

SECRET
SECURITY INFORMATION
(Classification)

DO NOT TYPE IN THIS SPACE
460.62a9/4-1752
XR 460.509

FOREIGN SERVICE DESPATCH

FROM : **KINCO, Bonn**

2812

April 17, 1952

DESP. NO.

DATE

TO : **THE DEPARTMENT OF STATE, WASHINGTON.**

Air Pouch

PRIORITY

13

REF :

W-BF, please

For Dept.
Use Only

SUBJECT: **Case Study: Emil Fridolin Hoffmann, Berlin International Trader**

R
E
C
D

APR
26

①

Enclosed herewith is a report entitled, "Information
Memorandum No. 1007, dated April 17, 1952.

A
C
T
I
O
N
E
F
O

GER
INFO
REP
DCR
EUR
FE
OLI
E
COMM
MSA
TR
DMS
MI

Charles W. Thayer
Charles W. Thayer, Chief
Reports Division
Office of Political Affairs

Enclosure:

Report, subject as above.

- AmEmbassy Paris (3)
- AmEmbassy Warsaw
- AmEmbassy Prague
- AmEmbassy Djakarta
- AmEmbassy Stockholm
- AmEmbassy Vienna
- Legation Bern

DECLASSIFIED AND RELEASED BY
CENTRAL INTELLIGENCE AGENCY
SOURCE METHOD EXEMPTION 3B2E
NAZI WAR CRIMES DISCLOSURE ACT
DATE 2007

H/ED (TC) Carver:lfb
REPORTER(S)

SECRET
SECURITY INFORMATION

PREPARATION TIME

FOR COORDINATION WITH State

SECRET/SECURITY INFORMATION

Copy No. 9

SA for filing
**HOFFMANN,
EMIL FRIDOLIN**

THE UNITED STATES HIGH COMMISSIONER FOR GERMANY
Office of Political Affairs - Reports Division

Survey Group

called 10 MAY '52

Case Study: Emil Fridolin Hoffmann:
Berlin Internal Trader

Information Memorandum No. 105

April 17, 1952

This document contains information affecting the national security of the United States within the meaning of the Espionage Act, 50 USC 31 & 32, as amended. Its transmission or the revelation of its contents in any manner to an unauthorized person is prohibited by law.

SECRET/SECURITY INFORMATION

✓

SECRET/SECURITY INFORMATION

Case study: Emil Fridolin Hoffmann: Berlin Interzonal Trader

Dr. Jur., Emil Fridolin Hoffmann: born Unglinghausen, Kreis Siegen, on October 10, 1911, height 177 cm, about 5' 10", hair, blond; eyes, blue-gray, married, classified as "not incriminated by a denazification tribunal. Employed as Hessian correspondent for the Munich weekly Echo der Woche from April to October 1949, active in the formation of a neutralist group termed the "Nauheimer Kreis", and identified in intelligence reports as an habitue of right-wing pro-Soviet circles. Following the "Nauheimer Kreis" meeting at Dengsdorf on November 20, 1949, Hoffmann moved from Frankfurt to Berlin. Operating from offices in his residence, Nymphenburgerstrasse 2, American sector, Berlin, he has developed a sizeable East-West trade operation.

One aspect of this operation is the importation of Sovbloc products, especially foodstuffs, into Western Germany. In the past three months this has taken the form of "triangular trade", through Scandinavia (especially Sweden) or Austria. The result of the trade is to increase Sovbloc holdings in West European currency, and imports of strategic and "hard" commodities.

Business Connections

Hoffmann has extensive contacts with Sovzone export officials as well as Polish, Hungarian, Czechoslovakian and Bulgarian trade agencies. He is said to be well-informed of Sovzone export plans and appears to have no difficulty in obtaining Sovbloc foodstuffs for export purposes. He serves as Berlin representative for a group of Munich firms who distribute Sovbloc foodstuffs in Western Germany. Two of these, ^{Ferdinand Westerkamp} Atlas Handel and Donau Handel, are owned by the same man, named Kapick (or Kapig). Kapick uses Atlas for the importation of Sovbloc meat and sugar and Donau for fats. The Donau firm is the West German agent for an

SECRET/SECURITY INFORMATION

unspecified Polish food export monopoly. Both Atlas and Donau have offices at Lettenkofenstrasse 21, Munich with a branch at Frankfurt/Main, an der Hauptwache 7-8. Other Munich firms associated with Aspöck and Hoffmann are Johann Gausch, FRIGALBERT, and Josef Sommer. FRIGALBERT is a Swiss corporation with branches throughout middle Europe. The German branch is active in the distribution of Sovbloc poultry products, and the Swedish branch now cooperates with Hoffmann in accomplishing "triangular trade" between Western Germany and the Sovbloc. The Sommer firm, which also has offices at Lettenkofenstr. 21 is active in the wholesale grain trade.^{1/}

Hoffmann has also arranged for the importation of benzine products from the Sovzone, for sale by Donau Handel. In December, 13 tank cars of petrol were sold to Donau for free dollars.^{2/} Donau Handel also serves as an agency for the export of Sovzone chemicals, and in August offered to sell the following to America:

1. Calcium Sulphate: 750 tons
2. Potassium Ferrocyanide: 100 tons
3. Igelit: 30,000 pounds
4. Kainit: quantity unspecified

In February 1952 Hoffmann assumed the Berlin agency for the West German chemical firm Imhausen & Company, Witten, and its affiliate, Bochumer Chemikalienkontor. The Imhausen firm is one of the five chemical companies selected by the Sovzone to sell their products in Western Germany.

1. The operations of this complex are of considerable interest in themselves, but this case study is restricted to the activities of Berlin trader Hoffmann. It appears that the group of Munich firms are joining in a single business complex, for in January they decided to construct a new building in which each firm would have office space. In the same month FRIGALBERT decided to open a branch office in Paris for trade between the U.S. and Germany, and also for NATO contracts. The Paris office will be headed by a former employee of Atlas Handel.
2. The Federal Custom Service has recommended that Donau Handel be prosecuted for the unlicensed transfer of \$59,000.

SECRET/SECURITY INFORMATION

In the first two years of operation, Hoffmann conducted most of his trade with Western Germany directly, but when interzonal trade was stopped in October 1951, he began to use a "triangular route" through Scandinavia. Some of his transactions have been arranged with Denmark, but in November he arranged for an extensive trade through Sweden. This is accomplished through the ESKILDA Bank, Stockholm, which has been able to employ sterling accounts to aid these transactions, and the Swedish office of FRIGALISANT, Riddargatan 12, Stockholm.

Triangular trade through Sweden is facilitated by Hoffmann's contact in the Federal Ministry of Economy, Mathes Schmidt of the Planning Department (Planungsabteilung). Dr. Schmidt is reportedly responsible for the allocation of German foreign exchange, and Hoffmann has used him in exploiting a \$7 million dollar credit apparently available in the Swedish-German clearing account. On November 27 Schmidt approved the use of \$3,500,000 for the import, from Sweden, of sugar and cotton originating in the Sovbloc. It is believed that when Mr. Prenzel leaves the Federal Ministry for America, Schmidt will succeed him as chief of the Import Committee.

In December 1951, Hoffmann began to use Austria in triangular trade. At this time he arranged with the Frivin firm, Stubenring 22, Vienna, to obtain some 5 to 10 thousand tons of sugar from the Sovzone in exchange for machinery or chemicals. The sugar would be sold, probably through the Atlas firm, Munich to western Germany. Chemicals and dyes desired by the Sovzone, to the value of one million dollars, would be supplied by the Swiss firm of SANDOZ A.G., Zurich. Berlin representative of SANDOZ A.G. is Mr. Bloechlinger, Barstrasse 31, Berlin/Wilmersdorf.

In the spring of 1952 he used his Bonn and Swedish connections to obtain a contract from the China Export Corporation, S&D sponsored trading firm in the

Soviet sector, ^{1/} for the sale of 35 or 45 thousand tons of sugar. It is believed the sugar is supplied by the Sovzone government to aid the China Export Corporation recover some of the financial losses it suffered in recent transactions. However, this may be, China Export usually conducts its "triangular trade" through Sweden to West Germany with the European Trading Company, Stockholm, Berlin representatives SKANDEK and Heinz Tuellmans. In this instance they were forced to deal with Hoffmann because he alone could obtain the necessary export-import licenses from Bonn. It is expected that the China Export firm will realize 20 to 30 million DM from this sale. A large portion of the sugar will be distributed in Western Germany by the Atlas firm in Munich.

The sugar contract with China Export furnished further proof of Dr. Hoffmann's excellent connections in both the Sovzone and the Federal Republic. Ernst Erben, China Export director objected to Hoffmann's intervention and Hoffmann threatened to appeal to the authorities "in Karlshorst" if the sugar contract was not signed. Two of Hoffmann's Sovzone contacts have been identified as Horst Korbis, associated with the purchasing department of the Soviet owned corporations at Weissensee, Berlin, and Gunter Gillmann, State Secretary of the Sovzone Foreign Trade Ministry. Neither of these officials are particularly important, so it may be only circumstantial that on February 18, a week following a violent argument

1. In February the Sommer firm advised Hoffmann the Federal Republic would authorize the import of bread and fodder grains, to the value of \$10,550,000, through "third countries"; this is, not the country of origin. Sommer asked Hoffmann if he could help their firm participate in the Swedish portion of this export authorization, and mentioned specifically the distribution of Argentine rye. It has been reported that the China Export Corporation has acquired an interest in some Argentine rye, and it is possible this particular transaction is also designed to help them increase their dollar holding. There is no additional evidence on this point, however, to supplement the report of the Eastern Affairs Division, Berlin Element, D-752, March 5, 1952.

SECRET/SECURITY INFORMATION

with Hoffmann, the China Export director, Ernst Erben was summarily dismissed. This could be an indication of Hoffmann's influence, but it is known that Erben had made enemies in the Sovbloc trade structure.

Dr. Hoffmann is also active in procuring strategic material desired by the Sovbloc in Western Germany. He has attempted to purchase ships for Poland, and in December 1951, he arranged to send a rolling mill from West Germany through Sweden to the Sovzone. In October 1951, Hoffmann agreed to act as agent for the sale of abrasives (emery products) manufactured by the Klingspor factory, Siegen, North Rhine-Westphalia, to the Balkan countries. Delivery would be accomplished through Sweden.

In February, 1952, another Berlin trader, H.A. Schlitter, Hardenburgstr. 7, Berlin/Charlottenburg 2, advised him that the Niederrheinischen Hütte and the Westfälischen Union were prepared to supply spring steel wire to Argentina.

Political

As might be expected of an adherent of the Nauheimer Kreis, Hoffmann displays a marked animosity to the U.S.A. This is illustrated by a conversation he held with Otto Thiesfelder, owner of a small factory in Berlin, last November. Thiesfelder complained that during a recent trip to Canada he had not been permitted to enter the U.S.A. because of his membership in NAZI affiliated organizations and suspected SED sympathies. Hoffmann replied, "That isn't so bad, we don't need the U.S.A., we can do without them very well."

When Thiesfelder added that when America behaved in this fashion five years

1. See R & A China Export Company

SECRET/SECURITY INFORMATION

after the war, they shouldn't expect people to fight for them (wieder die Haut zu Marke tragen), Hoffmann agreed, saying, "I don't campaign for them. I live in the American occupation sector, but I do nothing for them." He added, "There is no point to a western commercial orientation, at most South America. But Egypt, there one can do business!"

It appears that Hoffmann will soon move his field of activity to Indonesia. He plans to accompany the new west German Ambassador to Indonesia, Dr. Werner von Hentig, when the latter assumes his post this Spring, and establish an export business. He has received an agency on behalf of two Swedish firms, who guarantee him a salary of \$400 monthly, and is now selecting West German firms which he will represent. In view of Hoffmann's past activity, it should be expected that he will also conduct trade and perhaps political agitation on behalf of the Sovzone and other Sovbloc countries.

Sources: CIS, April to December 1951, B-2
Biographic Registry

Charles W. Thayer, Chief
Reports Division
Office of Political Affairs

SECRET/SECURITY INFORMATION

INFORMATION MEMORANDUM NO. 105

Distribution List

Office of the U.S. High Commissioner
Office of Political Affairs
OCA
Office of Economic Affairs
General Counsel
Eastern Element
ConGen Hamburg
ConGen Frankfurt
ConGen Munich
Berlin Element
Embassy Paris, NATO
Embassy Paris, EXCON
Embassy Paris, OSR
Embassy Warsaw, EXCON
Embassy Prague, EXCON
Legation Bern, EXCON
Embassy Stockholm, EXCON
Embassy Djakarta
Embassy Vienna, EXCON
USPEP, G-2
Office of U.K. High Commissioner
Political Advisor, Heidelberg
ID, EUCOM
66th CIC Detachment
7712 EUCOM Intell. School
AC of S, A-2, USAFE, Wiesbaden
Intelligence Officer, ONA
CEIR
File

Sent Department as enclosure to D-2689

SECRET/SECURITY INFORMATION