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AIR POUCH

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FOREIGN SERVICE DESPATCH

Docp. No. 262

FROM : U.S. Mission Berlin

October 17, 1957

TO : Department of State, Washington

REF : Mission D-239 October 7 and previous;
Vienna's D-295 October 8

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Resh
10-21

active
E-5 / U REP-2 RM/A-2 ENR-9 IRC-8 ICA-10
COM-12 TR-3 IN-3 OSD-2 ARMY-3 NAVY-3
AIR-1

SUBJECT: EXCON: Folsch - Wolff Diversions of Tantalum and Nickel Alloys

Certain references in Folsch's correspondence with Wolff are not identifiable in Berlin. Some of these may, of course, be innocent participants in their transactions, or even concerned with any legitimate trade carried on by these two. If the Department or other posts can suggest who these individuals/firms may be, and/or the location and nature of their operations, it might assist in further tracing of Folsch/Wolff activities. Examples of these unknown parties are:

WILSON

POHL (supplier of Schalenbleche)

P. FALKE (mentioned in Mission D-239 October 7)

PASTOR (also connected with Schalenbleche)

The name Pucos (presumably George de Pucos, proprietor of Interglobe and Technical Progress) has been mentioned once or twice in Folsch's letter to Wolff, but his connection, if any, with their operations has not been indicated.

The Mission is reliably informed that on October 2 General Transport, Basel, told Wolff that a shipment identified as "Almb 291321 - 1 package tantalum plates, gross wt. 33.5 kg., net 28 kg., from Heins Folsch, Zurich" has been ordered delivered free, that is, without payment of Sw. Fr. 28,512. After its arrival in Basel it will be passed on in accordance with Wolff's instructions of September 9.

On October 5 Folsch reported to Wolff an offer from "Krupp":

- 1) titanium alloy with 6% Al and 1% Va, plates from 3mm thick at DM 220 per kg.
- 2) pure titanium plates, DM 200 per kg.

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3) titanium alloy (6% Al, 1% Va) rods, about DM 190 per kg.

Delivery time about six weeks.

Also reported was an offer from Vacuum(schmalze A.O., Hanau/Main) of VACODIL 42 (composition according to local sources, 42% Ni, 58% Fe) as follows:

26 kg.	0.40 x 0.08 mm hard	DM 57./kg.
30 kg.	0.25 x 0.10 mm hard	59./kg.
5 kg.	0.50 x 0.10 mm hard	45./kg.
10 kg.	0.50 x 0.10 mm hard	45./kg.
13 kg.	0.70 x 0.10 mm hard	45./kg.

Delivery in 7-8 weeks.

On October 7 General Transport informed Wolff that they were unable to tell from his instructions whether he wanted consignment VAC 3591/1-5, 81 kg. gross Vacovit 501 wire and rods, sent by air or rail (Contents of this shipment are listed in Mission D-185 September 17, 1957.)

On October 7 Immobilien Bank, Zurich, reported to Wolff the receipt on September 26 of a telegram from the "Eurobank" reading as follows:

"We are today transferring to you telegraphically by the Deutsche bank BUN (Baharits?) 134,750 Swiss R. Fleschmar, Berlin, Reforomo 2.900.549/9.413. The Immobilien Bank acknowledged the letter of credit from the Deutsche Bank with a note "on account of telegraphic order of September 26 Ref. credit 2.900.549/9.413," which it has credited as of October 2.

Mission Note

It will be recalled that R(ichard) Fleschmar and Hans Wolff were responsible for the sale of several new automobiles of U.S. manufacture to the Soviet Union, and were denied U.S. export privileges on April 15, 1957 (case No. 227.) This is the first indication the Mission has observed that Fleschmar and Wolff might still be working together.

On October 14 Flesch wrote to Wolff summarizing the current status of their transactions. "Plansas is a Schweinberl and there's nothing more for us to do there. In any case, I will take care of the 300 kg. of foil for you and have already figured out another way. I will have another firm buy from Planas and then sell to me. It will be more expensive but the earnings are always good when it's foil. Give me the order and let us know when you need it."

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Falsch also reports that the last shipment of Vacovit is in Sweden, and he must change forwarders. He plans to assemble the remainder in one shipment, which he'll be able to deliver in two to three weeks.

With regard to T(antalum), the duty is being paid and Falsch has given instructions to despatch the customs receipt. Somehow, the goods will be sent from Sweden. Wolff will receive the material about three weeks later.

Mission Note

With regard to Vienna's question regarding diversion of Plansee molybdenum, positive information is not available here. Mission D-412 October 23, 1956 reported a previous transaction in molybdenum foil between General Transport, Falsch, and Wolff. A copy of this despatch (which does not mention Plansee) is being sent to Vienna for the Embassy's information.

For the Assistant Chief of Mission

Robert M. Brandin
Chief
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