



TREASURY DEPARTMENT

UNITED STATES CUSTOMS SERVICE

TAMPA, FLA.

December 29, 1939 agw;tgt

OFFICE OF THE COLLECTOR
DISTRICT No. 18

ADDRESS ALL COMMUNICATIONS
FOR THIS OFFICE TO THE COLLECTOR

741.2

The Commissioner of Customs
Washington, D. C.

Handwritten signature

Sir:

Handwritten initials

Reference is made to the letter from this office of December 26, transmitting the sworn statement of Frederick Stengler, master of the German SS ARAUCA which put into Port Everglades, Florida, December 19, 1939.

Handwritten initials

There is submitted herein a report made by Assistant Collector Watson and Customs Agent Galvin pertaining to the arrival of this craft, the character of the ship and cargo, as well as other data which will be of interest to the Bureau.

May this office take the opportunity of expressing its appreciation to the very hearty cooperation extended to it by officers of the United States Coast Guard, Major Howard A. Craig, Commanding Officer of the Twenty First Reconnaissance Squad Base at Miami, as well as the Commandant of the Seventh Naval District at Charleston for permitting Customs Officers to have access to the records of the neutrality patrol.

Respectfully,

A. J. Angle

A. J. Angle,
Collector of Customs

Enclosures

Handwritten signature



TREASURY DEPARTMENT

UNITED STATES CUSTOMS SERVICE

OFFICE OF THE COLLECTOR
DISTRICT No. 18

ADDRESS ALL COMMUNICATIONS
FOR THIS OFFICE TO THE COLLECTOR

TAMPA, FLA.
December 29, 1939 agw;tgt

Honorable A. J. Angle
Collector of Customs
Tampa, Florida

Sir:

At about 2:45 p.m., December 19, Commander Scammell of the Coast Guard Headquarters at Jacksonville informed the Collector's office by telephone that the German freighter ARAUCA, on being pursued by a British cruiser, sought refuge in the territorial waters of the United States, and was then lying off the jetties off Port Everglades, Florida. The said craft was displaying a pilot's flag, and presumably she intended to enter Port Everglades.

Contact was made with Deputy Collector Hogeboom at Port Everglades, who confirmed that a German vessel was lying near the sea buoy at Port Everglades displaying a pilot's flag. He was instructed to board the vessel immediately and ascertain:

1. The purpose of the vessel putting into an American port.
2. The port from which the vessel had cleared.
3. The character of the cargo on board.
4. The destination of the cargo.
5. Whether the vessel was a part of the armed forces of Germany, or a merchant craft.
6. Whether the vessel was armed, and if so, if such armament was for offensive, or defensive purposes.
7. Whether the personnel on board were a part of the armed forces of Germany or a civilian crew.
8. Develop any other facts that might indicate the character of the vessel, purpose of her voyage, destination of her cargo, amount of stores, and whether her arrival and departure from waters of the United States might infringe or violate the neutrality of the United States.

The information developed as a result of these instructions is contained in the statement of Deputy Collector Hogeboom, attached, marked Exhibit 5.

In view of the manifest interest of the Bureau in neutrality problems, and that the Commissioner might have full information at the earliest practicable date, Assistant Collector Watson communicated with the Bureau by telephone twice on the nineteenth and once on the twentieth from Tampa, and on the morning of the twenty-first from Miami.

After the conversation of the twentieth, it was decided that the Assistant Collector should visit Port Everglades to insure that the neutrality of this country would not be violated by the departure of the craft.

The information pertaining to the arrival of the craft was communicated to the Supervising Customs Agent in Jacksonville, and arrangements made for the assistance of that service in the subsequent investigation in ascertaining the facts pertaining to the arrival of the vessel and the intention of the voyage. Customs Agents U. C. Zeluff, P. J. Galvin and J. J. Givens cooperated with the Assistant Collector in this matter.

Search and Inspection of ARAUCA.

On arrival at Port Everglades about 5:30 p.m., December 20, it was found that the vessel was being guarded by Customs and Coast Guard personnel. A thorough search of the vessel had been made, and it had been ascertained that she was unarmed. A part of the cargo had been opened and found to be as described in the manifest. Approximately 900 tons of oil were in the bunkers (a reasonable quantity for this voyage), and the stores were sufficient for a twenty-four day voyage.

About 4:30 p.m. Lieutenant J. H. Howard with a detachment from the U. S. S. PHILLIPS came aboard stating that he desired to make a routine inspection to ascertain whether the neutrality laws were being violated. In inspecting the vessel he was accompanied by Customs Agent P. J. Galvin, Lieutenant H. E. Grogan, U. S. C. G. and Lieutenant J. W. Malen, U. S. C. G. As a result of previous searches and inspections by Coast Guard and Customs officers, and the later inspection by the Navy detachment, all officers were of the opinion that the

ARAUCA was not especially constructed for warlike purposes; foundations and bases for guns were not in place; that very material changes would have to be made to the vessel in order to fit her for raiding or military purposes, and that she was in fact the ordinary modern merchant craft.

Voyage of ARAUCA and Arrival at Port Everglades.

All time noted in statements of the master and officer of the German SS ARAUCA is ship's time. Add sixteen minutes for Eastern Standard Time.

A conference was held on U. S. C. G. Cutter MOJAVE between the Coast Guard and Customs officials, the following officers being present:

Commander J. E. Whitbeck, U. S. C. G.
Lieutenant Commander H. E. Grogan, U. S. C. G.
Lieutenant J. W. Malen, U. S. C. G.
A. G. Watson, Jr., Assistant Collector of Customs
U. C. Zeluff, Customs Agent
P. J. Galvin, Customs Agent

The Coast Guard authorities furnished the Customs officers with all the information in their possession, and it was decided to interview Captain Stengler of the German SS ARAUCA and give him the opportunity of making a voluntary statement of the happenings on the voyage which lead to this craft putting into Port Everglades.

The officers named above then proceeded to the German SS ARAUCA, and the master, Captain Stengler, submitted a sworn voluntary statement (Exhibit 1), from which the following facts were ascertained:

The German T. E. S. ARAUCA was built in Germany in 1939.

Owner: Hamburg-American Line.

Home Port: Hamburg, Germany.

Commanded by Frederick Stengler, a German subject residing in Hamburg.

Crew: 44 and 8 workaways on board.

The ARAUCA departed from Hamburg on August 8, 1939 with a general cargo for Cuban and Mexican ports, stopping at Antwerp to load additional cargo. The vessel sailed from Antwerp on August 13 and arrived at Havana, Cuba on August 26, and discharged approximately 1,500 tons of cargo.

After arrival in Havana, the master alleges that he received orders from his Government to depart for a neutral port or come home, and accordingly he sailed for Vera Cruz, Mexico, one of the ports of destination of the cargo, arriving there September 1. Discharge of the Mexican and the balance of the Cuban cargo was begun on September 1 and completed October 25. The vessel lay idle in the Vera Cruz harbor until November 21 when the master was ordered to load cargo for Hamburg, Germany. The lading was completed on December 6 and the ARAUCA anchored in the inner roadstead and waited for further orders. The cargo laden and consignors are as follows:

<u>Cargo</u>	<u>Consignor</u>
1,482 tons phosphate, a part of the cargo of the German SS HAMELN lying disabled in Vera Cruz.	Acencia Commercial y Maritima, Mexico.
2,060 tons ixtle (sisal)	La Nacional Ixtlera, S. C. L., Mexico.
496 tons rosin) Ramirez de Arellano y Cia, Mexico.
402 tons hides in bundles	
3.5 tons pepper in bags	

Captain Stengler verbally stated in reply to questions that he had agreed to take the vessel back to her home port at a propitious time; that the cargo was placed on board to stabilize the ship and so that she might handle well in the rough weather which might be expected in the north Atlantic during the winter.

Captain Stengler states that he received his orders to sail on December 13 and return to Germany; that application was made of the Mexican Customs Officials for a clearance to Rotterdam, Holland and Hamburg, Germany via New Orleans; that the ARAUCA sailed at 7:00 a.m., December 14 and never intended to go to New Orleans. The purpose of inserting this statement in the clearance was to deceive any British agents as to the proposed voyage of the craft and her destination.

When asked why the particular date of sailing was chosen, Stenglar stated that radio and newspaper despatches indicated that the British fleet in the south Atlantic was concentrated in the vicinity of Montevideo to intercept the German battleship GRAF SPEE. It was thought, therefore, that the sea lanes across the Atlantic were free of British warships.

Before sailing, eight workaways joined the vessel. Three were assigned as deck officers, three to the wireless and two as engineers. Four of these men were from the German SS HAMELN, one from the German SS ORINOCO, two, to wit, Eggert and Pestael, were students in Mexico City and desired to return to Germany, and the remaining person was a merchant named Hentschal, a former officer in the employ of the Hamburg-American Line desirous of returning to Germany to see his son who was on a training ship.

After the departure from Vera Cruz, the ARAUCA was contacted by the American destroyer BENHAM (No. 397) at 11:35 a.m., December 14 in the Caribbean Sea. The vessel continued across the Gulf to a point about sixty miles from South Boca Grande, Florida, sailed through the straits of Florida and at 8:35 a.m., December 19 was in the vicinity of Fowey Rocks (East Coast of Florida) and was observed by the American Army Planes Numbers R-26, R-27 and R-28.

The ARAUCA proceeded on a northerly course, keeping as close to shore as was possible, and yet receive the aid of the current of the Gulf Stream, and at 10:20 a.m., December 19, while opposite Fort Lauderdale, Florida, the topmasts of a man-of-war were observed over the horizon to the eastward. Bearings were taken to ascertain the position of the ship, and at 10:25 a.m. the course was changed to 323° true (towards the coast). At 10:32, the warship was identified as a British craft of the Ajax or Orion type, and the ARAUCA changed her course abruptly, heading due west. At this time the position of the ARAUCA according to the calculation of the master was 5.8 miles from the coast of the United States. At 10:40 a.m., the position of the ship was plotted and the bearings indicated that the ARAUCA was approximately within three miles of the shore (Page 4, Exhibit 1; Page 1, Exhibit 2). This position is doubtless accurate, and is substantiated partially by the statements of Saar and Reilly (Exhibits 3 and 4).

At 10:41 the British man-of-war was three or four miles to the east of the ARAUCA. A warning shot was fired which fell about sixty meters ahead of the starboard bow (Exhibit 1, Page 4; Exhibit 2, Page 1; Statements of Saar and Reilly, Exhibits 3 and 4). The cruiser displayed a flag signal commanding the ARAUCA to stop. The engines were stopped, but the vessel continued under her headway and the current of the Gulf Stream in a northwesterly direction toward the shore. At 10:53 a.m. the cruiser signalled to the ARAUCA to steer to the east and close in on the cruiser. It was ascertained that the position of the ARAUCA at this time was $2\frac{1}{4}$ miles from shore and no attention was paid to the signal.

An examination of the chart disclosing the fact that it was impossible to continue on a northerly course without departing from the three-mile limit, caused the master of the ARAUCA to decide to put into a United States port. Accordingly the course was changed to the south and the ARAUCA headed for the sea buoy off Port Everglades, at which point she arrived at 1:14 p.m. and cast anchor. The ARAUCA obtained a pilot and docked at Port Everglades at 3:20 p.m.

Alleged Presence of British Plane over Territorial Waters of the United States.

The master alleges that after anchoring off the sea buoy, about 1.8 miles from the shore, a British biplane circled the ARAUCA. This plane was a dark color, dark gray or black. It was alleged that the third officer saw the British markings on the craft; that the cruiser signalled by flag to the plane, and the plane answered and returned to the cruiser. (Exhibit 1, Page 5)

The third officer, Huttebreuker, states that he observed a black biplane pass over the ARAUCA, flying in an easterly direction, between the time of the firing of the shot (10:41 a.m.) and 11:33 a.m. He did not observe any markings on this craft. He observed that there was no plane on the British cruiser. After anchoring off Port Everglades (1:14 p.m.), Huttebreuker observed through a telescope a black plane in the vicinity of the British cruiser. He saw the cruiser put over her crane and take the plane on board. He observed that such plane bore the British insignia on the sides of the fuselage. These circumstances are the basis for his belief that the

plane which flew over the ARAUCA between 10:41 and 11:33 a.m. was a plane of British nationality (note last answers on pages 4 and 5, Exhibit 2).

Saar's statement (Exhibit 3) indicates that there were three planes around the German vessel before the cruiser fired the warning shot.

Reilly states (Exhibit 4) that before the shot was fired an airplane circled the German ship and flew out (east) over the horizon; that no plane was on board the British ship. The ARAUCA was outside the three-mile limit according to the plotted positions on the German chart when the warning shot was fired.

Captain Stengler was present when Huttebreucker signed the sworn statement (Exhibit 2). Asked whether any other person on the German vessel had observed the plane alleged to be British, he replied in the affirmative, and named Max Renner, radio operator of the ARAUCA. Renner was interviewed by Customs Agent Galvin, and stated while he saw a plane circle the ARAUCA, he could not describe it, did not see it visit the vicinity of the British cruiser, and its nationality was not known to him.

The records of the Neutrality Patrol show that a British scouting plane was observed circling the cruiser ORION about 10:00 a.m.; at this time the ORION was well outside the three-mile limit to the southeast of Hillsboro Inlet; that this plane headed in a northerly direction and was followed by Lieutenant Patterson of the Neutrality Patrol for a distance of about ten miles; (Photograph, Exhibit 7) that the plane was not again observed until 1:45 p.m. when it returned from a northerly direction, landed near the ORION, then outside the three-mile limit off Port Everglades, and was taken on board about 2:00 p.m. (Photographs, Exhibits 8 and 9).

The British plane was launched from the ORION again about 4:48 p.m., proceeded east on a course approximately 117°, and it had not returned at 5:33 p.m. when the Patrol was withdrawn. The British plane observed by the Army Neutrality Patrol is described as light gray in color, biplane with twin floats, displaying the regular British insignia, and the numbers K8581 on the fuselage and N9K on the stabilizer.

The records of the Neutrality Squadron further show

that at no time during the activity of December 19, 1939 did the British plane reach any point within three miles of the coast of the United States. The observers reported that the cruiser and the plane appeared to be particularly careful not to enter the three-mile zone. This statement is most convincing, as the ARAUCA was under continuous observation by the Neutrality Patrol from 8:30 a.m. to 5:33 p.m., December 19. Certainly this squadron would have observed the presence of a foreign plane had such a craft entered the three-mile limit.

It appears that the British cruiser ORION was under constant observation by the Neutrality Squadron for more than a week prior to December 19, 1939. Photographs taken of this war vessel on December 16 show that no plane was on board the craft. It is the opinion of the officers of the Squadron that the British plane sighted December 19 was not a part of the equipment of the ORION, but was a plane operating out of a permanent base in the Bahaman Islands.

Exhibit No. 10 contains a copy of a report filed by Commander F. A. Leamy of the Coast Guard Service. This is corroborative of the reports made by the Army Neutrality Squadron.

It appears from Exhibit 6 that a biplane chartered by James H. Knox, Program Director of radio station WFTL of Fort Lauderdale, flew over the British Cruiser about 1:40 p.m., returned to shore, and circled the German vessel. It is entirely probable that this is the plane observed by Captain Stengler.

Complete reports of the Neutrality Squadron are on file with the Chief of Naval Operations at Washington.

The evidence presented appears to conclusively prove that there was no violation of the neutrality of the United States by a plane of British nationality flying within the territorial limits of the United States.

Unlading of Package from ARAUCA while off Hillsboro Inlet.

It appears that W. P. Heyns, P. O. Box 533, Pompano, Florida, and R. B. Turner of Pompano were fishing off the coast about five miles south of Hillsboro Light and approximately three miles from shore (to the northeast of

New River Inlet) on the morning of December 19, 1939. They observed the German vessel about 3/4 of a mile from their position. They saw the cruiser and heard the report of the gun. Shortly thereafter they observed a large object thrown overboard from the bridge of the freighter on the shore side of the ship. It appeared to sink immediately. The object seemed to be three or four feet long. The ARAUCA was then about 300 yards east of an old wreck locally termed "the Copenhagen wreck," which is in about sixty feet of water. This occurred when the craft was about 200 yards from the German vessel. The position was about five miles south of Hillsboro Light. Fearful that the object might be a bomb or mine of some kind, they did not immediately visit the vicinity where the package was thrown over. Later they passed over this position but were unable to observe any object in the water.

In his sworn statement (Exhibit 1, Page 6), the master stated that the only material which had been unloaded or thrown overboard from the time the craft left Vera Cruz until she anchored at Port Everglades was garbage. He denied that any of the officers or the crew threw overboard any package or anything in the vicinity of Hillsboro Light.

On the morning of December 22 in the office of the Customs Agent in Miami, Captain Stengler was taken into a private room by Assistant Collector Watson. Stengler was informed that it was logical to the minds of the investigators that he must have been furnished with charts of the German minesfields, code books with which to communicate with the German Government, German war vessels, and the owners of the craft, and he was asked the direct question again whether any package had been thrown overboard in the vicinity of Hillsboro Light. He admitted that such a package had been thrown overboard to destroy it so that such information would not fall into the hands of the British cruiser if he was captured; that the package was thrown over to the south of Hillsboro Light, and he left the impression that such package was thrown over the side at the time that capture became imminent, to wit, at about 10:40 a.m.

Captain Stengler stated that such were the usual orders to all maritime officers when their nations were engaged in war. He seemed to be somewhat apprehensive

that this admission might affect him personally in his relations with the German Government which seemingly was the reason for his original negative answer to this question in the sworn statement.

The conversation then became more informal, and Stengler stated that his orders were to destroy his ship rather than permit its capture. He said that the sisal cargo would have made a hot fire.

Stengler was asked what occurred in the five minutes between 10:41 and 10:46 (ship's time) which made him change his mind as to the destruction of the craft. He hesitated, finally stated that nothing had occurred, but he had located his position within the three-mile limit and rather than destroy a ship on her maiden voyage, he had used his discretion and decided to make an American port.

Suspected Persons on Board.

The assistant to the first officer was a man named Hentschal who, it is alleged, is a German merchant in Mexico and a former officer in the employ of the Hamburg-American Line. He seemingly occupied a peculiar position on board the vessel, in that he sits in the saloons, orders whatever he desires freely from the steward without any reference to the master or other officers of the ship.

Hentschal is about 55, approximately 5' 9", blue eyes, blond hair turning gray, bald headed, weight about 190 pounds. He has a very commanding mannerism, and beyond doubt has been an officer in the German Navy.

Commander J. E. Whitbeck of the MOJAVE believes him to be the same individual who was an officer on the German raider KARLSRUHE and the K. D. 3 which put into Puerto Rico for fuel during the World War. Hentschal has the same hobbies and name as the German officer who was met by Commander Whitbeck in Puerto Rico.

An attempt was made to obtain his photograph under the subterfuge of one of the employees taking moving pictures of the ship. He turned his head away, however, and disappeared, refusing to be in the picture.

Hentschal alleges that he has left his wife and several children in Mexico, and that the purpose of

departing for Germany was to visit his nineteen year old son who is a cadet on a German training vessel.

We are of the opinion that this man is a representative of the German Government in Mexico, probably connected with the Intelligence Unit.

Captain Stengler (photograph attached) admits that he is a reserve officer of the German Navy, but alleges he has not been ordered to report for duty and is not in the service at this time of the German Government, but in the employ of the Hamburg-American Line. Stengler claims that he was in the World War as a member of a German Naval detachment detailed as infantry to the western front in 1914 and 1915; that later he passed his examinations and was commissioned commanding several mine sweepers operating in the North and Baltic Seas. Stengler was asked if he had been a member of the raider KARLSRHUE and replied in the negative. It is significant, however, that when the visit of the KARLSRHUE was mentioned, he stated that the KARLSRHUE or the K. D. 3 took on board 600 tons of fuel, when she put into Puerto Rico during the World War.

Future Movements of the ARAUCA.

The following libels have been filed in actions in personam against the Hamburg-American Line in the district court for the Southern District of Florida, Miami Division, and the vessel ARAUCA attached as the property of the said line:

Miami Docket No.	Libellant	Date of Libel	Date Attach- ment Served	Amt. of Libel
246-M-Adm.	Imperial Sugar Co. (Corporation organized under laws of Texas)	12/20/39	12/20/39	\$38,541.75, plus interest & costs
247-M-Adm.	M. Grumbacher	12/26/39	12/26/39	\$1,000., plus interest & costs
248-M-Adm.	Ledward, Bibby & Co. New York, N. Y.	12/26/39	12/26/39	\$99,394.48, plus interest & costs
249-M-Adm.	The Asiatic Petroleum Corp., Ltd. - (Organized under the laws of United Kingdom of Great Britain)	12/26/39	12/26/39	\$114,652.79, plus interest & costs

The libellants allege that vessels of the Hamburg-American Line failed to deliver cargoes of sugar to the consigned destinations, diverted the same to a different port and refused to surrender the cargo until the full freight was paid; that this action resulted in the libellants being damaged to the extent of the sums named in the libels by reason of the failure to deliver such cargo as provided in the bills of lading.

The vessel is now under attachment by the United States Marshal, and the Coast Guard Service has been furnishing guards to assist the Marshal's office in maintaining custody of the ship.

A rumor has reached the Deputy Collector in Charge at Port Everglades that the master of the ARAUCA was obtaining estimates for crude oil. This information has been communicated to the U. S. Coast Guard Base 6, the station to which the Coast Guard personnel exercising surveillance for the Marshal are attached. The matter is also forming the subject of an investigation.

Violations of the Neutrality Laws by Other Craft.

Investigation indicates that the neutrality laws of the United States have been violated by some of the small craft operating in the vicinity of Fort Lauderdale. In one instance it is alleged the master of the CAPTAIN BILL, a small American vessel, went alongside the British Cruiser ORION, delivered newspapers and probably other despatches and received a package in return.

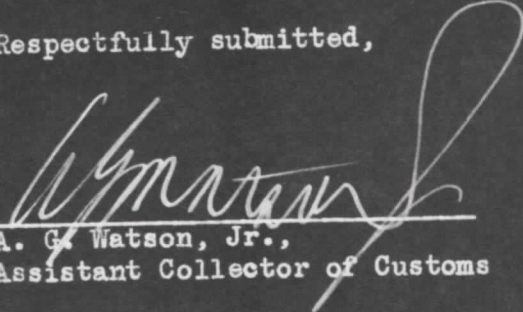
Investigation is progressing in connection with these alleged violations and they will form the subject of future reports and will be disseminated to the respective units having jurisdiction of the particular problem involved.

Conclusions.

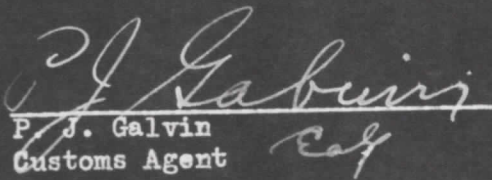
1. The ARAUCA is a merchant vessel carrying usual general cargo in ordinary trade.
2. There has been no violation of the neutrality laws of the United States by the German vessel ARAUCA.

3. There has been no violation of the neutrality laws of the United States by either the British Cruiser ORION or a British plane in the instance of the pursuit of the German Steamship ARAUCA.

Respectfully submitted,



A. G. Watson, Jr.,
Assistant Collector of Customs



P. J. Galvin
Customs Agent

Enclosures