

Newsweek

July 7, 1941: p. 14

Spy Crackdown

For the past two years J. Edgar Hoover, chief of the Federal Bureau of Investigation, and his operatives have been just a step behind a far-flung spy ring—shadowing, questioning, probing day after day as they patiently built up a stone wall of evidence. Last week end, they pounced upon and smashed with one blow what Hoover described as “one of the most active, extensive, and vicious groups we have ever had to deal with.”

Staging the greatest roundup of its kind since World War days, Federal agents arrested 24 members of the ring, including three women, in New York, New Jersey, Michigan, and Wisconsin on charges of conspiring to sabotage national defense by furnishing vital secrets to an unnamed “foreign power,” patently Nazi Germany, and revealed that five other members already had been placed behind bars. Of the 29, two were natives of the United States, one each of France, Austria, Russia, Moravia, and South Africa, and 22 of Germany. Eighteen of the aliens had become naturalized Americans or had taken out their first papers.

As valued employes of such firms as the Sperry Gyroscope Co., Westinghouse, Bendix, Ford, Chrysler, United States Lines, and Pan American Airways, Mr. Hoover charged, the suspects were engaged in gathering and selling information concerning arms shipments to Great Britain, the rise of production in defense factories, and the development of new instruments of war. They were said to have employed short-wave radio in communicating with Berlin and to have used coded messages written in secret inks which were relayed to Germany by couriers traveling on American steamers and transatlantic planes.

Among the most colorful prisoners were: *Frederick Joubert Duquesne*, 63, a native of South Africa and a naturalized American; branded as a “professional spy for 40 years”; charged with the murder of three seamen in the sinking of the British steamer *Tennyson* in the World War; named in a book as “The Man Who Killed Kitchener,” the British War Secretary, in 1916; singled out as the “master mind” of the ring. *Axel Wheeler-Hill*, 40, a naturalized native of Russia; brother of James Wheeler-Hill, imprisoned former national secretary of the German-American Bund; in whose Bronx, N.Y., apartment was found a short-wave radio set. *Evelyn Clayton Lewis*, 38, born in Fayetteville, Ark., described as co-director of the band. *Lilly Barbara Stein*, 26, Vienna-born artists’ model, who moved in high social circles and was linked with Ogden H. Hammond Jr., member of the diplomatic service, when the State Department moved to discharge him last March. Hammond admitted that he had known the woman slightly as a “pathetic little creature” when he was vice consul in Vienna and Leipzig, but denied any wrongdoing.

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Duquesne Spy Ring

Twenty-five of the suspects were arraigned in United States District Court, Brooklyn, last Monday on charges of conspiring to violate the Espionage Act of 1917, and seven of them pleaded guilty. All were held in \$25,000 bail each to await action by a grand jury. At the same time, the FBI announced the arrest of three of the ring's couriers, two aboard ships in New York harbor and the third on an American vessel at Santos, Brazil.

Newsweek

July 28, 1941: p. 15

Reich Indictment

Following swiftly on the smashing of a spy ring in this country, a Federal grand jury in Brooklyn, N. Y., last week leveled a unique indictment at the government of Nazi Germany: it baldly accused the Third Reich of conducting, in ten countries stretching from Peru to China, a worldwide espionage plot directed against the United States. As co-conspirators, it named 37 individuals beyond the reach of Uncle Sam and 33 others rounded up in four states last month by the FBI (NEWSWEEK, July 7). Disclaiming any thought of legal action against Berlin, the grand jury cited 65 overt acts in a 39-page document in which it alleged that the men and women now in custody had collected and transmitted to German agents secrets of a "military, naval, commercial, or industrial nature" since 1936. Seven of the conspirators have pleaded guilty, making themselves liable to maximum terms of 22 years and fines of \$10,000.

Another Federal grand jury in St. Paul, Minn., indicted 29 persons in an alleged conspiracy to "bring about the overthrow by force of the government of the United States . . . by an armed revolution." Most of them were members of the powerful CIO General Drivers Union and all were members of the Socialist Workers (Trotskyite) party. Included were the three Dunne brothers, ringleaders of the fatal teamsters' strike in Minneapolis in 1934, and James P. Cannon, national secretary of the party and a former Communist.