

II. Organization of German Group of Porto by Kurt DITHMER

1. Kurt Dithmer lives in Porto, Portugal. His business address is Rua Barao de Nova Sintra, Porto. His country residence, which is also used for official and personal affairs, is Quinta do Monte, Ermezinde. He was born in Germany on either 4 July 1904 or 23 July 1905. He has a wife, Minnie, still living in Germany with their son. His wife evidently moved from Vienna to Berlin, where just before the collapse of German resistance she was moved to the countryside near Berlin. Dithmer came to Portugal, for reasons stated below, sometime between early 1940 and late 1941. In Portugal his personal circle includes his mistress, Lina de Sousa, a friend from the same firm in Germany, Konrad Zembrod, and his chauffeur, Antonio Martins. His business associates, now designated "the German Group of Porto" are given below.

2. In Germany Dithmer had worked for many years with one of the most important light-metal firms, Gesellschaft fuer Elektrometallurgie - Dr. Paul Gruenfeld. Gruenfeld was the President, and was a Jew who had been retained by the Nazis as long as possible, probably under the W. W. J. (Wirtschaftlich Wichtiger Jude - economically important Jews). In 1938 the Reichswirtschaftministerium "aryanized" the firm and authorized its sale, allegedly at a loss, for 6,849,443 RM. A report from FEA states that the sale was made to a partnership of Dr. Heinz Gehm and Paul Pleiger, although subsequent information indicates that the purchasers were: Vereinigte Stahlwerke, and Deutsche Edelstahlwerke, with the two men appointed to the control of GFE. Gehm is President of Deutsche Edelstahlwerke, a subsidiary of Vereinigte Stahlwerke, and a director of Vereinigte Stahlwerke. Pleiger is President of Reichswerke, A.G., fuer Erzbergbau von Eisenhuetten Hermann Goering, Berlin. It is reported that the name was changed to Gesellschaft fuer Elektrometallurgie - Dr. Heinz Gehm, but as late as 1945, it is referred to in company cables as GFE - Dr. Paul Gruenfeld. The retention of the Jewish name, particularly for foreign commerce is not unusual, when the name is well-known in the particular field.

3. Gruenfeld's son, Herbert, apparently left Germany shortly before the war, and established himself in London, in the Scandanavian Metallurgical Company. Paul Gruenfeld evidently did not leave Germany until 1940. He was seen in Portugal in the winter of 1940-41, and had just arrived from Germany with a special protective guard of Gestapo. He was headed for Brazil, but may have gone to England. Paul Gruenfeld is believed to have died in 1942 or 1943.

4. It is not certain for whom Dithmer was sent to Portugal, whether by Gehm or Gruenfeld. The presence of Gruenfeld in Portugal as late as the spring of 1941, and his prior inclusion with ROWAK in the discussions for the

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acquisition of mines abroad, would indicate that Dithmer went while Gruenfeld was still connected with the company, at least in an advisory capacity. It is certain that many mines were acquired before the ROWAK-sponsored program came into effect, so that Gruenfeld could have made the initial steps, but Gehm would have been responsible for sending Dithmer. Both Hans Weber, a former associate of Dithmer, in a letter to Switzerland, and Dithmer in an interview stated that the mines rightfully belonged to the Gruenfelds and were unrightfully taken by the Nazis. Weber asserts that the despoiling was done at the instigation of Gehm and Dithmer. Dithmer, on the other hand, hinted that he was in touch with Gruenfeld (presumably Herbert), and that the mines would be restituted to their rightful owners.

5. For whomever he came, Dithmer immediately set about acquiring mines and mining companies. German capital, through Dithmer, acquired a controlling interest in both Companhia Mineira do Norte de Portugal and Empresa Mineira de Sabrosa, shortly after the war began. The first official notice of a change in C.M.N.P. came in April, 1942, and in Mineira Sabrosa in September, 1941. From this time until the wolfram embargo in May, 1944, Dithmer concentrated particularly on the administration of the mines, attempted exports, and the production in Portugal itself of certain light metal alloys. The original funds at Dithmer's disposal undoubtedly came from the Gesellschaft fuer Elektrometallurgie, and it appears that these were used primarily in factories and production, since many mines were already owned by the Germans. In addition, the German Government, through the semi-official trading and holding company, ROWAK, advanced machinery, loans and credits. All exports were bought in Portugal first by the ROWAK - Sofindus subsidiary, Mineira Silvicola, and shipped through them to the wolfram and light metals "Ring" in Germany. The leader of this "Ring" was the Gesellschaft fuer Elektrometallurgie. The Deutsche Edelstahlwerke, one of the major ferro-alloy producers in Germany was also a strong force in the light alloys Ring. The international connections between the foreign subsidiaries of Deutsche Edelstahlwerke, the "Marathon" companies, with the foreign subsidiaries of GFE are the subject of the next part of this section. During this entire period relations with Deutsche Edelstahlwerke, GFE, and the Scandanavian ferro-chrome producers were very close.

6. At this time, Dithmer's closest collaborators appear to have been Konrad Zembrod, who came with him from Germany and is a personal friend, August Hauser, who may also have come with Dithmer from Germany, Hans Weber, at this period in C.M.N.P., and Heinz Weber, the head of Mineira Silvicola and the ROWAK paying agent in Portugal. Most of Dithmer's Portuguese associates were in the mining companies, and included Jose Pinehiro, Joaquim Mendes, Jose Antonio Alves Ferreira de Lemos, Artur Penetra, Jr., Abrantes Jorge, and Jorge de Abreu.

7. Even as early as 1941, when Konrad Zembrod negotiated the control over the Fabrica de Tecidos "Bom Pastor", Ltda.,

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the German Group had some interests outside of the mining companies. Certain real estate acquisitions were made, such as Dithmer's estate at Ermezinde. As the German hopes of victory grew dimmer and, particularly with the wolfram embargo of 1944, the pace of acquiring interests apart from mining increased. The funds for these additional purchases and investments evidently came from sums allotted for credits on wolfram shipments or funds sequestered from the mining companies. In addition to the original associates, Dithmer has been working recently with Erich Heinrich Schlimmer, Dr. Souza Machado, Dr. Silva Ramos, Joaquim dos Santos Varela in Lisbon, Karl Loy, Johann Halbriter, Wilhelm Stuve, Werner Ratfisch and the firms, Minnemann Brothers, Hitzemann & Cia., and Marcus and Harting in Lisbon. Because of their role as investigators, purchasing agents, financing or acting as "straw men" for Dithmer, these men have become locally known as members of the German Group, even though some of them are Portuguese.

8. The direction of some of these new interests was consistent with the well-known German techniques of propaganda and control abroad. Clubs, hotels with elaborate sports facilities, arenas and stadiums, and motion picture theatres were an intensive focus of the initial investments of the Group. Dithmer also spent considerable sums of money on his own country estate, enlarging and improving it practically to the point of fortifications. He evidently wanted to have a personal headquarters large enough and secure enough for all purposes of reputation, organization and security. Another technique was the donation of gifts to charities or to individuals for services rendered. Latterly, these gifts have been used for concealment purposes, as was probably the 200,000 escudos reported given to Dr. Silva Ramos in June of this year. Initially, however, the function of donations was propagandistic.

9. The acquisition of personal holdings outside the field of mining became even more accelerated as German military expectations grew more and more pessimistic. As indicated in Section Two, this process was accompanied by a liquidation of the assets of the Group which were obviously known to be German and their conversion into assets concealed by being held in the name of Portuguese. At present the declared assets of the two mining companies have been frozen and the only considerable holdings of the companies are the mines and the KUDI Laboratory, which Dithmer started for general research. Current activity of the German Group of Porto is directed almost exclusively towards solidifying their capital position, assuring the security of their holdings by further concealment and pressure on the Portuguese Government, and attempting to secure the personal position of Dithmer. Dr. Souza Machado evidently has considerable influence with local authorities in Porto and with certain members of the national Government, particularly in the Ministry of the Interior. He made very vigorous efforts to prevent the confiscation of important fixed assets of the companies and to secure the nationalization of Dithmer. In the first he has

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been successful, but Dithmer's nationalization seems very remote. On the other hand, the expulsion of Dithmer with his most active German collaborators seems also remote, particularly since he hopes to be able to re-establish his connections with his former German, but non-Nazi patrons.

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