

Questionable Loyalty: Frederico Stallforth and the Mixed Claims Commission

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In the early morning hours of 30 July 1916, a huge explosion ripped through the Allies' loading terminal known as Black Tom Island. More than two million pounds of munitions went up, and a tremor estimated to be 5.5 on the Richter scale could be felt as far south as Baltimore, Maryland, where the German conspirators Paul Hilken and Friedrich Hinsch knew what had caused it.¹ Other German secret agents, most notably Frederico Stallforth who awoke to rattling windows in his house in White Plains, New York, also felt more a sense of satisfaction than surprise. To the German agents in America, and there were hundreds, the Black Tom loading terminals signified death of German soldiers in France's trenches. As New Yorkers woke to the latest proof that the European war had come home, the sheer magnitude of the explosion left them aghast. Most buildings in Brooklyn and Mid-Manhattan had broken windows, and shattered glass covered the walkways below. Ellis Island was in the process of a full-scale evacuation. Lady Liberty stood but suffered extensive damages under the continuing barrage of exploding shrapnel and artillery shells.² It took days for land- and water-based fire brigades to put out the flames, the fire fighters themselves becoming victims of exploding munitions.


Not surprisingly, newspaper headlines the next day blamed German saboteurs for the explosion, a logical conclusion since German agents had set fire to American factories, logistics installations, and merchant ships for more than a year. Sabotage agents Werner Horn, Franz Rintelen alias Gasché, Gates, and Hansen, Franz Wachendorf alias Horst von der Goltz, Lothar Witzke, and Carl "the dynamiter" Wunnenberg had made headlines when their plots fell apart. The German military and naval attachés Franz von Papen and Karl Boy-Ed had been disgraced and left the country in January 1916. Still, proof that the "Huns" were behind it remained elusive. An accident, so concluded American investigators, seemed more likely. A few night watchmen might have made a fire in a metal drum to ward off mosquitoes thereby setting the explosives off. An electrical short in one of the warehouses was another possibility. There were no witnesses. Nobody saw Germans near the site or had noticed a small boat that night. Police arrested a German suspect, Michael Kristoff, but had to let him go for lack of evidence. Insurance companies refused to


¹ "An Attack that Turned Out to Be German Terrorism Has a Modest Legacy 100 Years Later," *New York Times*, 25 July 2016. The Richter scale was not used at that time. However, scientists have estimated the tremor and concluded that it was somewhere around 5.5.

² Still today, access to the torch of the statue is prohibited because of structural damages the statue suffered in 1916.

pay, citing negligence of the Lehigh Valley Railroad Company, the owners of the site. The real cause of the explosion was not revealed for many years.

German agents ordered, financed, planned, and executed the Black Tom attack. In 1939, the Mixed Claims Commission, set up in 1922 as part of the Treaty of Berlin to settle claims arising from German attacks on U.S. property between 1914 and 1917, researched and ultimately forced Germany to take responsibility for the brazen 1916 attack. The commission consisted of an American agent, under whom lawyers for the claimants, such as the Lehigh Valley Railroad Company, researched and argued their cases. The German agent led the efforts of defending Germany against the claims. An umpire had the power to decide on the validity of the claims. In an amazing twist of historical irony, Frederico Stallforth, one of the leaders of the conspiracy, advised the U.S. attorneys charged with solving the case. At stake was one of the largest claims, \$21 million [approximately \$440 million in today's dollars] for damages, that the United States has ever filed with another country, plus interest which turned out to be another \$29 million [\$610 million in today's dollars].³

The story of Frederico Stallforth is one of those interludes in intelligence history that one would expect to be the brainchild of a novelist or screen writer. This would be a hard story to fabricate. Despite the access the American legal team had to World War I records and despite the clear suspicion if not proof that Stallforth was one of the conspirators and perpetrators of the German sabotage campaign, he gained access to the nuts and bolts of the American legal strategy. If he still worked for the German government at the time, he could have helped Germany counter the American efforts and ruin their case. There are many indications that Germany did just that: sabotage the American case. In the late 1920s German investigators bought off important witnesses like Fred Hermann and Kurt Jahnke. They possibly even faked the death of the American star witness Michael Kristo  April 1928. The question thus begs an answer, whether the American government missed Stallforth's background and allowed a German agent to infiltrate their negotiations, or if the government, fully aware of his history, used him. It took until 1935, before the Mixed Claims Commission papers demonstrated suspicion of Stallforth's trustworthiness.

Born of a German father and a Mexican mother in Chihuahua, Mexico, Stallforth worked the family's mining and banking business until 1913, when the chaos of the Mexican Revolution ruined the business and left the Stallforths in debt. He moved to New York where he dabbled in investment schemes on Wall Street without much success. When World War I started in Europe, the German government desperately sought to raise funds in the United States to corner strategic industries and prevent the Allies from supplying themselves  llforth saw his chance. The multi-lingual,

³ Germany submitted the last payment in 1979, sixty-three years after the attack.

multi-cultural, suave networker quickly gained access to the head of the German clandestine services in the United States, Heinrich F. Albert.

Initially, during the fall of 1914, Albert and his agents tried to interrupt British and French arms purchases by simply buying up available materials and diverting them to Mexico and India. This strategy failed to make a difference, mainly because the German government refused to supply enough cash for the agents to effectively buy up enough supplies on the market.⁴ Germany also had not anticipated the rapid increase of production capacities in the United States. During this period, Stallforth helped another agent, Felix Sommerfeld, conclude large munitions contracts with American companies and divert the supplies to Mexico. He also worked with Bernhard Dernburg, head of German propaganda in the United States, and Heinrich Albert on fund-raising tasks, selling German war bonds and negotiating loans with American banks for the German government. Clearly, Stallforth brought ample experience with him. Within months the Mexican businessman became an important asset for Albert's organization, the Secret War Council. He had important connections to both Wall Street and Mexican revolutionaries.

However, the losses on the battlefields of Europe in the fall of 1914 made loans to Germany an ever-riskier endeavor for American banks. All bets were on the Entente powers. In the spring of 1915, the German government decided to commence a sabotage campaign against American factories and logistics installations. At the same time, German submarines had orders to sink merchant ships, including those with neutral flags. Frederico Stallforth now appeared as a paymaster for German agents.

One of the key reasons for Stallforth's ascent was an embarrassing scandal that happened in the summer of 1915. Heinrich Albert, the head of the Secret War Council, fell asleep on the elevated train in New York after a long day of work. An American secret service agent who had shadowed the German spy grabbed his briefcase and ran away with it. A few weeks later, the contents of the briefcase appeared on the front pages of New York dailies. Albert's role as a spymaster, Germany's efforts to corner specific industries, foment labor unrest, and propaganda initiatives all became public with the briefcase affair.⁵ With his phones tapped, and shadowed anywhere he went, Albert turned the responsibility of distributing secret funds for German sabotage agents over to Stallforth.⁶ Daring, slightly reckless, and with a charming naïveté, he played a key role in the financing of the German sabotage campaign that culminated in the explosion of Black Tom Island in July 1916.


⁴ See von Feilitzsch, Heribert, *The Secret War Council: The German Fight Against the Entente in America in 1914* (Amisville: Henselstone Verlag LLC, 2015).

⁵ See von Feilitzsch, *The Secret War Council*.

⁶ "Re: Frederico Stallforth," undated document 129, file 9140-878, Military Intelligence Division, Record Group (hereafter RG) 165, National Archives and Records Administration (hereafter NARA).

One of the earliest sabotage efforts linked to Stallforth was the attempted destruction of the Welland Canal that linked Lake Erie and Lake Ontario in Canada. The November 1914 attempt failed, and the agents were arrested. U.S. authorities identified Franz von Papen, the German military attaché, as the head of the plot in 1915. The State Department revoked his passport and expelled him. When in January 1916 English authorities confiscated von Papen's personal papers on his way back to Germany, an important check stub came into the hands of American authorities. The document obtained from von Papen implicated the Mexican-German agent. Stallforth testified in an interview with Counselor Frank L. Polk of the State Department in March of 1916 that he recruited and paid the notorious German sabotage agent, Franz Wachendorf, alias Horst von der Goltz in 1914.⁷

Stallforth had endorsed and cashed von Papen's check paying von der Goltz for the mission. He mentioned in the interview with Polk that he personally talked about the validity of the check to von Papen. "I went down to Mr. von Papen's office. . . . I met von Papen and asked him about it and he said the check was all right."⁸ An additional, curious entry exists in Stallforth's company financial records for 1921. Another member of the German sabotage team sent to blow up the Welland Canal, Alfred Fritzen, owed Stallforth a whopping \$5,150 [\$108,000 in today's dollars].⁹ When he borrowed the money is unclear; however, he was arrested in March 1917, and spent the rest of the war in a penitentiary.¹⁰ This sum, rather than the few hundred dollars documented in von Papen's checkbook, may have been the real cost of the Welland Canal sabotage mission. Stallforth's recollections clearly show that the Justice Department's suspicions about Stallforth were correct: He indeed worked on financial matters for the Secret War Council and with von Papen in particular.

Stallforth's activities as a German secret agent came into the open in August 1915. British authorities arrested Andrew Meloy, the business partner who shared offices with Stallforth in New York. He was on his way to Berlin to arrange a loan for a new Mexican faction he supported.¹¹ He carried with him a satchel of papers that belonged to a fellow traveler, Franz Rintelen. The German naval intelligence agent had come to the United States in April 1915 as part of the German sabotage campaign. He established his headquarters in Meloy and Stallforth's offices and plotted his moves from there. Stallforth introduced him to another businessman, David Lamar, who was known in New York as the "Wolf of Wall Street." Under Lamar's tutelage, Rintelen created an umbrella union that organized strikes all over the American rust belt in the summer of 1915. The great Briort strike

⁷ "Re: Frederico Stallforth," 10 October 1936, Box 14, Mixed Claims Commission, RG 76, NARA.

⁸ Stallforth Papers, private collection, courtesy of Mary Prevo, Interview Frank L. Polk with Frederico Stallforth, Washington D.C., 15-16 March 1916.

⁹ *Ibid.*, Financials for Stallforth Inc., 1921.

¹⁰ "7 German Plotters are sent to Prison," *New York Times*, 7 April 1917; Fritzen received an 18-month term.

¹¹ "Re: Rintelen," undated, file 8000-3089, Records of the FBI, FBI Case Files, RG 65, NARA.

literally brought munitions production at Remington Arms and other companies to a standstill. Against his orders Rintelen also inserted himself in Mexican politics, trying to help the exiled dictator Victoriano Huerta to return to power. When the German agent went rogue and already on the radar of American authorities, the German War Department recalled him after only four months. British naval intelligence intercepted him and Andrew Meloy on the way back to Germany in August 1915.

By then Rintelen, who traveled under an assumed name, had a warrant for his arrest pending in the United States. Meloy somehow convinced the U.S. ambassador to Great Britain, Walter Hines Page, to get him released and allow him to continue his travels.¹² Rintelen, however, was not so lucky. After extensive debriefings in England, he was extradited to the United States in 1917. He received four years in the penitentiary in Atlanta. The court charged him for most of what U.S. authorities thought he was guilty of, namely fomenting labor unrest, planning and executing sabotage of American and British ships, and colluding with Mexican emigres to foment border unrest.¹³

Stallforth's name as an associate of both Meloy and Rintelen frequently appeared in the records. U.S. authorities knew he was an active German spy. In the fall of 1915, prosecutors of the Southern District Court of New York hauled him before a Grand Jury. Surprisingly, he escaped trial and conviction. The official record cites lack of evidence and personal hardship. Tragedy had struck Stallforth's life, when his beloved wife Anita became sick in 1915 and died just two years later. In the midst of his legal troubles, he became a widower with the responsibility to care for his two small children.

He narrowly escaped the fate of Rintelen. Unlike the self-absorbed, hapless, and slightly megalomaniac German sabotage agent, Stallforth was flamboyant, smart, culturally aware, and diplomatic. He purposely cultivated the aura of a trustworthy, well-connected, and successful financier. Under investigation for being a German spy, Stallforth hired some of the best lawyers in New York. His network of friends reached deep into the Justice and State Departments, as well as Wall Street. He knew and used people like former Secretary of State Philander C. Knox for his defense.¹⁴ Most importantly, U.S. laws in 1915 did not require foreign agents to register. It was almost impossible to try spies unless they were caught in the act of a crime.

Brazenly, Stallforth continued his work for the German Secret War Council in New York. Virtually under the eyes of American and British agents, he took over one of the last projects Rintelen had organized. When Albert looked out of the

¹² "Re: Frederico Stallforth," undated document 129, file 9140-878, Military Intelligence Division, RG 165, NARA).

¹³ Ibid. See also Franz von Rintelen-Kleist, *The Dark Invader* (London: Lovat Dickson Ltd., 1935).

¹⁴ "Statement of Frederico Stallforth," 22 April 1917, file 8000-3089, Records of the FBI, FBI Case Files, RG 65, NARA.

windows of his offices in the Hamburg-America building on Broadway in lower Manhattan, he could see far in the distance the place where British and French freighters loaded arms and munitions. The loading docks of the Allies across the Hudson in New Jersey were situated on Black Tom Island, the terminal of the Lehigh Valley Railroad Company. Millions of rounds of artillery shells, dynamite, small arms ammunition, bombs, and grenades of all shapes and sizes filled the warehouses, purposely as far away from Manhattan as possible. German agents had long dreamt of blowing the whole thing up. But security was tight.

In the few months when Rintelen worked in the United States, he pushed the idea of sabotaging the Black Tom terminals. He met with the German representative of the North German Lloyd shipping line, Paul Hilken, in Baltimore, also a German naval intelligence agent, who had access to thousands of German sailors and their ships interned for the duration of the war. When Rintelen learned of the German chemist Walter Scheele in Hoboken, New Jersey, and his invention of timed pipe bombs, so-called cigars, the plan took shape. Rintelen wanted the glory of having blown up the New York harbor. After British authorities arrested and imprisoned him, Stallforth volunteered to take over the project. He became the link between Heinrich Albert, the German bomb maker Scheele, and the sabotage cell in Baltimore.¹⁵ When the Black Tom finally detonated, Rintelen was in prison. Under the probing eyes of U.S. authorities and British agents, Frederico Stallforth had written the checks for the sabotage agents and had brought the project to fruition.

In his role as Albert's paymaster, Stallforth also associated with and supplied money to Anton Dilger in Front Royal, Virginia.¹⁶ Dilger prepared anthrax in a lab in Baltimore for German sabotage agents. These agents executed the first known biological warfare attacks by a foreign power on the United States in 1915 and 1916. They inoculated horses destined for Europe in several American ports. The number of animals infected remains unknown but Stallforth reported to the Imperial War Department in August 1915, "the whole United States is upset to-day because the horses are becoming sick. Here in Yonkers during the past few weeks over a thousand horses must have fallen to the ground."¹⁷

Stallforth certainly had reason to fear exposure. American authorities suspected him of being a German agent and had been collecting evidence against him since 1915. When Rintelen arrived from England in 1917 to be tried, Stallforth faced scrutiny as an unindicted co-conspirator. He hired and paid Rintelen's defense lawyer (with money from Heinrich Albert) and even visited the German sabotage agent in prison in New York.¹⁸ American authorities arrested Stallforth in the spring

¹⁵ "Memorandum by H. H. Martin," 2 April 1935, Mixed Claims Commission, RG 76, NARA.

¹⁶ "Testimony of Paul G. L. Hilken, RE: Frederico Stallforth," September 1933, *ibid.* See also "Hilken Diary," *ibid.*

¹⁷ "Report to Imperial War Department," 13 August 1915, File 8000-3089, Records of the FBI, FBI Case Files, RG 65, NARA.

¹⁸ "Statement of Frederico Stallforth," 22 April 1917, *ibid.*

of 1917. In an intense, multi-day interrogation agents of the Military Intelligence Division of the War Department, Naval Intelligence, Justice Department, and Bureau of Investigations squeezed a tell-all statement from Stallforth.¹⁹ Stallforth admitted to his activities for Heinrich Albert in general. He even alluded to his role in the Black Tom explosion and the anthrax attacks by Dilger.

Seemingly caving to the immense pressure his interrogators put him under, Stallforth interpreted German code words for them, implicated Heinrich Albert, Franz von Papen, Karl Boy-Ed, Franz Rintelen, and David Lamar.²⁰ Of course, all the people he informed on were either arrested or back in Germany at that time. American authorities now received a detailed inside view of the operations of Heinrich Albert's organization from Stallforth. He testified on projects ranging from influencing politics, to creating shortages in American industries, engaging in propaganda, creating unrest along the Mexican border, massive labor unrest, and fire-bombing of American ships and factories.²¹

Again, Stallforth received a pass. The German diplomatic corps, including Albert, who officially was the German commercial attaché, left for Germany after the U.S. declaration of war in April 1917 just when the interviews with Stallforth took place. The remaining German secret service personnel other than Felix Sommerfeld left to either Germany or Mexico. Rintelen and a handful of German agents that British and American authorities had arrested were tried and sentenced. Amazingly, considering how much evidence existed against Stallforth, he neither went to jail nor internment at this time.²² He was paroled on 28 April 1917 with a \$500 bond.²³ In June the court raised the initial bond to \$5,000. The director of the Bureau of Investigations, A. Bruce Bielaski, wrote to his assistant, William M. Offley, on 30 August 1917, "any alien enemy who attempts to conduct business outside of this country in German interests should not be tolerated. I will authorize, therefore the revocation of Stallforth's parole."

Despite Bielaski's efforts, Stallforth remained free, likely because of his cooperation with investigators. In a letter to the Attorney General, the Assistant Attorney Raymond H. Sarfaty reported, "I believe that he has truly and candidly answered the questions proposed to him, although he did not volunteer any information except where specifically asked."²⁴ Treading carefully, Stallforth worked on legal business ventures in New York during 1917. In January 1918, after more interrogations, he headed to Fort Oglethorpe, Georgia, for internment.

¹⁹ Ibid. Also "Re: Frederico Stallforth," undated, file 9140-878, Military Intelligence Division, RG 165, NARA.

²⁰ See for example "Mr. Stallforth's answers to questions asked by Mr. Bielaski and Mr. Offley," memorandum, undated, file 8000-3089, Records of the FBI, FBI Case Files, RG 65, NARA.

²¹ "Statement of Frederico Stallforth," 22 April 1917, *ibid.* Information includes reports Stallforth filed with the Imperial War Department concerning his activities in the summer of 1915.

²² *Ibid.*



²³ "Application for Parole of German Enemy Alien," 9 June 1917, file 9-16-12-97, Department of Justice, RG 65, NARA.

²⁴ Special Assistant to U.S. Attorney Raymond H. Sarfaty to Attorney General, 23 April 1917, *ibid.*

Felix Sommerfeld, who remained unidentified as a German agent, joined him in June. Both stayed there until the end of 1919.

As a German agent, Stallforth played a pivotal role in German clandestine operations first against the Allies and then against the United States. Arrested on multiple occasions, interrogated but never convicted of sabotage, treason, or espionage, Stallforth's name appears repeatedly in U.S. Justice Department files. After the brief internment as an enemy alien, Stallforth worked as a translator for the Dawes Commission in 1923. In 1925, he started working for Harris, Forbes and Co., an investment bank in Boston with significant investments in Germany. Just before the crash of 1929, Stallforth maintained an office in Berlin and worked with his fellow World War I spy, Felix Sommerfeld, as a champion for unencumbered international trade with Germany.²⁵ Stallforth received a commission to negotiate with the German government on behalf of the Mixed Claims Commission on 11 September 1935.²⁶ Heinrich Albert, who had risen to Minister of Reconstruction and later Secretary of the Treasury in Germany in the early 1920s, now worked for a law firm which Stallforth retained.

Nowhere in the files of the Mixed Claims Commission is there an interview between the American team and Frederico Stallforth. One would expect that to be a logical move once the depth of Stallforth's involvement in the German sabotage campaign became known. Lawyers for the Mixed Claims Commission collected statements from Paul Hilken, Friedrich Hinsch, Franz von Papen, Franz Rintelen, Heinrich Albert, and many more, all with the purpose of understanding the organizational structure of the 1916 attack. Why not Stallforth?

Amos J. Peaslee, the chief counsel for the Lehigh Valley Railroad Company, knew Frederico Stallforth "since about 1912."²⁷ He hired him as a negotiator for the American team in 1935 after their strategy to win the sabotage claims had virtually collapsed. The main witness and only known perpetrator of the bombing, Michael Kristo  had disappeared, and according to German authorities he died in April 1928. Edwin B. Parker, the umpire of the commission, died in 1929. His successor, Roland W. Boyden, stayed only for a year. He was eventually replaced in 1932 by Owen J. Roberts of the U.S. Supreme Court. By 1935, amidst the fervor of German nationalism  Hitler government had all but ceased cooperation with the American legal team.

In September of that year, 1935, Stallforth received a commission from the American agent to contact Heinrich F. Albert, the former head of the World

²⁵ Stallforth Papers, private collection, courtesy Mary Prevo. Stallforth rented an office in the Hotel Bristol, Berlin in the late 20s and 30s. Carey McWilliams to Felix Sommerfeld, 8 April 1930, Box 1, Ambrose Bierce Correspondence, Papers of William McWilliams, University of California at Los Angeles. Sommerfeld's last known address in 1930 is the same.

²⁶ "Stallforth v Commissioner," 6 T.C. 140 (1946), Docket No. 5926, Records of the Internal Revenue Service, RG 58, NARA.

²⁷ *Ibid.* This claim seems to be incorrect. Stallforth moved to New York in 1913 and there seems to be no Mexican connection between Peaslee and Stallforth. Most likely they met socially in New York between 1913 and 1917.

War I era German Secret War Council in New York. This was not the first time Stallforth became involved on behalf of the American side. In 1926, he opened a line of communication for the American legal team to the chancellor of Germany, Gustav Stresemann, whose Secretary of Reconstruction was none other than Heinrich Albert. In the subsequent negotiations, Stresemann seemingly supported the American efforts to settle the sabotage claims but refused to enter into an agreement a few months later. The chaos of the 1929 stock market crash and a virtual collapse of the German economy followed. In 1933, the National Socialist German Worker Party (NSDAP) took power and Adolf Hitler became German chancellor and president a year later. The American lawyer for the Lehigh Valley Railroad Company, Amos Peaslee, patiently waited for another run at it. In 1935, he saw that chance. The German economy was recovering, and Stallforth, in conversations with the lawyer, touted his connections to major players in the Hitler regime.

The commissioners turned all documents in their possession over to Stallforth. This might have been the first time Stallforth saw all the evidence the American lawyers had on him. He negotiated a fee of five percent for settling the claims within a year.²⁸ The negotiations took more time, however, Stallforth's efforts and his connections with major players in the German government including Reichsmarschall Hermann Goering, Foreign Secretary Joachim von Ribbentrop, Ambassador Ulrich von Hassell, Ambassador (and former Chancellor) Franz von Papen, President of the Reichsbank Hjalmar Schacht, and the colorful Airforce General Ernst Udet paid off.²⁹ In October 1939 the umpire ruled that Germany was indeed responsible for the sabotage claims. However, Hitler opposed the judgement and no money flowed until 1953. Stallforth, who had tirelessly worked to help create this settlement, only received a pittance for his efforts. Instead of a percentage [over \$1 million, approximately \$18 million in today's dollars], he received a payment of \$38,000 from Peaslee and \$2,500 from the other claimants.³⁰

The question of whether Stallforth was a German agent at this juncture, when the American team shared all they had with him, is critical. Considering the huge fee and potential financial reward Stallforth had negotiated for himself, his loyalties were likely materialistic and less nationalistic. The most compelling reason Stallforth ever started to work for Heinrich Albert and the German sabotage agents during World War I in the first place was his dire financial situation. His family business had collapsed in the chaos of the Mexican Revolution. In New York between 1913 and 1914 he dabbled in real estate and small-time schemes

²⁸ Ibid.

²⁹ Klemens Von Klemperer, *German Resistance against Hitler: The Search for Allies Abroad, 1938-1945* (Oxford: Clarendon Press, 1992), 212.

³⁰ "Stallforth v Commissioner," 6 T.C. 140 (1946), Docket No. 5926, Records of the Internal Revenue Service, RG 58, NARA.

to make at least some money. Then the World War started and Stallforth saw the possibility of big rewards from people like Albert who had almost \$1 billion of funds [in today's value] to disburse at his discretion. Stallforth also benefited from Rintelen's \$21 million [in today's value] credit, a good portion of which ended in Stallforth's bank accounts. In 1915 he could afford to buy a new house in White Plains, New York and was known for his fast cars. After the war, in his work with the Boston investment firm Harris, Forbes and Co., Stallforth capitalized on his extensive networking skills to help promote German-American economic ties.

The Mixed Claims Commission posed another, potentially lucrative opportunity to monetize his German and American networks. By the mid-1920s the Federal Statute of Limitations eliminated any danger of legal jeopardy for him personally. With the compromising knowledge he had of the sabotage efforts and role of people like Heinrich Albert and Franz von Papen he had a recipe for making a lot of money. The American lawyers never interviewed Stallforth simply because there was no need. John McCloy, Amos Peasley, Harold H. Martin, and the other lawyers on the American legal team had purposely hired Stallforth because of his knowledge and background to press the German side into a settlement. The case did not break in 1939 because of new evidence. It was Stallforth as a member of the American team and with lots of "Kompromat" who forced a settlement.

The strongest evidence that that the American lawyers had Stallforth fully under control is contained in a few memoranda in the mid-1930s. Sir William Reginald "Blinker" Hall, Great Britain's Director of Naval Intelligence during World War I, supported Stallforth to be hired and advised the American lawyers in 1935 on how to deal with him: "If I might venture to say so, the handling of Stallforth will have to be very carefully done but I rather feel that you will have in him a key to many things if you can get him to talk."³¹ A memorandum dated 9 April 1936 from Harold H. Martin, acting U.S. agent before the Mixed Claims Commission, reported that Stallforth was negotiating on behalf of "certain parties close to high officials in the German Government and the attitude of those officials with respect to arrangements that might be effected for the settlement of the sabotage claims."³² Stallforth continued to work on the U.S. government's behalf. In 1941, he briefly hoped to negotiate a settlement between Germany and the United States that would prevent a U.S. entry into the war. He also informed American officials on the attitudes of important German players in the Hitler regime, and, most notably, members of the resistance. In 1942, he joined the O.S.S.³³ After World War II he remained an agent for the C.I.A. until he died in 1960.

³¹ "Re: Stallforth," 7 August 1935, Memorandum by H. H. Martin, Mixed Claims Commission, RG 76, NARA.

³² "Re: Stallforth," 9 April 1936, Memorandum by H. H. Martin, *ibid*.

³³ Stallforth Papers, Private Collection, Courtesy Mary Prevo, Stallforth commission and code book.