

CASE SUMMARY: NAVY CONTRACTOR Subject Company. It was also suggested that the Office of Procurement and Material that the information be called to the attention of the War Production Board which, at the time, controlled financing a new plant for Subject Company in Tennessee.

SUBJECT: ROHM & HAAS CO., The investigation, the Alien Property Custodian had increased the Philadelphia, Pa. services on the offices of Subject Company. While the importance and primary necessity of Subject Company's production inhibited the Bureau. On 24 April 1942, the Bureau of Aeronautics requested that an investigation be made to determine the qualifications of Subject Company for classified aeronautical contracts. In addition, the Coordinator of Research and Development determined to continue only such contracts with Subject Company. Investigation revealed that the founders of Subject Company, Dr. Otto Rohm and Otto Haas, were both born in Germany in or around 1872, and in 1907 became partners in a chemical enterprise at Darmstadt, Germany. In 1909 Haas came to the United States and established an American branch of the firm which he incorporated under Delaware law in 1917. Haas became a naturalized citizen in 1923, while Dr. Rohm remained in Darmstadt, where he managed the firm's European affairs.

Through cross licensing of patents and cartels with I. G. Farben Industrie, the Nazi chemical and industrial octopus, Subject Company by 1939 had become the exclusive manufacturer of plexiglas for North and South America, while its German counterpart had a similar monopoly in Europe. Haas' interest in the German Branch of the organization occasioned several trips to and from Germany, the last of which occurred in December, 1939 on the occasion of his partner's death.

An analysis of certain expenditures made by Haas during the years 1939 to 1942, inclusive, disclosed contributions aggregating in the amount \$2100.00 to Rev. Kurt E. Molzahn, of Philadelphia, who, at that very time was engaged in subversive activities on behalf of the German Reich and who, as a result of such activities, was sentenced to ten years imprisonment on 25 August 1942, in Hartford, Connecticut for violation of the U. S. Espionage Act of 1917. Further expenditures in the form of loans and aggregating in the amount of \$55,000.00 were made by Haas in 1939 and 1940 to one Ferdinand Kertess, who used the proceeds to finance shipments of methanol to Argentina for distribution under German trade names. Kertess was convicted on four indictments and on 2 July 1943 sentenced to six years imprisonment and a fine of \$4,000.00 on charges of violating the U. S. Espionage Act of 1917, as well as transporting rare strategic materials to Germany in violation of the Export Control Statutes.

As the foregoing information was developed, it was disseminated to the Bureau of Aeronautics and Military Intelligence Service, since Subject Company manufactures over two-thirds of the plexiglas units (blisters) which are installed on virtually all Army and Navy planes and through such contracts might ascertain the rate, volume, and type of American aircraft production at any given time. The information was also disseminated to the Alien Property

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Custodian who had confiscated the Rohm interest in Subject Company. It was also suggested that the Office of Procurement and Material that the information be called to the attention of the War Production Board which, at the time, contemplated financing a new plant for Subject Company in Tennessee.

As a result of the investigation, the Alien Property Custodial has increased the number of its supervisors at the offices of Subject Company. While the importance and primary necessity of Subject Company's production inhibited the Bureau of Aeronautics and the War Production Board from interfering with the existing contracts, it was determined by both agencies to adopt stricter security precautions in future relations with Subject Company. In addition, the Coordinator of Research and Development determined to continue only such contracts with Subject Company as would entail the release of little or no classified information and the provost Marshal General's Office, War Department has been exercising closer supervision over subject Company's personnel from a security standpoint.

Through cross licensing of patents and contracts with German industries, the Nazi chemical and industrial sectors, Subject Company by 1939 had become the exclusive manufacturer of Plexiglas for North and South America, while its German counterpart had a similar monopoly in Europe. Haas' interest in the German branch of the organization concerned a steel pipe to get from Germany, the loss of which occurred in December, 1941, and the location of his company's plants.

An analysis of certain expenditures made by Haas during the years 1939 to 1942, inclusive, disclosed contributions aggregating in the amount of \$100,000 to Kurt H. Lehmann, of Philadelphia, Pa., an agent very active in subversive activities on behalf of the German Reich and who, as a result of such activities, was sentenced to two years imprisonment on 25 August 1942, in Hartford, Connecticut for violation of the U. S. Espionage Act of 1917. Further expenditures in the form of loans and aggregating in the amount of \$1,000,000 were made by Haas in 1937, and 1940 to one Ferdinand Lettsch, who used the proceeds to finance shipments of material to Argentina for distribution under German trade names. Lettsch was convicted on four indictments and on 2 July 1943 sentenced to six years imprisonment and a fine of \$1,000,000 on charges of violating the U. S. Espionage Act of 1917, as well as transporting war strategic materials to Germany in violation of the Export Control Statutes.

As the foregoing information was developed, it was disseminated to the Bureau of Aeronautics and Military Intelligence Service, since Subject Company manufactures over two-thirds of the Plexiglas units (Lilistars) which are installed on virtually all Army and Navy aircraft and through such contracts might ascertain the make, where, and type of American aircraft production at any given time. The information was also disseminated to other reports.

*[Handwritten signatures and notes]*

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