

An American Perspective on Lolle Smit ¹

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In the history of Second World War espionage, the story of the activities of the Dutch businessman Lolle Smit (cover name *Peters*) is important. Why? Well, not many British agents had a source reporting from Goering's office! Despite this, until my essay "A Friend in Need"² celebrating the man appeared in August 2010, virtually nothing had been written about this particular Scarlet Pimpernel. Nor does his name intrude anywhere in the official history of SIS by Professor Jeffery. Yet in spite of the yawning silence, the fact remains that Lolle Smit was awarded an OBE at the end of the war in recognition of his important work on behalf of the British Special Services. For me, this was the clincher, the true measure of the value placed on Smit's work by those best placed to judge, namely the evaluators of British Intelligence. It took place at a time when such awards still commanded general respect and were not given lightly. Alan Turing, it will be remembered was also awarded an OBE. It may be claimed -rightly - that Smit's contribution to the intelligence war was in no way comparable to that of Turing and that Turing deserved something more than an OBE. But there is another factor to be taken into account. Cocooned at Bletchley, Turing was not immediately exposed to mortal danger. Smit on the other hand most certainly was on a daily basis – remember that he had no kind of diplomatic cover to fall back on- and the great courage he displayed in his important secret service activities deserves to be remembered in Britain. The British citation [See **Documentary Appendix (A)**] sent to the Dutch Government in fact says it all.

Somewhat disappointingly given the fact that I had conscientiously placed the record of Lolle Smit's work freely in the public domain as an act of homage to the man and with a view to making his contribution better known, the British Press has continued to show not the slightest interest in this truly fascinating story while at the same time carrying from time to time articles devoted to agents whose stories had been told long ago or who had been in reality of much lesser significance than someone like Smit. In addition while many of the agents whose stories have surfaced were employed in counterespionage activities, Smit was an example of an agent of *positive* intelligence whose role was to seek out tightly controlled enemy information that would be useful not simply to the British counterespionage authorities but to the British armed services in general. This distinction is an important one to keep in mind, since otherwise espionage becomes merely an incestuous game of spies fighting spies.

My charting of Lolle Smit's activities was an example of pure archival detective work. The only occasion I strayed from the world of open archives was after writing my account when I endeavoured to receive some confirmation from a learned friend who shall remain nameless, that what I had written was not wildly at odds with what was officially known. But the truth is that in every account of espionage activities there are always inevitable gaps and areas of darkness and ambiguity. The case of Lolle Smit was no different. It therefore gave me particular pleasure to discover that the CIA had declassified certain files that contained independent evidence testifying to the value of

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² See among the earlier posts on this site. It will be assumed that readers of the present remarks are thoroughly acquainted with this earlier essay.

Lolle Smit's activities as well as a number of crucial new facts. The files released were concerned with Robert Bishop who had been placed in charge of OSS X-2 work (counterespionage) in Bucharest in the autumn of 1944 when the Romanians staged a coup, turned their arms against the Germans and opened the way to the Red Army. Bishop was an energetic officer but one who would find himself soon in conflict with his commanding officer Colonel Ross. I hope in a later essay to return to examine some of the charges against Bishop but for the time being I would simply point out that he was highly indebted to Lolle Smit's cooperation from the very beginning of his time in Bucharest. Indeed he co-operated not only with Lolle Smit but also with Lolle Smit's future son-in-law, Thomas Hogg of the Gordon Highlanders who was attached as an intelligence officer to the British Control Commission in the Romanian capital. Smit's greatest service to Bishop was in turning over several of his own important German agents to the American to assist in the processing of documents from the German Legation in Bucharest and in interviewing former members of the Legation staff.

Let me now comment briefly on various specific points relating to Smit and his subagents which arise in Bishop's account of X-2 activities in Bucharest.

First of all, Bishop usefully confirms Smit's prewar contact with the US. Office of Naval Intelligence and in particular with Lieutenant Commander Melvin Hall, the US Assistant Naval Attache in Turkey. A new fact produced by Bishop is that the American connection was continued afterwards for a time through the US. Minister to Romania, Mott Gunther. Bishop is correct in pointing out that both U.S. Military Intelligence and the OSS were independently involved in talks with the senior management of the Philips Company during the war about exploiting the Dutch firm's network of European offices for intelligence purposes. The initiative had been taken at the end of 1941 by Nathan H. David who was at the time employed in the Office of the Coordinator of Information, Donovan's berth before taking charge of the newly created OSS. U.S Army Intelligence came somewhat later to the feast and as is fairly typical in such circumstances, a turf war soon broke out about who was to have the monopoly on contacts with Philips. Be that as it may, Smit's own intelligence activities clearly predated all such general agreements as his co-operation with Hall and Gunther show. Furthermore, it is clear from the Citation reproduced in the Documentary Appendix that British Intelligence was receiving important information from Smit already in 1940 before the Americans had entered the war. Although Smit worked smoothly with the Americans, he remained a British controlled agent. Bishop describes the Dutchman as the "Chief ISLD man" in Romania. ISLD (Inter-Services Liaison Department) was simply an alternative designation used by the SIS particularly for its operations out of Cairo which extended to Turkey and the Balkans. Bishop provides another new piece of information in stating that Smit's British contact in Turkey was a Major Ellerington. The name Ellerington does not occur in Keith Jeffery's official history but Nigel West in his book on MI6 mentions "a Romanian section headed by Arthur Elrington[sic]" as part of the SIS station at Istanbul.

Elsewhere Bishop points out Lolle Smit's ability and willingness to provide him with information about the location of various specialised German military and industrial installations such as the position of the main Abwehr radio station for South-East Europe and of factories producing parts for the V1 and V2.

Finally, Bishop notes that the Dutchman had formed surprisingly good relations with the Russian authorities in Romania.

For me, by far the most interesting material in the Bishop report is the excerpt devoted to Ernst Schmitz and his wife, who also turn out to be identical with "the Schmidts" described in the crucial British telegram reproduced in Documentary Appendix B. For those who like their spies to be professionally cunning but at heart simple good guys working for the right side, Schmitz may prove a hard pill to swallow. In the 1920s, *Reichsbahn Zentrale für den Deutschen Reiseverkehr* (RDV) decided to expand its

publicity activities in North America and in 1925 Ernst Schmitz was appointed head of its main office, the German Railroad Information Office at 11 West 57th Street , New York , a rather splendid residence with an interesting history.³ Branch offices were also established in Chicago, San Francisco and Montreal. This publicity network had the entirely reasonable aim of encouraging an increase in visitors from North America to Germany. For this purpose, the German Railroad Information Office made available visual material , showed films and encouraged lectures on cultural and scenic themes in order to stimulate interest. Problems inevitably arose after 1933 when the Office was increasingly seen as the extended arm of the Third Reich . Schmitz himself found himself closely watched and when such entities as the Special Committee on Un-American Activities got into their stride, Schmitz was billed as a key player in the Nazi propoganda machine in North America. From having been a good German-American in the 1920s, he had become a Prince of Darkness, a position hardly improved by the interception of a letter from Schmitz to a certain Dr Manfred Zapp of Transocean News Service, inviting Zapp to a meeting being held 11 West 57th Street , “where a number of people of the Intelligence Service of the Rome-Berlin Axis” would be meeting at Schmitz private apartment on the third floor. ⁴ In June 1941, on the instructions of the President, Schmitz and his colleagues at the German Railroad Information Office were told it was time to wind up their business and go home.⁵



Ernst Schmitz (in dark suit) in action at the German Railroad Information Office

3 See the URL <http://daytoninmanhattan.blogspot.co.uk/2014/05/the-lost-juillard-mansion-no-11-west.html> accessed on Nobel Day, December, 2015.

4 I have not seen the intercepted letter and it is not clear what language it was written in. If in German, it may not in fact have been quite so dramatic as the English translation suggests. While the phrase "Geheime Nachrichtendienst" certainly means Secret Intelligence Service the term "Nachrichtendienst" can denote merely an Information Service like that supplied by journalism. So what Schmitz may have been alluding to was simply a meeting of Italian and German journalists rather than a coven of spies *sensu stricto*.

5 Bishop makes much of the fact that Schmidt had received 'a beautiful letter' from Commander Spafford. However a very different account appears in John Roy Carlson's book *UNDER COVER My Four Years in the Nazi Underworld of America The Amazing Revelation of How Axis Agents and Our Enemies Within Are Now Plotting to Destroy the United States* which came out in 1943. 'Carlson' -in reality the journalist Avedis Derounian, had interviewed Spafford's wife who roundly accused the Schmitz couple of converting her husband into a Nazi and thus causing the breakdown of their marriage.

In order to follow what happened next, it is necessary to make use of a piece of literary identification. In 1948, a book appeared entitled *Russia Astride The Balkans*, published by Robert M. McBride & Co., New York. Its authors were Robert Bishop and E.S. Crayfield. Bishop we know but E.S.Crayfield is a pseudonym. Knowing what we now know, the initial letters E.S. are of course a give-away but for a long time the name Ernst Schmitz was completely unknown to me and I had speculated that the American journalist Frank Stevens who had worked in Romania might be Crayfield although an important detail did not fit. The important detail occurs in the authors' foreword to the book where it is said of Crayfield that after leaving United States in the summer of 1941, he had gone to Berlin where he resumed his old friendship with no less a personality than General Karl Bodenschatz, Göring's representative at the Führer's HQ. This seemed to rule out a lightweight character like Stevens who in any case was non-German: but once I found out that Crayfield was in reality Ernst Schmitz -suddenly, the whole story began to come together :the assertions to be found in the British telegram in Documentary Appendix B about a source Rungswerth in Goering's office and the **STREXL** traffic ; Robert Bishop's assertion about Smit making use of Schmitz to get information from Goering's office and the fact that Schmitz was known to the British as Commander Sprail or Strail⁶ of the Luftwaffe, all this becomes plausible when we learn that Schmitz enjoyed the friendship of Bodenschatz. I should at this point underline that I have found nothing so far to suggest that Bodenschatz himself was an unwitting source far less a conscious source of Ernst Schmitz' information gathering activities. At the same time, if the two men were friends, it is quite possible that Bodenschatz in private conversation may have confided various things about Goering and Hitler. Indeed Schmitt says as much in the foreword to *Russia Astride the Balkans*. For more technical reports, a more likely scenario is that at some stage Schmitz because he enjoyed the confidence of Bodenschatz was in a position to recruit someone subsidiary -the source Rungswerth- in the Goering-Bodenschatz team.

Several mysteries however still remain. Bishop says that in USA, Schmitz was acquainted with Bill Donovan, later head of O.S.S. Has this some hidden significance? In the Strexl telegram, it is stated that Lolle Smit had known Schmitz in New York and was prepared to testify that the German and his wife had always been anti-Nazi. How is this statement to be squared with the fact that the same Ernst Schmitz had acquired in the US the reputation as a willing participant in German propaganda activities ? Had all this been merely an elaborate front to disguise fundamental doubts? Or was it rather that Schmitz was an opportunist who knew which way the wind was blowing? A rush to judgement about such matters is ill-advised. The one thing that an old spymaster knows is the chaos of emotions and motives which well up inside the human heart. The present writer would certainly like to know more about these issues from a better informed source who is invited to contact him at box3775@fastmail.com. The email should be clearly marked Schmitz.

After the war, there is a clear distinction in the way in which Lolle Smit and Ernst Schmitz were thanked by the British. Whereas Smit, as we know, was given an OBE and returned to his work at Philips, Ernst Schmitz was set up in a small import-export business in Italy. One may suspect that he continued to work on the fringes of the secret world. During the war itself, Lolle Smit had worked as an idealistic agent and received no significant financial support whatsoever from either the British or Americans. Schmitz, on the other hand, certainly did receive payment from Bishop in the closing stage of the war. There is also a further basic point to consider. The British citation gives considerable weight to the fact that Lolle Smit's work was bearing fruit already in the years 1940 and 1941, in other words *before* Schmitz had returned to Europe from New York. This would also imply that Lolle Smit had already by this time succeeded in building up his own network of information sources who were able to report on German weapon

⁶ It is perhaps not an accident that both cover names include the word RAIL.

development. Whether this network also included a source near to Goering, we do not as yet know. But it certainly reminds us of a remark in Wallace Banta Phillips report on the network in Romania reporting to Commander Melvin Hall which had "direct connection with a number of important German Officers and has been instrumental in furnishing the best direct military information that I have seen coming from any source."⁷ High praise indeed.

7 Anthony Cave Brown, *Wild Bill Donovan The Last Hero* (London: Michael Joseph Ltd, 1982). See pp176-177.

Documentary Appendix

(A) British citation for the award of the OBE to Lolle Smit as presented to the Dutch authorities.

CITATION.

Mr. Lolle Smit is a Dutch subject and an influential industrialist with widespread connections on the continent. His activities included, inter alia, the Managing Directorship of the Philips Lamp Factories in both Budapest and Bucharest - a situation which placed him in an admirable position for working against the common enemy. This he exploited fearlessly and to the full rendering very valuable service to the Allied Cause.

It has only recently been possible to assess the full extent and true value of his services, notably those rendered in the difficult years of 1940 and 1941. It can now be stated that information supplied by him on new German weapons was extremely useful and undoubtedly contributed to the efficiency of our counter measures and to the lessening of human and material loss.

Mr. Smit's personal reconnaissances - often undertaken in dangerous conditions - were appreciable factors in the estimation of enemy intentions and in the assessing of his strength.

At a later stage Mr. Smit was directly responsible for organising the release and for escape of interned Dutch and British prisoners of war several of whom probably owe their lives to him.

Mr. Smit has worked throughout with utter disregard for personal safety and, needless to say, without hope of material reward. His sustained courage and dogged refusal to give way to despair, even in the darkest moments, were a spur and an inspiration to all in contact with him.

(B) British telegram indicating the services of Ernst Schmitz and his wife . TNA,HS4/129

~~ACTION~~

THIS IS A COPY
ORIGINAL DOCUMENT RETAINED
BY DEPARTMENT UNDER SECTION
3(4) OF THE PUBLIC RECORDS
ACT 1958.

115

TOP SECRET CYPHER TELEGRAM UNPARAPHRASED 3409⁰₄

FROM :- BMM ROUMANIA RECD 291930 AUG '45

TO :- THE WAR OFFICE. D.T.O. 291400. Class C

INFO: C IN C MIDDLE EAST FOR ISLD
A.F.H.Q. FOR ISLD.
INSTANBUL FOR ISLD (AFHQ PASS INSTANBUL).
RW
RWR
RWX

IMPORTANT.

RAC 2348/6027 CIPHER 29 AUG. TOP SECRET.

YOUR 67786(C.A.6) AUGUST 20TH.

PARA 1. REQUEST YOU RECONSIDER YOUR DECISION. SEE PARA 3
ISLD INSTANBUL UNNUMBERED TELEGRAM 25TH JULY.

PARA 2. PETERS STATES SCHMIDTS DID GOOD WORK FOR ALLIED
CAUSE DURING WAR. MRS SCHMIDTS MADE THREE TRIPS TO BERLIN AND
CONTACTED RUNGSWERTH GERMAN AIR FORCE WHO WORKED IN GOERINGS
PRIVATE OFFICE. SHE BROUGHT BACK VALUABLE INFORMATION WHICH
WAS PASSED ON UNDER NAME STREXL. MR. SCHMIDTS RENDERED
SIMILAR SERVICES AND BOTH RISKED THEIR LIVES SEVERAL TIMES.

PARA 3. PETERS KNEW THIS COUPLE IN NEW YORK AND STATES
THEY WERE ALWAYS ANTI - NAZI.

PARA 4. THEY CAN GET TO VIENNA OR BELGRADE UNDER OWN
ARRANGEMENTS WITH WHICH WE HAVE NO CONCERN. ALL THEY ASK IS
THAT WHEN THEY ARRIVE OUR AUTHORITIES MAY BE INSTRUCTED TO
RENDER THEM ASSISTANCE. WE CONSIDER THIS REQUEST REASONABLE.

C.6. TELS. TO :- M.I.6 FOR ACTION.

31/8/45 1342 KWK

(C) Three key excerpts [1]-[3] from the OSS report, Report on X-2 Activities in Bucharest, 25 April 1945, submitted to Commanding Officer by Major Robert Bishop.

[1] Page 4, Paragraph H.

H. Although it is not possible to relate chronologically it is believed worthy of note at this time to mention my contact and work with AD-420. I met him late in September 1944. After a number of social contacts he made it obvious that he was in intelligence work and wanted to collaborate with the Americans. After checking on him with reliable persons; we began to collaborate. His German contacts were excellent and he began to turn them up one by one. It became necessary to have offices and meeting places and to interrogate other Germans taken from the Lagers. We engaged three apartments for this purpose and most of the information which has come from agents numbers approximately from 420 to 428 (approximate) has been processed through these offices. Value and scope of these reports is too great to explain here but it perhaps should be added that it was through this chain that we were in contact with several of the persons who were active in the abortive putsch in Berlin last July and that in addition to valuable X-2 information, we obtained information as to the precise location of plants where the automatic parts of V-1 and V-2 were manufactured, as well as the location of plants where the explosive parts were manufactured. This information was given to the Reports office for forwarding. Another discovery, later confirmed by other sources, was the location of the main Abwehr wireless station for all of Southeast Europe. Also I had AD-420 work with Lt. Bowie of R & A, who was put in touch with important German technicians who provided highly valuable information for bombing.

G. Lolle Smit whose symbol is AD-420 has been referred to previously in this report. So far as the GIS is concerned he has been one of the most important agents and probably the most outstanding in that he has turned up so many leads and persons of interest. Smit is a Dutchman and for many years was a General Motors representative in Europe. Later he became the Director of Philips Radio in SE Europe having ten countries under his control. Acting on orders of Mr. Philips he has placed his entire organization at the disposal of the Allies. I do not know precisely how this operates in other countries but I do know that there is a G-2 connection. Sometime prior to the war Smit had a connection with ONI thru Commander Hall in Istanbul. Later he worked with Mott Gunther, late U.S. Minister to Rumania. After Gunther's death he turned to the British and thru-out the war maintained contact with Major Ellerington in Istanbul. The events of Aug. 23 and the fact that no British intelligence personnel arrived there left him again without a connection and he put his organization at my disposal. He still gives the British information which comes from countries other than Rumania. The British there have shown me their files and cables on Smit. He is the chief ISLD man there and is being recommended for a decoration. When ISLD agents report to the British mission they are immediately turned over to Smit. It was Smit, who has succeeded in maintaining good relations with the Russians, who arranged for me to go to Budapest with him and obtained Marshal Malinovsky's permission but I received orders from Caserta not to go. Smit made the trip alone remaining there for nearly two weeks while our ACC was still stymied in Debreczen. He is now presumably on his way to Vienna having been invited there by the Russians. Smit's connection with me has been a purely personal one and he has refused all offers of compensation other than rental on secret apartments where his people and ours have worked. In addition I

have done as much as possible in the way of gifts such as chocolate, cigarettes, oranges, lemons, coffee, etc.

3] Page 9, Paragraph J.

J. Ernst Schmitz resided in the United States for 33 years including the first world war. He directed the German travel bureau in New York before the Nazis took over and held onto his job later fighting the Nazis as best he could to keep them out of the organization. I do not remember the details but there is a fairly recent report on the subject which includes the world wide picture of this organization. Schmitz knew General Donovan well and I believe had some legal business with him. He has many prominent friends in America. One in particular was the late Commander Spafford, head of the American Legion, who wrote Schmitz a beautiful letter when the latter was required to leave the U.S. in July 1941 when the German Legation was kicked out. After reaching Germany he made his way to Rumania to keep out of the way of the Nazis. He and his wife both worked with L. Smit who was an old friend in getting intelligence out of Germany. Much of it came from Goering's office. Once when Smit was in a tight spot with the Gestapo they succeeded in saving his life. Schmitz in some ways has been my most valuable man in Bucharest as he knows how to collect material from other Germans and how to prepare it in finished form. I have helped Schmitz considerably financially although in dollars it does not amount to much. He is known to the British under the cover name of Commander Sprail or Strail of the Luftwaffe. His symbol is AD-424. A report on him is on file.