



~~CONFIDENTIAL~~ - continued -

Olympic Games. I also travelled in Germany with our American President, Mr. R. S. K. IRVIN.

5. "After returning to Japan, our organization soon handed over the management to the Japanese (MITSUBISHI) and I was told by New York to choose whether I wanted to go straight to Germany to our German subsidiary or whether I preferred to look into our business in the Philippines. I preferred to go to Manila because I felt that I had been away from Germany already too long and that the strict regimentation of business as enforced by the Nazis at that time might not allow me enough elbow space for my ambitions. Business developed so well in the Philippines so that I stayed until August 1941.

6. "I also made an extensive trip to Java to investigate the growth and manufacture of Tapioca which is a strong competitor of our own products. In 1940 I went on a combined business and vacation trip to the USA. I was told in our Head Office in New York to go back to Manila and not to worry because our organization having so many factories outside of the USA (13) always needs men, regardless of nationality. However, I was cautioned not to get mixed up in Nazi politics which I carried out to the letter. On my return trip to Manila, I stopped over at Honolulu, stayed for fourteen days with our American agents in order to look into our business.

7. "I hardly knew the Germans residing in Manila as all my friends were Americans, in particular the staff of Connell Bros. Co. Ltd., who were our agents. I shunned the German community, was not a member of the German Club but held memberships at the American Polo Club and the Filipino Wack Wack Golf Club.

8. "When Washington issued a general order in January 1941 forbidding American firms to keep Germans on their payroll, I was told to go back to Shanghai or Tokyo in order to re-enter our Japanese subsidiary. I arrived here in August, 1941, but was unable to obtain a clear answer before the end of November, saying that they could not re-engage me. As remittances from Germany were denied me because I had been American-employed on September 1, 1939, I finally had to apply for relief here. All my money had been frozen in our New York office earlier in the year by order of Washington and upon leaving the Philippines I had been allowed to take only U.S. \$500 with me.

9. "When this money gave out I had to apply for relief and when the local German relief office learned of my ~~less~~ than average knowledge of the English language and my ability to speak Japanese, they turned me over to the German Information Bureau in

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early December, 1941, where linguists were badly needed. My chief job there was to improve the English language that came over the ticker from Berlin, to do proof reading and to help out as interpreter in Japanese. The official Japanese liaison was ~~YASU~~ RAIKO ARIMA, educated in Germany who returned in April 1945 to his father's home at Asahiya near Kobe. He comes from a very prominent family and had good connection in Army and Navy circles. He acted as official interpreter and was present at all official banquets, meetings, etc., for which my knowledge of Japanese is inadequate. I handled matters of minor importance, mostly of purely personal character, involving requisitioning of houses and flats by the Japanese, arranged the monthly foodstuff rationing from the Japanese to the Germans, assisted local Germans in general in dealing with the Japanese whenever there was any trouble of a purely private character but not involving business matters.

10. "My status in the German Information Bureau was that of a local auxiliary staff member. I was discharged in early May 1945, when the Information Bureau was dissolved after the conclusion of hostilities in Germany. The regular staff including Mr. VON PUTTKAMER, Miss MUELLER-HAUFF, Messrs. COMAIN, HEINEMANN and SOMMER were transferred to the payroll of the Embassy.

11. "I had practically ceased work at the Information Bureau in March 1945 when preparations were made to provide for an emergency in case Shanghai should become a war theatre. Owing to my knowledge of foodstuffs, I was put in charge at the German Emergency Office to work out a plan for feeding 2500 Germans for forty days which we figured would be the maximum time required by the Americans to capture Shanghai from the date of landing on the coast. I am working there until this date, receiving no remunerations but being paid relief as I have neither savings nor funds to which I could have access.

12. "As to your question whether I am anti-Nazi, I answered you already that I never did join the Party because I did not agree with their racial policy, aside from the fact that I thought it incompatible with my job in an American organization to get mixed up with German Extremist politics. What made me a definite anti-Nazi is through the snubbing directed against my wife. She is 3/4 Spanish and 1/4 Filipino. When she came here in August 1941 in order to get married, we had to overcome many obstacles in order to get married at all. The Nazis here in Shanghai were strictly enforcing a rule not to marry Germans to foreigners and I only succeeded in registering my marriage after I proved to them that in Manila -- to where my then fiance could not return on account of communications having already been severed -- the German Consulate would have been obliged to respect and recognize church marriages between Germans and Filipinos due to the existence of a reciprocal law to that effect between the USA, Philippine Islands and Germany. No such law existed here and which prompted

the Nazis to carry their racial policy to the extreme. What made me especially sore is the fact that my wife not only has the finest education that money can buy but her family tree boasts of such famous names as the MacMahons, one of whom was the President of the French Republic after Napoleon III abdicated in 1871. Naturally, I felt more than indignation to be snubbed by men in Nazi uniform who only a little while ago had been practically nobody.

13. "The result of all this was that I lived a very secluded life with practically no social contact in the German community. The only contact that we did have at one time was with Dr. and Mrs. KLARE. He was the Deputy Director of the German Information Bureau and since both of them were eager to learn English we at one time had a standing date to play Mahjong at the German Club (my wife was educated in the English language and speaks it correctly and fluently). Both of them died some time ago. Dr. Klare himself was a confirmed Nazi and a member of the SS Security Service as he had told me himself. With the arrival of Major HUBER from Germany about two and a half years ago I understand that his work ceased. Since Dr. Klare was generally known in the German community as a Gestapo man, it may have been through these few harmless meetings at the German Club that somebody got the idea that there must be something sinister behind an occasional Mahjong party.

14. "Another reason for being an anti-Nazi is the fact that I always considered the German foreign policy suicidal. I had been abroad too long and had seen too much so that I was always afraid that the Nazi policy would eventually lead Germany to a catastrophe. This especially has reference to the Jewish question. I always had to think of President Roosevelt's words which he uttered as 1937 (?) 'Just give the Dictators enough rope to hang themselves!'

15. "As it was my job in the German Information Bureau to go over the English version of official publications (speeches by leading Nazis) I not only shook my head at the incredible utterings of Hitler, Goebels, etc. but on two occasions actually pointed out to Mr. Von Puttkamer the necessity of modifying certain passages as they were unfit for publication outside of Germany. He always dismissed me with a shrug, saying that Berlin wants a word for word publication. If he did not have the courage to advise Berlin I did not see what I could do to educate the Nazis and from then on I did not say anything any more. I specifically refer to two such instances, i.e. Hitler's speech in which he refers to the Russians as 'swamp dwellers' and to Ribbentrop's statements about the 'New Order of Europe' under the 'leadership of Germany and Italy.' I drew the attention of my superiors to such impossible language but they knew better and from then on I just did my unpleasant work mechanically.

SECRET

W. SCHMALIUSS - continued -

16. "In conclusion I hereby solemnly declare on oath that

1. I have never in all my life been to any political party gathering
2. I have had no connections whatsoever with the Nazi Party.
3. I have had no connections with the Gestapo or any other German secret organization.
4. I have never been in the private residence nor in the office of Major HUBER, the local Gestapo man, nor of any other German organization or formation of any kind.

As for references I refer to

1. MR. PHIGJANER, Route Delastre No. 4
2. MR. COLOMER, Route Genuchy
3. DR. LA

17. "The first two have for years been actively engaged in the Spanish Republican Party aiming at the termination of the France regime. They also were connected with the Chungking movement in Shanghai which was known to me for a long time. Both of whom know me for years and know of my political leanings. The third person was in charge of the Chinese Cultural Department in the Information Bureau who knows me well and knows that I have been doing the same work in Shanghai but for the (Chinese)

18. "I recommend the above to your investigation and I am absolutely positive that you will find my statements correct. In case information should reach you from the Russian side involving my name I would appreciate it a great deal if you could put them in touch with me or inform them of your own investigation about me.

19. "I also want to state that I am ready to cooperate with you on whatever subject you desire my information."

20. (In furnishing the above information the following comments were made by CIC: "There is at present little or no way to verify subject's statements, however this Summary is submitted with the belief that some of the names, dates, etc. contained in this letter may be of some use in dealings with other personnel or organizations.")

**UNDEVELOPED LEAD:**

An investigation is being initiated to determine the extent of subject's work for the enemy.