

12 Feb-46

Testimony of Walter Schellenberg
taken at Nurnberg, Germany, on
12 February 1946, 1610-1710, by
Captain Horace Hahn, OUSCC: Also
present: Joseph Meier, Interpreter,
John G. McDonald, Court Reporter.

*Washington
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QUESTIONS BY CAPTAIN HAHN TO THE WITNESS THROUGH THE INTERPRETER:

Q You are the same Mr. Schellenberg who has been interrogated by members of the Office of Chief of Counsel previously, and you understand that the statements you make are made under oath?

A Yes, sir.

Q Mr. Schellenberg, did you ever know a man by the name of Thiele?

A Yes.

Q And was he a member of the OKW?

A Yes.

Q Did you ever know of a company by the name of Standard Electric Company?

A Yes.

Q What was the Standard Electric Company?

A The Standard Electric Company was a concern made up of American capital. It combined several German firms in the electrical industry. It was one of the most important concerns that existed in Germany. It comprised such important firms as Lorenz, A.G., the most important radio and teletype company. This concern was supposed to be dissolved and confiscated as enemy property. This was because it had had relations with firms in countries occupied by Germany or allied against Germany. General Thiele was against the confiscation and dissolution of said company for reasons of production. I was opposed to it because I wanted to maintain this

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concern as a bridge to the United States.

Q For espionage purposes?

A It was only for business reasons, in order to conduct business talks later on, that I wanted to preserve this concern. So far as the elements of Standard Electric located in European countries were concerned, I did want to maintain it for reasons of espionage. This was the reason, at least, that I stated, and repeated at a later stage in meetings with the Reich Economic Ministry; otherwise I wouldn't have had a leg to stand on in my fight to retain the Company in business. Together with Thiele, I accomplished the preservation of that concern in such a manner that a European holding company called European Standard Electric was founded. All the component sections had one representative in that holding company.

Q Let me ask this question: This holding company which was set up was solely controlled by German interests, is that correct? In other words, it was a German holding company which was set up by German interests to include such a company as the Standard Electric Company, the capital of which was not all German; is that right?

A The holding company was founded without capital. It was merely an administrative holding company. It received through this sort of clever game the American capital invested in German companies.

Q Exactly. But it was a means by which you were able to maintain the Standard Electric Company in business even though the Standard Electric Company was basically made up of American capital, because it was part and parcel of this holding company which was, in effect, a German, as you put it, administrative organization; is that correct?

A. Yes, that is correct.

Q Now, was the Lorenz Company likewise a part of this holding corporation or holding company?

A All companies affiliated in the Standard Electric Company were subject to this holding company.

Q What was the relationship of the I.T. & T. (International Telephone & Telegraph) with the Standard Electric and the holding company you mentioned.

A I don't recall exactly whether the I.T.& T. was a part of the American controlled Standard. I believe yes, just like the Tungsram in Budapest.

Q But you are certain that the I.T.& T. was a part of this holding company, is that correct?

A I do not recall whether the I.T.&T. had made a contract with the holding company, but it was discussed. I believe just like Tungsram in Hungary, I.T.&T. made a contract with the holding company.

Q And what was the general import or purpose of that contract?

A The purpose was to protect these companies against confiscation.

Q And was the I.T. & T. subject to confiscation as being basically foreign capital?

A Yes.

Q In other words, then, it is not clear in your recollection as to whether or not the I.T. & T. was a separate corporation which

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may have had possible contractual relationships with the Standard Electric Company or possibly with the holding company, or whether it was, in fact, a subordinate unit of Standard Electric?

A I do not recollect exactly how the relations were. In any event, if I may add, the Reich Postal Minister tried time and again to dissolve I. T. E T. and other firms as enemy-favored enterprises, and especially the Standard Electric as an enemy favored enterprise, and to present the entire matter as a fraudulent representation on my part and on the part of Thiele.

Q What do you know of the activities of the Standard Electric Company and of the Lorenz Company in Spain? I may ask you first, To your knowledge they operated in Spain, did they not?

A Yes.

Q And in what sense did they operate in Spain? Did they have merely agencies located there or did they actually indulge in manufacturing work?

A The Standard Electric Company in Spain was a purely American controlled firm, and there were close relations, especially as far as capital was concerned, between the Standard Electric Company in Germany and the Standard Electric in Spain.

Q And those relations continued throughout the war; is that correct?

A Yes, I recall, in this connection, that between the leading personalities of the Standard Electric, especially a certain Westrick, there were throughout the war, as far as I know, contacts with Colonel Bane, the chief of the American Standard Electric.

Q And were you ever informed, or did you ever have reason to believe that the Standard Electric Company in Spain was lending assistance to the Standard Electric in Germany in the matter of either capital or raw material?

A I do not believe that it was a question of collaboration in this form. It seemed to me it was a question of preserving capital, rather than anything else.

Q In other words, you mean protecting the interests of American capital in this German firm?

A Yes.

Q In what sense was Westrick seeking to protect American capital in this firm in Germany? You mean by No. 1, preventing its confiscation by the German Reich; and you have indicated that he was successful in that end, because he apparently was able to establish through yourself and through Thiele that the preservation of the firm was necessary for the furtherance of German enterprise. Did he take any other steps in the protection of American capital in this firm?

A Westrick was a man who thought purely American and who believed from the very beginning in a very bad ending of the war. I had the feeling that he also had egotistical reasons, that is, to preserve his own property, which he had wholly invested in the Standard Company. I believe he had a very high salary. As far as I know, he received the salary of 400,000 Reichsmark. I further know that the Lorenz, A. G., had a very good business in Spain, and as far as I know it was the most important firm in the construction and establishment of radio apparatus. I recollect, also, that



the director-general of the Lorenz, A.G., a certain Major, retired, Schmidt, was supervised by the police in Germany because the Reich Postal Minister had asserted that this Schmidt would meet Colonel Bane in Spain. It is true, further, that Colonel Bane was in Spain at that time, and it was up to me to help Schmidt considerably against these accusations. In addition, it may be stated it was difficult for Schmidt, because he had a Jewish wife. I helped in this instance, also, I achieved that Mrs. Schmidt was Aryanized.

Q To what use did you put your contacts in Spain with the Lorenz and Standard people - to what use did you put those contacts in connection with Art 6?

A At that time it was unprofitable in that respect; that is to say, as far as counter-espionage is concerned, I obtained nothing.

Q Did you ever attempt to obtain anything from them?

A Yes, I made the attempt, but that was not a very seriously intended attempt. That was merely simulation on my part in order to take a stand in the other questions more effectively.

Q In other words, you made this appearance of seeking their aid as a means of gaining support in your position which called for the non-confiscation of such companies in Germany?

A Yes.

Q In making these feints, as it were, in Spain, whom did you contact, what individuals did you contact in connection with the Lorenz and Standard companies?

A Only Major Schmidt himself.

Q And was Major Schmidt a German citizen?

A Yes, he was.

Q Did you ever make any contacts with Colonel Bane?

A No. Westrick offered to me an opportunity to meet with Colonel Bane in order to discuss with them the possibility of getting Germany out of the war. But I never accepted that offer, because it appeared to me that would have been too much of a burden for the entire company. In addition, I had very good relations with Mr. Dulles in Switzerland, in the event that I did want to engage in such conversations.

Q This Colonel Bane, was he represented to you as an American citizen?

A Yes.

Q Was he represented to you as having been a Colonel in the American Army?

A Yes.

Q On active duty or retired?

A Retired.

Q In other words, then, so far as these companies are concerned in Spain, the only individual with whom you had any contact, as far as German intelligence was concerned, was Major Schmidt?

A Yes.

Q No one else?

A No. I never met anybody but Schmidt.

Q Did you ever dispatch any of your agents to contact either one of these companies in Spain?

A I must concede the possibility that the Lorenz Company in Spain was contacted by one or another of my confidential agents, but I do not recall any facts or any details.

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Q Turning for a moment to the Standard Electric Company in Germany and the Lorenz Company in Germany, you had an Abwehr organization, I presume, set up within the company, is that correct, as was characteristic of all German industries?

A You have to remember the following thing: there was one person in charge of the Abwehr in every concern. That was a matter up to the State Police --

Q Exactly.

A -- with which I had nothing to do.

Q Exactly. But all I want to know is whether or not you, as a director of the Standard Electric Company did not know who that man was in the Standard Electric Company.

A If I remember correctly, I succeeded with the State Police not to have anyone in the Standard Electric Company, because I considered that my exclusive field. I argued that this would jeopardize my own work. I made the attempt to have one particularly efficient person assigned to the economic division of the Standard Electric Company. This I arranged in order to obtain a basis for espionage and counter-espionage work with the help of the balance sheets and business records of that company. I was of the opinion that on the basis of market analyses I could arrive at a good many conclusions regarding economic and political problems. My deputy during the initial period was a certain Sebastian. However, I had to withdraw Sebastian from the Standard Electric Company because my opponents argued in the following manner: Sebastian was originally a state official. I arranged for him to get his furlough. He was an extremely clever economist. And then I arranged that he become

a full-fledged staff member of the Standard Electric Company. He received an adequate salary for his services. My opponents now accused me of sharing his salary. For that reason I had to withdraw and arranged that he received a normal employment; that means again as a state official.

Wised up through this experience, I never again attempted to fill this position. I found no understanding for my ideas.

Q Am I take it, then, that so far as you know, with the exception of this one man, Sebastian, there was no one connected officially with the Standard Electric or the Loren, Company who was also a member of the German intelligence service, other than yourself?

A It may be that I used for specific problems a man named ZEIDLER from 6 W1.

Q And, briefly, what do you mean by "specific problems?"

A By that I mean the question of supporting Major Schmidt. That was a thing I referred to him.

Q What kind of support?

A For instance, the question of Aryanization of his wife. That was a task of considerable scope.

Q At that time you were a shareholder, is that correct, in the Standard Electric Company?

A No, never --

Q You have no financial interest in the company at all?

A No, never.

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Q What did you receive from the Standard Electric Company for your compensation?

A I got in a half year 600 Marks, and these 600 Marks I always gave to the German Red Cross. That was announced by my superior officer.

Q Yes. But Schellenberg, you were a very busy man. How could you devote even a small portion of your time to membership on the board of directors of this company if you had no interest in it, other than perhaps 600 Marks that you might make and give to the Red Cross? How much easier it would have been to just take 600 Marks and give it to the Red Cross from your own income, rather than to devote your time to this company.

A My motive was not a financial one. Originally I had the intention to use all the big concerns for purposes of obtaining intelligence. With the Standard Electric Company it was a particular case to the extent that I considered it as an eventually bridge for talks with people in the United States; secondly, it was the opposition that was put in my way by the several ministries that made me decide to hold on for reasons of prestige. It was quite an accusation that was raised against me that I was premeditatedly trying to protect foreign, that is, enemy, property. If I had given up my position with the Standard Electric Company, the other would have taken that as a justification of their accusation. Besides, neither this nor the others would have been able to hold on.

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Q I take it that you have no further recollection in your mind of any representative or member either of Standard Electric or of Lorenz in Germany who was a member of the German intelligence service, other than one Schellenberg and on Sebastian, and Schmidt, and probably Zeidler? Those four possibilities out of that huge concern?

A Yes.

Q And I take it, likewise, or I assume from your silence, that you have never taken opportunity of the connections which you had with Standard Electric Company to make any contacts with America; is that correct?

A No, I did not. I would have no reason to withhold any information at this state of the game, after I have told so many things.

Q Do you know of anyone who did use Standard Electric for intelligence purposes, any German officials, either of the Gestapo or any other agency?

A It is quite possible that at the time of Canaris there were relations with the Standard Electric Company, but I have no knowledge of them.

APPROVED:

Interrogator

Interpreter

Reporter

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Washington

Testimony of WALTER SCHELLENBERG, taken at Nurnberg, Germany, 13 February, 1946, by Captain Horace Hahn, AUS, OUSCC. Also present: Joseph Maier, Interpreter; and S. K. Saslaw, Court Reporter.

QUESTIONS BY CAPTAIN HAHN TO THE WITNESS THROUGH THE INTERPRETER:

Q You are the same Walter Schellenberg who has been interrogated by representatives of the Office of Chief of Counsel previously, and you appreciate the fact that all statements which you make at the present time are made under oath?

A I do.

Q Mr. Schellenberg, you were officially connected with AMT VI of the RSHA, I believe for a period of time you were the chief of that office; is that not correct?

A Yes.

Q The highest rank that you held in that position was Major General in the Waffen SS?

A Yes.

Q In your connection with that office what, if anything, do you know regarding the breaking of the diplomatic code which was used by the United States between Bern, Switzerland and Washington in the year 1943?

A I usually received the entire decodified material by the deciphering bureau of the OKW, Major-General Thiele in charge.

Q Is that the same Thiele that was connected with you on the board of directors of Standard Electric Co.

A Yes.

Q And what type of code was used by the United States in this connection?

A All that I know about the technical aspects, I do know from conversations with General Thiele. Now and then I had also conversations with a division chief of his, one Colonel Kettler. The code that you asked about was, as far as I know, a deciphered diplomatic code. As far as I know, no mechanical code was used but a very comprehensive written book code. We distinguished between technical codes and other codes. In my experience, it showed that technical codes were very difficult to decipher.

Q You referred to the diplomatic code which was used by the United States as a technical code.

A As far as I know, it was not a technical code in this instance, but a normal book code.

Q An ordinary code of given ciphers that were used opposite particular letters of the alphabet?

A Yes.

Q When was it that you first received from General Thiele a decoded message which had been intercepted between Bern and Washington. Do you recall that?

A As far as I recall, it was in the beginning of 1943.

Q Prior to that time, had your office or was it Thiele's office that had been devoting its energies toward breaking the United States code?

A Only the division of Thiele was concerned with the breaking or the deciphering of the code.

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Q Who was it under Thiele's jurisdiction that was chiefly concerned; do you know?

A That was Colonel Kettler, and he had at his disposal a great number of scientists, mathematicians and other experts.

Q On the basis of his efforts toward breaking the United States code, did he ever comment to you whether he regarded it as a good code?

A It was of interest to me that only the code between Bern and Washington was actually broken, not other codes that were in operation, such as those between Cairo and Washington. I asked Thiele at one time how it came about and he told me that we owed the breaking of the Bern-Washington code to a lucky circumstance. He told me at that time that the Bern-Washington code was an ordinary book code and seemingly the other codes were mechanical.

Q Did you ever have reason to suspect that perhaps the Bern-Washington code had been over-simplified by the United States in the hope that the German Government would break it and thus be the recipient of distorted messages or of messages which it was hoped by the U. S. authorities they would intercept?

A It was only later on that this idea occurred to me, but in 1943 and in 1944, I did not think of it in those terms, and that it may be oversimplified.

Q The information which you intercepted as a result of breaking this code in 1943, did you find that information to be of interest or of any value to you in your office?

A Yes.

Q Do you remember any particular instances in which it was of particular value?

A It gave an excellent survey of intelligence material at the disposal of Harriman about conditions in Germany. I remember that he had an excellent survey about the situation of the transport organization in Germany at that time, which he had relayed to Washington. Further, about the steel and coal production, the morale of the population, and also about problems concerning oppositional trends in Germany. Further, about the treatment of the churches, the effect of Anglo-American propaganda in Germany, suggestions as to improvement or changes in the directives of Anglo-American propaganda towards Germany, material bearing on Goebbels' propaganda and suggestions as to how to combat it and to improve on counter propaganda; proposals concerning the reconstruction and renaissance of German literature after the defeat of Germany. Of particular interest, was an inquiry at one time by Secretary Hull concerning the person of Wirth, former German Reich Chancellor, who resided in Switzerland at that time. I do recall that the inquiry was very specified. It inquired about the personality of former Reich Chancellor Wirth, his place of residence, and the contacts he was having at that time.

Q Did you find that these reports were relatively accurate that were transmitted?

A It was obvious that Mr. Harriman had excellent information about the conditions in Germany and his reports seemed to be very

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sound. On the other hand, his reports seemed to be based on information he obtained from economists who seemed less informed and tried to appear as important persons.

Q That is, economists who were then residing in Switzerland?

A These economists were apparently persons who, for business reasons, had left for Switzerland in order to establish contacts with other business people.

Q Now, to get back for a moment to the code itself, I understand you to say that according to your classification of the code, you would regard it as a book code as contrasted with an ordinary technical code, and by technical code you mean a code, to decipher which you rely upon mechanical means?

A Yes.

Q Do you have any definite information as to the methods which were used in breaking the code by Thiele and this group of experts that were working under him?

A All I can say about this is what I learned from conversations with Thiele. In order to break a normal book code, it was necessary to have ^a good many transmissions. If the technical procedure observed in several or many of the transmissions was the same, it was possible to break one particular spot in the code transmission and subsequently also to decipher the entire transmission.

Q Was that the method which was utilized by Thiele in breaking this code that we have been talking about?

A In this case, I believe, yes, on the basis of mathematical probability.

Q In other words, to gain a more complete understanding of the methods which were used in breaking codes, perhaps it would be better to discuss the question with Thiele himself; would that be correct?

A Thiele himself is no longer alive, you would have to talk to Kettler.

Q When was it that you last heard from Colonel Kettler?

A In April 1945, when he tried to find out where I would finally go to, because he was anxious to keep in touch with me and my office.

Q Have you heard any word of him since you have been taken prisoner by the Allies?

A No.

Q It is correct, is it not, that he was a Colonel in the Wehrmacht and was not a member of the Waffen SS?

A Yes.

Q Was he a member of the Allgemeine SS? Do you know?

A I do not know.

Q I believe it is correct, is it not, Mr. Schellenberg, that you have been interrogated previously regarding this Bern-Washington code?

A Yes.

Q Where was that that you were interrogated?

A I was first interrogated by American officers in Frankfurt, after I had surrendered on 17 June 1945. Subsequently, I was twice

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interrogated in London by English officers. Afterwards I was brought to London proper, where I was twice interrogated by a commission composed of a British chairman, a British specialist on deciphering and an American specialist on deciphering. Finally, I was interrogated also in London with regard to deciphering in general, the OKW code and the research station.

CAPTAIN HAHN: That is all.

APPROVED:

Interrogator

Interpreter

Reporter

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