

Silicon Valley felt touch of ex-Nazi masquerader

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Nazi hierarchy, into the CIA and finally to the highest levels of American business.

The list of people he knew, some of whom met him through a California high-technology business venture in 1970, reads like a Who's Who. They include Justice William A. Newsom of the 1st District Court of Appeals in San Francisco; Helene von Damm, President Reagan's personal secretary; Thomas A. Franzoli, banker to the Boston Cabot family; Emanuel Fthenakis, Fairchild Corp. senior vice president; Elmer Bobst, president of Warner-Lambert Pharmaceutical Co.; and Alfred Driscoll, former New Jersey governor and Warner-Lambert's chairman.

"I'm nonplussed," Justice Newsom said. "I thought, if anything, Otto had been pro-American during the war."

As a businessman, von Bolschwing was vague about the war years. He said he had been a Gestapo prisoner and had worked for the CIA in postwar Germany.

In 1969, he was asked about his German past during a job interview with Trans-international Computer Investment Corp., a high-flying investment firm that had founded several companies in the Silicon Valley. Von Bolschwing

a group of Palestinian Germans who lined their pockets by certain extramural intelligence activities," according to Hohne, who wrote that von Bolschwing spied on the Zionist Hagana army.

Ejected by British

Ejected from Palestine by the British for espionage, he surfaced in Romania as a government "oil expert." By his own account, in 1941 he helped the leadership of the Iron Guard, a right-wing movement, escape to Berlin after it had gone on a three-day rampage in which many Jews — the estimates vary considerably — brutally were killed.

The same year, he became a partner in an Amsterdam bank, the Bankvoor Oenroerende Zachen. Investigators said they suspect the bank may have played a role in the "Aryanization" — the forced sale — of Dutch Jewish farms, businesses, homes and securities.

In August 1941, von Bolschwing was tossed into a Gestapo prison with no formal charges, and in April 1942 he was just as mysteriously released. In 1945, he helped American troops entering Austria catch Nazi officials and SS officers, according to a letter written for von Bolschwing by a colonel in the 71st U.S. Infantry.

The war over, von Bolschwing



Otto Albrecht von Bolschwing listens to his attorney, Arthur W. Ruthenbeck, making phone call

with his interviewer he had been a lawyer.

"During what years was that?" he was asked, according to a transcript of the interview.

"Until I was thrown in the Gestapo prison . . . in 1942," von Bolschwing responded. "That was not a good experience. . . . One should forget it because it, ah, it only is a negative approach to life to think about bad things."

After a moment's reflection, he added, "I think it would be better to speak about recent times than . . . God knows how many years ago."

Interview prohibited

Who was this ex-Nazi, and how did he prosper in America? Von Bolschwing's attorney would not allow an interview. This account was developed from people who knew him, accounts of Nazi Germany, court records and business files.

Born Oct. 15, 1909, to East Prussian nobility (the family estate was founded in 1302), von Bolschwing attended school in Bresslau and became a Nazi party member at the age of 24, the only member of his family to do so.

He joined the SS, the elite secret police of the Nazis, six years later. According to the Justice Department, as an SS captain he helped plan the exclusion of Jews from the German economy and developed anti-Jewish propaganda to force their emigration from Germany.

In a history of the SS by Heinz Höhne, Von Bolschwing is described as "a party member, an SD (foreign intelligence) informer and an experienced salesman in the motor trade."

In 1938, "he was in contact with

made a move crucial to his future success: He became an American spy.

"He knocked on the door of U.S. Army intelligence," a source explained, "and said, 'I'm experienced, I have a ring operating. If you give me a paycheck, I'll make you very happy.' He was sort of a miniature Reinhard Gehlen."

From SS to CIA

Gehlen was the Nazi SS general who helped the CIA build a spy network in postwar Eastern Europe, then became head of postwar German intelligence activities. According to one unconfirmed report, von Bolschwing became the controller of Gehlen's CIA operation after Gehlen returned to German government.

"He must have done something right," the source said.

In December 1953, von Bolschwing applied to immigrate to the United States, and on February 2, 1954, he arrived in this country. After obtaining several menial jobs, he became a citizen in 1959, and his career took a sudden upward turn.

He became an assistant to the director of international marketing at Warner-Lambert Pharmaceutical Co., developing close ties to the company's president, the late Elmer Bobst, and its honorary board chairman, former New Jersey Gov. Alfred Driscoll, according to a close associate.

"His contacts at Warner-Lambert were way out of proportion with his job," the associate said. "Driscoll continued to write him recommendations for many years."

Developed factory

By the mid-1960s, von Bolschwing had become an executive with

Cabot Manufacturing. As chief financial officer for its Germany subsidiary, he developed a \$50 million carbon black factory for Cabot in Germany.

The deal was financed through Thomas Franzloli, senior vice president of the First National Bank of Boston. Franzloli recalls that von Bolschwing then branched out on his own.

"He was starting a business importing wine from Argentina," Franzloli recalled. "I don't know if it ever got off the ground."

In March 1969, von Bolschwing got a job in high technology. He was retained as an international business consultant by TCI, the Sacramento firm.

The company planned to commercialize on technology developed in the Silicon Valley and used a few years earlier to monitor troop movements in the 1967 Arab-Israeli war, according to the firm's founder, Oswald S. Williams.

TCI's subsidiaries in Palo Alto and Mountain View, Advanced Information Systems, and International Imaging Systems, were developing a high-volume computer network for business and a navigation system for oil tankers, using satellite communications, Williams said.

Helped Defense Department

The company also did classified work for the Department of Defense. "Ours was going to be a sensitive thing," Williams explained. "We all had to have security clearances."

Von Bolschwing was brought in because "we wanted contacts in

Europe and he had them," Williams said.

A TCI memo written in 1969 reported that its new consultant "has extremely valuable connections and information in Germany, Switzerland, Liechtenstein, the Netherlands, Antilles and South America. Mr. Von Bolschwing's connections in these countries are current."

His contacts included officials of the German branch of Chase Manhattan Bank and an owner of the Berliner Handels Gesellschaft in Frankfurt, one of Europe's largest banks, the memo said.

TCI's high-powered directors — one was J. Paul Getty Jr., son of the oil billionaire — thought enough of von Bolschwing to make him the firm's president in 1970.

"He seemed like a very polite and cultured person," said Walter F. Leverton, former vice president for satellite systems of the Aerospace Corp. Leverton sat on the board of TCI.

Told of work for U.S.

Justice Newsom, who traveled as a TCI attorney with von Bolschwing in Europe in 1969-70, said von Bolschwing alluded to wartime work for the Americans.

"He was suave and plausible," Newsom said. "He seemed to have all the credentials. . . . He looked kind of world-weary," recalled Newsom. "He had the long cigarette holder, his hair was slicked back."

Emanuel Fthenakis, who had resigned an International Telephone and Telegraph vice-presidency to sign on with TCI, also traveled with von Bolschwing in Europe,

meeting his banking and industry contacts.

"Otto was very pleasant and soft," Fthenakis said. "He talked about his past of working for intelligence. I don't know if it was the CIA or what. But after the war, he helped the United States and the allies to find Nazis."

Records and interviews with TCI officials indicate that Helene von Damm, President Reagan's Austrian-born deputy assistant, translated some German contracts for TCI and invested \$1,000 in it while she was then-Gov. Reagan's secretary in Sacramento.

Von Damm was "too busy" to talk about von Bolschwing, but through her White House secretary said she knew him "socially" in Sacramento "many years ago."

Syndicate trouble

In 1970, TCI ran into trouble with the Department of Corporations. Several major stockholders were syndicating their stock, selling it to small investors in Sacramento.

"It was the hottest thing in town," recalled Brian Van Camp, now a private attorney but then the commissioner of corporations.

The trading was found to be illegal under a 1968 law requiring security sales to be registered.

The Department of Corporations suspended trading in TCI stock, and in 1972 the Sacramento District Attorney's Office prosecuted several stockholders, calling it "possibly the biggest stock fraud in California history."

Von Bolschwing had not syndicated any stock and his name was not mentioned in news accounts of

the prosecution. He asked for time to bail out TCI with a "a certain financial deal" involving coal mining in Tennessee, according to a Department of Corporations memorandum. But he couldn't do it, and TCI went under.

The business failure rocked von Bolschwing. On its heels, his wife, suffering from a painful illness, took her own life. "He was never the same after that," said an associate.

A year later, he had a new worry.

Justice Department investigators had stumbled across the name of Otto von Bolschwing in 1979 while working on the case of Valerian Trifa, a leader of the Iron Guard's anti-Jewish rampage in Romania.

Investigators had found Trifa in Detroit and in investigating him, they interviewed von Bolschwing. He admitted helping Trifa and other Iron Guard members escape Romania after the 1941 pogrom. But in a sworn statement he denied ever having been a member of the SS, the SD or the Nazi Party.

The investigators came back again last February. This time it was a different story, as the transcript shows.

Question: Were you ever a member of the Nazi Party?

Von Bolschwing: Yes. . . . 1932, I think, through 1945.

Q: Were you ever a member of the SS?

Von Bolschwing: Yes. . . . from 1941 or '42, I don't know.

With those words, the last fragment of von Bolschwing's illusory life in America crumbled.