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CENTRAL INTELLIGENCE AGENCY
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SUBJECT 1. Corporations Organized by the KUNGS
2. German Nationals and Firms in China

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KUNG--Organized Chinese Corporations with German Personnel

1. The Yangtze Development Corporation was originally organized by David KUNG. Its offices are at 344 Szechuen Road, Shanghai, in the Chase Bank Building, which is also occupied by the Chialing Development Corporation. This firm has on its staff K. Maurer, formerly Hankow manager of DEFAG (Deutsche Farben-Handelsgesellschaft, Waibel & Company), who is in charge of the dyes and chemical section.
2. A large shipment of dyestuffs was sent from the British zone in Germany to Hong Kong. T. V. SOONG, while premier, was negotiating through the Chinese Ambassador in London to obtain these dyestuffs for DEFAG. While the London negotiations were pending, the shipment was actually made to Hong Kong, to the Yangtze Development Corporation. These dyestuffs are now being smuggled in small quantities to Shanghai, but the bulk is still in Hong Kong because its entry into China is barred at present. Stanley SHEN, of the Fu Chung Trading Company, is involved in the attempts to have these dyestuffs imported to China.
3. The Chialing Development Corporation, 344 Szechuen Road, Shanghai, was organized by Jeanette KUNG, daughter of H. H. KUNG and a sister of David KUNG, who formed the Yangtze Development Corporation. Since the Yangtze Development Corporation was organized before the Chialing Development Corporation, Miss KUNG named her company after the Chialing River, which is a tributary to the Yangtze River. The corporation is said to be engaged principally in import-export activities, but the bulk of the present activity is in the shipping of goods between Korea and Lacao and the subsequent smuggling of these goods into China. These smuggled goods consist of ginseng, sea food products, and radio parts.

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4. The following Germans are associated with the Chialing Development Corporation:
- Walter Stennes
- Erich Kayser Formerly of the Far East Ring Traveler Mfg. Co.
- A. Weidemann Formerly of A. E. G. China Electric Co.
- E. Muck Austrian, representing Bohler Brothers & Co.
5. There have been various rumors circulating for some time in Shanghai that the Chialing Development Corporation was created as a "cover" for certain intelligence activities directed by Walter Stennes. It is extremely doubtful that the corporation is a "cover" for anything more than the shielding of the Germans listed above, enabling them to conduct their business affairs.
6. Stennes has always been a subject of suspicion because of the position he once held in Germany and because he has never been trusted by certain groups of Chinese and Germans. He has remained close to the Generalissimo and Madame CHIANG Kai-shek and, since his arrival in China in 1933, he has remained aloof from the German community in general and from Chinese not closely associated with the Generalissimo's circle.
7. Stennes freely states that he reports the situation in Shanghai regularly to Madame CHIANG, since he considers himself her representative in Shanghai for the protection of her properties and her interests.
- C-3 8. Madame CHIANG has stated that Stennes is now a tired old man, and that both she and the Generalissimo are grateful for his loyal service and feel obligated to care for him so long as he remains in China.
9. Stennes is subordinate in the Chialing Corporation to Erich Kayser, who was a millionaire before the war. Kayser's principal interest is in textile machinery and equipment. He is now engaged, according to his own statement, in giving technical advice and assistance to certain Chinese operating cotton mills associated with Jeanette KUNG. Kayser is first of all a businessman, and has never been suspected of intelligence activities. He has never occupied a strong position in the German community because of his Chinese wife and Chinese business associates. At the present time he is extremely bitter against the Chinese, and complains of the way he has been "squeezed" since the war's end. He has never joined the Nazi Party nor any of the other Nazi organizations in China.
10. In the offices of the corporation the Germans are separated from the Chinese staff.
11. Neither the Germans nor the Chinese appear to have much to do with each other insofar as the actual business of the firm is concerned. The Germans keep regular office hours and are apparently occupied throughout the business day.

German Firms in Process of Liquidation

12. The German firms of Waibel & Company (DEFAG) and Bayer Pharma Company have not yet been organized as Chinese concerns, but are still alien property under the control of the Chinese Government. There has been talk of a possible reorganization under T. V. SOONG and H. H. KUNG. The present status of these firms is given below:
- a. DEFAG is in the process of liquidation under the "DEFAG" Liquidation Office; Liquidation Office of German Properties; Alien Property Administration,

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Kiangsu, Chekiang and Anhwei Area; 261 Szechuen Road, Shanghai. The present staffs are:

Karl Kuhn, Chief (formerly co-manager; now on leave to Italy)(see paragraph 16)

Commercial Staff

- R. Hager
- M. Kruse
- Frederick Schilk
- C. Simon

Technical Staff

- Oskar Franz
- A. Gatz
- Dr. Kurt Miss
- G. Ungewitter
- W. Hilbricht
- K. Linann
- H. Rossback
- E. Witt

b. Bayer Pharma Company is in the pross of liquidation under the "Bayer" Liquidation Office, at the above address. Members of the present staff are:

- Dr. H. Wilpert
- R. A. Leckebusch
- R. Staeps

Other German Nationals Connected with German Firms in China

13. Carl G. Gadow was formerly managing partner of DEFAG in partnership with Johannes Hildebrandt, and chairman of the German Chamber of Commeres. He was repatriated to Germany in July 1946 aboard the SS MARINE ROBIN.
14. Walter Kaufmann, formerly with the firm of Reuter-Brockelmann, is a German Jewish refugee and was never a member of the German community. He is now in business with a Dr. Kilian.
15. Dr. Wilhelm Haas was loosely connected with DEFAG as an adviser after his dismissal from the Consular Service because of Jewish blood. He returned to Switzerland with his wife and four children in July 1947. He was connected with Gerhard L. Flatow. Flatow, who came to China from Germany about 1934, was manager of the Far Eastern branch of Otto Wolff, Cologne, with offices in the Pedder Building, Hong Kong. Haas also knew Eric Nothmann. Both Flatow and Nothmann were connected with Theresa Irmayer and Walter Stennes before 1940, and acted in some (currency) transactions for both the Germans and the Japanese after 1939. Flatow smuggled arms for the Chungking Nationalist Government. Haas was at least socially intimate with these men.
16. Karl Kuhn was in Tsingtao during part of 1946 and 1947 to aid the Chinese Government in the reorganization of a Japanese firm previously engaged in the manufacture of dyestuffs. After the war Kuhn worked under the direction of the Chinese Government. On 24 February 1948 he left China for Milan, Italy, aboard the SS FLYING INDEPENDENT. Throughout and after the war his residence was in Shanghai.
17. Rudolf Dohse, formerly with DEFAG, was repatriated to Germany in September 1947.
18. Johannes Hildebrandt, formerly managing partner of DEFAG with C. G. Gadow, was repatriated to Germany in September 1947.
19. Fritz von Behring, formerly head of Bayer's Far East agencies, is the son of a world-famous scientist and serum manufacturer. He went to Switzerland in 1947.
20. Franz Iden, formerly with the Bayer Pharma Company, went to Switzerland in 1947.
21. Fred Siemssen departed for Italy in July 1947 on the SS MARINE LYNX. He was formerly the head of the German community in Shanghai and was succeeded by Dr. Hermann Wieda.

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22. Werner Amtage, formerly director and chief engineer of Siemens, China, was considered an ardent Nazi. In 1941 he was listed in German records as a member of S. A. Sturm, III Troop Schar 2. He was repatriated on the SS MARINE ROBIN. At one time he was an adviser to YU Ta-wei and the Ministry of Communications.
23. Walter Bastanier, formerly connected with the German radio station XGRS, is now employed by the Ministry of National Defense as an adviser. He is closely associated with Siefken and Karl Lavarentz, both of who are employed in Nanking by the Chinese Government.
24. Karl Goetz is well known as a German armament expert. He was in Nanking and is now in Shanghai. He is employed by the National Board of Supplies and is engaged in handling surplus materials purchased from the United States.
25. Wilhelm Maier is head of the firm of Mutual Friends & Company - "gelsited von YANG Yin" (directed by YANG Yin). Maier, formerly owner of Wilhelm Maier & Company, was considered one of the wealthiest German businessmen in China. He is closely associated with Stennes and Kayser. Mutual Friends Co., Ltd. is at 233 Nanking Road East. YANG Yin, formerly head of the German Affairs Bureau in Shanghai and ex-comprador of Siemens & Company, was removed from his official position after the first repatriation in July 1946. Captain YANG Yin is listed in the 1946 Dollar Directory as general manager of the Mutual Development Corporation Limited, also at 233 Nanking Road East.
26. Werner Lohrer, formerly with Siemens, is now in charge of the telephone service in Tientsin and is an adviser to the Ministry of Communications.
27. Egbert Hildenhagen, representative of the Nan Yang Company, was formerly a representative of the firm of Otto Wolff, Cologne. He was repatriated to Germany in September 1947.
28. Max Tiefenbacher, formerly with Bayer Pharma Company, was repatriated to Germany in September 1947.
29. Karl Schrage and Gunther Veth were repatriated to Germany in September 1947. Veth was formerly with DEFAG, first in Chungking and then in Shanghai.

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