

A Forgotten Scandal: How the Nazi Spy Case of 1938 Affected American Neutrality and German Diplomatic Opinion

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Historians tend to ignore the role of intelligence in foreign policy decision-making.¹ The reason for this is obvious. As intelligence historians themselves have noted, presidents have tended to neglect findings based on secretly obtained information. Why, then, should the foreign policy historian give intelligence more than its due?²

There is one facet of intelligence history to which scholars normally do pay attention—spy scandals. The corrupt intent of French agents in the XYZ Affair occasioned, when exposed, a scandal and a diplomatic crisis that historians have by no means ignored. The scandal of the Zimmermann telegram helped draw the United States into World War I, and it has inspired a proper measure of attention. In later years, historians linked the Alger Hiss spy scandal with increasing tensions between the United States and the Soviet Union. Such events appear not just in foreign policy tomes, but also in the narratives of general textbooks.³

The Nazi spy case of 1938 was also a major scandal in its day, yet it received only scattered references in the literature.⁴ As we shall see below, this was in large measure because FBI director J. Edgar Hoover suppressed a key dimension of the story. The story needs to be revived because, as we shall also see, the scandal helped to erode American neutrality, and German diplomats thought it ruined the chances of Washington-Berlin harmony.

On the FBI's official website there is a reference to one of America's greatest detectives, Leon Turrou. The website explains that in 1938, Turrou was the bureau's lead investigator into a German spy ring. However, this official FBI narrative observes that his "background simply did not prepare him for the nuances of an espionage case" and notes that he stood "accused of being an overzealous government agent motivated by profit and fame."⁵

FBI records from the 1930s, accessed through the Freedom of Information Act, tell a more rounded story. Initially, Turrou was the apple of FBI director J. Edgar Hoover's eye. According to Hoover's trusted confidant

Clyde Tolson, the detective had "an uncanny knack of securing information." Chicago special agent in charge Earl Connelley said he was the "best investigator of criminal violations in the bureau."⁶ Yet by the end of the decade he had been fired.

How did he fall so precipitously from grace? In the 1930s the FBI was, as it is today, the nation's premier detective agency. To have been the best detective in the best detective agency is quite an achievement. A most singular series of events must have occurred to cause Turrou to fall out of favor and into historical obscurity.

Turrou's personal history was a tangle of half-truths and lies. He was born Leon Turovsky, in the Russian-controlled town of Kobryn, Poland, on September 14, 1895. He gave widely divergent accounts of his early years. He said he was not Jewish, but he was. He said he was an orphan, but he was not. He said he fought with the French Foreign Legion on World War I's Western Front and had a shrapnel wound to show for it. An FBI medical examination confirmed the wound, but on another occasion Turrou claimed to have fought on the Eastern Front. So cavalier was his approach to the truth that it gave ammunition to his future detractors. But it may also have been a trait that contributed to his ability to detect mendacity in criminal suspects.

This much we know for sure. He arrived at New York's Ellis Island immigration processing depot on March 12, 1913. After casual employment and an unhappy love affair with a girl called Olga, he does appear to have returned to Europe to fight against Germany. Recovering from his war wound in a Paris hospital, he met his future wife, Teresa Zakrewski. Eventually they had two

sons.

In 1921, Turrou was in Russia with the American Relief Mission, led by Herbert Hoover. By then the master of seven languages, he was a translator with a mind of his own. When corrupt communist soldiers held up U.S. grain deliveries, he prodded his boss to confront the notorious Soviet secret service chief, Felix Dzerzhinsky. According to Turrou, it was a tense meeting, but he helped to persuade



Leon G. Turrou. In 1938, he smashed a Nazi spy ring and launched a campaign for preparedness. Courtesy of Leon's grandson Bob Turrou.

Dzerzhinsky to release the grain. Dzerzhinsky issued an order to his comrades "with not a trace of emotion on his deathmask face": "The trains will move, and if you fail, the supreme punishment is waiting for you."⁷

By 1921, J. Edgar Hoover wanted Turrou for his agency (then called the Bureau of Investigation). Turrou could not join because he lacked the normative law degree and because of a postwar contraction in bureau hiring. However, in the presidential election of 1929, he used his linguistic skills to campaign on New York's multi-ethnic East Side for the ultimate victor, Herbert Hoover. His reward was an appointment to the bureau as a special agent.

Though physically tough, Turrou was a cerebral person. By the time he was assigned to the spy case in February 1938, he had applied his forensic faculties to over 3,000 cases. He developed certain interrogative techniques, such as offering a cigarette at the right moment, or springing a witness on an off-guard suspect just when the suspect was telling critical untruths. Building on an uncanny ability to understand and exploit people's personalities and weaknesses, he had a mesmerizing effect on those he questioned.

Criminals who knew that to talk to him meant signing their own death warrants did so anyway. An example occurred in the course of the Lindbergh kidnapping investigation. In March 1932, Bruno Richard Hauptmann climbed into the second-floor bedroom of Charles Lindbergh's twenty-month-old son at the Lindbergh home near Hopewell, New Jersey, abducted him, and sent a ransom note to Lindbergh. By the time the bureau caught up with Hauptmann, the little boy was dead.

Fearing the death penalty, the murderer proved a hard nut to crack. Turrou sat with Hauptmann for hours. The killer knew he should not supply an example of his handwriting that could be compared with the handwriting on the ransom note. Yet Turrou persuaded him, against his better judgment, to write out passages from the *Wall Street Journal*. Hauptmann went to the electric chair in April 1936.

The German intelligence operation exposed in 1938 was often called the "Rumrich spy ring" after Guenther Gustave Maria Rumrich, a minor cog in the greater machine who just happened to be the first spy arrested. Turrou insisted in calling it instead the "Nazi spy ring," and showed it to be a much more serious affair. A section of American opinion disagreed with him—the *New York Times* declared that in an age of transparency espionage was redundant, and warned that the outbreak of spy hysteria might lead to the formation of an American "super-espionage" agency that was not "wanted or needed here."⁸

Turrou was certainly correct in emphasizing the menace posed to American values and national security by the Abwehr, the German spying organization. The Abwehr had come into being in 1920, in breach of the terms of the Treaty of Versailles. Abwehr agents sought and obtained information about new military technology. Hitler, aware of the emergence of U.S. technological superiority, wanted America's secrets so that Germany could duplicate them and so that his armed forces would know what they faced if and when they fought against the United States. Hitler's spies sent home a lot of trivia, but also some vital secrets: for example, details of the Norden gyroscopic bombsight; the hull design of the new generation of top-speed destroyers;

information on the computerization of code setting and breaking; the design of aircraft retraction devices on the latest class of aircraft carriers; and blueprints of the new generation of American fighter planes.

In the wider, wicked world that lay beyond the United States, such peacetime espionage was standard practice. But it shocked Americans, who were not as accustomed to having their country spied upon. There were, moreover, some nastier than usual aspects to spying by the Abwehr, which was increasingly penetrated and influenced by Nazi political officers and the fascist secret police, the Gestapo. There was an element of ruthlessness that one would not have expected anywhere in peacetime: a plan to kidnap and possibly murder a U.S. Army officer who knew about America's East Coast defenses; the infiltration of Gestapo agents into New York; the probable murder of two innocent Californian women in an effort to pressure a San Francisco industrialist into cooperating with the Abwehr;⁹ and a plan, discussed with Admiral Wilhelm Canaris, head of the Abwehr, to set up a high-class brothel in Washington, DC, to honeytrap military officers and government officials.

Finally, although the German word *abwehr* means "defense," the agency had an aggressive program that went far beyond the mere theft of technology. The Abwehr chased after data on American defense installations, not just along the East Coast, but also in other strategic areas such as the Panama Canal. It was interested in potential bombing targets. It planned to use a member of its charm squad, Kate Moog, to open an avenue to strategic thinking in the White House. Once Hitler had taken care of Europe, his next target for aggression was the United States.

With his customary shrewdness and intuition, Turrou exposed most of the personnel of the Nazi spy ring in America and revealed their aims and methodology. He made mistakes. Notably, he allowed one of his prize informants to leave the United

States. Ignatz Griebel was a New York gynecologist and prominent anti-Semite who doubled as a local coordinator of Abwehr espionage. Moog was his mistress, and he promoted the Washington brothel idea. Griebel told Turrou he was afraid to return to Germany, since it was known he had talked to the FBI. But before he could appear in the courtroom, he suddenly left for his homeland, where the Berlin regime rewarded him handsomely, expropriating a Jewish vacation property in Bavaria and a Jewish medical practice in Vienna and gifting both to its valued spy.

Nevertheless, armed with information he had extracted from Griebel, Rumrich, Moog, and many other interviewees, Turrou pieced together the evidence that led to the conviction of four spies in a widely publicized trial in the fall of 1938. But before the trial began, the ace detective resigned from the FBI to start a financially rewarding but also deeply moral campaign against the Nazis. He lectured and talked on the radio extensively. He wrote articles for the *New York Post* that subsequently appeared as a bestselling book, *Nazi Spies in America*. The book became a Warner Brothers movie, *Confessions of a Nazi Spy*, featuring Edward G. Robinson in the role of a character based on Turrou. Even in 1939, a year of great movies, this one stood out, both for its box-office success and its explicit hostility to the Nazis. The Turrou-inspired campaign proved to be a significant eddy in the stream of anti-neutrality propaganda.



Ambassador Hans Heinrich Dieckhoff bids goodbye to American journalists he had befriended prior to his recall the Germany at the time of the Nazi spy trial in November 1938. Library of Congress, LC-USZ62-123456.

Turrou's enthusiastic embrace of publicity was the reason he fell from grace. Hoover wanted to keep control of his agency's image. As on other occasions, he aimed to deter the desertion, for more lucrative pastures, of the special agents the FBI had so painstakingly selected and trained. He dismissed Turrou retroactively, "with prejudice," from a date prior to the special agent's resignation, thereby depriving him of pension rights. He then he tried to blacklist him from further federal employment.¹⁰ In spite of this treatment, the gifted detective helped the United States hunt down genocidal criminals in World War II. However, he then emigrated to France to take charge of security for the petro-industrialist J. Paul Getty. By the time he died in Paris in 1986, he had joined the list of America's forgotten heroes.

The 1938 spy scandal had a number of consequences. It spurred President Roosevelt to expand America's capability in counterespionage. It enabled J. Edgar Hoover to take pioneering steps in exploring the possibility of centrally directed intelligence in defense of U.S. national security.¹¹ Roosevelt's critics complained about a further consequence: the scare gave FDR the opportunity to increase his own authority, even to the extent of using the FBI to spy on his domestic critics.¹²

But what concerns us here is the impact of the spy scandal on public opinion and international affairs. The scandal was a domestic event, and domestic issues have greater resonance with the electorate than foreign events (such as *Kristallnacht*, which took place at the same time the spy trial did). It is reasonable to assume that the scandal helped to move opinion away from neutrality—and did so to a greater extent than the Duquesne spy scandal of 1941, which was larger in scale but became public knowledge at a much later date, in the final months before the United States joined the war. Its impact on the neutrality debate was significant and needs to be noted as a corrective to previous scholarship. It may be no more than a partial corrective, as other factors, such as the lobbying activities of the Committee to Defend America by Aiding the Allies, were collectively more important in eroding support for neutrality, but it is a corrective nevertheless.¹³

The need for a further adjustment to existing accounts becomes apparent when one considers German diplomats' reactions to the 1938 spy scandal and to recurring spy episodes. Hans-Heinrich Dieckhoff was appointed ambassador to the United States in May 1937. Without benefit of the opinion polls that George Gallup was then pioneering, Dieckhoff assumed that before 1938, most U.S. citizens had a favorable view of Germany. But in January of that year, he detected a dip in Germany's popularity. He attributed that decline to the activities of the German-American Bund and the perception that this German-American society was a Nazi Trojan horse. Dieckhoff was not one of Hitler's greatest admirers, and he took a dim view of the Fuehrer's crude attempts at subverting America.¹⁴

After learning of the arrest of a number of spies in the wake of Turrou's detective work, Dieckhoff at first tried to negotiate a deal whereby a small number of selected spies would plead guilty on the understanding that there would be no sensational trial. It was not to be. When Dieckhoff visited Undersecretary of State Sumner Welles on November 1 (with the highly publicized trial under way), he was in an agitated state. He agreed the spies were guilty, but he asserted that "persons of lesser authority in Germany who were acting on their own initiative without orders from the top" had instructed the German agents—thus making it clear that he knew the Nazis had penetrated the Abwehr.¹⁵

Berlin recalled Dieckhoff just after his conversation with Welles. He did not return to Washington, and would remain ambassador in name only. Hans Thomsen, counselor at the Washington embassy, took over Dieckhoff's duties,

albeit with the lower rank of *chargé d'affaires*. Espionage problems continued to crop up during his tenure. In 1940, for example, U.S. diplomat Tyler Kent was accused of stealing the Churchill-Roosevelt correspondence in an attempt to expose Roosevelt's interventionist intentions and influence the 1940 presidential election. Learning in May 1940 of another potential embarrassment—the Abwehr's plan to sabotage ships on the Baltimore waterfront—Thomsen warned his foreign office that such deeds were "the surest way of bringing America into action on the side of our enemies and of destroying the last vestiges of sympathy for Germany."¹⁶

That message went right to the top: Foreign Minister Joachim von Ribbentrop forwarded Thomsen's warning directly to the Fuehrer. And when news of the Duquesne spy ring arrests reached Ribbentrop in 1941, he complained to Admiral Canaris, warning the Abwehr chief that he would be held personally accountable should the United States declare war on Germany.¹⁷

Dieckhoff, Thomsen, and Ribbentrop believed that the 1938 spy case and its aftermath had changed American opinion, and that public opinion steered U.S. foreign policy. In one way it was a simplistic assumption, perhaps springing from an awe-struck faith in American democratic process, a faith fostered by the lack of democracy and press freedom in Germany, where, in contrast to the rest of the world, there was scarcely any reporting on the U.S. spy cases.¹⁸ Less simplistically, there was a tactical advantage in blaming Germany's spies for the change in American opinion. It was an evasion of the less palatable truth that there was a growing disgust with fascism in the United States.

With dismay, leading German diplomats wrote off the chances of maintaining good relations with America. Hitler's stance gave no grounds for reassurance. He had once been an admirer of the United States, and for strategic reasons Germany still hoped for American neutrality. But North America figured in his plans for world domination, and his views were plain. In 1938, he denounced America as a "Jewish rubbish heap,"¹⁹ and in the spring of 1941, he assured Japan's foreign minister Yosuke Matsuoka that Germany would intervene "immediately in the event of conflict between Japan and America."²⁰ That promise was made in the hope that Japan would attack the British Empire rather than the United States, but the anti-American sentiment was unmistakable. Hitler knew that Japan's minister for war and soon to be prime minister, Hideki Tojo, held Germany in high esteem and the United States in contempt.²¹

When Germany's diplomats fatefully wrote off the United States as a friend, they did so knowing about Hitler's attitude, and also believing, or pretending to believe, that their country's spies had ended the possibility of continuing friendship between the two nations.

Notes:

1. This essay is drawn from my forthcoming book, *The Nazi Spy Ring in America: Hitler's Agents, the FBI, and the Case that Stirred the Nation* (Washington, DC, September 2020).
2. Christopher Andrew and David Dilks, eds., *The Missing Dimension: Governments and Intelligence in the Twentieth Century* (London, 1984), 1; Christopher Andrew, *For the President's Eyes Only: Secret Intelligence and the American Presidency: From Washington to Bush* (London, 1995), 1–5; Stephen Marin, "Why Strategic Analysis Has Limited Influence on American Foreign Policy," *Intelligence and National Security* 32/6 (2017): 725.
3. John M. Murrin et al., *Liberty Equality Power: A History of the American People*, 2nd ed. (Orlando, FL, 1999), 288, 770, 933–6; Paul S. Boyer and others, *The Enduring Vision: A History of the American People*, 6th ed. (Boston, 2009), 288, 770, 933–6.
4. Francis MacDonnell notes that the case prompted President Franklin D. Roosevelt to boost U.S. counterintelligence funding. See MacDonnell, *Insidious Foes: The Axis Fifth Column and the American Home Front* (Oxford, UK, 1995), 137. Raymond Batvinis

remarks on Roosevelt's reaction to the case and notes without comment the German diplomatic reaction to it; see Batvinis, *The Origins of FBI Counterintelligence* (Lawrence, KS, 2007), 24, 255.

5. <https://www.fbi.gov/history/famous-cases/rumrich-nazi-spy-case>.

6. Tolson, "L. G. Turrou . . . remarks," 6 November 1935, FBIT 1/2/1; and Earl Connelley, cited in H. Nathan, efficiency assessment of Turrou, 4 November 1931. FBIT refers to the FBI file on Leon Turrou, obtained via Freedom of Information Request No. 1366027-000. The sequential numbers identify Files, Sections and Serials.

7. Leon G. Turrou, "An Unwritten Chapter," a typescript that Turrou offered to "the next edition of the ARA [American Relief Administration] 'Review,'" enclosed with Turrou to Brooks, 12 September 1926, in Collection no. YY545, Hoover Institute Library, Stanford, CA.

8. *New York Times*, December 1, 1938.

9. Clint Richmond, *Fetch the Devil: The Sierra Diablo Murders and Nazi Espionage in America* (Lebanon, NY, 2014), 317.

10. Hoover, Memorandum for Mr. Tolson, June 30, 1938, FBIT 1/2/1.

11. Batvinis, *Origins*, 54.

12. Douglas M. Charles, J. Edgar Hoover and the Anti-interventionists: *FBI Political Surveillance and the Rise of the Domestic Security State, 1939–1945* (Columbus, OH, 2007), 3.

13. David Reynolds, *From Munich to Pearl Harbor: Roosevelt's America and the Origins of the Second World War* (Chicago, 2001), 92.

14. Arthur L. Smith Jr., "The Foreign Organization of the Nazi Party and the United States, 1931–39," in *Germany and America: Essays on Problems of International Relations and Immigration*, ed. Hans L. Trefousse (New York, 1981), 179; Warren F. Kimball, "Dieckhoff and America: A German's View of German-American Relations, 1937–1941," *The Historian* 27 (February 1965): 219.

15. Welles, Memorandum of conversation, November 1, 1938, *Foreign Relations of the United States Diplomatic Papers, 1938, The British Commonwealth, Europe, Near East, and Africa, II*, eds. Matilda F. Axton et al. (Washington, DC, 1954), Document 359.

16. Thomsen memorandum for Reich Minister of Foreign Affairs Joachim von Ribbentrop, 22 May 1940, *Documents on German Foreign Policy, 1918–1945: From the Archives of the German Foreign Ministry* (London: HMSO, 1949–1983), Series D, IX, Document 299.

17. Ribbentrop-Canaris meeting reported by the new head of the American desk at the *Abwehr's Berlin headquarters*, Friedrich Busch, in "History of the Special Intelligence Service Division" (1947), II, 435, FBI Vault.

18. One exception was an oblique mention in the *Hamburger Nachrichten*, 19 June 1938.

19. Hitler is quoted in James V. Compton, *The Swastika and the Eagle: Hitler, the United States and the Origins of the Second World War* (London, 1968), 17.

20. Hitler is quoted in Brendan Simms, *Hitler: Only the World Was Enough* (London, 2019), 413.

21. Courtney Browne, *Tojo: The Last Banzai* (London, 1967), 25.