

~~SECRET~~ 34/10/7

[Form No. 108.]



NEW ZEALAND POLICE.

Subject: REPORT OF DETECTIVE HARDING SUMMARISING GERMAN ACTIVITIES IN N.Z.

108,000/5/36-3024

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POLICE DEPARTMENT.

WELLINGTON, C.1. 15th June, 1937.

MEMORANDUM for

Hon. Minister in Charge of Police.

GERMAN ACTIVITIES IN NEW ZEALAND.

I beg to forward herewith a detailed report prepared by Detective A. M. Harding concerning the general activities in New Zealand and Auckland in particular of certain German subjects.

Detective Harding is attached to the staff at this office, and is engaged on special duties; the report he has compiled is based on data from secret files held here. The matters he refers to are, under my instructions, receiving special attention. The centre of the activities seems to be in Auckland. I caused the Detective responsible for the inquiry there to visit Wellington recently, and I discussed these matters with him in detail.

The inquiries made must be guarded, and, as we have not a reliable source of information in Auckland, difficulty is experienced in obtaining any information of value. The matter will, however, receive close attention.

Commissioner of Police.

Seen.
PH
11-7-37

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NEW ZEALAND POLICE.

Police-station: Headquarters, WELLINGTON

Date: 15 th June , 193 7

REPORT of Detective A. M. Harding , No. 2645

relative to general activities of German subjects resident in New Zealand.

I respectfully report, that in accordance with your instructions, I am submitting herewith the position as it is known to this Department, concerning pro-Nazi political activities of German subjects in New Zealand at the present time.

In Auckland, in August 1932, there was formed the German Club (Incorporated) (also known as the Deutscher Verein) It's earliest members included many reputable people, business and professional, of German and British nationality. It's objective at that time was purely social - it's By-laws banned political discussion - an interest in German music was fostered, and non-German members were encouraged in a study of that language.

The Club's activities first came under the notice of this Department in January 1934. Confidential information was supplied to the Police showing that the policy of the Club had changed - it had become actively interested in German politics, and eventually it's By-laws were amended to enable political discussions - there was a change in the executive and internal frictions arose - it became customary to chant "Hail Hitler" and use the Nazi form of salute. The press was excluded - formerly it had been welcomed.

An avalanche of resignations followed, It's membership dropped to about 80 persons, which was about one third of it's original membership. An explanation of the extensive nature of the resignations is probably found in a letter of resignation written by Mr T.W. Ashby, a foundation member and auditor, in which he said "It is now apparent

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that the Club is being conducted with a political bias, and the policy being dictated is one that is not only pro-German, but which must ultimately, in my opinion, be anti-British. It will of course be obvious to you that I am quite unable to associate myself, either directly or indirectly, with activities of this description." Mr Ashby is practising law in Auckland.

It was stated at the time that the Club had become anti-British, and that there ^{were} many forcible utterances at the meetings. The matter was discreetly investigated, and it appeared that those who had resigned had done so not because the Club had become anti-British, but because they feared it would if it's then policy was continued.

Prominent in the new spirit of the Club was Mr K.W. Schmidt, a young man of German birth, who was connected with the firm of Pacific Potash Ltd, a company registered in Sydney, and importing potash into New Zealand. He and his father have financial interests in the firm it is believed.

In 1934 Schmidt visited Germany, where he is said to have shown an interest in Naziism, and to have been granted an audience by Herr Hitler. Ex-members of the Club attached importance to his visit, associating it with his connection with the Club. The real purpose was said to be business.

It was also reported at that time that a body called the Associated Foreign Clubs, in Auckland, refused all association with the German Club owing to it's adoption of political discussions in it's meetings.

Schmidt returned to Auckland on 10-10-34. In conversation with a Detective at that time he said he wished to go as far as he could in his advocacy of Nazi Germany - he wished to create among his countrymen in New Zealand an interest in the growth of the new Germany - but did not wish to do anything of which the New Zealand Government would not approve.

During the following months it was apparent that

Schmidt was active in the leadership of the Club - he was reported to have made utterances of a definite anti-British nature, but confirmation was never obtained, and there is every reason to believe that he is much too intelligent to have said such things under the circumstances alleged.

The Police could not hope to know all that was going on within the Club circles, and had to discriminate between possibly exaggerated reports from ex-members and other reports which possibly emanated from the Club executive and intended to suit it's own purposes. One thing was evident - that the Club was actively interested in German politics. Previous reference has been made to the Associated Council of Foreign Clubs. During 1935 Schmidt is said to have made repeated moves to have his Club readmitted to the Council, and was informed that this would be done if an assurance was given in writing that the Club was non-political. Although he verbally denied such interests the assurance asked for was never given, and Schmidt is reported to have ^{said} he would get it in the "neck" from his people at home if he did. The membership of the Club at that time was reported to be about fifty, of whom only twenty were financial.

On 26-5-36 there appeared the following paragraph in the "Auckland Star"

"TO BERLIN"

Germans from N.Z.

For the Olympic Games

Gesture to the World

"As a reward for their efforts to foster the love of the Fatherland among the German Community of New Zealand, two loyal German citizens will be enabled to pay a visit to their homeland on the occasion of the 1936 Olympic Games to be held in Berlin on 1 st August to 16 th August. The trip has been made possible by a worldwide scheme organised by the wealthy German Labour Front....which has made a decision to bring to Germany on that occasion 400 loyal Germans from every country in the world where there ^{are} German people....The two fortunate people from this country have already been chosen, and will leave for Berlin on 6 th June. They are Mr K. Blumhardt, Librarian of the German Club in Auckland, and Mr H. W. Froh, Secretary and Founder of the German Club in Dunedin. Both have done much for their countrymen in New Zealand..".

The German Club in Dunedin was never supported, and has been long defunct.

Froh was at one time a member of the New Zealand Communist Party, but severed his connections there several years ago. It is of course well known that the policy of the Communist Party is not in accord with German politics of today. It is rather significant that since his return to New Zealand Froh has moved his home to Auckland, which is today the main centre of German activities in this country. He is at present employed as a fireman on S.S. Canopus, a Coastal vessel. He was recently the subject of a letter received through another Government Department alleging that he is a spy. The matter is under inquiry, but the writer, with whom the Police have been unable to make contact, was obviously influenced by Froh's visit to Germany and a more recent trip to Sydney. The latter trip was as a member of the crew of a boat, and nothing significant was known of it. Froh is popular among the crew on the boat, but has attracted notice by his ardent leanings towards German politics.

Information obtained from a secret source overseas indicates that Froh and Blumhardt had an introduction from some source in New Zealand to a very powerful organisation, which will be more fully referred to later. They attended the Olympic Games in Berlin, but apart from the details supplied in the latter paragraph nothing is known of their visit.

In May 1936 it was said that Schmidt was losing prestige with Club members, and that the Club was losing its political interest but subsequent information shows that there is a determined effort afoot to keep every German subject in New Zealand a good German at heart.

In April 1936 there arrived in New Zealand Walter Hellenthal, a Doctor of Philosophy, who took up the German Consular duties in New Zealand. He is described as a man of strong character, very interested in National affairs. He is regarded as the most enthusiastic worker in his country's interests generally that has ever been appointed to his position in this country.

Dr Hellenthal is assisted in his Consular duties by Herbert Kessels, formerly of the Consular Staff in Dublin. This is the first occasion on which a German Secretary has been attached to the Consular staff in this country. Prior to coming to New Zealand Mr Kessels communicated with the organisation to which I shall refer later, and placed his services at their disposal while in New Zealand.

It is reported that Dr Hellenthal has been in touch with every loyal German of military age in this country, and ensured their readiness for military service if required by their country.

I have thus far set out in condensed form the result of inquiries made in this country, but this matter is receiving the attention of responsible authorities throughout the British Empire, and periodically highly confidential reports have been received from overseas, from a source which is in very close contact with the situation throughout the Empire.

In 1931 the attention of the authorities concerned was drawn to the activities of Nazi propagandists among Germans living in other countries. There followed the formation of the Auslands Organisation of the National Sozialistische Deutsche Arbeiter Partei (now referred to herein as the Party) the objects of which were described as the "welding together of all Germans abroad, and of all sea-faring Party members into one great block, to be regarded as an indissoluble part of the Reich. The Headquarters of this organisation are in Berlin. Its reports are said to be economic, political, and of other intelligence. There is a strict surveillance over all Germans proceeding to and from Germany. The Party is divided up into departments, each of which has its own function. Their general activities are exceedingly wide, and in short can be said to embrace anything considered to be in the interests of the Reich. All foreigners proceeding to and from Germany are the subject of report, and every German who returns to his native country after residing abroad is the subject of a special report.

A factor regarded as being of considerable importance as affecting the policy and working of the Auslands organisation is the closing of the Party to new members, except where necessary to fill gaps caused by death, exclusion and emmigration. The Oath of Allegiance reads "I swear absolute Allegiance to Adolf Hitler and implicit obedience to him and to the leader appointed over me by him."

Under the Party are Landesgruppen, or what is really a branch of the Party overseas. There is one in several British Countries their function is on the lines of the Party generally.

The activities of the Party and the State are inseparably connected.

The extent of these activities in British countries is illustrated by an article appearing in the "Dominion" the Wellington newspaper on the 12 th inst, attached hereto.

Directions issued to every member of the Party proceeding abroad require him to refrain from participating in the affairs of the country whose guest he is. It is rather significant to note that shortly after his return from Germany Schmidt told a Detective he could not participate in our political affairs.

Members of the Party are required to attend regular meetings. If a member fails to attend he is required to give an adequate explanation. There is at the meetings a Political instruction of those present, and for individuals living in remote places he is given instruction by correspondence. The Party is very closely allied with the German Chamber of Commerce. Confidential political reports on the situation in England are forwarded, and are regarded as being of greater importance than those received through the Embassy.

Although it was suspected that a Landesgruppe was in existence in this country, and probably associated with the German Club in Auckland, nothing definite of it's existence was learned till early this year, when it was reported from overseas that a Landeskreis was to be constituted for New Zealand and Samoa, and was to be under the leadership of W¹/₂ Hellenthal (obviously Dr Hellenthal) A Landes-

kreis is a branch of the Party organisation somewhat similar to a Landesgruppe, but on a smaller scale. Other names associated with it were those of W. Kersten and K.W. Schmidt, both of Auckland. Schmidt of course is previously referred to. Schmidt has sent many reports to Germany regarding the openings for German trade in New Zealand. These reports generally are of such a nature as might be furnished by a Chamber of Commerce, but it is pointed out that the Party organisation as such usurps these functions to itself.

The full extent of Mr Schmidt's activities in particular, and the Party in general, are illustrated by a report sent early this year in which Schmidt referred at length to the Tung Oil possibilities in this country, and reported having approached the Empire Tung Oil Products Ltd, and stated that the company would be in a position to supply tung oil shortly at a price considerably below that now ruling, and further stated that the company would place itself at the disposal of German enterprises should they wish to acquire of their own for the construction and working of similar concerns.

Tung oil, through its uses in the aircraft industry, is reported to be an essential war material. This matter is receiving attention. I respectfully submit that the information available makes it clear, that brief as the number of Germans are in this country there is a decided pro-Nazi attitude existent, fostered almost entirely by Messrs Hellenthal, Schmidt and Kessels. There is, I consider a good reason to suspect that the German Club in Auckland, once an institution worthy of approval, is now purely a channel for the dissemination of Nazi propaganda, the full extent of which is not apparent in the absence of some reliable information of what transpires at the various meetings still held there.

The Commissioner of Police
WELLINGTON

A. M. Harding

Detective 2645