

# Covert Action INFORMATION BULLETIN

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**Special: Nazis, the Vatican, and CIA**

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Bitburg, 1985

Greece, 1940s

Inside: The Real "Eleni"

# Editorial

This issue of *CAIB* focuses on the fascist connection, in particular the U.S. role in helping hundreds, perhaps thousands, of prominent Nazis avoid retribution at the end of World War II. The CIA (originally the OSS) and the U.S. military, along with the Vatican, were instrumental in exfiltrating war criminals not just to Latin America, but to the United States as well.

As the Reagan administration attempts to rewrite history, it is worthwhile to examine carefully the wartime and postwar machinations of the extreme Right. The President goes to Bitburg claiming it is time to forgive and forget, when in reality he is merely cutting a crude political deal with the reactionary West German government for its approval of Star Wars by giving his absolution to the SS.

## Harboring War Criminals

As we demonstrate in the pages of this issue, war criminals like Josef Mengele, Walter Rauff, and Klaus Barbie did not simply vanish at the end of the war or gracefully retire. Most of them spent several years in the direct employ of the U.S. intelligence agencies and, when necessary, were set up in business

in Latin America or the U.S. The *Kameradenwerk*—the Nazi old boy network—remained active over the years, vigorous enough to have planned and carried out the 1980 coup in Bolivia, for example, and to have held high places in Pinochet's government in Chile. And they are major figures in the international arms and drug trades as well—traffic which the U.S. tries to blame on the socialist countries.

Hundreds of Nazis have been set up in scientific institutions in this country. Ironically, it now appears that Star Wars is merely an extension of the Nazis' wartime rocket research. Much of the U.S. space program was designed by them. When the Justice Department's Office of Special Investigations learned that the scientist responsible for the Apollo-11 moon trip, Arthur L.H. Rudolph, was a war criminal who exploited slave laborers to their deaths in his Nazi rocket factory, he was allowed to depart the U.S. voluntarily with no prosecution and no public announcement until he was safely back in West Germany.

Rudolph was only one of thousands of fascist scientists, doctors, technicians, and, above all, intelligence operatives, as-

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**About the Cover:** Left photo: Greek women hanged at Volos, 1943, by Nazi occupiers and their Greek fascist collaborators. Credit: Spyros Meletzis. These women partisans are only a few of tens of thousands butchered during the German occupation (1941-1944) and the civil war (1944-1949) which followed the liberation of Greece. The Greek collaborators not only went unpunished, they commenced a five-year reign of terror—working first with the British and then the Americans—to exterminate the Greek Left. These were the people Eleni Gatzoyiannis supported and served as an informer, for which she was tried, convicted, and executed.

Right photo: President Reagan and Chancellor Kohl, May 5, 1985, accompanied by General Matthew B. Ridgway (right) and West German General Johannes Steinhoff (left), at Bitburg military cemetery where SS members are buried. Credit: Associated Press.

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simulated after World War II. Only slowly, and with painstaking research, does the information surface.

### **MKULTRA, CBW, and Torture**

All of the most ghoulish scientific experimentation by the Axis medical establishment was eagerly gathered up by the U.S. What came of it, and of its practitioners, is a matter of speculation, though we do know that the CIA's mind control programs like MKULTRA, torture training through their Office of Public Safety, and massive research in and use of chemical and biological warfare (begun in Operation NKNAOMI) were the backbone of CIA and Pentagon covert activities over the last 40 years. Torture, crude and sophisticated, was exported to client states in Latin America, Africa, Asia, and elsewhere, and CBW was directly employed against Vietnam, Cuba, and it appears, now, Nicaragua. Recent events indicate that the doors of the Georgetown car barn (where OPS trained torturers from foreign police forces until 1974, when the program was banned by Congress) are being opened again. In the 1985 foreign aid bill the current Congress lifted the ban on such training at a time when, for example, death squad murders in El Salvador have doubled this year.

Torture, the policy of so many American allies, is getting better press under Reagan. *Newsweek* magazine of June 7, 1982 kicked off the campaign, carrying a column entitled "The Case for Torture," by CCNY philosophy professor Michael Levin, who argued that torture is "not merely permissible, but morally mandatory" to save lives threatened by terrorists. And on November 13, 1985, the *New York Times* reported that "liberal" Senator Patrick J. Leahy (Dem.-Vt.) confessed to an audience that he did not care for lie detectors. "I personally like thumbscrews. They work far, far better."

### **The Knights of Malta**

For nine hundred years the Knights of Malta have built up a military and intelligence organization designed to protect the established order and the privileges of the ruling classes throughout the world, yet most people are unaware of their existence. Little is known of their role in the Third Reich or, along with the Vatican and the CIA, in the protection of Nazis after the War, or today in the wars in Central America. The article in this issue begins what must be a long and complicated analysis of this organization and others like it.

### **Eleni and the Greek Civil War**

There is no better example of the power of disinformation than the hoopla which surrounded Nicholas Gage's book, *Eleni* (a cover story in the *New York Times Magazine* last spring) and the recent movie based on it. First the Nazis, then the British, and then the Americans—each with their fascist Greek collaborators—were responsible from the 1940s through the 1970s for the brutal deaths of tens of thousands of Greeks, decimating the ranks of the progressive forces. Yet Gage would have us believe that it was the communists who were evil and the fascists who were good. We hope the analyses presented here help rectify the 40-year-old lie Gage has resurrected.

### **The World Anti-Communist League**

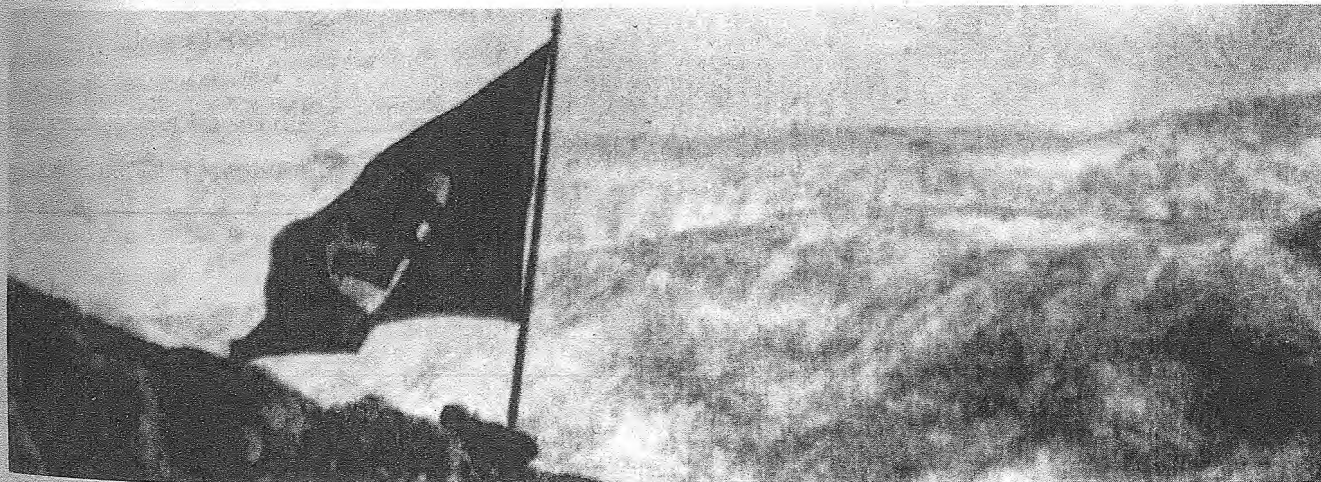
While General John K. Singlaub makes the rounds of television talk shows touting the Nicaraguan *contras* and hyping WACL's mercenary adventures in Central America, the origins of his group are pointedly ignored. Many of the WACL's leaders have deep ties not merely to Rev. Moon's myrmidons but also to Nazis and Nazi collaborators, who hobnob with high administration figures.

### **The Overt Covert Wars**

Friends jokingly advise us to change our name. Covert action has become so overt as to make the term an anachronism. The President, having manipulated Congress into repealing the Clark Amendment, has now gone over their heads by Executive Order to fund a covert war against the government of Angola. As with Nicaragua, debate over this "secret" war will be finessed by shifting the focus of discussion from its legality or morality to its level of financing. ●

## **Computer Researchers:**

This magazine is typeset by computer, and all material is prepared using the WordStar® word processing program. For computer researchers who may find it useful, we will provide floppy disks with the text of all articles in this issue, in Wordstar, in either the CP/M® or the MS-DOS® format, for \$20.00. We hope that in the future CAIB will be available as a data base.



Nazi flag waves in the Andes after 1980 Bolivian coup.  
Number 25 (Winter 1986)



# How Allen Dulles and the SS Preserved Each Other

By Peter Dale Scott \*

Dr. Josef Mengele, the "Angel of Death," the experimenter and executioner of the German concentration camp at Auschwitz, is perhaps the most notorious of all the unconvicted Nazi war criminals. The exhumation in early 1985 in Brazil of a body which international forensic experts subsequently judged to be that of Mengele has momentarily quieted the demands that he be found and brought to trial. The supporting evidence and testimony was persuasive enough to silence many initial skeptics. Nevertheless other wanted Nazi criminals have been erroneously but persuasively reported dead. Adolf Eichmann, for example, had been declared dead in Austria in 1947, "on the testimony of one Karl Lukas, who swore that he had been present when Eichmann died in Prague on April 28,

1945."<sup>1</sup> And when in the same year a doctor wrote that she wished to testify against Mengele, the response of Telford Taylor, U.S. Chief of Counsel for War Crimes at Nuremberg, was "to advise our records show Dr. Mengerle [sic] is dead as of October 1946."<sup>2</sup> (At the time of General Taylor's letter, U.S. Army Counterintelligence knew both of Mengele's survival and even his location, in the small Bavarian village of Auentried.<sup>3</sup>)

Four years before the emergence of the latest Mengele death report, a biography of Martin Bormann noted how the issuance of false death reports, substantiated in some cases by the planting of skeletons, was the standard *modus operandi* of the post-war *Kameradenwerk* in South America to which Mengele, and allegedly Bormann, belonged.<sup>4</sup> Indeed the very abundance of such skeletons was enough, not only to weaken their credibility, but to confirm that a powerful and ruthless organization was protecting the wanted criminals. In the case of Bormann himself,

The [Israeli intelligence organization] Mossad was to point out that they have been witnesses over the years to the exhumation of six skeletons, two in Berlin and four in South America, purported to be that of Martin Bormann.<sup>5</sup>

It is worth recalling that Mengele was reported dead in 1968, after the search for him had been fueled by revelations in the Eichmann trial. Then as now the major source for the report was a respected Brazilian policeman (Erich Erdstein in 1968) who "specialized in narcotics smugglers."<sup>6</sup> Erdstein subsequently published a vivid eyewitness account of Mengele's brief capture, release, subsequent recapture, and death by gunfire on a barge at his own hands.

When a respected Brazilian policeman with a record of important narcotics arrests describes Mengele's death in vivid detail, it is hard to disbelieve him. But after a second respected Brazilian policeman with a similar record has supplied a different, wholly incompatible account of Mengele's death, then the credibility of such sources has to be reassessed. Even if the second report proves to be correct, the earlier report remains as evidence that a well-organized conspiracy existed to protect Mengele, like Bormann, with disinformation.



This photograph was used by Josef Mengele in 1956 when he applied for an identity card in Argentina in his own name. It is the most recent authenticated photograph of the "Angel of Death" of Auschwitz.

\* Peter Dale Scott, a former Canadian diplomat with a Ph.D. in political science, and Professor of English at the University of California at Berkeley, is the author of *The War Conspiracy: The Secret Road to the Second Indochina War* (Indianapolis, IN: Bobbs-Merrill, 1972), *The Assassinations, Dallas and Beyond: A Guide to Cover-Ups and Investigations* (New York: Vintage, 1976), and *Crime and Cover-Up* (Berkeley: Westworks, 1977). This article is from a larger work in progress.

1. Ladislav Farago, *Aftermath: Martin Bormann and the Fourth Reich* (New York: Avon, 1975), p. 345.

2. U.S. National Archives, Record Group 165, 250.401, Sect. XIX; letter of 19 January 1948 from Brig. Gen. Telford Taylor, OCCWC, OMGUS.

3. U.S. National Archives, Record Group 319, CIC File No. V-2399, XE 012547 D20D216; *Washington Post*, March 15, 1985, p. A10.

4. Paul Manning, *Martin Bormann: Nazi in Exile* (Secaucus, NJ: Lyle Stuart, 1981), p. 183.

5. *Ibid.*

6. Erich Erdstein with Barbara Bean, *Inside the Fourth Reich* (London: Robert Hale, 1978), pp. 199-201, 217-218.



The story of Mengele's death is in this respect a small synecdoche of the story of Mengele's life. To begin to understand it, one must be prepared to disbelieve authorities that would normally be credible, and to explore alternative hypotheses that would normally be dismissed as sheer paranoid fantasy and delusion.

### The Mengele *Kameraden* and U.S. Intelligence

By July 1945 Josef Mengele had been captured and identified at an allied prisoner-of-war camp. Forty years later an eyewitness told a congressional committee how guards knew Mengele's name, and also the general nature of his crimes as doctor, experimenter, and executioner at Auschwitz.<sup>7</sup> Also in 1985 the Simon Wiesenthal Center in Los Angeles released documents obtained from the U.S. Army under the Freedom of Information Act, according to which Mengele "may have been arrested by U.S. authorities in Austria in 1947 and subsequently released."<sup>8</sup> Yet like so many of his fellow members of the SS, the bureaucrats of death in the Nazi behemoth, Mengele was somehow allowed to disappear, to reemerge ten years later in Latin America.

Twenty years ago only a few would have believed that the victorious allies in the so-called "good war" could have deliberately allowed a sadistic mass murderer like Josef Mengele to go free. From the revelations since the Eichmann trial, however, it has become only too obvious that the OSS, the wartime precursor of today's CIA, arranged for numbers of wanted criminals to "escape" from camps, and when necessary supplied them with new identities to protect them from justice. Murderers, far from being exempted from such protection, seem to have been among those most likely to obtain it.

This is particularly true of those *Schutzstaffel* (SS: elite guard) veterans whose careers have been most closely linked to



**Walter Rauff, inventor of the portable gas chamber. After the war, Rauff worked for the Gehlen Org and later in Chile for Pinochet as torture expert.**



**The "Butcher of Lyon" in the plaza of La Paz.**

7. *Washington Post*, February 15, 1985, p. A4.

8. *The Nation*, March 2, 1985, p. 231.

Mengele's in Latin America: Klaus Barbie, the butcher of Lyon, in Bolivia; Walter Rauff, supervisor of the SS mobile gas chambers, in Chile; and Friederich Schwend, yet another wanted murderer, in Peru. Like Mengele, all three of these men developed links with neo-fascist elements in the military or interior ministries of their new countries, or both. All collaborated in repressive operations against the Left, particularly at the time of the CIA-assisted overthrow of the Allende government in Chile. Barbie and Schwend, at least, have acted in this capacity through arms deals with the German firm Merex AG, a proprietary firm of the German *Bundesnachrichtendienst* (BND: federal intelligence service), itself a descendant of the Gehlen intelligence network which in 1945 passed from the leadership of the Nazi SS to that of American intelligence, and eventually the CIA.

We shall see that after World War II, while the CIA and the Gehlen Organization (usually referred to as the "Gehlen Org") were being slowly organized on the U.S. payroll, both Barbie and Schwend worked for U.S. Army Counterintelligence (CIC); and at this time Schwend was working on setting up the secret SS escape routes to Latin America by which both men would eventually reestablish themselves. It has been charged that Rauff played an even more prominent role in setting up the





**The ubiquitous Reinhard Gehlen served Hitler, Dulles, and Adenauer in succession.**

escape route, while also on the U.S. payroll, and that he did so with an immunity granted to him by Allen Dulles of the OSS, after the SS-OSS secret (and sometimes unauthorized) negotiations in north Italy in which, unquestionably, both Dulles and Rauff participated.

The primary purpose of these secret talks was to secure a separate Nazi and fascist surrender in north Italy, and at least partly to prevent a de facto seizure of power by Italian communist partisans behind the Nazi lines. But even the intense fixation which the OSS and the SS shared about reducing the inevitable communist role in postwar Europe does not appear to diplomatic historians to explain the zealous intensity with which Dulles, at times in direct contravention of written orders, pursued negotiations for a surrender which in fact preceded that of V-E Day by just six days.

We shall study the same excessive zeal with which future CIA personnel protected the convicted war criminal Barbie and concealed him from the French authorities who knew very well that U.S. intelligence was hiding him from them. A recent U.S. Justice Department report on the U.S. handling of the Barbie case is clearly an essay in damage limitation, designed to blame low-level people in U.S. Army Counterintelligence while suppressing the rather obvious connections to the Gehlen Org and its then employers, the CIA. The role of Schwend (and almost certainly Rauff) in exfiltrating whole cadres of wanted SS criminals, *while on the U.S. payroll*, only confirms recent speculations that the SS networks were being preserved for postwar anticommunist activities, as the result of an arrangement negotiated with Dulles and his OSS superiors.

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Such an OSS-SS deal does not appear to have been approved at the time at any higher level. Indeed as late as December 1945 the U.S. War Department refused U.S. intelligence officers permission to collaborate with even the Gehlen Organization, whose prewar origins lay not in the Nazi SS but the eventually decapitated Abwehr or German military intelligence.<sup>9</sup> More importantly, Roosevelt had already tabled, as too controversial, the memo from OSS chief William J. Donovan (which Dulles had drafted), for converting the wartime OSS into a permanent CIA.<sup>10</sup>

In dealing with the SS, Dulles and Donovan knew that this risky operation could easily backfire against the OSS, whose organizational future had already been challenged by J. Edgar Hoover and traditionalists in U.S. military intelligence. But they also knew that, just as the OSS was the best hope for the survival of the SS cadres, so in a sense these cadres were their highest trump card in the impending contest for the OSS's own institutional survival. What ultimately persuaded Truman in 1947 to authorize an operational CIA was in fact partly the need to find an institutional home for the postwar Gehlen Org. In 1948 Dulles, by now a civilian, helped write the memo persuading Truman to take on the Gehlen Org, on Gehlen's own terms. One of these was that Gehlen could continue to work



**Allen Welsh Dulles, mastermind of Operation Sunshine, brought Nazis into U.S. spy service.**

9. Tom Bower, *Klaus Barbie: The Butcher of Lyons* (London: Granada, 1984), p. 136.

10. R. Harris Smith, *OSS: The Secret History of America's First Central Intelligence Agency* (Berkeley: Univ. of Calif. Press, 1972), p. 363; E. H. Cookridge, *Gehlen: Spy of the Century* (New York: Random House, 1971), pp. 132-135.



with his old OSS liaison Frank Wisner (chosen by Dulles) rather than Army Intelligence.<sup>11</sup>

Could Mengele—not even a political policeman (like Rauff and Barbie), but a doctor with a penchant for lethal experiments on human guinea pigs—could even Mengele have been saved as a result of a secret deal between Dulles and the SS? Such a hypothesis would once have been almost unthinkable. But we have since been told that his colleague in the Auschwitz human experiments, Walter Schreiber, was shielded by the Americans from a Polish conviction *in absentia*, so that he could help guide the postwar researches of the U.S. Air Force in bacteriological warfare. In 1952, Schreiber was helped by American officials to reestablish himself, via Argentina, in Paraguay.<sup>12</sup> That is the year that Mengele himself appeared in Argentina, moving to Paraguay two years later.

In 1981 the *Bulletin of Atomic Scientists* revealed that Mengele's equivalent in Japan, Dr. Shiro Ishii, as well as his assistants, had been granted immunity by the United States in exchange for exclusive access to their researches in chemical and bacteriological warfare. This despite the fact that Americans had been among the more than 3,000 prisoners of war and civilians killed in the course of their treatment as human guinea pigs. A Soviet war crimes trial in 1949, based on these experiments, was denounced at the time by the United States as a simple exercise in propaganda.<sup>13</sup>

That Mengele's escape and immunity were arranged by the United States, like those of Schreiber and so many others, will seem more probable once we have studied the incredible postwar careers of Barbie, Schwend, and Rauff. But before doing so we must glance forward to the ways in which Mengele's postwar career has overlapped with those of these other SS murderers, whom we now know to have benefited from U.S. protection.

### Mengele and the *Kameradenwerk*

Despite the books, articles, and TV programs about Mengele, the "Angel of Death" at Auschwitz, less is known for certain about his postwar activities than those of any comparable war criminal.<sup>14</sup> Apart from his extended residence in Paraguay, where he gained citizenship in 1957 and was stripped of it in 1979, little has been documented. But in one of the best books to appear about the postwar network of Rauff, Schwend, and Mengele, the so-called *Kameradenwerk*, the career of Mengele is closely implicated.

The book is *The Bormann Brotherhood* by William Stevenson, himself a wartime intelligence operative with access to intelligence sources, including the records of Donovan and their mutual friend, Sir William Stephenson of the British SOE. According to Stevenson, Mengele had worked in a restricted military zone of Paraguay with the wartime Croatian dictator Ante Pavelić, whose Croatian Catholic connections undoubtedly (as we shall see) played central roles in the escapes of Rauff,

Schwend, and Barbie.<sup>15</sup> Pavelić had initially made contact with the Latin American Nazi *Kameradenwerk* through Rauff.<sup>16</sup>

With respect to Mengele's finances, Stevenson mentions the *Kameradenwerk* representative in Ecuador,

Alfons Sassen, the representative of the Brotherhood [*Kameradenwerk*] business enterprise known as "Estrella." It is said too that Sassen is financed by Dr. Josef Mengele, who controls now such funds as remain liquid from the sale of European loot.<sup>17</sup>

WAR DEPARTMENT  
CLASSIFIED MESSAGE CENTER  
INCOMING CLASSIFIED MESSAGE  
CONFIDENTIAL  
RECEIVED  
28 JUN 1947  
FROM: Tokyo Japan (Carpenter, Legal Section)  
SUBJECT: (WDSOA WC)  
REF: C-53663  
Reurad WAR 20671, 22nd June 47, held another conference with Tavenner of IPS who reports following:  
One on 27th October 1940 Japanese planes scattered quantities of wheat grain over Ningpo. Epidemic of bubonic plague broke out 25th October 40. Karscaval affidavit para 3 below confirms this as Ishii Detachment experiment. 57 plague fatalities.  
2 Strong circumstantial evidence exists of use of bacteria warfare at Chuhsien, Kinghsia and Changteh. At Chuhsien Japanese planes scattered rice and wheat grains mixed with fleas on 4th October 1940. Bubonic plague appeared in same area on 12th November. Plague never occurred in Chuhsien before occurrence. Fleas were not properly examined to determine whether plague infected. At Kinghsia, located between Ningpo and Chuhsien, 3 Japanese planes dropped a large quantity of small granules on 28th November 1940. Microscopic examination revealed presence of numerous gram-negative bacilli possessing characteristics of *Bacterium pestis*. I inoculation tests were performed on guinea pigs in January 1941. The results showed a definite epidemic of plague occurred in Kinghsia. A Japanese plane dropped wheat and rice grains mixed with paper, cotton wadding and unidentified particles on 4th November 1941. Between November 1941 and 23rd 1941, 5 cases of plague occurred.  
CONFIDENTIAL  
CN IN 4305 (28 Jun 47) classified by  
DECLASSIFIED BY ORDER OF THE SEC ARMY BY TAG PER 77 047 5  
CONFIDENTIAL

### War Department document discussing Japan's use of biological warfare—airdropped bubonic plague epidemic.

This is important, since such postwar SS funds had earlier been administered by Friederich Schwend, who had used them (apparently with U.S. connivance and support) for the exfiltration of himself and other top SS members. Schwend apparently ceased to play this role after he, and a band of Croatians under his control, were exposed in a 1972 Peruvian murder scandal in which Mengele was a suspect.<sup>18</sup> (Sassen, a Dutch SS officer and a convicted war criminal, is chiefly remembered for his extended record of Eichmann's revelations to him in 1957, which formed a major exhibit in the Eichmann trial.<sup>19</sup>)

15. William Stevenson, *The Bormann Brotherhood* (New York: Harcourt, Brace, Jovanovich, 1973), p. 228.

16. *Ibid.*, p. 227.

17. *Ibid.*, pp. 404-405.

18. Farago, *op. cit.*, n. 1, p. 220.

19. *Ibid.*, pp. 372-377.

11. Cookridge, *op. cit.*, n. 10, p. 135; Thomas Powers, *The Man Who Kept the Secrets: Richard Helms and the CIA* (New York: Knopf, 1979), pp. 24, 32.

12. *International Herald Tribune*, February 21, 1983; *Le Monde Diplomatique*, July 1983, p. 23n.

13. *Le Monde Diplomatique*, July 1983, p. 24; Seiichi Morimura, *Akuma no Hoshaku* (Tokyo: 1981). Ishii had embarked on his experiments after a visit to prewar Nazi Germany.

14. Cf. Miklos Myizli, *Médecin à Auschwitz* (Paris: Julliard, 1961); "The Hunt for Dr. Mengele," Granada Television, August 1, 1980; *Bulletin d'Information sur l'Intervention Clandestine*, March-April 1983, p. 13.



Stevenson elsewhere names this Estrella company as the subsidiary of a financial consortium controlled from Bolivia by Schwend's business partner Klaus Barbie.<sup>20</sup> In the early 1960s Barbie did in fact

set up a company called Estrella, ostensibly dealing in quinquina bark. Although no records exist in the public registry in La Paz, at least one Bolivian arms dealer still remembers it as a weapons trading company.<sup>21</sup>

It appears that Barbie and Estrella did export quinquina bark as agents for the German drug firm Boehringer, which grew rich on quinine contracts to the U.S. Army during the Vietnam War.<sup>22</sup>

But the primary business of Barbie and Schwend was arms trafficking,

carried on through two German-based firms, Merex and Gemetex. The two Nazis acted as agents, negotiating purchases not only on behalf of the Bolivian and Peruvian governments but, through their friendship with the Nazi Hans Rudel, sales to Paraguay and Chile and, through Otto Skorzeny in Spain, further deals in Madrid.<sup>23</sup>

Merex AG, itself set up in 1963, was an arms company owned and controlled by the Gehlen BND, while Skorzeny was one of the top go-betweens in the postwar deals between Gehlen, the SS, and the CIA.<sup>24</sup>

Barbie's arms deals, concerted in this way with western intelligence, were politically influential as well as economically lucrative. They involved him, according to French sources, in the drug trafficking business of Auguste Joseph Ricord, a Corsican Nazi collaborator who like Mengele was established with high-level connections in Paraguay. It was apparently the Nixon administration's determination to break the Ricord ring which first made the CIA begin reporting on Mengele's own involvement in the drug traffic.

### The U.S. Protection of Klaus Barbie

Like his fellow-escapee Klaus Barbie in Bolivia, Mengele was an old man who began to lose some of his political immunity in Latin America. But the well-placed networks which over the years enabled him to cross frontiers without detection are still in place, still politically influential throughout the continent. It remains important to understand that network more clearly in order to neutralize as far as possible its evident support in Washington itself.

A brief glance at the postwar career of Klaus Barbie shows how relatively small a role in his prosperity was played by postwar Nazi cabals such as the well publicized ODESSA or "Die Spinne." Condemned to death by the French for genocidal murders in Lyon, Barbie was concealed and protected for

four years in Germany by the U. S. Army's Counter Intelligence Corps (CIC), which was using him as an informant to spy on—ironically—the French.<sup>25</sup> After the Communists were dropped from General De Gaulle's cabinet, the Nazi Barbie was reassigned to spy on the "America Houses" set up by the U.S. State Department, which were, according to Barbie's American handler, "stocked with all kinds of leftwing literature."<sup>26</sup> Barbie's reports may thus have helped fuel the attack on this program five years later by Joe McCarthy, whose charges against the State Department were based on documents leaked to him by a source in Army Intelligence.<sup>27</sup>

As a mere policeman and persecutor of Jews, Barbie was not a candidate for the headquarters staff of the revamped Gehlen Organization, which was being transformed with CIA money and oversight into West Germany's postwar intelligence agency, the BND. Barbie's future would thus be less comfortable than that of his fellow CIC informant Emil Augsburg, who had worked directly under Eichmann on the SS "final solution to the Jewish problem." Despite postwar stories that Augsburg had been saved from punishment by ODESSA and the Vatican, we now know that Augsburg went "at once" from Barbie's CIC unit into the Gehlen Org, to staff the offensive "Special Forces" against the Soviet Union being promoted by the CIA's Allen Dulles and Frank Wisner.<sup>28</sup> Augsburg was teamed with Dr. Franz Alfred Six, whose twenty-six-year sentence for ordering the executions of hundreds of Jews at Smolensk was commuted to time served by John J. McCloy, the U.S. High Commissioner of Germany (HICOG).<sup>29</sup>

### Barbie's Escape and the Ryan Cover-Up

But HICOG was eventually unable to stall the more and more strident French demands for delivery of Barbie as a convicted war criminal.<sup>30</sup> In 1951 the CIC provided Barbie with a package of false documents, funds, and references for his new identity, as "Klaus Altmann," and sent him to Genoa down an underground railway, the infamous "Rat Line," which the Austrian CIC had been operating for four years.<sup>31</sup>

Barbie was received in Genoa by the Croatian priest Dr. Krunoslav Draganović, an adviser to the wartime Croatian dictatorship of Ante Pavelić. Draganović was an admitted member of the wartime Ustase terrorist organization which Pavelić had used to carry out a genocidal extermination of the Orthodox Serbs in his puppet Catholic dictatorship. Through his Vatican and Latin American connections, Draganović had infiltrated a number of wanted Ustase war criminals, including

25. Linklater, *op. cit.*, n. 21, p. 163: "Underlying this move was the obsessive CIC idea that French security services were not merely a rival but so penetrated with Communists that they could be treated as a department of Soviet intelligence."

26. *Ibid.*, p. 167.

27. Fred J. Cook, *The Nightmare Decade: The Life and Times of Senator Joe McCarthy* (New York: Random House, 1971), pp. 140, 411-424; see also, Hank Messick, *John Edgar Hoover: A Critical Examination of the Director and of the Continuing Alliance Between Crime, Business, and Politics* (New York: David McKay, 1972).

28. Cookridge, *op. cit.*, n. 10, pp. 242-243; Linklater, *op. cit.*, n. 21, pp. 166-167. See also, "From the OSS to the CIA," in Nikolai Yakovlev, *CIA Target: The USSR* (Moscow: Progress Publishers, 1984), pp. 64-118.

29. Cookridge, *op. cit.*, n. 10, p. 242; Farago, *op. cit.*, n. 1, p. 371; John Loftus, *The Belarus Secret* (New York: Knopf, 1982), p. 1. Wisner had previously asked McCloy's predecessor, Gen. Lucius D. Clay, to intercede on behalf of Six at Nuremberg.

30. Linklater, *op. cit.*, n. 21, pp. 179-180.

31. *Ibid.*, pp. 183-192. According to an internal CIC document, the 430th (Austrian) CIC was about to terminate its interest in the Rat Line, expecting that "the CIA will assume responsibility for evacuations."

20. Stevenson, *op. cit.*, n. 15, p. 276.

21. Magnus Linklater, et al., *The Nazi Legacy: Klaus Barbie and the International Fascist Connection* (New York: Holt, Reinhart and Winston, 1984), p. 228.

22. *Ibid.*, p. 237.

23. *Ibid.*, pp. 237-238.

24. *Der Spiegel*, December 11, 1976, p. 20; George Thayer, *The War Business: The International Trade in Armaments* (New York: Simon & Schuster, 1969), p. 116; Anthony Sampson, *The Arms Bazaar: From Lebanon to Lockheed* (New York: Viking Press, 1977), p. 181 (Merex-Gehlen); Glenn Infield, *Skorzeny: Hitler's Commando* (New York: St. Martin's Press, 1981) (Skorzeny).



almost certainly Pavelić himself. CIC knew all this, yet found Draganović, whom they considered to be himself a war criminal, useful.

A 1983 Justice Department investigation of the Barbie case by Allan A. Ryan treats the U.S. Army's exfiltration of Barbie, handled at the time as a high-priority intelligence matter, as the solution to a disposal problem, a means of making a potential embarrassment vanish.<sup>32</sup> Ryan's report is critical of CIC's decisions and gross lies in this period, but manages, with a skill that perhaps only lawyers are capable of, to exculpate the cover-up in other branches of the U.S. government, as the innocent transmittal of CIC's misrepresentations. Ryan is particularly concerned to dispel the impression, which he admits was shared by several of Barbie's CIC handlers, that the CIC ever had any interest in Barbie.<sup>33</sup>

Ryan's documentation, however, shows evidence of a conscious, coordinated cover-up of the Barbie case, at a much higher level of the U.S. government than the benighted CIC. Ryan himself notes instances when senior officials in HICOG, in internal memos, contradicted their own assurances of an active search for Barbie (p. 123n); and revealed the existence of what he calls "unofficial information" or back channels refuting their assurances (p. 101). Even more striking is the widespread bureaucratic habit, at high levels of EUROM (the U.S. military command in Europe), HICOG, and the Paris U.S. Embassy, of translating statements from the press or internal memos about "Barbie" into misleading inter-agency communications about a non-existent "Barbier."<sup>34</sup> Observers of the FBI and CIA will recognize this behavior, which can be used to withhold files about "Barbier" when pressed under the Freedom of Information Act to disclose files on Barbie.<sup>35</sup>

Ryan further notes the disappearance of many documents, including all those in the Barbie file at the time of his exfiltration, before the file was microfilmed several weeks later (p. 149). This does not deter him from the lawyerly conclusion (p. 158) that Barbie did not have a relationship with any other U.S. government agency at this time, on the ground that

There is no evidence in Barbie's CIC dossier that he worked at any time for any agency other than CIC. This investiga-



Credit: National Archives.

#### SS leader Franz Six worked with Barbie and Gehlen.

tion has established that, had the situation been otherwise, the CIC dossier would have reflected it.

The weakness in this logic is also apparent at the words "any agency," where he ought to have written "any U.S. agency." Ryan's report, here and throughout, significantly fails to address the possibility that the U.S. was reestablishing Barbie/Altmann in Latin America as a future asset of the rapidly growing Gehlen Org, then still funded entirely by the United States.

Ryan's avoidance of this hypothesis is so disingenuous in itself as to corroborate it.

Apart from CIA, there is no other agency, with the possible exception of the Office of Policy Coordination (OPC) [the earliest name of the CIA component authorized to carry out covert activities], that would have had any connection with Barbie's activities. This investigation has yielded no hint or suggestion, let alone evidence however fragmentary, that OPC had any knowledge of or involvement with Klaus Barbie, the Merk net, or other activities described in this report.

In evaluating this statement, we have to remember that OPC, under its aggressive chief Frank Wisner, was funding and recruiting for the Gehlen Org. That the CIC's Merk net of which Barbie was part had established contact with the Gehlen Org, which had tried to recruit Kurt Merk as its chief of counterintelligence operations.<sup>36</sup> That by March 1948 CIC had established liaison with the CIA in Europe, because of the latter's interest in the Merk net.<sup>37</sup> (This was three months before the creation of OPC in June 1948, but the interest of Dulles and Wisner in Gehlen went back to 1945.)<sup>38</sup> That Emil Augsburg,

32. United States Department of Justice Criminal Division, *Klaus Barbie and the United States Government: A Report to the Attorney General of the United States* by Allan A. Ryan (Washington: Government Printing Office, 1983) (hereinafter "Ryan"), p. 146; cf., Linklater, *op. cit.*, n. 21, pp. 180-181, 192-193.

33. Ryan, *op. cit.*, n. 32, pp. 157-168. In fact the Ryan report exonerates not just HICOG and the CIA, but Barbie himself. After a trip to La Paz, Ryan reported that Barbie "does not appear to have been involved in drug trafficking" (p. 168); and that "Bolivian government officials were unable to provide documentation or first-hand evidence of Barbie's alleged involvement in weapons sales involving the United States" (p. 189). Ryan does not mention Barbie's reported dealings with Auguste Joseph Ricord of Paraguay whose "Corsican" drug ring was "linked to networks of former Nazis in Europe and Latin America" (Alain Jaubert, *Dossier D... comme drogue* (Paris: Alain Moreau, 1973), p. 296). Nor does he deal with reports that Barbie was importing into Bolivia Ingram submachine guns (Bower, *op. cit.*, n. 9, p. 191), weapons manufactured in the U.S. and distributed by influential Cuban exiles working for the late Mitch WerBell III, an American pro-Nazi sympathizer once indicted for (but acquitted of) involvement in a drugs-for-arms deal (Henrik Krüger, *The Great Heroin Coup*, (Boston: South End, 1980), pp. 8, 164).

34. Examples at Ryan, *op. cit.*, n. 32, pp. 95, 100, 108, 111, 112 (twice), 113, 117, 122.

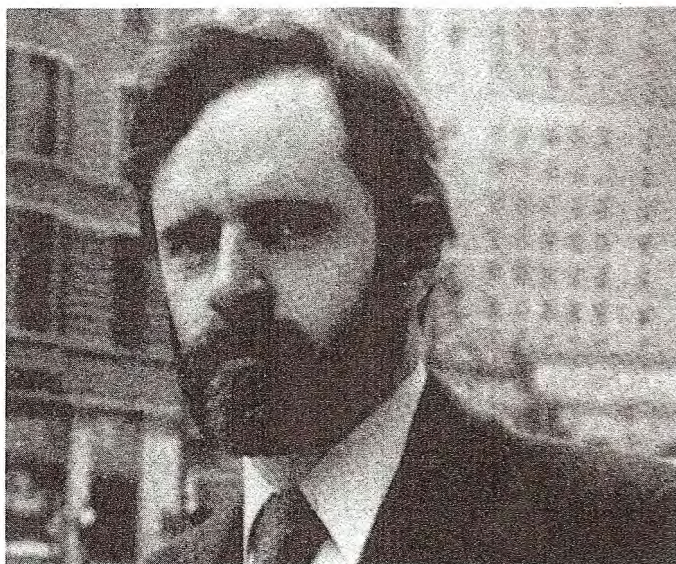
35. After the assassination of John F. Kennedy, the CIA told the FBI it had no CIA-generated material on Lee Harvey Oswald in its files. This was true in the sense that all such documents had referred to a mythical "Lee Henry Oswald." Cf. Peter Dale Scott, *Crime and Cover-Up* (Berkeley: Westworks, 1977), p. 12.

36. Linklater, *op. cit.*, n. 21, p. 145.

37. Ryan, *op. cit.*, n. 32, p. 159.

38. Powers, *op. cit.*, n. 11, pp. 24, 31.





**Allan A. Ryan, author of whitewash report on Barbie-U.S. ties.**

another member of the CIC's Merk net, had been "dropped" like Barbie, and at once recruited by the Gehlen Org.<sup>39</sup> That CIC, in securing false documentation in the name of Altmann for Barbie, told the local CIC office to explain that

subject is of extreme interest to Uncle Sugar intelligence and is traveling on highly sensitive task. Also that CIC is taking current action in behalf of another Uncle Sugar agency.<sup>40</sup>

Ryan's studied avoidance of the possibility that Barbie was detached to the Gehlen Org is the more eloquent when we recall that this charge was made in detailed fashion by William Stevenson in *The Bormann Brotherhood*, by far the most authoritative treatment of the Barbie case in any American book before the Ryan report:

Klaus Barbie . . . was a man adroit enough to get on the American payroll of the West German intelligence agency when it was run by General Gehlen. . . . Killers had escaped by selling their talents to the intelligence agencies of East and West. Klaus Barbie had worked for an import-export agency at Schillerstrasse [sic] 38, in Augsburg. Such fronts are the favored fronts of spy rings. This one had been operated by the Gehlen Org.<sup>41</sup>

Ryan's documents confirm that in 1947 Barbie was working at 38 Schillerstrasse, Kempten (rather than Augsburg). Ryan notes that a search for him there two years later "proved fruitless." Ryan later translates this predictable fruitlessness of the belated inquiry into the undocumented statement that "Barbie had never been 'on Schillerstrasse'" (p. 114n). This is not a persuasive rebuttal of Stevenson's claim.

Finally one can hardly ignore the fact that the protection and exfiltration of Barbie were handled, at the top and at the bottom of the U.S. hierarchy, by men with OSS/OPC/CIA con-

nections. George Neagoy, the Austrian CIC agent who secured Barbie's false documentation and would personally deliver him through Austria to Father Draganović in Genoa, was himself about to enter the CIA.<sup>42</sup> At HICOG the preparation of misleading reassurances to the French was being handled by John Bross, a veteran of OSS paramilitary operations who in April 1951 would join the Eastern Europe Division of OPC (working closely with the Gehlen Org).<sup>43</sup>

A resolution of what "other agency" picked up Barbie in 1951 would be of great help in understanding the postwar career of Josef Mengele. For there is no doubt at all that in Latin America, Barbie became part of an international intelligence network working directly with proprietaries of Gehlen's BND, and little doubt that Mengele was intimately connected to this network also.

### **The Barbie *Kameradenwerk* in Latin America**

The unlikely possibility implied by Ryan, that Barbie with his store of embarrassing secrets was left to start a new future on his own, has been refuted by Barbie himself. Though Ryan asserts that Barbie was the only Nazi to be exfiltrated by CIC down the Rat Line, Barbie himself recalls that the other occupants of his Genoa hotel "were all Nazi fugitives—among them Eichmann himself."<sup>44</sup> According to Barbie, Draganović told him his reasons

were purely humanitarian. He helped both Catholics and Protestants, but mostly they were SS officers, about two hundred in all. Anti-communists. He said to me, 'We've got to keep a sort of reserve on which we can draw in the future.' I think that was the Vatican's motive as well.<sup>45</sup>

Indeed the Vatican did have a program underway for the exfiltration of anti-communists. This was the work of Bishop Alois Hudal of the Collegium Teutonicum, a priest close both to Pius XII and the future Paul VI as well as a public admirer of the Third Reich. After an interview in Rome with former Gestapo Chief Heinrich Müller, Hudal had begun the work of supplying Vatican documentation for such prominent fugitives as Müller, Eichmann, and perhaps Martin Bormann.<sup>46</sup> It was Hudal who gave Father Draganović the necessary introductions to the International Red Cross and other "officials who, for a bribe, could smooth the fugitive's path."<sup>47</sup>

Between them, Hudal and Draganović helped hundreds of Nazis to escape, and perhaps thousands of Croatian Ustase. Chief of these was the former Croatian dictator Ante Pavelić. According to William Stevenson,

Pavelić had since withdrawn into an armed camp in Paraguay shared with German settlers in their restricted military zone northeast of Asunción. There he worked with Dr. Josef Mengele, the death camp experimenter, and [Walter] Rauff . . . who designed and built mass gassing chambers for Auschwitz.<sup>48</sup>

39. Linklater, *op. cit.*, n. 21, p. 167.

40. Ryan, *op. cit.*, n. 32, pp. 151-152.

41. Stevenson, *op. cit.*, n. 15, pp. 181, 198. As we shall see, there is no doubt that Barbie worked with Gehlen's BND and, indirectly, with the CIA, when in Bolivia.

42. Ryan, *op. cit.*, n. 32, p. 145.

43. *Ibid.*, pp. 104, 113; Powers, *op. cit.*, n. 11, pp. 24, 40-41. Bross's draft letter of May 5, 1950 to the U.S. Paris Embassy was so at odds with what HICOG knew from "unofficial information" that it was never sent (Ryan, *op. cit.*, n. 32, pp. 104-105).

44. Bower, *op. cit.*, n. 9, p. 180.

45. *Ibid.*, pp. 180-181.

46. Farago, *op. cit.*, n. 1, pp. 204-213.

47. Bower, *op. cit.*, n. 9, p. 179.

48. Stevenson, *op. cit.*, n. 15, p. 227.



The most prominent Nazis known to have escaped by this route established a network in Latin America, often in alliance with Croatian cohorts, somewhat as follows: Bolivia: Klaus Barbie (with Croatians); Peru: Friederich Schwend (with Croatians); Chile: Walter Rauff (with Croatians); Ecuador: Alfons Sassen; Argentina: Otto Skorzeny, Hans-Ulrich Rudel, and Heinrich Müller. This network, the so-called *Kameradenwerk*, has maintained close political, social, and business ties. By most accounts Josef Mengele was its leading representative in Paraguay.<sup>49</sup>

### Operation Bernhard, Schwend, and the U.S. Army

Two American books, by authors with wartime intelligence careers, have conditioned us to accept the debatable hypothesis that Martin Bormann, Hitler's Deputy and head of the Nazi Party bureaucracy, was the central organizing figure in this network.<sup>50</sup> On surer ground, they point to the role of the extensive postwar assets collected or plundered by the SS and Bormann. This came from three sources: the proceeds from the SS forgery of British pound notes ("Operation Bernhard"), the looting of Jews and other Nazi victims, and, most significantly, the corporate contributions to a special fund set up to guarantee the survival of German multinationals abroad after the impending collapse of Hitler.<sup>51</sup> Soon after the war, OSS found the extensive documentation of a meeting in Strasbourg on August 10, 1944 to establish this fund, between representatives of the SS, Party, and firms like Krupp, I.G. Farben, and Messerschmidt.<sup>52</sup>

But as the Cold War encouraged the U.S. to see the German corporate presence in Latin America in a more friendly light, the role of these firms in providing new careers for war criminals abroad was ignored. In fact, it was the key to the postwar status of the *Kameraden*. Otto Skorzeny (acquitted of his criminal charges by the intervention of western intelligence) became a sales representative of Krupp. Hans Ulrich Rudel (never charged, but an unrepentant Nazi ideologue in the postwar era) became a sales representative of Siemens. Walter Rauff (designer of the gas ovens at Auschwitz) found his first employment in Latin America with a subsidiary of I.G. Farben (an employer of slave labor at Auschwitz). Franz Paul Stangl, chief of the Treblinka extermination camp, found postwar employment in Latin America with Volkswagen, as did Eichmann with Mercedes-Benz. And so on.<sup>53</sup>

But U.S. intelligence may have played a more direct role in the exfiltration of Nazis with the proceeds of Operation Bernhard, the SS forgery of British pound notes. Here again western intelligence knew enough about Operation Bernhard to protect the postwar pound, by the British government's timely issue of new notes and recall of the old. But by this time much of the SS profits, an estimated \$300 million worth, had been converted to genuine currency. Most of this money has never been traced.

The man in charge of laundering the forged banknotes was Friederich Schwend, who in 1945-1946, in north Italy, became



Hans Ulrich Rudel.

an important link in setting up the SS escape route to the Vatican.<sup>54</sup> Farago narrates in detail how Heinrich Müller was driven in Schwend's chauffeured Mercedes from Merano, north Italy, to Rome, where he was deposited at a Croatian seminary and made his historic contact with Bishop Hudal.<sup>55</sup> From documents found in Schwend's possession in 1972, he reports that

the bulk of the money the bishop [Hudal] needed was placed at his disposal by . . . a financier named Friederich "Freddy" Merser, partner of Friederich Schwend in Operation Bernard. The money came from the hoard Schwend had amassed in Swiss accounts . . . by the exchange of counterfeit pounds for hard currency.<sup>56</sup>

What you will not learn from Farago's and Stevenson's accounts is that in 1945-1946, when Schwend was playing this crucial role in setting up the Rat Line, Schwend was working for American intelligence:

U.S. documents reveal that after passing into the hands of the 44th CIC Detachment he was used as an informant by American intelligence agencies in Austria, the Austrian Tyrol, and Meran, north Italy.<sup>57</sup>

49. *Ibid.*, pp. 227-228, 276-279.

50. Farago, *op. cit.*, n. 1; Stevenson, *op. cit.*, n. 15; In the Linklater account of the *Kameradenwerk*, the story of Bormann's escape to Latin America is treated as a piece of clever disinformation by Schwend, not as a reality; cf. Linklater, *op. cit.*, n. 21, pp. 137, 241.

51. Stevenson, *op. cit.*, n. 15, pp. 82-85, 188-196; Farago, *op. cit.*, n. 1, pp. 250-254.

52. Stevenson, *op. cit.*, n. 15, pp. 82-83.

53. Farago, *op. cit.*, n. 1, pp. 370 (Skorzeny), 187 (Rudel), 305 (Rauff), 427 (Stangl), 289 (Eichmann).

54. Linklater, *op. cit.*, n. 21, 236; Stevenson, *op. cit.*, n. 15, pp. 192-195.

55. Farago, *op. cit.*, n. 1, p. 201.

56. *Ibid.*, p. 220.

57. Linklater, *op. cit.*, n. 21, p. 236. Needless to say, Ryan ignores this fact in reaching his conclusion that "This investigation has yielded no evidence that the 430th CIC [formerly the 44th or Austrian CIC] had used the rat line as a means of escape for suspected Nazi war criminals" (Ryan, *op. cit.*, n. 32, pp. 209-210).



## Dulles and Wolff: The OSS/SS Secret Deal

These long suppressed details about the postwar U.S. sponsorship of the wanted war criminals Barbie and Schwend confirm the recent accusations of John Loftus that the SS *Kameraden* were exfiltrated as a result of Operation Sunrise, the secret agreement, shortly before V-E Day, between Allen Dulles of OSS Bern and SS General Karl Wolff. As recorded in Dulles's and other establishment accounts, Operation Sunrise concerned the surrender of German troops to Italy, to prevent the needless destruction of civilian property and help forestall a takeover of north Italy by the Communist partisans in the area.<sup>58</sup> More recently revisionist historians have focused on the degree to which Dulles and Wolff, the principal negotiators, exceeded their authorization to negotiate and in so doing created a major political rift between Stalin and Churchill.<sup>59</sup>

Inasmuch as the armistice in north Italy only preceded that in the rest of Europe by one week, Operation Sunrise may have had less impact on the outcome of the war than on the survival of the cadres of the SS. One of the principal SS participants in the negotiations was Milan Gestapo Chief Walter Rauff, soon to be a fugitive through the *Kameradenwerk*.<sup>60</sup>

According to Loftus, a promise by Dulles of amnesty for SS negotiators led him (Dulles) to exploit his connections at the Vatican to smuggle war criminals to South America. Rauff was set up one month after the armistice in Genoa, where, under cover of a Vatican-run refugee relief organization, he reportedly sent off some 5000 Gestapo and SS agents over a four-year period. Among them was Klaus Barbie.<sup>61</sup>

## Dulles, Rauff, and the Genoa Escape Route

On April 27, 1945, after being visited by Dulles's OSS agent Emilio Daddario in Milan, Rauff surrendered to Army CIC. According to recently declassified American intelligence documents seen by Loftus,

He told Army CIC that he had made "arrangements" for his surrender "in order to avoid further bloodshed in Milan". . . . The arrangements could be confirmed "by Hussman [*sic*—Max Husmann, a Swiss participant in Sunrise] and Mr. Dulles, allied agents in Switzerland."<sup>62</sup>

Later Rauff told his interrogators how

he himself had been the go-between in negotiating the secret

58. R. Harris Smith, *op. cit.*, n. 10, pp. 114-121.

59. Bradley F. Smith and Elena Agarossi, *Operation Sunrise* (New York: Basic Books, 1979), pp. 101-146; Gabriel Kolko, *The Politics of War* (New York: Random House, 1968), pp. 375-385.

60. R. Harris Smith, *op. cit.*, n. 10, pp. 117, 119.

61. Jerry Meldon, *The Jewish Advocate*, September 20, 1984, citing John Loftus, *Boston Globe*, May 28, 1984. It should be noted that Rauff himself probably left Genoa by 1949, more than a year before Barbie arrived in March 1951. Loftus's charge of Dulles's amnesty and its consequences is remarkably at odds with Bradley Smith's contention that "German and Italian Fascist prisoners of war . . . received no special benefits from Sunrise" (p. 185). Rauff was subsequently allowed to "escape" and reestablish himself with Vatican assistance, which would seem to corroborate Loftus rather than Smith. In his introduction, Smith notes how CIA officials were "more than willing" to release to him "the only group of OSS field intelligence dispatches which has ever been declassified by the CIA" (p. 4). This willingness may have been self-serving; as we shall see, Dulles was actively falsifying the reports of his unauthorized contacts.

62. Loftus, *Boston Globe*, May 28, 1984. R. Harris Smith (*op. cit.*, n. 10, p. 119) notes Daddario's visit to Rauff in Gestapo headquarters but does not explain its purpose.

surrender of the SS armies in Italy. He described [how he] went to Lugano in March 1945, to arrange the release of allied prisoners in Rauff's custody as a sign of good faith. In return for the surrender of all SS forces, Dulles promised that none of the negotiators would ever be prosecuted as war criminals.<sup>63</sup>

Loftus then confirms the claim of Beata Klarsfeld that Rauff began to work for Dulles, and to exfiltrate Nazis through Catholic monasteries, while on the OSS payroll.

Despite the [U.S.] Army interrogators' pleas that Rauff "is considered a menace if ever set free, and failing actual elimination, is recommended for life-long internment," Dulles kept his bargain and Rauff was released. According to usually reliable intelligence sources, Dulles then employed Rauff on anti-communist operations in Italy, which was Rauff's specialty under the Nazis. Dulles asked the Vatican to continue his wartime arrangement of using Catholic monasteries and convents to hide OSS agents. After the war, Dulles explained, these safe houses were still needed to smuggle out anti-communist refugees. The Vatican's involvement with Dulles's program was minimal. The church provided food, shelter, and identity cards, as it did to all refugees. *It was Dulles's contacts*, not the Vatican, who handled the smuggling of Nazis. According to top secret State Department documents, the Italian police provided the false passports for allied agents; the visas came from the Argentine consulate in the allied intelligence unit based at Trieste; and the embarkation paperwork was handled by a U.S. State Department officer in Genoa. Genoa, incidentally, was Rauff's area of jurisdiction. All of them worked for Dulles, who set up the unwitting Vatican to be the scapegoat if it were ever discovered that Dulles's anti-communist refugees were really SS intelligence agents. To be sure, there were a few priests, and even one bishop, who smuggled a few of their own Nazi countrymen through Italy [this must allude to the Croatians], but that was at extremely low levels of the Vatican, and was quietly squelched after the exposure in the Italian press in 1948. The higher-level connection between the Vatican and Dulles is still classified by the government.<sup>64</sup>

Loftus's remarkable charges against Dulles are corroborated by scraps of the public record. In his semi-authorized history of the OSS, R. Harris Smith notes that the leading Italian go-between in the negotiations, the industrialist, baron, and Papal Chamberlain Luigi Parrelli, was in 1948

63. *Ibid.* The reference is to a meeting of March 3, 1945 which in Allen Dulles's memoir was with two SS representatives, Eugen Dollmann and Guido Zimmer. Loftus concludes "that Dulles lied in his memoirs on one point: The SS colonel was Walter Rauff, not 'Dollman[n]'. " Dollmann's own autobiography is significantly unhelpful in resolving the issue. The book ends early on that same morning at the Italian-Swiss crossing point to Lugano, with the Swiss go-between waving "on the other side of the frontier." Citing an early Italian account of the "pretentious" hat he wore on that important day, Dollmann concludes enigmatically by saying, "I cannot remember, but it is quite possible . . . *Cur non?*—why not?" (Eugen Dollmann, *The Interpreter: Memoirs* (London: Hutchinson, 1967), pp. 345-346.) Dollmann clearly did play an important part in the early stages of Operation Sunrise. One year earlier he had helped negotiate the German evacuation of Rome which led to Wolff's first and only audience with the Pope (Dollmann, pp. 298-303). It seems possible however that on March 3 Dollmann did not accompany the SS party beyond the border; alternatively, that both Rauff and Dollmann accompanied Zimmer to Lugano.

64. *Ibid.*



reportedly involved in a CIA operation to prevent a leftist victory in the Italian general elections. It was also rumored that he had concocted a plan to transport ex-Nazis from Germany to Paraguay.<sup>65</sup>

As a Knight of the Sovereign Military Order of Malta (SMOM), which issued its own diplomatic passports, Parrelli was a member of an international Catholic network well equipped to handle exfiltration. (See article on SMOM in this issue.) The leading Bavarian Knight of Malta, Baron Erwein von Aretin, was said to have arranged travel "for no small number of ex-Nazis" after the war.<sup>66</sup>

And Giovanni Battista Montini (the future Pope Paul VI), the OSS contact at the Vatican, did indeed become the patron of Bishop Hudal's exfiltration efforts:

Montini had under his supervision the Vatican bureau that issued the refugee travel documents and the Caritas Internationalis, the Church's international welfare organization, which was at this time (and for some years after the war) one of the main charitable institutions aiding the fugitive Nazis.<sup>67</sup>

Like Parrelli, Montini was later deeply involved in the CIA's first major postwar covert operation, the efforts to block a communist victory in the 1948 Italian election.

### The Common Interests of the OSS and the SS

We cannot in this article review the intricate contacts established throughout the war between the Nazis and the Papacy, the Papacy and the United States, and the U.S. and Germany.<sup>68</sup> However, the common denominator in such informal contacts became the postwar future of Europe, and possible joint measures to exclude the Soviet Union from it. This was especially true after Churchill and Roosevelt had proclaimed the policy of unconditional surrender at Casablanca, a policy which not only dismayed Allen Dulles but threatened the propriety of his continued contacts with members of the German opposition.<sup>69</sup> Yet even after the failure of the July 1944 plot against Hitler, the OSS continued its increasingly questionable liaisons, now chiefly with representatives of SS leaders Himmler and Schellenberg.

One motive for these contacts was clearly to limit the postwar influence in Western Europe of Soviet power, Communist resistance forces, and the civilian communist parties. Another however appears to have been to prevent the postwar breakup of German and U.S. intelligence assets, most particularly the

Gehlen networks in eastern and central Europe (which by 1945 were under the control of Skorzeny and the SS), and the OSS itself, which by 1945 was facing increasingly public attack inspired by U.S. military intelligence and the FBI.

It is interesting that Gehlen knew of Karl Wolff's contacts with Dulles as early as January 1945, the month in which they were initiated.<sup>70</sup> From this same period he began to consolidate his networks for survival after Hitler's downfall, which is to say he already expected to reach a *modus vivendi* with the Americans.<sup>71</sup> In April 1945, one month before the war ended, Dulles asked Frank Wisner to begin talks with Gehlen, who was not taken into U.S. custody until May 20.<sup>72</sup> On the Gehlen side, a plan "to gain contact with the Americans" was approved on April 4, and continued without interruption even after Hitler dismissed Gehlen on April 9.<sup>73</sup>

Curiously, the Operation Sunrise contacts between Wolff and Dulles became most intense in the second half of April 1945, even though at that time both Wolff and Dulles knew they had no authority to negotiate a surrender. On April 17 Wolff visited Berlin (where Gehlen and his headquarters were still located), to be told by Hitler personally that he should "temporize in his talks with Dulles because it was still too early to consider a surrender, or even serious negotiation."<sup>74</sup>



Credit: National Archives.

**SS officer Otto Skorzeny, at time of arrest, later a key link in the *Kameradenwerk*.**

65. R. Harris Smith, *op. cit.*, n. 10, p. 114.

66. Guenther Reinhardt, *Crime Without Punishment* (New York: New American Library, 1953), p. 280; cf. *Wisner Library Bulletin*, 1958. In the last months of the war, Dulles's OSS network in Switzerland was enlarged to include William J. Casey, today CIA Director and perhaps America's most famous Knight of Malta, and Russell D'Oench, a cousin of the U.S. SMOM officer J. Peter Grace. D'Oench is said to have helped set up the CIA-Gehlen Org operation after the war, before retiring in 1949. Two of the highest honors bestowed by the Italian branch of SMOM were awarded in 1946 to James Angleton, who had not yet taken up his new responsibilities as chief of the Vatican desk of the CIA, and in 1948 to Reinhard Gehlen (Jonathan Marshall, "Brief Notes on the Political Importance of Secret Societies," *Parapolitics/USA 2.1*, March 1, 1983, Appendix, p. 18).

67. R. Harris Smith, *op. cit.*, n. 10, p. 84; Farago, *op. cit.*, n. 1, p. 211.

68. Wolff had secured a personal audience with Pope Pius XII back in May 1944 (Smith and Agarossi, *op. cit.*, n. 59, pp. 65-66). For a resumé of wartime peace feelers between Germans and Americans, cf. Jonathan Marshall, "Bankers and the Search for a Separate Peace During World War II" (unpublished Master's thesis, Cornell University, 1981).

69. R. Harris Smith, *op. cit.*, n. 10, p. 214.

70. Cookridge, *op. cit.*, n. 10, p. 102.

71. *Ibid.*, p. 103.

72. Powers, *op. cit.*, n. 11, p. 24.

73. Heinz Höhne and Hermann Zolling, *The General Was a Spy: The Truth About General Gehlen and His Spy Ring* (New York: Bantam, 1972), pp. 62-63.

74. Smith and Agarossi, *op. cit.*, n. 59, p. 132. Gehlen and his headquarters left separately two days later for Bavaria, soon to be part of the U.S. Zone of Occupation (Höhne, *op. cit.*, n. 73, p. 63).



On the same day Dulles returned to his Berne headquarters from the OSS European Theater headquarters in Paris, to receive, on April 21, an April 17 order from the Combined Chiefs of Staff "to liquidate Operation Sunrise by cutting off all contact with Karl Wolff."<sup>75</sup>

Undaunted by such restrictions, both men continued to negotiate. Accompanied for the first time by a German army representative (Col. von Schweinitz), Wolff came to Switzerland counting on

his "personal reputation with the Anglo-Americans" to extract guarantees from Dulles that the "idealistic" and "decent" men of the army, party, and SS would be able to play "an active part in the reconstruction."<sup>76</sup>

Dulles on his part misrepresented von Schweinitz's explicitly limited instructions as a "full power" to negotiate. Later, after Wolff had returned to Italy and found himself facing capture by Allied partisans, Dulles allowed an OSS team to participate (together with two SS men!) in the successful rescue and exfiltration of Wolff to Switzerland.<sup>77</sup>

The historian Bradley Smith calls this "frenzied pursuit of Sunrise" by Dulles "a mere reflex action," and failure to realize that Allied victory was imminent in any case.<sup>78</sup> In fact, Dulles and Donovan *had* to mislead their superiors, if their plans for the postwar use of the SS were to succeed. As R. Harris Smith, a former CIA officer, reports, dead-pan:

Only Wolff's sudden and unexpected offer to sign an unconditional surrender on April 22 convinced the State Department to reverse its earlier order and to allow SUNRISE to proceed.<sup>79</sup>

But no such offer had been made by Wolff; it was merely an illusion from Dulles's unjustified commentaries, which "ran roughshod over the minimal rules of caution and good sense."<sup>80</sup>

The OSS policy of rescuing key fascist leaders appears, moreover, to have been systematic. The next day, on April 28, Dulles's aide Daddario risked his life in Milan to save the fascist Marshal Rodolfo Graziani from vengeful Socialist partisans.<sup>81</sup> On April 29, in Rome, OSS officer James Jesus Angleton would similarly rescue Prince Valerio Borghese, by disguising him as a U.S. Army officer.<sup>82</sup> After the war Graziani and Borghese became leaders of the neo-fascist MSI Party, while their wartime cadres were apparently helped to new anti-communist careers with the support of the Vatican, and ultimately, the United States.<sup>83</sup> In the months after the war, Angleton helped other fascists and Nazis to "escape" from prison camps, supplying them when necessary with new identities.<sup>84</sup>

There seems no question that by April 1945 the OSS was recruiting Nazis and fascists to help mobilize against postwar communism. As a recent historian has observed:

The history of OSS, which is indistinguishable from the secret political history of the war, is marked by a preoccupation with Communism almost as intense as its commitment to victory against Germany.<sup>85</sup>

At least some of the SS men who in the last weeks of the war negotiated with the OSS were treated thereafter as allies. Wilhelm Hoettl, for example, who had transmitted an offer from SS Deputy Head Kaltenbrunner, worked after the war, like his former subordinate Schwend, as an informant for the CIC in Austria.<sup>86</sup>

Walter Rauff, who had negotiated in Milan with Dulles's aide Daddario, was also spared, despite having directed the mobile gas chambers in Nazi-occupied Russia. By his own account, which has been reported as fact in the U.S. press, Rauff "escaped" after his arrest, by U.S. troops, to move with Vatican help first to Vatican City and then to Syria.<sup>87</sup> British and French sources agree however that Rauff, by as early as June 1945, had established himself in Genoa. There, with the aid of Cardinal Siri, Bishop of Genoa, Rauff organized a transit camp where as many as 5,000 fleeing Nazis were sheltered before their departure to Argentina, Syria, or Egypt.<sup>88</sup> The French Nazi hunter Beata Klarsfeld agreed that, like his *Kameradenwerk* ally Schwend, Rauff too was working with U.S. intelligence before escaping to Chile.<sup>89</sup>

This seems probable, inasmuch as Schwend was working for the Austrian CIC while setting up the Merano station of what became known as the Rat Line. At some point, moreover, certainly by the early 1950s, the CIA and the Gehlen Org were working together to move Gehlen agents (headed by Skorzeny) to Egypt.<sup>90</sup> Long before these officially authorized movements, Donovan and Dulles must have seen that, with a global network of its men already in place, the Gehlen Org would be an even more impressive asset in their case for a postwar CIA.

Through their connections with the Gehlen Organization, Skorzeny, Rauff, Barbie, and Schwend all became in effect instruments of CIA intelligence and covert action policies. In so doing, they contributed significantly to the establishment of fascist style oppression in the new countries to which they had moved—in Chile, Bolivia, Paraguay, Argentina, and Peru. One legacy of this oppression is the system of Death Squads now operative in Central America. Another has been the involvement of men like Barbie and their political clients in the highly organized Latin American drug traffic.

1980), p. 19.

85. Powers, *op. cit.*, n. 11, p. 25.

86. Smith and Agarossi, *op. cit.*, n. 59, p. 62; Linklater, *op. cit.*, n. 21, p. 135. Wolff, to his surprise, was eventually tried twice as a war criminal. In 1949 he was acquitted, thanks largely to affidavits from Dulles and Lemnitzer, and testimony from Dulles's aide von Schulze-Gaevernitz. Gaevernitz's renewed testimony failed to save Wolff in a new trial by a West German court in 1964, in the wake of Eichmann's revelations (Smith and Agarossi, *op. cit.*, n. 59, pp. 189-190; R. Harris Smith, *op. cit.*, n. 10, p. 121n). Since 1973 Wolff has been free and in touch with other ex-Nazis, including Barbie.

87. *Washington Post*, May 15, 1984, p. B8; cf. Farago, *op. cit.*, n. 1, pp. 224-225.

88. Laurent, *op. cit.*, n. 82, pp. 30-31; *Latin America Weekly Report*, February 11, 1983, p. 3.

89. *Latin America Weekly Report*, February 11, 1983, p. 3.

90. Stevenson, *op. cit.*, n. 15, pp. 151-154.

75. Smith and Agarossi, *op. cit.*, n. 59, p. 132.

76. *Ibid.*, p. 138.

77. *Ibid.*, pp. 141-144.

78. *Ibid.*, p. 145.

79. R. Harris Smith, *op. cit.*, n. 10, p. 233.

80. Smith and Agarossi, *op. cit.*, n. 59, pp. 141-142.

81. R. Harris Smith, *op. cit.*, n. 10, p. 119.

82. Frederic Laurent, *L'Orchestre Noir* (Paris: Editions Stock, 1978), p. 43.

83. *Ibid.*, pp. 35, 38, 44. Laurent reproduces a March 1945 document from Mussolini's Interior Ministry, describing details of postwar Vatican protection, shelter, false documentation, etc., for its Secret Police. He links this speculatively to the arrangements made for the postwar ODESSA exfiltration of Nazis (pp. 34-35).

84. David C. Martin, *Wilderness of Mirrors* (New York: Harper & Row,



# The Real Treason

By William Preston, Jr. \*

For some fifteen years a secret, conspiratorial alliance between various American corporations and their Nazi collaborators betrayed and subverted U.S. national interests in the campaign to win World War II. This link between a "fraternity" of top business executives and the country's deadliest wartime enemy, the Third Reich, this collaboration between capitalism and fascism, has been suppressed by the politically powerful, for their own political purposes. Yet the magnitude of the crime and the damage it did, harm that included injuring and killing allied and American fighting men and women, were not approximated in any other case of disloyalty for which the government has exacted retribution. Quite the reverse. The political system preferred staging trials, for example, for conspiracy to advocate speech (behavior twice removed even from the overt act of speaking) rather than settling scores with the treasonous powerful who served the cause of money and corporate self-interest.

Even more strangely, this country cannot face up to the corporate betrayal today, continuing to deny the realities of its Nazi connection while indulging in orgies of hysteria over anything remotely related to communism. During the past year, two comparable historical studies have, in fact, suggested once

again how unequal the "alternate malignity" of factions can be, especially when it involves people in "embarrassingly high places." Ronald Radosh and Joyce Milton's book on Julius and Ethel Rosenberg, *The Rosenberg Files: A Search for Truth* (New York: Holt, Rinehart & Winston, 1983), became an instant ideological best seller, arousing critical acclaim and impassioned controversy along the entire political spectrum. At the same time, Charles Higham's *Trading With the Enemy: An Exposure of the Nazi-American Money Plot, 1933-1949* (New York: Delacorte, 1983) sank from view almost without leaving an oil slick, so swift was its dispatch from public notice. Yet the evidence Higham discovered through the Freedom of Information Act was fuller and more exact than the treacherous and still incomplete materials assembled by Radosh and Milton. Higham had obviously published the wrong book about the wrong people at the wrong time. The political imperatives of anti-communism and the Cold War still demanded radical rather than corporate scapegoats.

According to Higham, the subversive business elite, the group he calls "the Fraternity," had long-standing ideological and economic reasons for their wartime collaboration with the Nazi enemy. Anti-Semitism, sympathy for Hitler, distastes for the Roosevelt New Deal and its supposed Jewish-communist components blended with major financial, industrial, and technological alliances between German and American enterprises. During the 1930s members of the Fraternity supported the Black Legion, a Klan type fascist organization based in Michigan; financed the American Liberty League's hate campaign

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## Project Paperclip

Subject: Civilian Personnel Spaces to Accommodate the PAPERCLIP and PROJECT 63 Programs.

~~SECRET~~  
SECURITY INFORMATION

1. The Department of Defense has two classified projects, deemed of utmost importance, that result in the employment and exploitation of foreign scientists by the Department:

a. The first, PAPERCLIP, provides a means of obtaining services of foreign specialists for specific assignments within the technical services of the Departments of Army, Navy, and Air Force. The primary function of this program is the utilization of the individual, the denial aspect being a highly desirable, although secondary feature. Such specialists sign a year's contract for a specific assignment prior to leaving their place of residence.

b. PROJECT 63 is primarily a denial program with utilization as a desirable feature. The aim of this program is to secure employment in the United States of certain preeminent German and Austrian specialists, thus denying their services to potential enemies. Such specialists sign a six-month Department of Defense contract which guarantees them an income until permanent employment is arranged with Department of Defense agencies or industry within the United States.

Project Overcast, later renamed Project Paperclip, was the top-secret program set up in 1945 by the War Department to locate, recruit, and exfiltrate to the United States hundreds of Nazi scientists, specialists in rocketry, biological warfare, aviation medicine, wind tunnels, and the like.

This declassified document is dated June 2, 1953 and signed by Air Force Chief of Staff (and former Director of

Central Intelligence) Hoyt S. Vandenberg. It indicates that at least 820 Nazis were brought to the U.S. under Paperclip, seen as "a means of obtaining the services of foreign specialists" for the U.S. military. (Reliable accounts indicate they numbered in excess of 900.) Another parallel program was "Project 63," to bring "certain preeminent German and Austrian specialists" to the U.S., with the primary intent of denying their services to potential enemies. Vandenberg acknowledged however that their "utilization [was] a desirable feature."

Many of these hundreds of Nazis, including SS and SA officers, were provably guilty of war crimes and prosecutable before the Nuremberg Tribunal. To get them out of Germany and into the United States the Joint Intelligence Objectives Agency, responsible to the Joint Chiefs of Staff for the administration of Paperclip, shamelessly set about altering, hiding, and destroying the evidence of their recruits' atrocities. Security reports researched and written by U.S. military intelligence were located and changed. When some State Department officials discovered the changes, further changes were made and lies were told.

An extremely valuable account of the exfiltration program by freelance journalist Linda Hunt, who spent 18 months using the Freedom of Information Act to obtain the relevant files, appears in the April 1985 *Bulletin of the Atomic Scientists*.



against FDR; plotted a "bizarre conspiracy" to replace Roosevelt with General Smedley D. Butler; and initiated red-baiting propaganda that anticipated the House Un-American Activities Committee's worst excesses.

Had this been all, no criminal sanctions would have been forthcoming, however odious and vile the practices. But a much more dangerous set of activities developed during the late years of the decade and continued throughout the war. These included: sharing patents; the secret shipment of oil and aircraft production data, photographs, and blueprints of military and naval bases, and enough material on weapons to give the Germans a "clear picture of American armaments" as well as of the Alaskan and Northwest defense system; sending oil to Spain and Vichy France that was reshipped to the Nazis; refueling German tankers and U-boats; supplying tetraethyl lead (an essential for aviation gasoline) to Germany and Japan; manufacturing in subsidiary companies abroad an array of communications and electronic equipment that aided the German development of artillery fuses, rocket bombs, and radio technology; maintaining crucial radio links to enemy nations in Latin America for intelligence transmissions; supplying funds to the Axis via southern hemisphere sales to proclaimed list (*i.e.*, banned) firms; making and repairing trucks for the German occupation army in France; supplying ball bearings by transshipment from South America; and cooperating closely in

financial matters through the Chase Bank in Paris and The Bank for International Settlements in Basel, Switzerland.

All this and more took place in a business-as-usual atmosphere that sought to conserve and strengthen the corporations' own world-wide marketing preeminence and postwar position in the defeated nations. It reflected not only the prewar economic arrangements, but the continued intimacy among elites now temporarily estranged by the vagaries of international politics but still seeing eye-to-eye on matters of corporate profit and survival.

Imagine for a moment (and without in any way assessing the "guilt" of the Rosenbergs) a different scenario for the sharing of technical knowledge with the nation's wartime ally. Suppose the Rosenbergs had all the influence and power of I.T.T., General Motors, or General Aniline and Film and were engaged in some facet of atomic production. They would have had their representatives on various war related boards and allies in at least the State, War, and Treasury Departments. The government would not have had to issue them a license to trade with the enemy since Russia did not fall into that category. Sharing certain technological developments with another nation could have been covered by the same informal approval that Higham discovered had been granted by the State Department to I.T.T.'s Axis oriented business. As a State Department wartime memorandum observed, "It seems that the Interna-

## Interview With a Nuremberg Prosecutor

Mary M. Kaufman, a New York attorney and well known progressive activist for half a century, was a prosecutor at Nuremberg. *CAIB* asked her about U.S. reluctance to pursue some of the war crimes cases vigorously:

**CAIB:** Tell us first what your official position was in connection with the Nuremberg trials.

**M.K.:** I was one of the prosecution team of the United States government in the case against the Board of Directors of I.G. Farben, a huge cartel. The case was one of the twelve major war crimes trials that the United States held following the first one, conducted by the International Military Tribunal at Nuremberg. By the time that first trial was over, the Allies, who had committed themselves to prosecuting all of the major war criminals, had already begun to feel the effects of the Cold War. They decided it was not feasible to try the rest of the major war criminals jointly with the other Allies, so they agreed that each of the Allies would pursue the cases of those major war criminals who were in the jurisdictions of their respective zones of occupation. The United States had twelve such trials and that against I.G. Farben was one of them.

I.G. Farben was charged with the crime against peace, that is, the planning and the waging of a war of aggression; with war crimes, using slave labor and the theft of properties as the army marched into the occupied countries; with crimes against humanity—they built the Auschwitz concentration camp where they used slave labor very badly, resulting in the death of countless thousands of people—they engaged in medical experiments; they did a whole lot of very bad things.

**CAIB:** Now in connection with your experiences, we would like to ask you about the allegations that, after the initial trial of the Nazi leadership, the joint trial, the United States did not, in many cases, fight too hard to prosecute certain people or certain organizations. Did you run into any examples of this pattern of less than full willingness to pursue the prosecutions?

**M.K.:** Oh yes. As a matter of fact, one of the very familiar stories that percolated whenever anyone talked about the war crimes trials at Nuremberg, and appeared in the film "Justice at Nuremberg," was about the attitudes of the judges. There is a scene in the film when some Senators were pressuring the judges and the prosecutors to go easy, and when they were asked why, a Senator said, "Well, we need these people in our war against the Soviet Union." Now that was not just something that was in the movie; that was something that I knew was true. Working on the prosecution of the I.G. Farben case, I knew of innumerable similar instances. We were hampered by the State Department throughout. We did not have the kind of materials that we needed. We did not get the support of the State Department in our prosecutions. I will give you a few examples.

Sometime toward the end of the prosecution's case against I.G. Farben, I learned that a group of Germans who had been picked up during the war by the FBI, some place off the shore of New Jersey, I think, and had been tried, convicted, and jailed for conspiracy to commit sabotage in the United States, had been trained by I.G. Farben. We had an affidavit to that effect, but then I learned that the group of saboteurs, who had been in jail in the U.S., were being shipped back to the German prison at Landsberg. I thought



tional Telephone and Telegraph Corporation . . . desires some assurance that it will not be prosecuted for such activities. It has been suggested that the matter be discussed informally with the Attorney General and if he agrees the Corporation can be advised that no prosecution is contemplated. . . .” But let us imagine further that the Rosenberg corporation did in fact betray the national interest and disloyally aid and abet the enemy as did Chase, Ford, Texaco, Standard Oil of New Jersey, I.T.T., SKF (Ball Bearings), General Aniline and Film, Sterling Products, and General Motors. Would an indictment and prosecution have followed? Undoubtedly not. As Higham suggests, the government itself felt neutralized by the potential for “public scandal” that might have developed in a wartime exposure of Nazi connections. Fear for “public morale,” “widespread strikes,” or even “mutinies in the armed services,” restrained a resort to political justice. Besides, imprisoning the corporate leadership would have had an adverse effect on the war effort itself.

An aftermath as ironic as the failure to prosecute concluded this tale of disloyal deception. The same people who had collaborated with the enemy trooped into Germany at war’s end, often as top occupation advisers. There they protected their property, saw to it that they obtained recompensation for destroyed assets, helped their Nazi friends return to industrial power and political office, and supported the revival of West-

ern Europe along lines conducive to the burgeoning Cold War antagonisms. The failure to dismantle the industrial base of the Nazi regime, the limply enforced denazification program, and the covert assistance to escaping war criminals seemed to confirm the persistence of the “dark purpose” the Fraternity had initiated years before.

On the postwar home front, meanwhile, those who had labored to disrupt those sordid subversive dealings found themselves under attack as subversive. Lauchlin Currie and Harry Dexter White, two top Treasury Department officials who had fought to expose and condemn the Nazi benefactors, became primary targets of the congressional investigators. Enemies of fascism turned into agents of communism. McCarthyism completed the rout, while classification interred the dark secrets of earlier betrayals.

Even more important, the Rosenberg case defined the new model for treason upon which all Americans would thereafter focus. No longer concerned with inflicting mortal injury to public morale, quite the opposite, the government’s malignity imagined that the crime of the century had been engineered by two inept technicians far from the seats of power. No one would thereafter remember that the real crimes of this century had been committed by those in “embarrassingly high places,” where punishment, as always, was to be “avoided at all costs.” ●

that that would be something wonderful for the trial, so I issued an order to have them transferred to the prison at Nuremberg and was going to put them on as witnesses to show I.G. Farben’s direct involvement in sabotage.

But the chief of our trial team came to me and said, “Mary, what the hell do you think you’re doing? Who ordered those people brought here?” I said, “I did. Why?” And he said, “You issue an order to send them right back. The State Department is burning up the wires in protest.” I never did find out just what the State Department wanted, but I had no alternative.

Another problem involved the authenticating of documents to be submitted in evidence. Many of those documents had been discovered by the U.S. consul in Frankfurt, and I sent my assistant to him to have some of those documents authenticated for use in the trial. He refused. But when my assistant asked him why, since he had been responsible for gathering all these documents in the first place, he was now refusing to authenticate them, he said, “Well, that was different. That was during the war, during wartime. Now we need these people on our side. And I’ll tell you something else. If you subpoena me to try to authenticate these documents, I’m going to tell the court what wonderful people these Board of Directors really are!”

There was another incident I knew of personally. It was described by the chief of our trial team, Josiah P. Dubois, in the book he wrote about I.G. Farben, *The Devil’s Chemist*. I.G. Farben was very, very deeply involved in the mistreatment of people at the Auschwitz concentration camp, where they had their factory for the production of poison gas. They did terrible things there. I.G. Farben had a policy about their labor, people who had been kidnapped and shipped from the occupied countries. They tried to keep the workers alive long enough for their replacements to arrive, so if they knew that a certain number of replacements would be arriving in a week, they would let that number of workers starve

to death, so long as it took them a week to die.

Now those activities were carried on quite openly and there was a lot of documentation about it; I.G. Farben kept very detailed accounts of everything. In fact, almost everything in the case against I.G. Farben came from their own files. In any event, the real question at the trial was not the occurrence of these practices, which were very well known and documented, but the degree of knowledge on the part of the Board of Directors of I.G. Farben. This was not easily provable without the files themselves. We discovered that the files had been shipped to the French zone, even though it was known that some of the French occupation officials were very cozy with I.G. Farben directors. Some members of the trial team had to go to the French zone to collect the files, and when they got there they found many folders with nothing in them. The contents had been shredded.

The team came back to Nuremberg very despondent, and Jo Dubois was on his way to the court, next to the Nuremberg jail, when somebody said to him, “Oh, Herr Dubois, please help me. I need some help.” He turned around and saw one of the major defendants in the case, the director who was in charge of the Auschwitz operations. And Jo said, “What are you doing out of prison?” He said, “The judge let me out so I could go over some evidence.” What he had done, in fact, was to go with an assistant to the place where the I.G. Farben files were kept and to indicate which files should be destroyed. Which was promptly done!

That is what the judges were like. They were not quite like the judges in the movie. They were motivated, for one thing, by a tremendous anti-Semitism. They were known to be distressed by the fact that there were “too many Jews” on the prosecution team, and they were always insisting on very, very direct and detailed evidence when it came to allegations of activities at Auschwitz. For another, they were busy getting their hands on German real estate and things like that. There was a lot of honey in the pot. ●



# Nazi Doctors in Demand

In September 1951, after 28 months with the Project Paperclip medical staff in Frankfurt, Germany, Major General Walter Emil Schreiber was brought to the United States for a six-month stint at the Air Force School of Aviation Medicine in Texas.

As Nazi chief of medical science, "Doctor" Schreiber was directly responsible for some of the most ghoulish medical experiments the Nazis conducted on concentration

Credit: U.S. Air Force.



**Walter Emil Schreiber.**

camp inmates. According to massive evidence revealed during the Nuremberg Trials, some of the experiments cleared or reviewed by Schreiber included:

- Supervising Dr. Karl Gebhardt, later hanged for his crimes, who had operated on young Polish girls using gas gangrene.
- Injecting humans and mice interchangeably with transfers from each other of deadly typhus virus, to produce a live vaccine. Others were injected with infectious epidemic jaundice.
- Sterilizing male prisoners by surgery, X-ray, and drugs.
- Submerging victims in tanks of ice water to measure shock levels.
- Locking prisoners in low-pressure chambers to simulate flight at altitudes of up to 68,000 feet, which invariably resulted in the collapse of their lungs.
- Exposing subjects to heavy doses of incendiary phosphorus material.

With grotesque irony, Schreiber's role in Texas was consultant to the "global preventive medicine" division.

In March 1952, after Schreiber's presence in the U.S. had been discovered by columnist Drew Pearson, his continuing work for the American military was defended by Air Force General Robert Eaton: "Doctor Schreiber was hired by the Air Force because of his extensive experience in the fields of epidemiology and military preventive medicine, coupled with his peculiar knowledge of public health and sanitation problems in certain geographical areas. He has collaborated in the preparation of a treatise on the epidemiology of air travel and has been able to furnish the Air Force with valuable information."

Apparently, due to the embarrassment and controversy resulting from public exposure of their collaboration with

Schreiber, Project Paperclip officers generously found similar work for him in Argentina and flew him there on May 22, 1952.

Another of the hundreds of Nazi war criminals with whom the U.S. joined forces was Major General Kurt Blome. Some of the Nuremberg charges against him included:

- Wholesale practice of euthanasia by injecting intravenous undiluted lethal phenol.
- Executions of tubercular Polish prisoners.
- Various uses of biological warfare, his specialty. He admitted to U.S. Army interrogators in July 1945 that he had conducted experiments on his victims with plague vaccine, on orders of the notorious mass murderer, Heinrich Himmler.

Incredibly, Blome was acquitted by the Nuremberg tribunal, though the prosecutors had gathered a great deal of evidence about his activities. Just two months after his acquittal, he was contacted by four employees of the Army Chemical Corps at Camp Detrick for a discussion about biological warfare. Blome cooperated and also volunteered the names of other German biological warfare specialists.

In August 1951 he signed a "Project 63" contract as the camp doctor at the U.S. Army occupation force European Command Intelligence Center at Oberusl. A subsequent Defense Department contractual document shows the following entry under the heading of Qualifications: "Professor of medicin [sic] with emphasis on research of tuberculosis and cancer and biological warfare."

One of the lesser known Nazi doctors, Hubertus Strughold, a Luftwaffe member, was reportedly knowledgeable about the deadly low-pressure chamber experiments on concentration camp inmates. Though it is not known whether he came to the U.S. as part of Paperclip or 63, he worked for the U.S. Air Force for many years and is still living. Today at Brooks Air Force Base near San Antonio, Texas is the Hubertus Strughold Aeromedical Library, named after the man they fondly call "the father of aerospace medicine."



**Nazi doctors before Nuremberg War Crimes Tribunal; standing at right is Kurt Blome; to his right is Karl Gebhardt.**

Credit: National Archives.



## The Sovereign Military Order of Malta

By Francoise Hervet \*

### Introduction

The Sovereign Military and Hospitaler Order of St. John of Jerusalem of Rhodes and of Malta, known also as the Sovereign Military Order of Malta, or SMOM, is juridically, politically, and historically unique in the world today.

Representing initially the most powerful and reactionary segments of the European aristocracy, for nearly a thousand years beginning with the early crusades of the Twelfth Century, it has organized, funded, and led military operations against states and ideas deemed threatening to its power. It is probably safe to say that the several thousand Knights of SMOM, principally in Europe, North, Central, and South America, comprise the largest most consistently powerful and reactionary membership of any organization in the world today.

Although an exclusively Catholic organization, in this century it has collaborated with, and given high awards to non-Catholic extremists in its current crusade against progressive forces in the West, the national liberation movements, and the socialist countries.

To be a Knight, one must not only be from wealthy, aristocratic lineage, one must also have a psychological worldview which is attracted to the "crusader mentality" of these "warrior monks." Participating in SMOM—including its initiation ceremonies and feudal ritual dress—members embrace a certain caste/class mentality; they are sociologically and psychologically predisposed to function as the "shock troops" of Catholic reaction. And this is precisely the historical role the Knights have played in the wars against Islam, against the Protestant "heresy," and against the Soviet "Evil Empire."

The Catholic Right and the Knights of Malta, in particular Baron Franz von Papen (see sidebar), played a critical role in Hitler's assumption of power and the launching of the Third Reich's Twentieth Century Crusade.

SMOM's influence in Germany survived World War II intact. On November 17, 1948 SMOM awarded one of its highest honors, the Grand Cross of Merit, to Reinhard Gehlen, the Nazi chief of intelligence on the Soviet front. He was subsequently installed by the Americans as the first chief of West Germany's equivalent of the CIA, the *Bundesnachrichtendienst* (BND: federal secret service), under West German Chancellor Adenauer, a devout Catholic who had received the Magistral Grand Cross personally from SMOM Grand Master Prince Chigi.

\* Francoise Hervet is the pseudonym of a researcher who has spent many years investigating the Sovereign Military Order of Malta.

After the appointment of Knight of Malta William Casey as head of the Central Intelligence Agency, and another Knight, James Buckley, as head of U.S. propaganda against Eastern Europe at Radio Free Europe/Radio Liberty, several historians noted with interest President Reagan's call during the summer of 1982 for a "crusade" against the "Evil Empire" in Eastern Europe.

In addition to Casey, and James Buckley, its current members, or Knights, after the feudal fashion, include Lee Iacocca, John McCone, William Buckley, Alexander Haig, Alexandre de Marenches (the chief of French Intelligence under Giscard d'Estaing, himself a Knight of SMOM), Otto von Hapsburg, and various leaders of the fascist P-2 Masonic lodge in Italy. While its organizational funding is relatively modest, its leverage is maximized by the presence of its Knights in key positions in other private and governmental structures throughout the world.

### Franz von Papen

A leading figure in Hitler's coming to power was SMOM Franz von Papen, known as "the devil in a top hat." A devout Catholic aristocrat from an old family of Westphalian nobility, a former military attaché and spy against the United States in 1915, von Papen became Chancellor in May 1932, with the support of the Nazis. In June he ordered the dissolution of the Reichstag, calling for new elections in July, in which the Nazis emerged as the largest party in the new Reichstag. After a meeting with Hitler, von Papen persuaded President von Hindenberg to offer Hitler the Chancellorship, which he assumed on January 30, 1933. Von Papen became his Vice-Chancellor.

In April 1933 von Papen was elevated to Knight Magistral Grand Cross of SMOM. After the murder of Austrian Chancellor Dollfuss in Vienna in July 1934, von Papen became Hitler's Ambassador to Austria, and, in March 1938 stood by the Führer's side at his triumphal entry into Vienna. From 1939 until August 1944 he was the Nazi Ambassador to Turkey, and at the Nuremberg trials he was charged with conspiracy to wage aggressive war. He was one of several Nazi leaders acquitted, and subsequently received a generous pension from the first postwar Chancellor, Konrad Adenauer. ●



The President of the American Eastern Association of SMOM is J. Peter Grace, President of W.R. Grace Company, who was a key figure in Operation Paperclip, which brought Nazi scientists to the U.S.<sup>1</sup>

### SMOM's Sovereign Diplomacy

As its name suggests, SMOM is both a "sovereign" and, historically, a "military" organization. Its headquarters, occupying a square block in Rome at 68 Via Condotti, enjoys the extra-territorial legal status granted to an embassy of a sovereign state. The Italian police are not welcome on its territory, it issues its own stamps, and has formal diplomatic relations and exchanges ambassadors with a number of countries.

On November 13, 1951 Italian President Alcide de Gasperi recognized the diplomatic sovereignty of SMOM, although he held off formal exchange of diplomatic envoys.<sup>2</sup> On January 11, 1983 the New York *Daily News* announced that,

1. See generally, Clarence G. Lasby, *Project Paperclip* (New York: Atheneum, 1975). Grace had also served as the Chairman of the Radio Free Europe Radio Liberty Fund, a CIA front infested with Nazi collaborators, and of the American Institute for Free Labor Development (AIFLD), another CIA-funded organization. The Chairman of the W. R. Grace Executive Committee, Felix Larkin, is also a SMOM. The Chancellor of the Order, John D. J. Moore, was a Director of the Grace company until at least 1982 having been with the company since 1946 managing its Peruvian operations from 1947-1950. From 1969-1975 Moore was the U.S. Ambassador to Ireland. See sidebar on J. Peter Grace.

2. Roger Peyrefitte, *Knights of Malta* (New York: Criterion Books, 1959), at p. 137.

The Vatican and the order of the Knights of Malta, believed to be the smallest sovereign state in the world, have agreed to establish full diplomatic relations, a joint statement said today."

President Reagan's Ambassador to the Vatican, William Wilson, is, coincidentally, a Knight of Malta.<sup>3</sup>

On September 5, 1984 French Foreign Minister Claude Cheysson signed a formal protocol with SMOM for various cooperative projects including "aid to victims of conflicts."<sup>4</sup> (See below on Americares.)

### Historical Antecedents

Already in existence at the time of the first Crusade in 1099, in 1113 the Order of St. John was given its independence by Pope Pascal II, permitted to elect its own Grand Master, and soon the Order began military participation in the Crusades along with the Knights Templar and Teutonic Knights. The Order of St. John recruited successfully among the European aristocracy and soon controlled extensive estates throughout the continent, assimilating those previously belonging to the Knights Templar which it had helped crush during the first two decades of the 14th Century, with the Templar leadership burned alive as heretics.

3. See the illustrated feature story on SMOM in *Town and Country*, April 1984, pp. 194, ff.

4. *Point de Vue*, September 23, 1983.

## J. Peter Grace and Project Paperclip

On January 16, 1980 ABC-TV broadcast a special "News Closeup," "Escape from Justice: Nazi War Criminals in America" which discussed Grace's Role in Project Paperclip. The transcript of the program, available from ABC on request, states, "Project Paperclip . . . from the end of WW II to the mid-1950's brought more than 900 German scientists to the United States. . . . Otto Ambros . . . was a chemist and a Director of the notorious I.G. Farben Company which supplied gasoline and rubber for Hitler's war effort. Ambros . . . played a supervisory role in the construction of Farben's plant in the Polish village of Auschwitz. For I.G. Farben, Auschwitz concentration inmates provided a plentiful source of cheap labor. . . . The Nuremberg prosecution charged that each day at Farben's plant one hundred people died from sheer exhaustion. . . . Otto Ambros was convicted of slavery and mass murder and sentenced to eight years in prison. But even while on trial at Nuremberg, Ambros was a target for U.S. recruiters from 'Project Paperclip.' His prison sentence was commuted after only three years by American officials and he was helped in a bid to enter the United States by . . . J. Peter Grace, President of W. R. Grace, a major American chemical company. . . . An internal State Department document describes how J. Peter Grace helped Otto Ambros in his efforts to enter the U.S. In a memorandum to the U.S. Ambassador to Germany, Grace acknowledges that Ambros was a war criminal. But he adds that in the years he's known Ambros, . . . 'we have developed a very deep admiration, not only for his ability, but more important, for his character in terms of truthfulness and integrity.' Today Otto

Ambros does consulting work for W. R. Grace and Company and lives here in Mannheim, Germany. In a recent telephone interview Ambros [said] 'I'm happy to still be working as a chemist . . . but it's funny. Now I'm helping the Americans.' "

In June 1981, largely in response to the efforts of well known war crimes researcher Charles Allen, Yeshiva University cancelled a \$150-a-plate dinner it had organized to honor Grace. (See also, Joe Conason and Martin A. Rosenblatt, "The Corporate State of Grace," *Village Voice*, April 12, 1983.)

When the scandal broke in West Germany over the Flick company paying huge sums of money to various politicians and parties, it was learned that additionally Flick had taken improper tax waivers and used the money to pump millions of dollars into W. R. Grace Co., becoming a major shareholder. Friedrich Karl Flick himself sits on the Grace Board. As the Moscow *New Times* reminded its readers (No. 8, 1983, citing *Der Spiegel*), Friedrich Karl's father, Flick Sr., had poured money into the coffers of the Nazi party in January 1933, and, "after Goering had promised the Ruhr magnates that "the March 5 elections will be the last elections in this decade and perhaps in this century," he contributed another 200,000 marks; this sum was handed to SS Reichführer Himmler. Flick Sr. was subsequently sentenced at Nuremberg to seven years for using slave labor, spoliation and being an accessory to the crimes of the SS. To ensure a good beginning for his son, the war criminal sent him after the war for early training with W. R. Grace.





Plaque on SMOM headquarters' door proclaims sovereign status of the building; SMOM has been called "the smallest country in the world," but it has diplomatic relations with more than 40 countries.

In 1187 the Order was driven militarily from Jerusalem by Saladin. The Knights were forced to flee successively to Acre, Cyprus (1291), and finally Rhodes (1310) where they subdued the local population and established a military dictatorship enjoying territorial sovereignty for the first time. In 1522 they were defeated by Sultan Suleiman's forces of 200,000 troops and 250 ships after a six-month siege. By 1530 under Grand Master Villiers de l'Isle-Adam, the Knights established their headquarters on the island of Malta which had been given to them by Charles V.

Martin Luther was born in 1483, the same year that Torquemada unleashed the fury of the Inquisition, and while the Knights waged war against foreign heresies, they were soon confronted by the liberalizing Reformation challenge to Catholic Orthodoxy.

In England Henry VIII's assertion of an independent national policy was complicated by his marriage to Katherine who was the aunt of Emperor Charles V, patron of the Knights of Malta who in England were a militant bastion of Papal loyalty. By 1534 Pope Clement VII had excommunicated the King and two years later Pope Paul III published a Bull deposing the King and charging the Emperor with its execution. According to King and Luke's authoritative history<sup>5</sup> of the Order in England,

The staunchest supporters of Papal supremacy were naturally to be found among the religious Orders, and . . . the Knights were the loyal servants of the Pope, whose claims to universal dominion [the King] had repudiated, . . . it was thus a sheer impossibility for the King to permit the existence in England of an Order so powerful and so highly organized unless it was prepared to renounce its loyalty to his most determined enemy. Inevitably the Knights would become a center of disaffection and a rallying point for all the forces of reaction. . . .

In July 1539, after two of the Knights had already chosen the martyr's crown, the King wrote letters to the Grand Master which practically constituted an ultimatum, demanding that the Papal supremacy should cease to be recognized by the Order in England. . . . But it was impossible to accept the King's conditions. In April 1540 . . . Parliament passed an

5. Sir Edwin King and Sir Harry Luke, *The Knights of St. John in the British Realm*, 2d ed. (London: St. John's Gate, 1967).

Act dissolving the Order in England and conferring its estates upon the Crown. . . .<sup>6</sup>

Meanwhile on the continent and in the Mediterranean the wars against the infidels of the East continued. Since the military defense of Christendom required naval support, the Order created a powerful fleet and patrolled the seas of the Eastern Mediterranean fighting many naval actions.

Military operations ranged as far as Egypt and Syria, and by 1565 under Grand Master Valette, they resisted the Turkish siege of Malta. In 1571 SMOM's fleet participated in the defeat of the Turks at the naval battle of Lepanto, and remained a major military presence in the Mediterranean until 1789 when Napoleon defeated the Knights and occupied the island. The Order finally sought temporary protection under the Russian Emperor Paul I in 1797; in 1834 Pope Leo XIII established its headquarters in Rome.



State room of the Grand Magistry; Grand Master Fra Prince Angelo de Mojana di Cologna, seated, flanked by Grand Chancellor, left, and Hospitaller, right.

6. *Ibid.*, pp. 103-105. Subsequently in England in the 19th Century, since each monarch has the authority to create any Order it wishes, Queen Victoria chartered, alongside the Rome-based British Association of SMOM, a predominantly Anglican Order called "The Most Venerable Order of the Hospital of St. John of Jerusalem" under the aegis of the British crown.

On November 26, 1963 the Venerable Order and the British Association of SMOM signed a treaty of mutual recognition and respect which can be seen in the Library of the Venerable Order in London. SMOM continues to regard the Venerable Order with somewhat amused scorn; while SMOMs are members of the highest levels of the Venerable Order, there do not appear to be any Anglican members of the Venerable Order in the British Association of SMOM.



## The American Association of SMOM

In Europe SMOM's membership had been traditionally limited to those who could prove a requisite purity of noble blood for several generations. Nevertheless, as a concession to the rising political, economic, and military power of the United States, in 1927 SMOM agreed to incorporate an American National Association whose members were not obliged to prove their genealogical pedigree.

When the American Association of SMOM was created in 1927 the founding members included Patrick Cardinal Hayes, Edward L. Hearn, Nicholas F. Brady, Howard F. Carry, Patrick E. Crowley, James A. Farrell, James A. Fayne, Edward N. Hurley, James J. Phelan, Morgan J. O'Brien, John J. Raskob, and John D. Ryan.

By 1941 Francis Cardinal Spellman was listed as the "Grand Protector" and "Spiritual Advisor" of the Order, with John J. Raskob as Treasurer. Members included John Farrell, then President of U.S. Steel, Joseph P. Grace, and John D. Ryan. In 1934 Raskob, inspired by the French fascist Croix de Feu, and working closely with Morgan Bank's John Davis, had been a principal financier in the plot to organize a fascist coup in the U.S. The plan failed when General Smedley Butler, who had been set up to lead the project, denounced it.

The 1941 list also included Joseph J. Larkin. According to Charles Higham's *Trading With the Enemy* (see review in this issue),

Joseph J. Larkin . . . [vice-president of Chase Manhattan Bank in charge of European affairs] kept the Chase Bank open . . . in Nazi-occupied Paris throughout World War

II. . . . [He] had received the Order of the Grand Cross of the Knights of Malta from Pope Pius XI in 1928. He was an ardent supporter of General Franco and, by extension, Hitler. Morgenthau first suspected him as a fascist sympathizer in October 1936. . . . [W]ith the encouragement of Schacht, Larkin took on the Franco account and the Reichsbank account, though the Reichsbank was under the personal control of Hitler. . . .<sup>7</sup>

## The American-Italian Connection

From 1932 until 1938 Myron Charles Taylor was the Chairman of U. S. Steel. In 1939 he became the U.S. envoy to Pope Pius XII, a post he would maintain until 1950. Meanwhile, according to Anthony Cave Brown, OSS chief William Donovan secretly had established an intelligence connection with the Vatican as early as 1941, when he evacuated from Lisbon to New York the Dominican Father Felix A. Morlion, who had founded "a European Catholic anti-Comintern" called Pro Deo. (See sidebar.) Throughout the war Donovan financed Morlion's Pro Deo service and in June 1944 he "went to considerable expense, time, and trouble to transport Morlion from New York and establish him at the Holy See."<sup>8</sup>

Subsequently Morlion became a key figure in Vatican intelligence, working closely with Giovanni Battista Montini, the future Paul VI.

According to Frederic Laurent,

7. Charles Higham, *Trading With the Enemy: An Exploration of the Nazi-American Money Plot, 1933-1949* (New York: Delacorte, 1983), pp. 20-31.

8. Anthony Cave Brown, *Wild Bill Donovan, The Last Hero* (New York: Times Books, 1982), pp. 683, 684.

## The Role of Felix A. Morlion

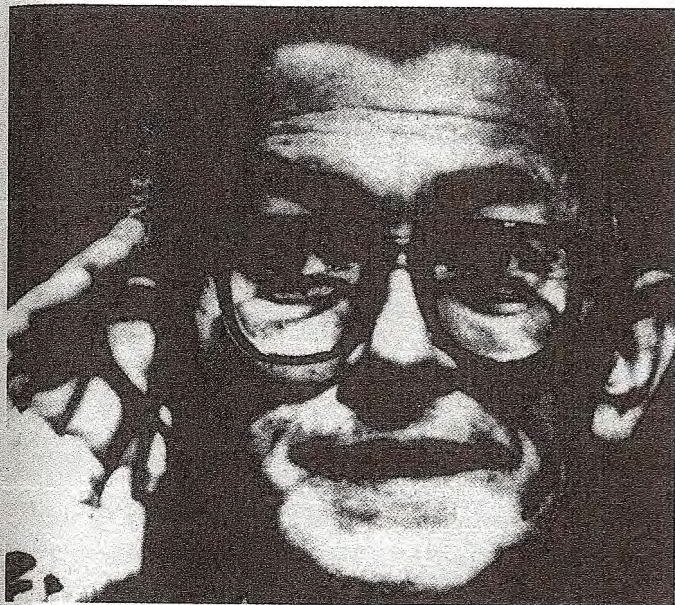
In the latter part of April 1948 the Romanian *Timpul* published an article, "The Vatican Espionage Service," cited in the Soviet journal *New Times*, No. 31, 1948, at pp. 5, 6. As reported, the article indicated that, "In 1946 the Pope entrusted the Dominican friar [Felix A.] Morlion, a Belgian, with the reorganization of the Vatican intelligence service and its merger with the jesuit espionage network. The central intelligence department of the Vatican is headed by Janssens, a general of the Jesuit Order. His deputy is Montini, the acting Vatican Secretary of State, and his assistants are Schmider, the administrative director of the central jesuit espionage bureau, and Morlion, director of Centro d'informazione pro Deo. The central intelligence department is subdivided into branches and sections dealing with the various countries. One of the main branches is the so-called 'special division' which operates under the signboard of the Centro d'informazione pro Deo press agency. Similar divisions have been set up in the Centro d'informazione pro Deo units in all parts of the world. In New York the 'special division' is directed by Cardinal Spellman, in Innsbruck (Austria) by Regent, the rector of a jesuit college, in Coblenz (Germany) by the Catholic priest Poelaert who is also director of the Catholic press agency. The branch in charge of espionage in Eastern and Southeastern Europe is supervised by Schmider and Preseren, the jesuits' chief expert on the Slav countries and adviser to the Vatican Secretary of State."

In August 1966, Morlion approached H.L. Hunt for funding Vatican anti-Communist operations in Latin America. Hunt gave an interview to the British *Guardian Weekly*, February 27, 1969: "I was approached by Paolo Cardinal Marella, who said he spoke for the Pope and asked if I would supply members of my [20,000 member] Youth Freedom Speakers' movement who spoke Spanish to be sent south [to Latin America] to engage in speechmaking and activities. I was told the Pope was thinking in terms of 11 million dollars a year support for the entire movement against communism in Spanish-speaking countries.' . . . The project was now centered in New York, at the Asian Speakers Bureau, with the Free Pacific Association, Inc., on Riverside Drive [another front for the Rev. Moon's Unification Church]. A key figure in this papal concern over Leftist threats to the Vatican's greatest stronghold was the Rev. Felix A. Morlion, who was present at the original discussions."

Subsequently, Morlion emerged as a key figure in the "Bulgarian Connection" hoax when the fascist Grey Wolf Agca attempted to assassinate the Pope: It appears that Morlion lived in Rome directly below the apartment of the Bulgarian Antonov, and was a possible source of Agca's description of Antonov's apartment. (See, *Il Mondo*, April 8, 1985; *L'Espresso*, May 19, 1985.) ●



All studies [of the post-WWII Nazi networks] have shown the determining role played by the Catholic Church in the flight of war criminals. Since April 1943, following negotiations between Pius XII and the ultra-reactionary American archbishop Francis Spellman, the Holy See became the clandestine center of Anglo-American espionage in Italy. This collaboration in fact had begun the previous year . . . between Earl Brennan, a veteran of the American State Department and Gian Battista Montini, at the time a bishop and Under-Secretary of State at the Vatican. This close collaboration between the future Paul VI and the American secret services continued after the war through the intermediary James Angleton. . . .<sup>9</sup>



James Jesus Angleton.

With the American Grand Protector of SMOM already in contact with the Vatican, and Allen Dulles busy negotiating with Nazis in Switzerland, the Americans entered Rome June 4, 1944. On July 7 General Mark Clark was made a Knight Grand Cross of SMOM.

According to British journalist Stuart Christie,

25 April 1945 [three days before the German forces capitulate in Italy] Admiral Ellery Stone, U.S. Proconsul in occupied Italy, instructs James Angleton to rescue Prince Valerio Borghese from the possibility of arrest by the Resistance Committees which had sentenced him to death for war crimes . . . Stone is a close friend of the Borghese family.<sup>10</sup>

9. Frederic Laurent, *L'Orchestre Noir* (Paris: Editions Stock, 1978), at p. 29; see also Charles Allen, "The Vatican and the Nazis" in *Reform Judaism*, Spring/Summer and Fall 1983; and Saul Friedlander, *Pius XII and the Third Reich* (New York: Knopf, 1966).

10. Stuart Christie, *Stefano delle Chiaie, Portrait of a Black Terrorist* (London: Anarchy Magazine, 1984), at p.6. One member of the family, S.E. Don Giangiacomo, Principe Borghese, had been a Bailiff Grand Cross of Honor and Devotion of SMOM since June 4, 1932. Christie's book includes a photo of Borghese driven by an unidentified SS officer in 1944, with the caption, "Borghese was then [1944] head of 'XMAS' (Decima MAS), a special forces corps of 4,000 men founded in 1941. Borghese assumed command after the Italian armistice and XMAS was officially recognized by the Nazi High Command on September 14, 1943. Under his direction, XMAS was responsible for the torture and mass murder of Italian partisans. *Ibid.*, p. 7; see also Laurent, *op. cit.*, n. 9.



Prince Valerio Borghese with SS officer, Italy, 1944.

Borghese was to be heard from again on the twenty-ninth anniversary of the Japanese attack on Pearl Harbor. (See below.)

- Truman's Vatican envoy Myron C. Taylor received SMOM's Gran Croci Al Merito Con Placca May 23, 1945.

- On June 12, 1945 Admiral Ellery W. Stone was awarded the Croci Al Merito Di Prima Classe Con Corona from the SMOM.

- On December 27, 1946 James Angleton received the Croci Al Merito Seconda Classe from the Order, the same day as George Raymond Rocca. Rocca went on to become Angleton's deputy chief of Counterintelligence Division of the CIA and was the liaison between the Warren Commission and the CIA following the Kennedy Assassination. (See sidebar.)

According to declassified documents from the American Department of State, in February 1948, in anticipation of the upcoming elections scheduled for April 18, the Vatican created organizations called Civic Committees under the leadership of Luigi Gedda, a 45-year-old doctor from Turin who was also the leader of the rightist Catholic Action. By March 17, 1948 Gedda became a Knight of the Grand Priory of Lombardy and Venice. The liaison to Gedda was through an Ecclesiastical Assistant, Mgr. Fiorenzo Angelini, a member of the National Executive of the Civic Committees, who had become a ranking member of the Rome Priory of SMOM also on March 17, 1948.<sup>11</sup> At that time the Grand Priory was headed by Ferdinando Thun Hohenstein, Director of Ceremonies of SMOM,

11. Declassified documents of May 17, 1948 and October 11, 1948. Gedda was listed as a member of the "Comite de Patronage" of the French neo-Nazi *Nouvelle Ecole* in April 1982 along with Robert Gayre. Gedda also served on the Advisory Board of Gayre and Pearson's *Mankind Quarterly* from at least the mid 1960s until 1979.



a member of the all-powerful five-member Sovereign Council of the Order, and nephew of a former SMOM Grand Master.

On March 22, 1948 the *New York Times* reported that Gedda had appealed to American Catholics to provide financial assistance to Italian Catholics in their fight against communism. On April 5, it was reported that "Myron C. Taylor arrived from

Madrid for what Catholic circles described as an 'important mission' closely related to the Italian general elections." By April 13 the paper reported that Taylor would meet with Pius once a week, and that based on the information recently received, the Pope was "considerably more optimistic" about the outcome of the elections. Two days later with the Italian

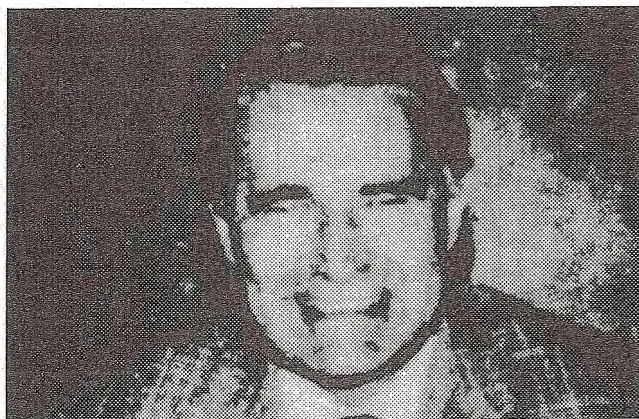
## The Checkered Careers of James Angleton and Roger Pearson

Both James Jesus Angleton and George Raymond Rocca were forced into retirement in December 1974 following Seymour Hersh's revelations that Angleton's Division had been involved in illegal domestic operations, known as "the family jewels."<sup>1</sup>

By the Winter of 1977-78 Angleton became one of two Associate Editors of the *Journal of International Relations* under General Editor Roger Pearson. The other Associate Editor was Gen. Robert C. Richardson III; the Publisher was John Fisher, President of the American Security Council.

Pearson is perhaps the most important neo-Nazi contact and racist propagandist in the U.S. today and had been a former Editor of Willis Carto's *Western Destiny*.

According to *Replica* of January 1978, when the Executive Committee of the World Anti-Communist League (WACL) met December 10 and 11, 1977 to plan for their upcoming conference in Washington D. C., "The main speaker was . . . General Robert C. Richardson III who delivered a brilliant speech on the theme of USA-USSR nuclear balance . . . [and] . . . Dr. Roger Pearson [President of



Roger Pearson.

North American Regional WACL and later President and host of WACL in 1978] also made a brilliant exposition."

*Replica* is the journal of the Latin American Anti-Communist Confederation (CAL) which Jack Anderson revealed to be a CIA created anti-Semitic controller of neo-Nazi death squads.<sup>2</sup>

1. See, Seymour Hersh's stories in the *New York Times*, December 22 and 30, 1974; and Fensterwald and Ewing, *Coincidence or Conspiracy?* (New York: Zebra Books, 1977), at pp.182, 183, 186.

2. See, Jack Anderson stories of January 12, 13, 23, 26, 30 and February 9.

See also, Henrik Krüger, *The Great Heroin Coup* (Boston:South End Press, 1980), and the series in the *New York Village Voice* by Joe Conason, May 1 and 14, 1985.

Pearson was removed as head of the U.S. branch of the World Anti-Communist League after its 1978 conference in Washington, D.C. because his ties to the neo-Nazi international were too extreme even for WACL which then included death squads, former Nazis, and Nazi collaborators.<sup>3</sup>

In the July 1978 issue of the racist *Mankind Quarterly*, the Editor-in-Chief, and Pearson's mentor, Robert Gayre, announced that Pearson would take over publication of the magazine. Robert Gayre had received the Grand Cross of Merit from SMOM in 1963, having already been editor of the *Mankind Quarterly* for three years. In June 1979 Pearson was listed as a member of the Comité de Patronage (the Advisory Board) of the French neo-Nazi journal *Nouvelle Ecole*.

Today Pearson continues to publish in Washington, D.C. several journals including *Mankind Quarterly*; *The Journal of Social, Political and Economic Studies*; and *The Journal of Indo-European Studies*; he remains on the Board of Trustees of the American Foreign Policy Institute.<sup>4</sup>

According to Joseph C. Goulden, "Brigadier General Robert C. Richardson . . . had served as deputy chief of staff for science and technology for the U.S. Air Force Systems command; he later was a field commander of the Defense Atomic Support Agency at the supersecret Sandia Base, New Mexico. When Richardson retired in 1967 he became a consultant in defense affairs; one of his positions, which he was to take in 1973, was a vice-president of Ed Wilson's Consultant's International."<sup>5</sup>

Gen. Richardson is today one of the key members of the American Security Council (ASC) and the Coalition for Peace Through Strength (CPTS) and is Executive Director of the American Foreign Policy Institute of which Pearson, John Fisher, Gen. Lyman Lemnitzer, and Gen. Daniel O. Graham are members of the seven member Board of Trustees.

Angleton today is the Chairman of the *Security and Intelligence Fund* whose President is former Ambassador Elbridge Durbrow (the Chairman of the American Foreign Policy Institute) and whose Secretary-Treasurer is Robert C. Richardson III. Until its move in late 1984 to 1010 Vermont Avenue, N.W. in Washington, D.C., it shared offices with the ASC and the CPTS. The letter heads of the three organizations show extensive membership overlaps.

3. See, Paul Valentine "Fascist Specter behind the World Anti-Red League" in the *Washington Post*, May 28, 1978.

4. See generally, Michael Billig, *Psychology, Racism & Fascism*, London: 1979; and *Searchlight* magazine, September 1984, no.111; both available from Searchlight publications, 37B New Cavendish Street, London W1M 8JR. See also, Robert Gayre's entry in the *British Who's Who*.

5. Joseph C. Goulden, *The Death Merchant: The Rise and Fall of Edwin P. Wilson* (New York: Simon & Schuster, 1984), p. 47.

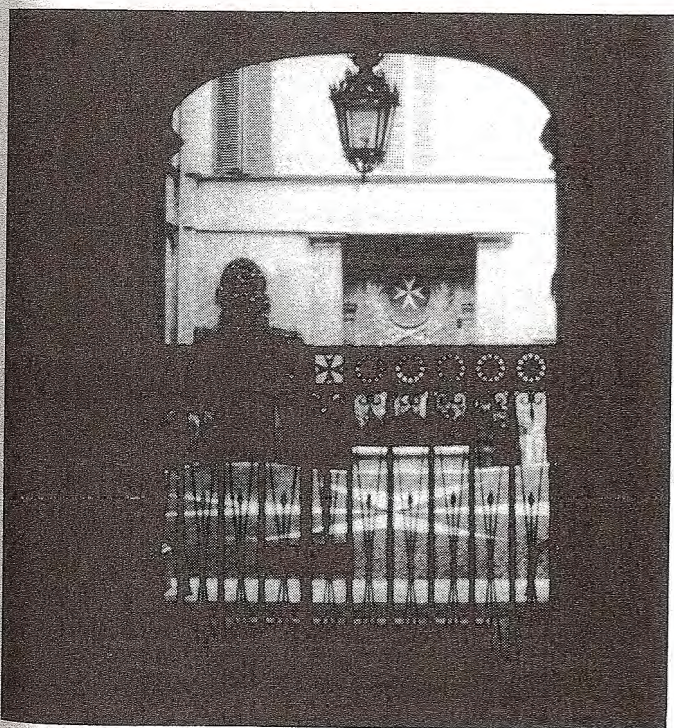


military staging massive parades and as fascist gangs attacked leftists in the streets, C. L. Sulzberger reported from Rome that Catholic Action "is armed, active, and tough."

The State Department documents cite Angleton as "feel[ing] quite strongly that Gedda can be effectively used to further our interests in Italy in the political, labor and social fields," and that the Civic Committees were to receive CIA funds. The Pope had allegedly met with Gedda three times during the month after the elections.

One of those reported to have been involved in interference in the April 18 election was Baron Luigi Parrilli. Parrilli, son of an Italian admiral, and who had reportedly worked for the American firm Kelvinator before the war, was a fascist and had extensive industrial interests in Italy. He was made a Knight of Malta on December 7, 1942 and by early 1945 had excellent contacts with the top *Schutzstaffel* (SS: elite guard) and *Sicherheitsdienst* (SD: secret service) German officers in Northern Italy. By April 1945 he became a representative of SS General Karl Wolff to Allen Dulles and U.S. Gen. Lemnitzer during the period that the latter two were involved in private negotiations to recruit top Nazis before the end of the war. It has been rumored that Parrilli also had "concocted a plan to transport ex-Nazis from Germany to Paraguay."<sup>12</sup> (See article by Peter Dale Scott in this issue.)

In 1949 SMOM published an Official General Roll of the Grand Magistry with a preface by Pius XII which referred to "The ancient laurels collected on the battle-fronts" of earlier wars. As noted above, among only four recipients of the Order's Gran Croci al Merito con Placca at the time was Reinhard Gehlen, Hitler's Chief of Intelligence on the Eastern Front, who received the award November 17, 1948.



A view through the well-fortified courtyard of the Knights of Malta building on Rome's Via Condotti.

12. R. Harris Smith, *OSS, The Secret History of America's First Central Intelligence Agency* (Berkeley: University of California Press, 1972), at p. 114; and Bradley F. Smith & Elena Agarossi, *Operation Sunrise* (New York: Basic Books, 1979). And see Peter Dale Scott's article in this issue.



## CROCI AL MERITO

(PRO PIIS MERITIS)

### GRAN CROCI AL MERITO CON FASCIA

10 4 1948

S.E. Gen. PAUL DARIUS DASSAULT

### GRAN CROCI AL MERITO CON PLACCA

23 5 1945

S. E. HAROLD ALEXANDER, Visconte di Tunisi

23 5 1945

S. E. MYRON C. TAYLOR

11 11 1948

Brig. Gen. Barone JEAN de MARGUERITES

17 11 1948

REINHARD GEHLEN

**Document shows SMOM's honor bestowed on Hitler's intelligence chief Reinhard Gehlen and on U.S. Admiral Ellety W. Stone.**

By this time Reinhard Gehlen's brother had already been in Rome serving as the Secretary to Thun Hohenstein. Conveniently for Reinhard, who was negotiating with the U.S. for the preservation of his Nazi colleagues, Thun Hohenstein was Chairman of one of SMOM's grand magistral charities, the Institute for Associated Emigrations, and had arranged for two thousand SMOM passports to be printed for political refugees.

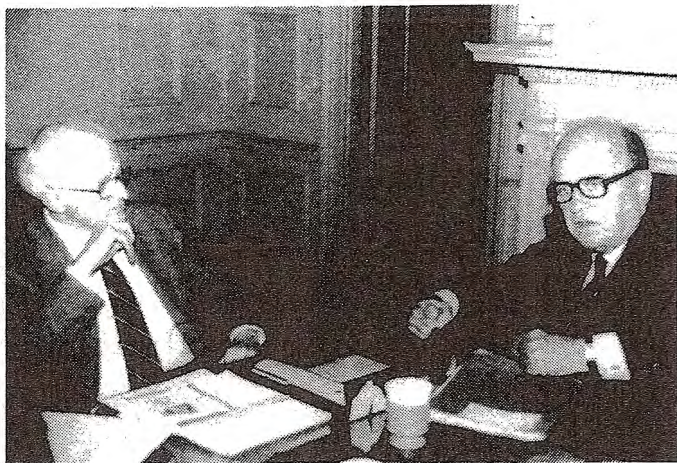
Thun Hohenstein was also related to the leading German Knights of SMOM, and at a crucial time in an internal SMOM controversy after the war had received the active support of Prince Frederic von Hohenzollern-Sigmaringen, Honorary Chairman of the Silesian Association of the Order, the head of the Catholic Hohenzollerns, of which several members were Knights of SMOM. The Silesian Knights, led by their Chairman Prince von Hartzfeld and Graf Henckel von Donnersmark, maintained a refugee camp at Ulm which in 1951 alone had received 134,000 refugees from the East.<sup>13</sup> Meanwhile, both the Polish and Hungarian Associations of SMOM had also relocated safely to the West.

In 1950, the American Committee for Liberation from Bolshevism was created. The trustees included J. Peter Grace, Charles Edison, William Henry Chamberlain, H. J. Heinz II, Isaac Don Levine, and Eugene Lyons. The Committee (now known as Radio Liberty), under the guiding hand of the CIA's Frank Wisner, funded numerous émigré "research institutes" which, according to John Loftus, were "little more than front groups for ex-Nazi intelligence officers."<sup>14</sup>

13. See, Peyrefitte, *op. cit.*, n. 2, pp. 172, 173, 214.

14. John Loftus, *The Belarus Secret*, ed. by Nathan Miller (New York: Knopf, 1982), pp. 106-107, 178.





The February 11, 1985 issue of *Spotlight*, the weekly of Willis Carto's Liberty Lobby, featured this photograph of J. Peter Grace in the Washington, D.C. offices of Liberty Lobby giving a cordial interview to *Spotlight* Managing Editor Vincent J. Ryan.

In 1953 Catholic fanatic Clare Boothe Luce became U.S. Ambassador to Rome, and was made a Dame of Malta in 1956.

In 1954, with the backing of Cardinal Spellman and the machinations of General Edward G. Lansdale, the Catholic Ngo Dinh Diem became Prime Minister of South Vietnam.

Commenting on the events in Hungary in 1956, two Soviet journalists wrote,

... we spoke with Count Karoly Khuen Hedervary [who] bears a great responsibility for the crimes the fascists had committed in Europe [but he] was not tried as a war criminal after 1945. . . . After Mindzenty's return to Budapest during the counter-revolutionary events, Karoly Khuen Hedervary took advantage of his being an old friend of the cardinal to meet Mindzenty several times, during which he received instructions for the organization [set up by the former fascist minister of industry Geza Bornemisza]. Hedervary served also as the liaison man of the organization and the Duke of Lichtenstein, who came officially to Budapest during the October events in the capacity of the representative of the International Red Cross, but actually as the representative of the Sovereign Military Order of Malta which had helped actively in promoting the counter-revolution in Hungary.<sup>15</sup>

By November 1961, President Kennedy<sup>16</sup> appointed John McCone as Director of the CIA. In 1963, when it became clear Diem could no longer stay in power in South Vietnam, McCone oversaw his regrettably necessary assassination. McCone is listed as a member of SMOM in the 1980 list.<sup>17</sup>

With McCone heading the CIA and Angleton as his Chief of

15. A. Belokon and V. Tolstikov, *The Truth About Hungary* (Moscow: Foreign Languages Publishing House, 1957), pp. 58-61; Mary Bancroft in *Autobiography of a Spy* (New York: Wm. Morrow, 1983), p.260, reports that towards the end of WWII, "A contingent of White Russians, who had been fighting in the German Army, had recently crossed the Liechtenstein frontier and had been given asylum."

16. The President's father, Joseph Kennedy, who became a Knight of SMOM March 13, 1945, had been withdrawn as U.S. Ambassador to London when his sympathies for the Third Reich became known. See, e.g., Higham, *op. cit.*, n. 7., at p.181.

Counterintelligence, another Knight of Malta of fascist fame, Italian General Giovanni De Lorenzo, who had been the chief of the secret service (then known as Sifar) and in 1962 head of the carabinieri, organized an attempted fascist coup on July 14, 1964 (the Plan Solo) and later became a deputy from the fascist MSI party.<sup>18</sup>

Six and a half years later, on the night of December 7, 1970 Angleton's Prince Borghese gave the order for Stefano delle Chiaie to proceed with seizure of the Interior Ministry in Rome along with 50 fellow neo-Nazis. (See "A Killer's Career," in this issue; and see "The Fascist Network," in *CAIB*, Number 22.) This plot to trigger a fascist coup was called off at the last minute, and Borghese and his neo-Nazi protegee delle Chiaie fled to Spain where former SS Commando Skorzeny among others was waiting.<sup>19</sup>

## SMOM and P-2

Freemasonry generally purports to be hostile to Catholicism, and conversely, the Vatican has at various times forbidden Catholics to join Masonic organizations. Nevertheless, in December of 1969 an exclusive meeting was held in the Rome office of Count Umberto Ortolani, the Ambassador of the Order of Malta to Uruguay, who has been called "the brains" behind the fascist P-2 Masonic Lodge, which had been established in the mid-1960s.<sup>20</sup> In addition to Ortolani, the meeting included only Licio Gelli, Roberto Calvi, and Michele Sindona.<sup>21</sup>

Gelli had fought for Franco (who was himself a Bailiff Grand Cross of SMOM) with Mussolini's troops during the Spanish Civil War. He was a committed fascist during WW II and at the end of the war was wanted by the partisans for collaborating with the Nazis. After the war he developed extensive interests in Latin America where he became close friends with the Argentinean dictator Juan Peron; he was also the Grand Master of P-2.<sup>22</sup>

Calvi had fought on the Eastern front during the war and was decorated by the Nazis. At the time of the 1969 meeting he was a senior officer at Banco Ambrosiano.

Sindona had set up business in 1943 with the help of Vito Genovese, whose Mafia contacts facilitated the American landing on Sicily. By 1948 Sindona had received a letter of in-

17. McCone, from a senior post at ITT, was later to play a key role in the overthrow of the Allende government in 1973. At the time of the coup J. Peter Grace was Chairman of the AIFLD, and a director of First National City Bank and Kennecott Copper Co., all of which played a role in the fascist coup. (See, Fred Hirsch and Richard Fletcher, *CIA and the Labor Movement* (London: Spokesman Books, 1977), pp. 16, ff.; and NACLA Report "Amazing Grace: The W. R. Grace Corporation" vol.X, no.3, March 1976.) W. R. Grace Company senior vice-president Anthony Navarro, who had earlier been involved in armed fighting against the Castro government in Cuba, was recently nominated to the Advisory Committee of Radio Marti; the Chairman of the Presidential Advisory Board on Radio Broadcasting to Cuba, Jorge Mas Canosa, according to the *New York Times* of Aug.5, 1984, is a Cuban businessman in Miami, who took part in the Bay of Pigs invasion of Cuba in 1961 and was a commentator on Radio Swan, an anti-Castro station that was operated by the CIA.

18. See, Laurent, *op. cit.*, n. 9; and Christie, *op. cit.*, n. 10.

19. See, Christie, *op. cit.*, n. 10; and Laurent, *op. cit.*, n. 9.

20. *Journal de Geneve*, November 11, 1981.

21. Larry Gurwin, *The Calvi Affair* (London: Pan Books, 1984), p.15.

22. Gelli had chartered the plane which brought Peron back to Argentina in 1972 and was an honored guest at his inauguration; shortly thereafter Lopez Rega, Peron's Minister of Social Welfare who ran the Argentine death squads and who was an astrologer and mystic, joined P-2.



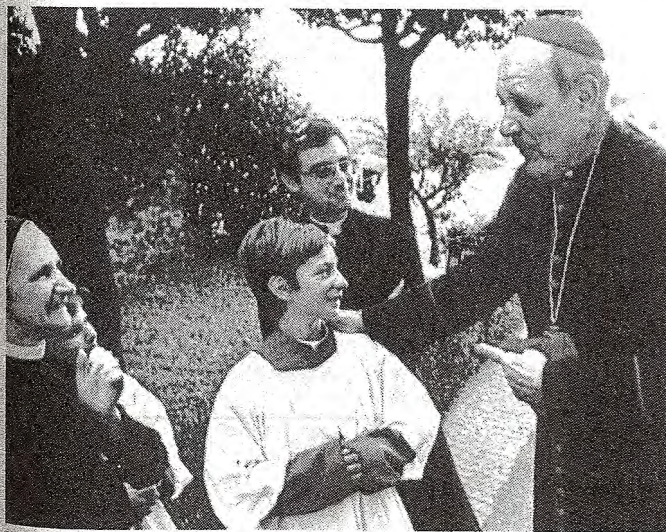
roduction to Vatican intelligence operative Montini. According to Larry Gurwin's *The Calvi Affair*,

One of Sindona's first steps in cultivating the Vatican's money men occurred in the late 1950s when through a priest, he met Prince Massimo Spada, a Vatican nobleman and the senior layman at IOR. [Massimo Spada had become a Knight of Malta on September 21, 1944. IOR, the *Istituto per le Opere di Religione* (Institute for Religious Works), known generally as the Vatican Bank, was created in 1942 by Pius XII.] At the same time he nurtured his friendship with Giovanni Montini, who had become cardinal-archbishop of Milan in 1954.

In 1959 Montini needed to raise a large sum of money for an old people's home, and he turned to Sindona for help. Sindona reportedly raised \$2 million in a single day. In 1960 Sindona purchased a small Milanese bank called Banca Privata and, thanks to his Vatican friendships, it soon began receiving deposits from IOR. Three years later Montini was elected Pope Paul VI and Sindona's Vatican connections were unbeatable.<sup>23</sup>

The Italian journal *L'Espresso* of June 28, 1981 indicates that numbers of high ranking members of the Italian military intelligence organizations were both SMOMs and members of P-2. The list of dual members included General Santovito, the former head of SISMI; Admiral Giovanni Torrisi, the head of the general staff of the Army; and General Giovanni Allavena, head of the intelligence service (then Sifar, which was later split into SISDE and SISMI).

The conclusion of the affair is generally known. When, in 1983, the Vatican was finally forced to establish an "independent" commission to study the relationship between its IOR (since 1970—and still—headed by Chicago-born Bishop Paul Marcinkus) and the P-2/Banco Ambrosiano criminal fascists, two of the three members selected were Hermann Abs and Joseph Brennan.



**Bishop Paul Marcinkus, still runs IOR.**

Abs, who features in nearly every book on the Third Reich and the Nuremberg trials, was Hitler's paymaster, as chairman

23. Gurwin, *op. cit.*, n. 21, pp. 11, 12. See also, David A. Yallup, *In God's Name: An Investigation Into the Murder of Pope John Paul I* (New York: Bantam, 1984).

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of the Deutsche Bank from 1940 to 1945, and was a member of the board of I.G. Farben. He regained the board chairmanships of both firms after the war, even though in Yugoslavia he had been convicted of war crimes *in absentia*. In 1953 he received the Great Federal Service Cross for his services in restoring West Germany's financial power; and in 1960 he was decorated by Franco for his "services" to fascist Spain.<sup>24</sup>

The choice of Abs for the Vatican commission of inquiry was so outrageous that at the urging of Charles Higham, the Wiesenthal Center issued a special packet of documents clearly showing Abs's involvement in war crimes and publicly protested to the Vatican, all to no avail.

Joseph Brennan is the Chairman of the executive committee of the Emigrant Savings Bank of New York and a Knight of Malta.

### SMOM, Americares, and Central America

Just as World Medical Relief and Refugee Relief International are fronts for Waffen-SS worshipping editors of *Soldier of Fortune* magazine, so too the SMOM advertises itself—to those who believe in the Tooth Fairy—as a "charitable" organization greatly concerned for the suffering of the poor and sick around the world.

The *New York Times* of August 13, 1985 reported that the Nicaraguan Freedom Fund (NFF), one of many front groups for the Rev. Sun Myung Moon's Unification Church, channelled \$350,000 to the Americares Foundation in Connecticut.<sup>25</sup> Clare Boothe Luce, a Dame of SMOM, is on the Board of Moon's *Washington Times*, and is a director of the NFF with fellow SMOM, William Simon. J. Peter Grace is the Chairman of the six member Advisory Board of Americares, which includes fellow Knight William Simon along with former CIA Director George Bush's brother, Prescott Bush, Jr.

Americares' published "Fact Sheet" recites as specific projects:

*Medical Shipments to El Salvador:* Since November 1983 AMERICARES has shipped almost 700,000 pounds of medicines and supplies valued at over \$8,000,000 in 15 sea shipments with local distribution being handled through the Sovereign Military Order of the Knights of Malta (SMOM). *Guatemala:* In response to a request for aid from the Order of the Knights of Malta, 10 sea shipments of medical supplies worth over \$4,000,000 have been sent to the people of Guatemala since January 1984.

*Honduras:* Since August 1984, three sea shipments of high priority medical supplies worth over \$1,000,000 were sent to the people of Honduras in response to a request for aid from the Order of the Knights of Malta. . . .

*Brazil, October 1984:* A shipment of vitamins worth \$156,075 were sent to Brazil, again in response to a request from the Order of the Knights of Malta (SMOM) who serve as our consignees in Central and South America.

The "Fact Sheet" also discusses an "offshoot" of Americares called "Doctors To All Peoples" said to be "dedicated to the eradication of leprosy in the Americas." Leprosy is the most publicized international "charity project" of SMOM.

24. Yallup, *op. cit.*, n. 23, p. 323; National Council of the National Front of Democratic Germany, *Brown Book: War and Nazi Criminals in West Germany* (Berlin: Documentation Center of the State Archives Administration of the German Democratic Republic, n.d. [c. 1966]), p. 39.

25. See also, *Washington Post*, May 9, 1985, p. 34.



The *Washington Post* of December 27, 1984 reported as follows:

A private humanitarian organization called the Americares Foundation, working with the Order of the Knights of Malta, has channeled more than \$14 million in donated medical aid to El Salvador, Honduras and Guatemala over the last two years. . . .

[P]art of \$680,000 in aid to Honduras went to Miskito Indians linked to U.S. backed rebels fighting the leftist government in Nicaragua, according to a Knights of Malta official in Honduras.

Much of the \$3.4 million in Americares' medical aid to Guatemala has been distributed through the armed forces as part of its resettlement program of "model villages" aimed at defeating leftist insurgents, said the official, Guatemalan businessman Roberto Alejos.

Alejos, co-chairman of the Knights of Malta in Honduras [said], . . . the Guatemalan army delivers Americares medicine to people in model villages, which are along the Mexican border.

Alejos, a major sugar and coffee grower, lent his Guatemalan estates to the Central Intelligence Agency in 1960 to train Cubans for the Bay of Pigs invasion.

## The "Other" Orders of the Knights of Malta

Not only are there many existing orders of chivalry today, generally under the aegis of a reigning monarch or ruling house, but there are also rival organizations each claiming to be the rightful heirs to the same order. Nowhere is this more true than with the Knights of Malta.

According to the *Catholic Herald* of August 23, 1985, there are more than twenty organizations claiming to be the "real" Knights of Malta. On September 9, 1985, evidently in response to growing interest in the question, the *Wall Street Journal* ran a cover story, "Looking for a Title or Hot Controversy? See Knights of Malta. The Problem Is Which Ones; Catholic Order Maintains Rival Groups are Bogus." (The *New York Sunday News* had described the rivalry as early as June 15, 1975.)

The legitimacy battle is often intense and steeped in the presentation of increasingly obscure documentation. Arnaud Chaffanjon and Bertrand Galimard Flavigny's *Ordres et Contre-Ordres de Chevalerie* (Paris: Mercure de France, 1982), is one of the more useful references.

Some of the rival "Orders of Malta," all with slightly different names, in fact claim important and extremely rightwing members. We believe that the Catholic, Rome-based Sovereign Military Order of Malta (SMOM) remains the most important, with the endorsement of the Vatican and most of the Catholic ruling houses of Europe, and members like those discussed in the text of this article. The British (and generally, though not exclusively Protestant) Venerable Order, discussed in the text, is affiliated with a number of European, Protestant Orders, such as the *Johannerorden*, sometimes known as the Bailiwick of Brandenburg.

Two of the "Orders of Malta" which have received particular attention recently are what may be called the "Shickshinny" Order and the "von Brancovan" Order.

The Shickshinny Order, officially called "The Sovereign Order of Saint John of Jerusalem," has been headed by Col. Thourot Pichel in Shickshinny, Pennsylvania, although a few years ago the Order was torn by serious internal rifts between Pichel and the late Frank Capell, Contributing Editor of the John Birch Society's *Review of the News*. (See, Rev. Anthony Cekada, *Light on the OSJ*, from the Oyster Bay, New York *The Roman Catholic*, December 1981, for an article critical of the Order and discussing some of its recent history.) It traces its legitimacy from a

dispute during the time the Order spent in Russia under Czar Paul after it fled Malta. This Order achieved some notoriety a few years ago when it officially recognized the claims of controversial defector Michael Goleniewski to be Aleksei Romanoff, heir to the Russian Imperial House of Romanoff.

The case would be less interesting if James Angleton were not one of the principal supporters of Goleneiowski and some extremely rightwing members of the military intelligence community were not listed as members in a document issued by the Order in 1970. The Order listed as members of its Military Affairs Committee, under the Chairmanship of Gen. Lemuel C. Shepherd, Maj. Gen. Charles A. Willoughby, Brig. Gen. Bonner Fellers, and Gen. Pedro A. del Valle (who according to Stuart Christie's *Stefano delle Chiaie, Portrait of a Black Terrorist* (London: Anarchy Magazine, 1984), p. 6, invited Italian neo-Nazi Guido Giannettini to the U.S. to conduct a seminar at the U.S. Naval Academy at Annapolis, where del Valle was Commander. Foster & Epstein's *Danger on the Right* (New York: Random House, 1964), p.79; and Janson & Eismann's *The Far Right* (New York: McGraw Hill, 1963), p.154, both call del Valle an anti-Semite.)

The Honorary Grand Admiral of the Order is listed as Admiral Sir Barry Domville who had been jailed by the British during WW II as a Nazi agent, and was listed as a Contributing Editor of Willis Carto's *Western Destiny*, November 1965, when Roger Pearson was the Editor. The Associate Chief of International Intelligence listed was Herman E. Kimsey, a high-ranking CIA operative, now deceased, who had worked with the Army CIC during the war.

The von Brancovan Order, led by someone who calls himself Prince Robert Bassaraba von Brancovan and several other names as well, including Prince Khimchiachvili, is officially titled "The Sovereign Military and Hospitaller Order of Saint John of Jerusalem, Knights of Malta Ecumenical." It is the order which apparently claims Frank Sinatra as a member. It also claims to include Princes Arnaldo and Basilio Petrucci. It appears to have a connection to Umberto Stafanizzi who, with Francesco Pazienza, signed the incorporation papers for something else called the "Sovereign Order of Saint John, Knights of Malta, Inc.," which was incorporated in New York State, June 22, 1983. ●



Asked why the Knights of Malta turned to Americares rather than to established aid groups, such as the Red Cross, Grace said, "The Knights have been doing this for 900 years. They have their own cross [the Maltese cross]. . . . They'd consider themselves way beyond the Red Cross." . . .

[A]t least one pro-government group, the Air Commando Association of Fort Walton Beach, Fla., claims to have used Knights of Malta warehouses in El Salvador. Retired general H. C. Aderholt, head of the 1,500-member group, [said] that the commandos delivered food and medicine to the Knights' facilities and that together they "get good support from the Salvadoran air force commander."

Aderholt said the association has distributed to El Salvador \$4.5 million in food and medicine provided by the Christian Broadcasting Network and World Medical Relief. He said liberals in Congress have tried to "tie to some sinister plan with the CIA" [sic], which he said is incorrect.

While the *Post* story does mention that CIA Director William Casey is a SMOM, it fails to point out that Aderholt is the "Unconventional Operations" Contributing Editor of *Soldier of Fortune* and was a member of the "Singlaub panel" of the Pentagon, set up to devise new counterinsurgency strategies in the developing countries. Russ Bellant, in the Detroit *Metro Times* of October 9, 1985, says Aderholt claimed that Pat

## SMOM, Grace, and Obando y Bravo

On August 1, 1985 the *New York Times* reported that during a visit to New York in May, Archbishop Miguel Obando y Bravo of Nicaragua said that he is actively directing efforts by his diocese to prevent the government from imposing a communist system in Nicaragua. The Archbishop said efforts included "dividing his diocese into old and new units, including parishes, districts and smaller groups, for leadership and religious training." He claimed the training he established in Managua was for "pastoral cadres, not military cadres. . . ." Following a meeting with Archbishop Obando, executives at W. R. Grace arranged for the Sarita Kenedy East Foundation to contribute copies of the Bible, rosary beads and other supplies to aid the church effort, a company executive said. The foundation is headed by J. Peter Grace.

Whatever the real purpose of the "leadership training" and "pastoral cadres," it apparently seemed like such a splendid idea to the Knights that a June 21, 1985 press release from the Erlich-Manes & Associates News Service of Bethesda, Maryland stated that the Southern Association of SMOM had sent a \$5.5 million shipment of "40 massive containers" to be loaded on the ship "Freedom" to be sent to Maputo, Mozambique. "Roughly half of the shipment will go to aid agricultural development in northern Mozambique; and half will be distributed directly to the poor through the Archbishop of Maputo's Catholic Charities." Eugene I. Kane, a Knight and head of the trucking company Intermodal, Inc. organized the project. Official documents of SMOM list such "charitable" projects in many countries throughout the world.

Robertson's Christian Broadcasting Network had given the Knights of Malta \$2 million for operations in Central America.

## Conclusion

For many years progressive groups in the U.S. and elsewhere have been engaged in extensive research into so-called "secular" state and private organizations such as the CIA, NSC, the military, private corporations, and foundations.

This article highlights the operative importance of members of the Sovereign Military Order of Malta, which unlike traditional corporate, governmental, and foundation entities, has not yet adequately come under the scrutiny of progressive researchers. Curiously, European researchers have all but ignored the Orders of Chivalry in analyzing the structural role of their own aristocracy in organizing support for international reaction and fascist terror.

Research into the current role of SMOM and its individual members is just beginning. The most serious problem is the dearth of documents available, due to the extreme secrecy of the organization. Except for a few scattered references in various books, magazines, and newspapers, and a few romanticized stories about ancient glories of the Order, the necessary amount of materials has not yet surfaced, and this account represents only a starting point for further research.<sup>26</sup>

In the U.S., for example, although the 1980 membership list was published (*National Catholic Reporter*, October 14, 1983), since then the Order in the U.S. has grown and been divided into an Eastern, Southern (based in D.C.), and Western Association. The published 1980 list comprises primarily members in the Northeast. Although some others are known, complete and current lists of members in other regions is obviously crucial. Lists for other countries would also be helpful.

CAIB in its Winter 1983 issue, "The CIA and Religion," and Spring 1985 issue, "Disconnecting the Bulgarian Connection," began to explore the operational role of specific religious, or non-secular, organizations such as Opus Dei<sup>27</sup> and the

26. Interested readers should also refer to the articles by Martin Lee on the SMOM which appeared in the *National Catholic Reporter* of October 14, 1983 (the issue which included the complete 1980 U.S. membership list), and *Mother Jones* of July 1983. (These two articles formed the basis for the references to SMOM in Gordon Thomas and Max Morgan-Witts *The Year of Armageddon* (London: Granada Publishing Ltd, 1984).)

An interesting discussion of some post-WW II SMOM history based around an account of the 1949-53 attempts by Vatican-centered Rightists to restrict the sovereignty of the Order is *Knights of Malta* by the conservative French author Roger Peyrefitte originally published by Flammarion in 1957, and translated into English and published in New York by Criterion Books in 1959.

King and Luke's *The Knights of St. John in the British Realm*, op. cit., n. 6, is useful although it does try to elevate Queen Victoria's creation of the Venerable Order to a status equal to that of SMOM.

The Italian journal *L'Espresso* of June 28, 1981 carried an article by Alesandre de Feo on the SMOM-P-2 connection. The rightist French magazine *Historia* had a special issue in 1980 on various Orders of Chivalry including SMOM. Also in French is the remarkable *Souvenirs et Reflections* by Yves Marsaudon, former Minister of SMOM in France who was also one of the highest ranking members of the Scottish Rite of Freemasonry in the country, (Paris: Editions Vitiano, 20 Rue Chauchat, 75009 Paris, 1976).

27. Francis X. Stankard, Knight of SMOM and Chief Executive Officer of the International Division of Chase Manhattan Bank has led "Evenings of Conversation" at the Opus Dei Headquarters at the Riverside Study Center, 330 Riverside Drive, New York City. Other SMOMs at these sessions included William Simon and Frank Shakespeare (now Ambassador to Portugal), both of whom are Trustees of the Heritage Foundation, of which Shakespeare was Chairman of the Board. *Evenings of Conversation*, a pamphlet distributed in 1984 by Riverside Study Center.

Recognition of the importance of Opus Dei at the highest levels of SMOM had already been established in the summer of 1976 when King Juan-Carlos,



fascist Masonic lodge P-2 in western intelligence operations and in furthering imperialism's plans.

The recent P-2 scandal in Italy and new evidence on the importance of various ancient Orders of Chivalry (in particular

himself a Knight of Malta, chose Adolfo Suarez, a member of Opus Dei, as new chief of government following the death of Franco. (*Point de Vue*, January 14, 1983; Paris.) On Opus Dei see also, *New Statesman*, 1 March 1985, pp.20,21; *London Times*, January 12, 1981; *Le Monde*, August 25, and September 28, 29 1982; *National Catholic Reporter*, September 10, and November 12, 1982; *Financial Times*, November 11, 1983; *New York Times Magazine*, January 8, 1984; *Time* magazine, June 11, 1984, p.74; *New Times* (Moscow), No.13, 1982, p.27; *Wall Street Journal*, December 30, 1982.

SMOM) indicate that further research into these additional non-secular "parapolitical" structures is necessary both to understand their role as independent organizations and to gain a better understanding of factional alignments within organizations which have already come under scrutiny.

As with "secular" organizations, rivalries among these "non-secular" organizations takes place within an environment of selective interlinking memberships which include secular structures as well. The way competing policies and loyalties of these non-secular structures influence members in their secular roles needs considerable further research.

## Well-Known Knights

In addition to those listed in the article, the following are some other Knights of SMOM of interest:

- Francis Vincent Ortiz, Jr.: according to the 1982-83 *Who's Who in America*, had been, among other posts, "dep. chief of mission Am. Embassy, Montevideo, Uruguay, 1970-73, chargé d'affairs, 1973; country director for Argentina, Uruguay, and Paraguay, Dept. of State 1973-75, dep. exec. sec., 1975-77; Amb. to Barbados and Grenada, spl. rep. to Antigua, Dominica, St. Christopher-Nevis-Anguilla, St. Lucia and St. Vincent, from 1977; U.S. Amb. Guatemala 1979-81, to Peru 1981-; spl. asst. for international affairs U.S. So. Command, Panama 1980-"; since November 18, 1983 he has been the U.S. Ambassador to Argentina.

- Patrick J. Frawley, Jr.: also a Knight of the Order of St. Sylvester of which William Donovan was a member. He is a longstanding funder of rightwing causes including Fred Schwarz's Christian Anti-Communism Crusade. His wife is a Dame of SMOM and is Publisher of the *National Catholic Register* of California, whose editor, Francis X. Maier was formerly with *National Review*. Maier was the first Chairman of the Catholic Center for Renewal, whose President, Philip F. Lawler, is the Director of Studies of the Heritage Foundation (which was chaired by Knight of SMOM Frank Shakespeare, newly appointed Ambassador to Portugal).

- Paul-Louis Weiller: Grand Cross of Merit SMOM, a close friend of Richard Nixon, member of the Board of Directors of Renault and several other French industrial corporations, former Administrateur of Air France, whose son married the cousin of Spanish King Juan-Carlos. (See also, Jim Hougan, *Spooks* (New York: William Morrow, 1978), pp. 209-225, which suggests that Weiller was "the French Connection.")

- Erik von Kuehnelt-Leddihn: Munich correspondent of William Buckley's *National Review*.

- Admiral James D. Watkins, Reagan's recently named Chief of Naval Operations.

- Thomas Bolan: law partner of Roy Cohn. Bolan is also Counsel to the Human Life Foundation of which former CIA officer and Managing Editor of *National Review*, Priscilla Buckley (William's sister) is a Director.

- Jeremiah Denton: U. S. Senator from Alabama, 1980-present; former rear admiral, captured by the Vietnamese while murdering people and held as a POW 1965-1973,

consultant to Pat Robertson of Christian Broadcasting Network, 1978-80.

- Pete Domenici: U.S. Senator from New Mexico 1972-present.

- Spiros S. Skouras: President Prudential Lines 1960-present, bought Grace Lines 1969.

- William A. Schreyer: President Merrill Lynch 1978-present; Chairman since 1981.

- Walter J. Hickel: former governor of Alaska 1966-69, Secretary of the Interior 1969-1970.

- Antoine Pinay: Grand Cross of Merit, head of Government in France in 1952. He led the rightwing party CNIP and was linked to the "Sniffing-plane" scandal, as well as a project with Brian Crozier and American agents to make Franz Joseph Strauss head of the German government.

- Mme. Raymond Barre: Grand Cross of Merit, wife of the rightist French politician.

- Bernard Dorin: French attaché to Ottawa 1957-1959, Ambassador to Haiti 1972-1974, and Ambassador to South Africa from 1978 until at least 1981.



Paul-Louis Weiller, the French Connection?



# Klaus Barbie: A Killer's Career

By Kai Hermann \*

*Kai Hermann is a free-lance writer who has worked on the editorial staffs of the German publications Stern, Spiegel, and Die Zeit. He spent two years investigating Klaus Barbie, including a year in Bolivia, from which he made a hurried exit when his identity as an investigative journalist became known. A colleague continued the on-the-scene investigation, and the results of the work appeared in a series in Stern in May and June, 1984. The following translation is of one of the six articles, explaining Klaus Barbie's major role in the 1980 Bolivian coup.*

The first time we only saw Alfredo Mario Mingolla from afar. It was in front of the presidential palace in La Paz. Vice-president Jaime Paz, surrounded by his bodyguards, slowly went across the square and approached the palace. We had gotten a hint that "something would happen."

But nothing indicated anything unusual on this morning. The old men on the benches moved into the shade. It was cool, but the sun was already beginning to burn the skin. The Bolivian capital La Paz is almost 4,000 meters above sea level. The shoeshine children, the youngest barely older than four, with large, old eyes, begged in vain to shine the men's shoes. The pickpockets were still waiting for the tourists. Indian women begged, steadfastly stretching their felt hats into space, and were just as motionless as their children cowering on the ground with dirty faces.

Then some kind of command was shouted. A man ran, attempted to escape into a side street, was overpowered and dragged into the palace.

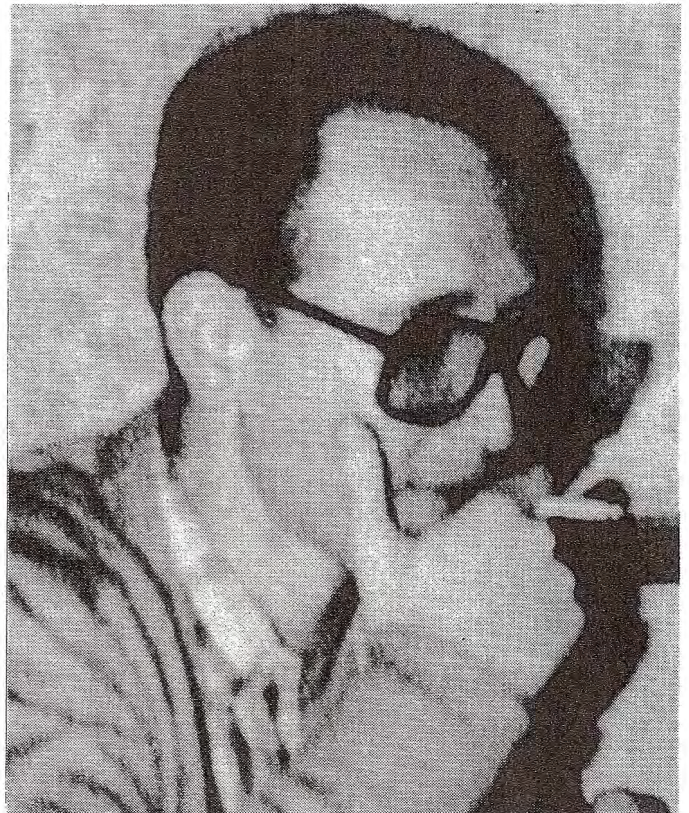
The man was the Argentinean intelligence agent, Lieutenant Alfredo Mario Mingolla. He was arrested for preparing the assassination of the Bolivian Vice-president. An accomplice had betrayed the murder plan.

That was on November 28, 1982. A good year later we were sitting across from Alfredo Mingolla in the conference room of the Bolivian Ministry of the Interior. The Argentinean was fetched from a basement cell in the ministry.

The fourteen months of imprisonment had taken its toll on Mingolla. Yes, of course he wanted to talk. He was fed up with the fascists who had not lifted a finger to help him after his arrest. He was no longer a Nazi; he was now working for the democrats.

Alfredo Mingolla thought we were contact people from the Austrian information agency, working for his release, in order to use him in an international narcotics investigation.

We asked about his education. He said that after he completed his theology degree, he went to the "agent school" in Buenos Aires.



The Argentinean intelligence agent, Alfredo Mario Mingolla, in jail in Bolivia.

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"Were there also American teachers?"

Mingolla: "Not any more. We had Israelis as specialists. I was later trained by North Americans in Panama at the Escuela de las Americas."

"In what area did you specialize?"

"Infiltrating the Catholic Church. To seek out subversives in the church, etc."

"Did you prepare the death list?"

"We should agree that I will not say anything about my personal work."

"But where have you worked?"

"Different places. Also one time in Spain. But mostly in Argentina. Then we had to leave Argentina before the world soccer championship 1978 because of the human rights propaganda. Most of them are in Central America. I went to Bolivia. In 1982 I was sent to Guatemala. There I worked primarily with the North Americans. That was the best time."

Alfredo Mingolla belonged to that mercenary unit of international assassins and torture experts who were first tested under the leadership of the Argentinean intelligence agency during the Pinochet putsch in Chile in 1973. They then helped organize and execute the political mass murder in Argentina before being used in other Latin American countries against the "subversives"—against guerrillas, leftist democrats, or Catholic clergymen.

Mingolla plays the role of the educated priest. He speaks softly, talks about banalities convincingly, folds his hands, looks the person across from him intently in the eyes. He was the fanatical ideologue among his equals; a national socialist priest.

We asked him who he had worked for in Bolivia.

Mingolla: "What do you mean? For everybody; Argentines, Bolivians, CIA."

We were able to speak with Alfredo Mingolla two days later and read the transcript of his interrogation by the police.

The Argentinean lieutenant gave information about the *coup d'état* of 1980 in Bolivia. It confirmed the information about the fascist scene from investigations by the Bolivian Ministry of the Interior and statements by the French intelligence organization.

### The 1980 Bolivian Coup

The 1980 putsch was not just one of many *coups d'état* by power-hungry generals in Bolivia. It was two years in the planning and was supposed to complete a "stable axis" in South America—from Chile, through Argentina, Uruguay, and Paraguay, to Bolivia. The coups in Chile in 1973 and in Argentina in 1976 were examples.

That is how it is stated in a plan with the code name *Amapole* (poppy flower) which had already been devised in 1978 at the initiative of the Bolivian intelligence officer Klaus Altmann, i.e., Klaus Barbie. The political, economic, and military aspects of the planned putsch were set forth in 145 pages. Klaus Barbie himself prepared the military part.

The Bolivian banker, Dr. Enrique Garcia, had the responsibility of planning the economic direction of the "new order" after the putsch. U.S. institutions paid him for his work. Under the heading "logical framework" Garcia designed an economic order for Bolivia using Chile as an example. If one believes the designer of the plan, there were very definite foreign promises of investments—under the stipulation that the economy in no way be jeopardized by leftist parties or "subversive groups" for at least ten years. U.S. concerns accordingly promised an oil refinery, a truck assembly plant and a Ford factory. Argentina wanted to secure the exploitation of the ore deposits in Mutun with long term credits.

In Bolivia in 1978 another transition phase from military dictatorship to democracy began. Elections were held and annulled by the military. Barbie assumed that within the next two years it would come to the establishment of a powerless civil-



Klaus Barbie's Bolivian intelligence ID, showing him as Klaus Altmann Hansen.





**Rauff's mobile gas chamber.**

ian government. He speculated that in the power vacuum of the transition period armed leftist extremist groups would again develop. A leftist guerrilla was supposed to be the alibi for an "Argentinean solution"—the physical liquidation of the leftists in Bolivia.

Early in 1978 Klaus Barbie flew to West Germany, among other reasons to recruit soldiers. He started with the buildup of his terror commandos. Barbie also took up contact with the Argentinean intelligence organization which, at the time, along with the CIA, insured the maintenance of the old dictatorships in various Latin American countries. The contact man to the Argentines was the Italian, Dr. Emilio Carbone, steady guest at Barbie's table in the Café La Paz.

Carbone was a member of a group supporting the Italian neofascist terrorist, Stefano delle Chiaie. The group had come to Chile in 1976 and had taken on special assignments for the intelligence organization DINA. The address of the group: Calle de la Asuncion 1173, Santiago.

On the recommendation of an old SS comrade in Chile, Walter Rauff, the inventor of the portable gas chamber wagon and DINA employee, Barbie had brought the Italian Carbone to Bolivia at the end of 1976.

Carbone was more of a theoretician than a practitioner of political assassinations. In La Paz he became secretary of the "Black International," a fascist group.

The other Italians from delle Chiaie's group moved on in November 1977 to Argentina, and there, under Colonel Molinari, the Secretary of State Security, were used in the "Fight Against Subversion." Early in 1978 Barbie assigned his colleague Carbone to take up contact with the leader of the Italian execution commandos, Stefano delle Chiaie, and to recruit him for a mission in Bolivia.

The Argentinean intelligence organization sent a special commando group to La Paz. Among the first Argentinean intelligence officers who worked on the plans for the overthrow

in Bolivia was Lieutenant Alfred Mario Mingolla. The Argentinean had the order to contact Altmann, alias Barbie.

Mingolla: "I had not heard much about Altmann; however, before our departure we received a dossier on him. There it stated that he was of great use to Argentina because he played an important role in all of Latin America in the fight against communism. From the dossier it was also clear that Altmann worked for the Americans. They listed his contact people as well as his various trips to the U.S."

Argentinean intelligence people and German soldiers who came to La Paz went the same route. They first reported to Dr. Alfredo Candía, the Bolivian leader of the "World Anti-Communist League," an organization close to the CIA with headquarters in Taiwan. Candía then brought them to Schneider's clock shop. The owner, of German descent, likes to show his comrades a picture in which Hitler's party secretary Martin Bormann, who had allegedly vanished in 1945, is to be seen in a monk's habit in La Paz. Schneider checked out the new recruits and ordered them to meet with Barbie the next day at the driving school "Indianapolis" on the Avenida Mariscal, Santa Cruz. Barbie's secretary, Alvaro de Castro, then provided them with a two-year visa, Interpol identification, and firearm licenses from the Ministry of the Interior.

The Argentinean agents moved into the offices of the military intelligence agency G2, department VII for "psychological warfare." In addition, some of the Germans, such as Joachim Fiebelkorn, became agents for the Bolivian intelligence organization.



**Joachim Fiebelkorn**, left, giving Nazi salute after putsch in Bolivia. Fiebelkorn was commander of Barbie's battalion, the Fiancés of Death. After García Meza was deposed in October 1982, Barbie was deported to France, and Fiebelkorn was delivered to West German authorities on drug charges.

In Frankfurt, Fiebelkorn's trial, which includes charges of torturing a girl, has been dragging on for almost two years. He is also wanted in Italy, along with Stefano delle Chiaie, for the terrorist bombing of the Bologna railway station in 1980, which killed 85 people. Sources speculate that his trial may never be completed because of his claims that his work with the cocaine generals was part of his assignment as a U.S. Drug Enforcement Administration operative. There is also considerable speculation whether Barbie will ever go to trial in France, because of his CIA ties.



Barbie wanted to launch a national socialist government from the planned coup. The leading rightists of the Bolivian military became members of the secret lodge "Thule." During lodge meetings Barbie lectured underneath swastikas and by candlelight on national socialist principles.

Barbie agreed with the terrorist leader Stefano delle Chiaie that armed rightist-extremist groups from the whole world should be brought together. Bolivia was to become the core of a national socialist revolution in all of South America. The "Black International" outfitted an ideological and paramilitary training camp for foreign comrades in buildings belonging to the "Summer Institute of Linguistics," a CIA-controlled institution.

Barbie's closest colleagues organized a national socialist fighter's group, the *Bolivia Joven*, "Young Bolivia," modeled after the example of the SA. The co-founders were Barbie's confidant Emilio Carbone and Barbie's secretary, Alvaro de Castro. The official leader of the Young Bolivians was the thirty-year-old Armando Leyton, intelligence agent and disciple of national socialism.

Leyton proudly shows his membership ID with "Reichs" eagle and swastika. He would like to meet the German neo-Nazi Michael Kuhnen. He says that he admires the Germans, but qualifies this: "Some of the Germans who came to us at that time—such as Joachim Fiebelkorn, for example—were not good national socialists. In my eyes they were simply mercenaries who knew nothing about national socialist morale and discipline. They only wanted part of the cocaine money."

### Final Preparations

In the spring of 1980 Klaus Barbie and his accomplices made the last preparations for the putsch. In the meantime, in La Paz, a civilian cabinet had been sworn in and the tempered middle-left coalition under Siles won new elections. The left guerrillas, on whom Barbie had counted, did not exist. Then the *Bolivia Joven*, with the support of Barbie's foreign terrorist groups, stepped into action. Bombs detonated throughout the entire country.

In May 1980, another commando of the Argentinean intelligence organization, SIE, came to La Paz. The group, working under orders from Lieutenant Colonel Julio César Durán, was responsible for carrying out the putsch and for "professionalizing the Bolivian security apparatus." Delegated to the group were both Italian terrorists Stefano delle Chiaie and Pierluigi Pagliai, who was wanted, among other reasons, for murdering a functionary of the communist youth in Italy.

The foreign agent team was later completed with two Israeli specialists. Barbie had nothing against Israelis when they were "military security experts."

The Bolivian military putsch of July 17, 1980 was almost exclusively directed and organized by foreigners. The only important Bolivian players were General Luiz García Meza and Colonel Luis Arce Gomez who had been earmarked as Junta leaders. They were considered the toughest in the right extremist officers' clique.

Nevertheless, Barbie encountered opposition from the military when he, together with the Argentineans, prepared an execution list: 185 politicians, union members, and intellectuals were supposed to be liquidated during the putsch. High ranking officers who learned of the plan discovered friends and relatives among the "subversives" who were supposed to be "liquidated." Barbie and his accomplices could not put through the "Argentinean solution."



The mysterious and elusive Italian terrorist Stefano delle Chiaie, still at large.

A few days before the scheduled date of the putsch, Joachim Fiebelkorn, the commander of the paramilitary troupe in Santa Cruz, received the order from Barbie's secretary, Alvaro de Castro, to come to La Paz with his armed battalion. Fiebelkorn called Barbie, who then confirmed the order. Barbie's secretary Castro received the German-Bolivian commando at La Paz airport and channeled two suitcases filled with weapons through customs. For two days Fiebelkorn inspected the capital's strategically important points before returning once again to Santa Cruz with his comrades.

Barbie and the commanding general of Santa Cruz, Echeveria, argued about the competency of Fiebelkorn's action unit, the "Fiances of Death." The general insisted on using the Fiances in the putsch of Santa Cruz.

Only one of the paramilitary men from Santa Cruz, the infamous killer Mosca Monroi, arrived punctually in La Paz. There, by mistake, Monroi killed, among others, the guard of a secret U.S. transmitter.

The putsch was more precisely planned and executed than any other putsch in Bolivia's history. The paramilitary stormed the union hall and the party headquarters. Almost all potential leaders of the resistance were arrested within hours. The brutality of the terrorist groups and the military frightened off the workers and students. Only the Indians from the tin mines desperately resisted for another few days. As with any overthrow, most of the victims were among them.

The coup of July 17, 1980 had many victors. The fascists celebrated the national socialist takeover of power with swastika flags and the greeting, "Heil Hitler!" Those supporting a free market system for Latin America believed that socialism had been averted. Washington, despite reservations about such officers as García and Arce, could hope for a stable government, sympathetic to the U.S. The Argentinean military dictators had extended their sphere of influence.

### The Role of the Moonies

The first official well-wisher who visited the newly coronated president García was a surprise, at least for outsiders: He was the acting leader of the Moonies, Colonel Bo Hi Pak. The



representative of the sect's founder Moon announced after his return to the U.S.: "I have erected a throne for Father Moon in the world's highest city."

According to the legally recognized assessment of four clergymen from Hessen [a West German state], the Moon sect is a "criminal union that espouses human psychological terror and proclaims a fascist system." The Moon sect possesses, among other things, munitions factories in South Korea and television channels in South America. They regard their founder, Moon, as "Holy Father," President Reagan as the world's "political savior."

A representative of the Moon sect had come to Bolivia at the end of the 1960s. On the thirteenth floor of the Jazmin building in La Paz an Asian named Harumiko Iwasawa sat with some Americans and no one seemed to know what they were actually doing there.

It was not until 1983 that the Bolivian Ministry of the Interior and Bolivian journalists determined that the gentlemen from the Moon sect—as well as others—had invested about \$4 million into the preparation of the coup. Membership lists of the political Moon organization "Causa" were found. At the top of the lists were the names of almost all the leading military personnel who, at the same time, had been honoring the swastika in Barbie's lodge. Even junta leader García had been converted to the "Moonies" for a time.

Barbie was skeptical of the sect's activities but had to accept the Moon people as allies.

On May 31, 1981, nine months after the cocaine generals' coup, almost the entire leadership of the Moon sect and their Latin American political organization Causa flew to La Paz. Before 200 invited guests in the Sheraton Hotel's "Hall of Freedom," Moon's representative Colonel Pak and the Bolivian junta leader García began by praying for U.S. President Reagan who had been wounded in an assassination attempt. Pak then explained, "God had chosen the Bolivian people in the heart of South America as the ones to conquer communism."

The Moon organization Causa started their political missionary work throughout the entire country. Fifty thousand of the sect's books—according to a Bolivian intelligence agency report—were brought to La Paz by an American Air Force plane. Along with ideological "enlightenment," the education of an anti-communist "people's army" for an "armed church" began. Around 7,000 Bolivians took part in the pre-military training. The Israeli Embassy supported the campaign and delivered, among other things, instructional films about the fight against the Palestinian resistance.

The leader of the Moon group in Bolivia was Thomas (Tom) Ward. Barbie and the pale American Ward, who always seemed to be absorbed in prayer, were often seen together.

Tom Ward was also the man who delivered a payment from the CIA in early 1981 to the Argentinean intelligence Lieutenant Alfredo Mingolla. The \$1,500 monthly salary for Mingolla was paid in the Causa office belonging to William Selig, Ward's representative.

Selig put less stock in pious attitudes than his boss. He was an electronic specialist with experience in Vietnam and advised the Bolivian intelligence organization on technical matters. The third man in the CIA cadre of the Moonies was Paul Perry, who had already tried to organize an "armed church" in Brazil.

The Argentinean agent Alfredo Mingolla at first knew little about the connection between the Nazi Barbie and the Moonie



**Cocaine General García Meza with Bo Hi Pak.**

Ward. Two days after his recruitment by the CIA, says Mingolla, he met the "Old German" in the courtyard of the Bolivian General Staff. Mingolla came out of department VII of the intelligence agency; Barbie came out of department III.

Barbie greeted his colleague—as Mingolla remembers it, "Hello, comrade, what do I hear? Are you working for a new employer?" Mingolla answered with surprise, "For what, for who, then?" Barbie: "Na, for Mr. Ward, for example." Mingolla feared reproach. "Yes. Doesn't the organization allow that?" Barbie laughed. "It's okay. There has to be cooperation."

Mingolla says that it was first clear to him on that day that Barbie had become a top man for the CIA. Because only top people knew the names of the other agency employees.

The Moon man Tom Ward was Klaus Barbie's CIA contact man only preceding and directly after the putsch of 1980. Barbie's steady CIA contact person was the munitions dealer Fernando Inchauste. He boasted that he had direct contact with President Reagan, whom he allegedly knew during the latter's California governor days.

Another one of Barbie's steady CIA contact people was George Portugal, also a munitions dealer. He was Inchauste's close co-worker and Barbie's business friend.

The third man from the "secret intelligence area" with whom Barbie worked was Ludwig Alvez Pacheco. The first name, "Ludwig," represents his German ancestry, something which Alvez Pacheco boasts about. The Bolivian is also proud of his real German passport. He received the passport, he says, for special services rendered to West Germany.

### **The Intelligence Connections**

With regard to the quality of Barbie's activities as an agent for the American and West German information agencies, even those Bolivian government members who ought to know it best, speak about it only hesitantly.

The defense minister of the pro-western government in Bolivia at the time, Manuel Cardenas Mallo, in an official interview, cautiously answered our questions regarding information about Barbie's work for foreign agencies.

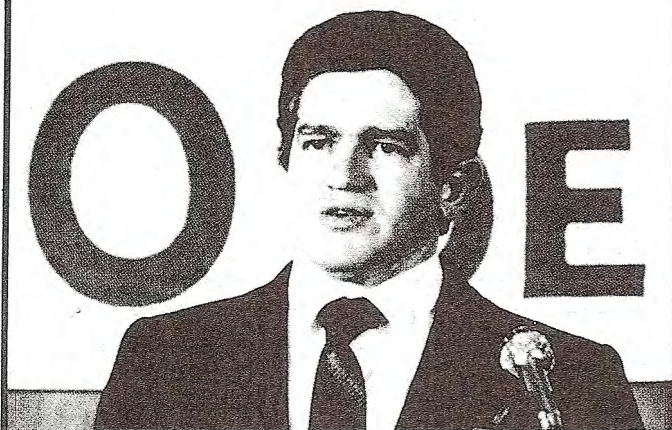
Cardenas: "We have no documentation about it. They let those 'disappear' before President Siles took over the government. But that Barbie worked for foreign intelligence agencies





**Thomas J. Ward** has been with the Moonies since the early 1970s. After the Bolivian coup he became Director of CAUSA and rose to Vice-President in 1984. He was active in CAUSA's indoctrination seminars for political and military leaders in the Southern Cone in the early 1980s.

Ward successfully sued his parents for an attempted "deprogramming" several years ago. Moon theology calls for rejecting one's biological parents in favor of the True Parents, Rev. and Mrs. Moon.



**Paul Perry** teaches CAUSA seminars with Tom Ward.

**William Selig** is Director of Publications for the CAUSA Institute in New York, which produces such publications as the CAUSA Lecture Manual, the basic teaching book used for Moon's ideological indoctrination around the world. Current indoctrination and conversion targets are American clergy and retired military officers.

is believable. Many people knew that and there are many people who can confirm that."

Was Barbie merely an informant, or did he, working for foreign agencies, influence the political development?

Cardenas: "Many people who worked with Barbie are still in service here. You must understand—it is dangerous if they find out that foreigners had so much influence here, that they did not just play an advisory role, but that they actually made decisions."

Do you mean to say that the U.S.A. staged the 1980 coup?

Cardenas hesitates, then answers, "Let me say it like this and then you can quote me: If there isn't a coup happening today, it is only because of one reason: Because it is the first time that the Americans are not interested in a coup."

Washington was quick to note that García's and Arce's military junta, which had come to power through the 1980 putsch, did not really serve the interests of the U.S. The complicated and seemingly perfect system of oppression that Barbie and his colleagues had instigated, sank in the swamp of the cocaine trade. The paramilitary units—conceived by Barbie as a new type of SS—sold themselves to the cocaine barons. The attraction of fast money in the cocaine trade was stronger than the idea of a national socialist revolution in Latin America.

The reigning military set the example. They wanted the monopoly on the cocaine trade. It is reported in the files of the Argentinean intelligence agency that the sum of a hundred million dollars went to the foreign private bank accounts of generals and colonels. To top things off, García and Arce also plundered the national bank. The Bolivian nation and the Bolivian economy faced total bankruptcy.

Following statements from Washington indicating a cooling in relations, sanctions against the military junta were imposed in 1981. The Moon sect disappeared overnight from Bolivia as clandestinely as they had arrived. Only the CIA trio of the Moonies—Ward, Selig, and Perry—stayed on for a while as advisers to the Bolivian information agency in order to assist in an orderly transition to a democratic form of government.

In the beginning of March 1982, the Argentinean agent Mingolla met with the Moon-CIA agent Ward in the cafeteria "Fontana" of La Paz's Hotel Plaza.

The seminary priest Mingolla remembered that it was St. Thomas Aquinas's name day. Mingolla's CIA involvement had silently expired. The Argentinean asked the American what was still going on.

Tom Ward seemed resigned. He said the government in Argentina was finished. And the Argentineans had made a lot of mistakes in Bolivia: "Your entire position is simply too reactionary. The whole affair with Altmann (Barbie), with the whole Fascism and Nazism bit, that was a dead end street." Ward ordered a drink after his first coffee. Mingolla was surprised that the bigoted ascetic had suddenly started to drink.

But even the fanatical Nazi Mingolla seemed to have turned over a new leaf. "You can't create a new order with the old Germans, with Hitler and all that. You have to find something modern."

Tom Ward, under the influence of alcohol, started criticizing himself severely. "It was also stupid having Moon and Causa here."

Mingolla was perplexed. "You're saying that? You're the boss of the whole thing, the head missionary."

Tom Ward suggested that it is better to enjoy life a bit. Both of them went into the disco-brothel "Jetset." When they left the brothel, the curfew had started. There were no more taxis on the street. Both agents went to the Sheraton and shared a suite.

A few days later, Ward flew to the U.S.; Mingolla to Guatemala.

Swarms of starving Indians came to La Paz. The democrats took over the responsibility for billions in foreign debts, three digit inflation rates, and a rigid savings policy dictated by the World Bank. Salaries dipped below the subsistence level. A famine had broken out in Bolivia.