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Clandestine Habits: The 1920s and the Early 1930s

Document 2

"To the Communist Party of America," 22 February 1923, RTsKhdNI 495-19-608. Original in English. "M" may be Marshal[?].

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To the Communist Party of America.

During the Congress and in the presence of Carr and Marshal, the B.C. decided that out of the sum allocated for 1922, 10,000 dols. should be sent immediately and that 8,000 dols. be retained until the organisation by the C.P. of a book store and the publication of a definite quantity of printed matter. Of the 10,000 dols. Carr took 1,000 with him and two sums of 3,750 dols. were sent to the addresses of Brodsky and Rosenblit respectively and 500 dol. was remitted to the account of the C.P. immediately after the close of the Congress. The balance of the sum due for 1922 will be remitted when the condition indicated above will have been fulfilled.

For 1923 the sum of 75,000 dols has been allocated to you, of which two thirds is to be spent on the legal work of the C.P. We can send you a fourth of this sum, but we have not yet had confirmation of the receipt of the 7,500 dols, nor do we know whether Carr has arrived and handed over the money he had to the C.P. Furthermore we have no address to which to send. In addition to all this M. informs us that the representative present at the Workers' Famine Relief Conference in Berlin did not pay him 10,000 dols. As the Orgbureau is decidedly opposed to any money collected for the work of the organisation of which M. is the head being detained, no money will be sent until this question has been cleared up. We await a reply to this and an account for 1922.

22.2.23
N51

[illegible]

Julius and Armand Hammer

One route for Soviet subsidies to American communism was through the future successful American businessman Armand Hammer. Controversy about his ties to the USSR dogged Hammer for most of his long and fascinating life. He always maintained that

sess., 6 May 1953, pt. 6:328-30; Allen Weinstein, *Perjury: The Hiss-Chambers Case* (New York: Knopf, 1978), 122-23. A case similar to Rosenblitt's is that of Julius Heiman. According to Benjamin Gitlow, Heiman arranged to convert the jewels sent by the Comintern in 1920 and 1921 into cash for the American party. During World War II, Heiman reappears as an associate of Arthur Adams, a Soviet spy engaged in nuclear espionage. Adams escaped U.S. government surveillance in 1941 and disappeared (House Committee on Un-American Activities, *Report on*

he was simply a businessman whose example demonstrated that it was possible to make profits by dealing with a Communist regime. He first established relations with the Soviets shortly after the Bolshevik Revolution, bringing medical supplies to Moscow on behalf of his father's business. Received by Lenin himself, he was soon granted one of the first Soviet concessions for foreign entrepreneurs and manufactured pencils in the USSR for several years. During a later career, he sold Russian artwork in the West. Reestablishing his ties to the Soviet Union in the 1970s, Hammer, then president of Occidental Petroleum, signed contracts with the Soviet state worth tens of millions of dollars.

Comintern records establish for the first time that in the early years of the Soviet regime, Armand and his father were actually an official part of the Comintern's covert financial network. Hammer's father, Julius, was a founding member of the Communist Labor Party. In 1917 he set up the Allied Drug and Chemical Company. Ludwig Martens, who served as Soviet Russia's unofficial representative in the United States until he was deported in 1921, held half of the stock in the company. Allied Drug and Chemical Company functioned as a conduit around the economic boycott the Western powers applied to the Soviet regime in its early years, purchasing vitally needed chemicals and medicines for shipment to Soviet Russia.

In 1919, Julius Hammer, a doctor, was convicted of manslaughter after a patient died following an illegal abortion. After his release from prison in 1923, Julius moved to the Soviet Union, where he and Armand occupied an elaborate prerevolutionary mansion. In 1924 the Hammers purchased an Estonian bank, ostensibly to finance the export of butter from Russia. The U.S. State Department worried, however, that Soviet authorities might have provided the funds used by the Hammers to purchase the bank in order "to obtain a means of transferring funds abroad surreptitiously if desired."⁶

The concern was justified. In 1927 British police raided the London offices of Arcos—the All-Russian Co-Operative Society—an agency ostensibly engaged in promoting Soviet-British trade. Docu-

⁶ See *Winchell, Armand Hammer: The Untold Story* (Boston: Little, Brown,

he be summoned before Comintern secretariat and sharply insisted acted to make immediately settlement. . . .”⁹

Document 3

“Translation of Com. [Comrade] Hammer’s Letter to His Son Armand . . .” 4 December 1925, RTsKhIDNI 495-19-612. The original document is a Russian translation of Julius Hammer’s cable in English. The notation “Accurate” on the document signifies that the translation was confirmed.

Translation of Com. Hammer’s letter to his son Armand in Berlin, 4 Dec. 1925.

I hope that by the time this letter gets to Berlin you will be there to get it.

A relative of Mr. Moness, the pharmacist in New York, came to see me and told me that \$6,400 should be coming from their friend in Berlin; he wants us to accept that money and telegraph our New York office with instructions to pay that sum to Mr. Moness.

Please arrange this. You can deduct the telegraph costs from the total sum being transferred.

Your loving father, J. Hammer.

ACCURATE.

Document 4

Ruthenberg to Piatnitsky, 8 June 1925, RTsKhIDNI 495-19-612. Original in English. A Russian translation of the cable was written on the bottom of the original document.

Comrade Piatnitsky Hammer owes us seven (7) nought (0) nought (0) nought (0) (7,000) dollars received from Profintern last year June about which I cabled early may stop Daily Worker in critical condition and we ask you to compel Hammer pay this [sum] immediate! also sum for tuel he received as April stop cable answer stop N letters from you since leaving in april stop Ruthenberg 8.VI.25

Dechiphriert am 9, VI.25.

9. Ruthenberg telegram, 11 July 1925, noted as deciphered on 14 July, RTsKhIDNI 515-1-422(1). The last sentence is garbled, probably owing to errors

ments seized in the raid listed Joseph Moness and his Moness Chemical Company as a way station for money for the American Communist movement “upon special instructions from the Profintern,” the Comintern’s trade union arm.⁷ Acting on information supplied by the British, New York police raided the Moness Chemical Company on Broome Street in Manhattan. Moness had disappeared, but papers seized in his office showed that he had received large sums of money from Harry Hammer, Armand’s brother. The Moness documents seized by the police, however, did not show that the Hammers’ payments to Moness were made on behalf of the Comintern, and the American government’s suspicions about the Hammers remained unproven.⁸

The evidence is now at hand. Documents 3 and 4 disclose for the first time that both Julius and Armand Hammer were laundering Soviet money. The first is a December 1925 telegram to Armand, then in Berlin, from his father. Julius tells him a “friend” of “Mr. Moness” will deliver \$6,400 to him in Berlin and Armand should have the Hammers’ New York office give \$6,400, less expenses, to Moness in New York. Document 4 is a deciphered copy of a June 1925 telegram sent from Charles Ruthenberg, then head of the American Communist party, to Osip Piatnitsky, head of the Comintern’s International Relations Department (OMS). Complaining that the financial condition of the *Daily Worker*, the party’s flagship newspaper, was “critical,” Ruthenberg charged that Hammer—it is not clear whether he is referring to Armand or Julius—had not yet delivered \$7,000 given to him by the Profintern. Moreover, Hammer was also late in delivering a sum given to him for the TUEL, or Trade Union Educational League, the American party’s trade union arm. Ruthenberg complained again in a July telegram: “Hammer of allied trading corporation now holding sixteen thousand of party and TUEL money received from Comintern and Profintern which he fails to deliver in spite of all our efforts. Seven thousand hold for a year and nine thousand for three months. Urge

7. “List of Addresses Found in the Possession of Anton Miller,” *Documents Illustrating the Hostile Activities of the Soviet Government and Third International against Great Britain*, Russia No. 2, 1927 (London: His Majesty’s Stationery Office, 1927), 25.

The Hammers must have finally delivered the money, for the Comintern continued to use them as a conduit. In 1926 the Comintern informed the American party: "According to your request . . . we send you today through Berlin—Julius Hammer—the following sums: \$7,500 for the edition of Lenin's works (according to indication of comrade Bedacht); \$5,777—your debt to TUEL (according to the requests of comrade Foster). . . . We send you also \$1,500 for the Com. Party of Canada. This sum is composed of the balance of its last year's money and of part for the first quarter of 1926. Please send it to our Canadian Party." In the same period, an OGPU report on Armand Hammer that described his signing a concession agreement to develop a Soviet asbestos mine also noted that "on the return trip, Dr. Hammer, at the request of the Comintern, carried over and delivered to the Communist Party of America \$34,000 in cash."¹⁰ (Armand Hammer, like his father, was a medical doctor.)

As late as 1930 the Hammers continued to work with the Comintern. In December of that year William Weinstone, the CPUSA's representative to the Comintern, sent the following report to the party's leaders: "*Hammer*, I took up the telegram with the old man Piat[nitsky] after discussing it with Hammer. The latter is willing to return but has difficulty settling his affairs. I cannot interfere with such matters. The old man thinks that he compromised himself in the matter in which he handled the business. I shall write for official word about the situation. But as I wired you, do not count upon his return at an early date."¹¹

10. Comintern to Ruthenberg telegram, 13 April 1926, RTsKhIDNI 495-19-613. Ruthenberg also cabled the Comintern to request that the Hammers deliver a late 1926 payment to the party's lawyer, Joseph Brodsky, because the scheduled recipient had died. Ruthenberg to Comintern, 16 November 1926, RTsKhIDNI 495-19-613. The OGPU document quoted is undated, but it is located in a file labeled 1923-1926. This document is quoted and its provenance is discussed in Jerrold L. Schecter and Yuri A. Buranov, "Documents Tie Hammer to Communists," *We* 1, no. 7 (15-28 June 1992): 1, 3.

11. Weinstone to Secretariat, CPUSA, 6 December 1930, RTsKhIDNI 515-1-1870. Emphasis in the original. The Secretariat was the executive leadership of the

Other Secret Communications

Both the Comintern and the CPUSA mixed covert funding for CPUSA political activities with more mysterious clandestine operations. Documents 5 and 6 are 1929 telegrams sent in code from Moscow to the United States. In document 5, Piatnitsky warns someone named Thomson that only one person should learn "Bob's" real name, asks why "Bent" needs \$3,000 in addition to the \$5,000 he already received, and suggests the United States as the base for an unspecified operation. The only identifiable name in the message is that of William Z. Foster, who directed Communist trade union work. Foster, part of the CPUSA's top leadership from the early 1920s until his death in 1961, was the party's presidential candidate in three elections. In document 6, Piatnitsky rejects Thomson's suggestion of London as a base for the unnamed operation, saying, "If there is slightest chance of receiving and sending coded telegrams from America to Bents destination country, then we must choose America as our base. . . . Did you receive telegram with radio sending symbols"? Bent's identity and the country to which he was being sent remain unknown. His mission, whatever it was, was clearly a Comintern operation for which the CPUSA was providing technical aid and transmitting Comintern funds.

Document 5

"To Thomson from Piatnitsky" telegram, 28 November 1929, RTsKhIDNI 495-19-133. Original in Russian.

1/FK

BY CIPHER.
TELEGRAM

NEW YORK

To Thomson from Piatnitsky stop Indicate why Bent needs three thousand dollars he received five thousand in full stop Bob telegraphed about the youth money through Foster stop Check to see who knows of Bobs stay stop Imperative that only one person deal with Bob and that his real name never be mentioned anywhere stop If at all possible I suggest choosing America as base stop NR

1/1518.

28 Nov. 1929