. He always was getting into a muddle."

"But how can you use these passports with these pictures on them?" asked the agent, curiously. "Oh, that's easy," answered Ruroede. "Come into the back room and I'll show you." The agent followed the German, who immediately soaked one of the passports with a damp cloth and with adhesive paste fastened a photograph of another man over the original upon which the imprint of the United States seal had been made.

"We wet the photograph," said Ruroede, "and then we affix the picture of the man who is to use it. The new photograph also is dampened, but when it is fastened to the passport there still remains a sort of vacuum in spots between the picture and the document because of ridges made by the seal. Well, turn the passport upside down, place it on a soft ground made with a silk handkerchief, and then, taking a paper cutter with a dull point, just trace the letters on the seal. The result is that the new photograph looks exactly as if it had been stamped by Uncle Sam. You can't tell the difference."

Reservists from all parts of the country, yes, of the world, called upon Ruroede, hearing letters from Germany's representatives. They wanted American passports to enable them to get to Berlin. Once the reservists reached Germany new photographs were placed on the passports and couriers or other men assigned to special duty in this country came into possession of them.

It was interesting to observe how the management of that fraudulent passport bureau was shifted, as expeditious and arrests were made by the Federal authorities, from one representative of the German Government to another, and how finally resort was made to Mexican passports.

In buying Mexican passports for Germans two handsome Mexican women were used. They were supplied with money, so that they had an automobile, lived in a fashionable apartment, entertained lavishly and succeeded in throwing out hints concerning money to be made easily. Next, Swiss and Swedish passports were used, and occasionally the Germans got an English document.

The Admiralty division of the General War Staff also has directed activities in America. The connection between the Hamburg-American Steamship Line and Admiral von Tirpitz's staff was shown in the trial of the steamship officials who were prosecuted and convicted by Roger B. Wood, Assistant United States District Attorney in New York.



Roger B. Wood, Asst. U. S. District Attorney, who prosecuted and convicted officials of Hamburg-American line.



John C. Knox, Asst. U. S. District Attorney, who is preparing Fay bomb case.



Raymond H. Sarfaty, Asst. U. S. District Attorney, who prepared the evidence against Franz Rintelen.

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The evidence produced by Mr. Wood and other evidence which he offered to produce, told of a secret code for use between the Hamburg-American Steamship captains and the Admiralty, that there was an agreement between the line and the German Government by which in event of war the officials were to make arrangements to send supplies from American ports to the German raiders who made such spectacular captures.

The trial showed how more than \$2,000,000 was spent in buying and equipping vessels which sailed from American ports with false clearance papers bound for certain points in the Atlantic and Pacific oceans where they were to meet the German warships.

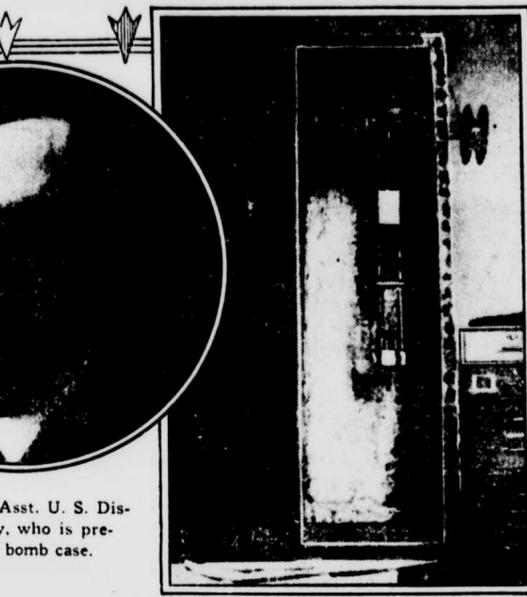
The passport frauds and the Hamburg-American trial furnished conclusive evidence to the American Government of the manner in which the German General War Staff, sitting here in New York, directed measures in behalf of the fatherland, and in direct violation of American laws. Every German reservist had his standing orders. He was assigned to definite work pending the opportunity to get back to Germany or he was required to leave his address and telephone number with a certain man in New York. He had his instructions as to what he should be prepared to do in certain contingencies.

In keeping with that general scheme both reservists and naturalized Americans who had served under the Kaiser and who had registered as ready to fight for the fatherland had been stationed in every city and town of importance in the country, assigned to tasks of gathering information and to work that would hamper the Allies.

The German General Staff, which embodies more than one hundred years of preparation for wars in Prussia and which has its aids spreading throughout the world like so many tentacles of a huge octopus, foresaw quickly the manner in which America would be used as a vast supply base for the enemy. It knew of historic battles that had been lost through the failure of troops to arrive at an appointed place on scheduled time or through the lack of foresight in having supply trains come up promptly. Experts in every phase of war, the General Staff planned not to depend on such things to occur by accident behind the enemies' lines, but to see to it that reinforcements, food, equipment, arms and ammunition should not reach the Allies' battle lines in Russia, France or in Flanders according to arrangements.



A fraudulent passport, showing how photograph is pasted over the original photograph and the seal made to strike through.



The mechanism of Robert Fay's bomb for destroying munition ships. The bomb was to be attached to the rudder post and operated by a wire running from the rudder over the exterior wheel at the right.

By the Russian, French and English Governments in the early stages of the war the German agents were busy gathering facts about these orders, and reporting to the General Staff, Germany, however, saw no reason for extreme haste, because she knew even better than the commercial authorities of this country how intricate were the plans for turning out munitions, arms and other war equipment.

For instance, there were scarcely a dozen men in the United States outside the Government service who knew how to make bombs for an army rifle such as is being used on the battlefields today. To train men for such work, to build factories and to make the necessary machinery also would take time.

Gradually the directing men in Germany got a complete picture of the plans of the Allies for getting supplies from this country and they mapped an extensive campaign to thwart these plans. The scheme entailed the kidnapping of some of the ablest men Germany had in her cause and thousands of supporters scattered throughout the country.

Except for the heads of the various lines of work few of the workers knew what else was being done or for whom they were working. Some did not know they were working for the German cause and did not care. They were content to draw big salaries and shut their eyes to everything else.

One of the first methods employed by German agents was to seek war orders. The aim was to get the orders, promise delivery at a certain time, keep delaying delivery and finally failing entirely. Another scheme was to ship inferior material. The plan was worked in still another way; namely, German agents got the orders, counted the deposit in a bank of a certain amount of the price of the contract, thus tying up the Allies' funds for a time and even using that money to trade on.

The project of buying up some of the bigger ammunition plants and companies that had big war contracts was broached by representatives of Germany sent brokers to the Remington Arms Company offering a big price for the plant. Then an effort was made to buy up the small ammunition plants throughout the country. But here Germany was foiled, for all those plants had been bought up, and were in strong hands. Many a denials of the efforts made by German workers to influence wealthy Americans to part with their holdings in companies having war orders.

One project was put up to the German Government by Andrew D. Meloy, a banker and associate of Franz Hiltner, the latter having had charge of a great part of the German scheme to cut off the export of war supplies. Mr. Meloy made a special trip to Berlin to lay before officials his suggestions for outfitting the Allies. His scheme was to stop the manufacture of automobiles, for instance, by purchasing all the rubber supplies. That would make it impossible for the automobile factories to complete their contracts.

Meloy suggested that Germany in the same manner go into the market and capture a monopoly in some one thing needed for the completion of different lines of articles necessary for the equipment of soldiers.

The suggestion was rejected; at

gray eyes that twinkled with merriment or glistened with sharpness, he always attracted attention. Polished in speech—he spoke English perfectly—courtous in manner and in every sense of the word an aristocrat, he had excellent pose. But when he had finished too much wine and at the New York Yacht Club he was noted for his knowledge of rare old vintages and his delicate taste—he was wont to talk freely and boastfully of the power he possessed, of his authority to undertake any project, regardless of other Germans here, that might be of aid to the fatherland.

He was essentially a financier, but he also was an associate of Admiral von Tirpitz. He had been sent to this country in 1906 presumably to represent Germany at exercises in memory of John Paul Jones. In truth he came here, after journeys to other countries, to learn financial and industrial conditions to himself for exactly the task that devolved upon him at the time of his secret visit to this country last year, using a Swiss passport under the name of Edward V. Gasche.

He was equipped with credits amounting to many millions of dollars and he was authorized to deal with the too freely that he had absolute authority to do anything to prevent the export of munitions. It was he who said, "If I can stop the export of arms and munitions I shall have done more than the army which captures Paris."

The scope of Rintelen's work was so great that for six months Raymond H. Sarfaty, Assistant United States District Attorney, has devoted his entire time to a study of the evidence which has been dug up by Capt. William M. Oflay of the Department of Justice and to a preparation of material for presentation to the Grand Jury.

The first scheme he sought to work out was to call strikes in the important munition factories. Working with David Lamm, "the Wolf of Wall Street," he mapped out the plan of forming an organization called the "League of Laborers National Peace Council," composed of labor leaders and union men, with the idea of protesting against the manufacture of war supplies and munitions on the ground that such work was promoting war. He handed out money freely, spending almost \$100,000 for the League's organization he sought to bribe labor leaders to call strikes in the big plants and thus put a brake on the smoothly moving plans of the Allies.

He is accused of having been behind the plan for calling off the 23,000 longshoremen on the Atlantic and Pacific coasts. Through emissaries selected by German agents a proposition was put to T. V. O'Connor, president of the longshoremen's union, to call a strike. Mr. O'Connor was asked to get the men out for one month. Though the rules of the organization require that men on strike shall receive \$10 a week, Mr. O'Connor offered \$15 a month was made to Mr. O'Connor for every man called out on strike. In other words more than \$100,000 was offered to him and it was plain that the bribers did not care whether he paid the money to the men or tucked it snugly away in a bank for his own use.

But here again the patriotism of American labor leaders and the alertness of the secret service led to Rintelen's undoing. The men at the head of the labor organizations, quickly learned of the efforts of German manipulators and intriguers and they took steps to prevent strikes or to end strikes which had already been called by the smaller men in the organization. They too have been responsible for the indictment of the men who are believed to have received German gold, for they told their stories freely to Chief Flynn.

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information. Another was directed to put deleterious substances into the product so as to impair its usefulness. Undoubtedly many of the complaints in American shipments are due directly to German machinations.

Explosions in ammunition plants, fires in big machine shops—while some of them may be due purely to accident—have been in innumerable instances the result of plots framed and undertaken by German reservists. Men working in such factories have been arrested and in their possession have been found various kinds of explosives. Furthermore, lectures on high explosives and the scientific method of making them have been given under the auspices of Germans. Pamphlets bearing on that subject have been printed and circulated in Germany. Such pamphlets have fallen into the hands of Federal authorities.

Men who worked in shops where explosives and fires have occurred had come from South American and other foreign countries to the United States, and after their disappearance have been followed back to those places where clues of them were lost.

The manner in which orders have been mixed up and shipments confused is another phase of German activity. Carloads ready for shipment to New York to be loaded on steamers belonging to the Allies have been tagged for points on the Pacific coast. Hundreds of incidents have occurred where, through some apparent oversight of the order clerk or the shipping agent ladies' dresses have been stowed away in the holds of ships bound for France, or babies' shoes have gone to soldiers at the front in France.

The line of attack against the Allies' war orders extended from the moment the work of filling them was begun until the goods reached their destination. There has been a systematic onslaught on cargoes purchased for the soldiers. While the goods were subject to plots of mis-handling and misshipment by railroad the moment they reached the pier another group of men were ready to damage if not completely destroy them.

In passing, it may be well to reiterate that so well organized is the German espionage system in America that the chief spies in New York have promptly followed the starting and train loads of goods for the port for the Allies. They got the information in various ways. One was through a clerk in a bank where payment for the freight cars, the character of the goods and their destination plans immediately were formulated for a secret attack.

Shipments of automobiles were damaged. In some mysterious manner the magnets were stolen from many of the cars. A magneto has to be adjusted to the engine and it is not possible when the machine reaches the other side to install a new magneto without great delay and trouble. The axes of other automobiles were saved almost through and then carefully painted. The moment the car was loaded it would collapse. Likewise an organized raid was made on the tire shipments from New York.

Here, as in a number of other instances, German agents hired thugs, thieves and others to go out and commit depredations on the cargoes or on goods for which the Allies had paid. That was another principle which Germany has followed in America. The opportunity for theft, fire or explosion was carefully developed through the spies; the situation clearly mapped and as many dangers as possible eradicated. Then thugs were sent to commit the crime with the understanding that in addition to the money for the job they also got the profits from the sale of the goods which they stole.

In this campaign came the destruction of the sugar ships and various other vessels which, carrying cargoes for Germany's enemies, were set on fire. One vessel carrying thousands of magnetos was almost shattered by an explosion on July 5 last. The bomb had been placed in the hold carrying the magnetos. Before the ship sailed, however, many of the magnetos were stolen. In the same way carloads of automobile tires were stolen in the North River as floats were moving the goods to the side of the ship.

"Take as many as you want. Take more. This ship will never get to the other side," was overheard by a man who has confessed to the theft of hundreds of bags of sugar. The man who was speaking was helping shift bags of sugar from a barge into a motor boat. The sugar was supposed to be loaded on vessels bound for France. These sugar ships have been the special object of attack on the part of men who have placed mysterious bombs on board cargoes that explode after a certain time, ignite the sugar bags. Even though the blaze may be extinguished in a few minutes, no trace remains of the bomb or the mysterious substance, whatever it may be, that was used in starting the fire. One of the thieves confessed that he hoped to make \$100,000 through the theft of sugar alone.

One of the most emphatic and distinctive instances of the War Staff's method of working in America is revealed in the charges made against Robert Fay and his associates in their conspiracy to blow up munition carrying ships. In statements to the authorities, Fay has admitted that he came to this country from Germany, where he had served in the trenches in the Champagne district, to make the part of men who have placed mysterious bombs on board cargoes that explode after a certain time, ignite the sugar bags. Even though the blaze may be extinguished in a few minutes, no trace remains of the bomb or the mysterious substance, whatever it may be, that was used in starting the fire. One of the thieves confessed that he hoped to make \$100,000 through the theft of sugar alone.

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