

TREASON IN DETROIT: THE CURIOUS CASE OF MAX STEPHAN (PART ONE OF TWO)

By Dr. John F. Sase, Ph.D.

Gerard J. Senick, Editor
Julie G. Sase, Copyeditor
William A. Gross, Researcher

“If you plan to make laws, you need to study the Law.”

--Paraphrase of a statement attributed to Senator Philip Hart, J.D. (1912 – 1976; D-MI)

Along with many of our readers, I (Dr. Sase) have watched Donald J. Trump’s second Senate Impeachment Trial, which began on 8 February 2021. During the commercial breaks, I considered the above statement, one that I heard frequently as a child. Reflecting on the current impeachment trial, I wondered how many U.S. Senators have a background in Law. I discovered that only 43% of current Senators declare a professional experience in Law. Of these, we have only a few more Democrats than Republicans.

While viewing history in the making, I recognized parallels to a notorious case from eight decades ago, that of Detroit restaurateur and Nazi-sympathizer Max Stephan. In 1942, the German-born Stephan became one of the first U.S. citizens to be found guilty of treason since the Lincoln Assassination in 1865. This case and the decades of events that both led up to and followed it were centered in Detroit--the World War II Arsenal of Democracy. We have chosen to recount the Stephan case in detail because of its historical value, local interest, renewed timeliness, and relevance to our audience. The story of Max Stephan remains essential to the legal community, primarily because of the yet-unanswered questions surrounding the case. Stephan aided in the escape of POW Luftwaffe Lieutenant Hans Peter Krug in 1942. Krug (who went by his middle name) had escaped from the Bowmanville Prison Camp near Toronto and was attempting to get to the German Embassy in Mexico. In Detroit, Stephan and others gave him refuge for a couple of days as well as food and money to continue onward through Chicago. Stephan was arrested and tried for high treason as a U.S. citizen. However, a serious study of the case leaves one with the sense that the matter was indeed odd, having more holes in it than a block of Baby Swiss cheese.

English economist John Maynard Keynes states that ideas for good or evil shape history. We amass a fuller perspective on the case of Max Stephan by exploring the events of the *affaire* and the views of it. Let us start with some background information. Stephan and many others believed in, were influenced by, and worked under an ideology that led to the formation of the Nazi Party. Emerging in Nineteenth-Century Europe, this ideology continues around the world to this day, most notably through the neo-Nazi National Socialist Movement (NSM). The NSM was founded in Detroit in 1974. More recently, the NSM has relocated its headquarters to Florida (www.nsm88.org).

The Birth of an Idea



GUIDO VON LIST

The ideology that drove the Stephan case emerged from the *Völkisch* Movement, a Nineteenth-Century German grassroots effort that had a romantic focus on folklore, representing a Germanic interpretation of the Populist Movement. The early phase of the *Völkisch* Movement drew upon the teaching of Friedrich Ludwig Jahn, the German educator and nationalist who appeared as the *Völkisch* prophet of athleticism, German identity, and national unity. In order to spread his vision, Jahn founded a network of patriotic fraternities in the wake of the Napoleonic Wars. By the 1870s, the Pan-Germanic vision had arisen with the formation of the Second Reich, during which the statesman Otto von Bismarck, Prince of Bismarck and Duke of Lauenburg, installed Wilhelm I as the Kaiser. Following this confederation of more than one hundred small principalities, the older land-based economy of the First Reich (the Holy Roman Empire) broke down. Consequently, Germany's mass migration to America began for those who opposed Bismarck and the Second Reich.



LANZ VON LIEBENFELS

In 1866, the *Germanenbund* (Germanic nationhood) formed a federation of cultural groups that held festivals and other *Völkisch* events. These groups explored the history, literature, and mythology that would ferment into the beliefs of Arisophy, the esoteric wisdom and ideological systems of the Aryans. By 1901, more than 160 such groups existed throughout the country as the democratic German parties and the Pan-German Movement made substantial electoral gains. During the late Nineteenth Century, German/Austrian polymath and *Völkisch* occultist Guido von List stood out as one of the most important figures of this Movement. His work became the platform for Germanic and Runic revivalism as well as for Arisosophic mysticism. The ideas

developed by von List and others in the Nineteenth Century were carried forward into the Twentieth by Lanz von Liebenfels. A former monk in the Cistercian Order, von Liebenfels brought the ideas of Ariosophy to a more overt level. In 1907, von Liebenfels founded the Order of the New Templars and, with fellow supporters, the Guido von List Society in 1908. Von Liebenfels advocated sterilization of the sick and the “lower races” in his anti-Semitic *Volkisch* magazine *Ostara*, a work studied by Adolf Hitler. The latter was said to have met with von Liebenfels at least as early as 1909 when he gave this Viennese student some issues of the magazine that he was missing.



RUDOLF VON SEBOTTENDORFF

Next, let us turn our attention to Berlin in 1912. Phillip Stauff, an occultist and officer of the von List Society, joined with anti-Semitic publisher Theodor Fritsch and others to form the *Germanenorden*, a *Volkisch* secret organization that served the upper echelons of German society. With the *Germanenorden*, the world saw a new use of the ancient Tibetan/Buddhist symbol for prosperity and fire from Heaven—the *Swastika*.



THULE SOCIETY

The *Germanenorden* survived through the First World War, though it split into two factions. In 1916, the former Chancellor of the order, Herman Pohl, founded *Germanenorden Walvater* (of the Holy Grail). Rudolf von Sebottendorff, a wealthy occultist and admirer of von List and von Liebenfels, joined with Pohl. In his book, *The Occult Roots of Nazism* (Tauris Parke Paperbacks, 2009), English scholar Nicholas Goodrick-Clarke tells us that the Munich lodge of this organization chose the cover name of the Thule Society upon its dedication on 18 August 1918. (This Society took the name *Thule* from the ancient Nordic word for the mythical Aryan homeland). Having enlisted the backing of various bankers and industrialists in Western Europe and beyond, the Thule Society was determined to contain any Communist expansion westward from Russia.



ANTON DREXLER

Another critical element of the Stephan case emanates from the Deutsche Arbeiterpartei (DAP), the German Workers Party founded by Thule member Anton Drexler on 5 January 1919 in Munich. The DAP came to public attention during the summer of street fights against the Communist Party that had won the election and that took control of the Munich Government. Given the notoriety of the DAP, the Thule Society began to question the autonomy and political direction of the ragtag militant organization. As a result, Thule enlisted the aid of then-Corporal Adolf Hitler to infiltrate the DAP ranks. After attending a meeting of the group at a Munich beer hall on 12 September 1919, Hitler reported back to Thule that the DAP posed no danger and could be instrumental to the goals of the Thule Society. Also, corroborating sources state that Hitler impressed DAP founder Drexler so much at that meeting that he asked the Corporal to join the Party. Evidence suggests that it was at this juncture that the Thule Society began to sponsor the DAP heavily as an anti-Communist front. Through Hitler's involvement, which the Thule Society funded, the DAP started to transform into the National Socialist German Workers Party (NSDAP, aka the Nazi Party).

Barring setbacks during the early 1920s, the political strength of the NSDAP grew as the Party rose to power between 1925 and 1933. The election of 1932 had established the Party as the largest parliamentary faction of the Weimar Republic. On 30 January 1933, Hitler was appointed Chancellor of the Weimar Republic by ailing President Paul von Hindenburg. Following the still-suspicious Reichstag fire, which numerous historians assert that the National Socialist DAP (NSDAP) started to expel the members of the Communist Party from the Reichstag, the Enabling Act was passed on 23 March 1933. This legislation conferred dictatorial powers upon Hitler. The Third Reich opened for business.

During the NSDAP takeover of the German government, a group known as *Abwehr* (which comes from a word that means "defense") became more active in Germany and around the world. As the only German military-intelligence organization, *Abwehr* functioned as an information-gathering agency from 1921 through 1944. Per the terms of the Treaty of Versailles following the First World War, the Allied powers left Germany devoid of any armed defenses. As a result, the *Abwehr* organization developed as a concession to Allied demands that German post-war intelligence activities remain limited to defense purposes. The *Abwehr* intelligence-gathering agency dealt exclusively with human intelligence, drawing upon reports from field agents and other sources. The *Abwehr* reported directly to the High Command of the German Armed Forces, which disseminated summaries to evaluation sections of the disarmed forces. This worldwide "defensive" intelligence-network developed through the 1920s, a decade of

peace and prosperity for many, though not for Germany. When the NSDAP assumed totalitarian control of the country in 1933, the intelligence network was already well-established. Rearmament became the topmost priority of the German government under the NSDAP regime, which formally renamed *Abwehr* as the Foreign Affairs/Defense Office of the Armed Forces High Command on 4 February 1938.

Coming to America

A new wave of thousands of immigrants from Germany made their way to the Motor City. Some remained part of the *Volkisch* Movement, which took hold in Detroit's industrial neighborhoods. The Old Country's singing/drinking clubs were transplanted to working-class areas of Walk-to-Work Detroit. A number of them had *Volkisch* members.

As the NSDAP grew in strength and size in Germany throughout the 1920s, recruiting efforts to establish an American counterpart commenced. In 1924, the NSDAP enlisted the support of the provincial organization Gau-USA to promote the Free Society of Teutonia, which they did in Detroit and other major cities with sizeable Germanic populations. Finally, in May 1933, Deputy Fuhrer Rudolf Hesse authorized the formation of Friends of New Germany to support the NSDAP in the United States. In 1936, The Free Society of Teutonia and smaller groups merged with Friends of New Germany to form the German-American Bund. They elected Fritz Julius Kuhn, a German-born American citizen, as their leader. This group became the world of shadows in which Max Stephan operated.



MAX STEPHAN

Though the media would portray Stephan as a stupid buffoon at his trial, the man seems to have had a great deal more substance to him. Stephan was born in Cologne, Germany, in 1892. When he was nineteen, Stephan entered the German army, in which he served until the end of the First World War. Stephan attained the rank of Sergeant in 1915. He survived several gruesome combats in service that left 95% of his company dead by the end of the war. Also, Stephan served as a guard at a military prison. Following Germany's defeat in 1918, Stephan left the army and joined the German National Police. His military-police duties as a guard served him well in obtaining this civilian police job, which he would hold until 1924.

With a total of twelve years of national service, Stephan had to choose accepting a guaranteed lifetime job in national service or taking a discharge with a sizable bonus. Choosing the latter, he opened a beer hall in Cologne. Four years later, Stephan sold his establishment and immigrated with his wife Agnes to Windsor, Ontario. The Stephanes arrived in Canada in 1928. For many in Windsor, the Era of Prohibition created many business opportunities. The export of illegal liquor went across the Detroit River from Ontario to destinations that ranged from

Wyandotte to Grosse Pointe. This traffic flourished for more than a decade. Max and Agnes Stephan opened a bar/restaurant with guest rooms above to meet the demands of “tourists” from across the river.

With the help of Mr. and Mrs. Sanyers, an American couple from Detroit who owned a summer home on the Canadian side of the river, the Stephans obtained falsified documents that enabled them to establish residency in the United States while remaining in Windsor. However, thirteen years of Prohibition ended in the United States with the repeal of the Volstead Act on 5 December 1933. With their resident-Alien status established in the United States, the Stephans moved across the river and opened the “German Restaurant” at 7209 East Jefferson near West Grand Boulevard at the foot of the Belle Isle Bridge. Max and Agnes Stephan obtained U.S. citizenship in 1935, based upon their falsified residency.



STEPHAN'S RESTAURANT

Gradually, the Stephan restaurant emerged as a center for cultural activities, including meetings of the German-American Bund, the Steuben Society (a German/cultural social group), and similar organizations. At the rear of his establishment, Stephan maintained a large dining room with the capacity for 150 people. Further in the back, a small indoor rifle range became known only to a select few.

By August 1939, Stephan's reputation as a Nazi sympathizer became public knowledge. With Europe on the brink of war, the government of the United States formed the Deis Committee to investigate un-American activities, which included the Bund. Though the organization had relocated its headquarters to New York, the Bund and its leader Fritz Kuhn had their beginnings in Detroit. As a result, the Deis investigations soon included Max Stephan and others in Detroit. The Bund had scheduled a meeting at Stephan's place on 18 August 1939. Before the United States entered the war, Stephan and his friends remained outspoken in their pro-Nazi sentiments. However, after Pearl Harbor on 7 December 1941, these groups turned more clandestine in their behavior. Max Stephan even painted over the word “German” on the front of his establishment.

Bowmanville

During the Battle of Britain in 1940, England captured many downed Luftwaffe pilots and air crewmen and interned them along with prisoners from the Desert War in North Africa. In order to relieve overcrowding in the British Isles, the government transported prisoners to Canada on

“deadheads,” empty supply ships that were returning home. As a result, Canada became the jailer of the Empire during the Second World War.

Of all of the POW camps in Canada, Bowmanville Prison was the most outstanding. Located northwest of Toronto, the facility had been a reformatory for boys before the war and contained a gymnasium and a swimming pool. During the war, Bowmanville served as a camp for captured German officers. Despite Bowmanville’s amenities, prisoners always regarded escaping from it as both a military duty and a personal one. No formal underground railway was said to have existed to help escapees. However, prisoners arriving in late 1940 and early 1941 learned that they had friends in the United States, a country not yet at war with Germany.

German-Americans sent relief packages to the prisoners in Canada, an activity that remained legal even after the U.S. declared war on the Axis Powers in December 1941. In Detroit, Chicago, and Buffalo, small groups such as the “Red Cross Ladies” collected goods both purchased and handmade from friends and prepared packages of clothing, food, and tobacco to send to the prisoners. Occasionally, these packages would contain other articles hidden inside. These gifts included special inks, document paper, and binding materials that prisoners would use to forge Selective-Service cards, passports, and other identification to be used after escaping from Bowmanville. For this reason, the U.S. government required that packages carry return addresses from Americans mailing to Canada. The prisoners at Bowmanville and other camps would save these addresses and those transmitted through a Canadian-based espionage network to build an *ad hoc* underground railroad.

The Great Escape

In 1940, the British captured Hans Peter Krug, a twenty-year-old lieutenant in the German Air Force after he was shot down during the Battle of Britain. The Brits sent Krug to the Bowmanville POW camp. However, after careful planning with his fellow officers, Krug made his escape from Bowmanville to Windsor, Ontario, by way of Toronto on 15 April 1942, along with another German officer, Lieutenant Eric Boehle. Krug traveled under the false identity of a French seaman who was relocating after his ship, the *Normandie*, had been destroyed by fire in New York Harbor. In Toronto, an adjustment bureau that aided such refugees bought Krug’s ticket to Windsor. At that point, Krug and Boehle parted ways as the latter planned to cross the Niagara River to the United States.



LIEUTENANT KRUG

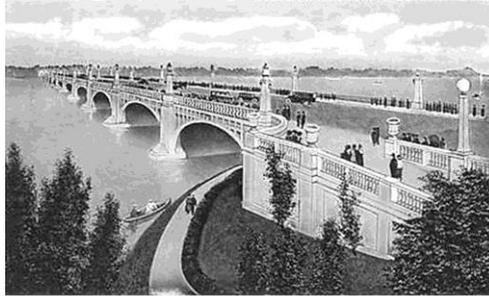
Krug arrived in Windsor on the early morning of Friday, 17 April. As his bus ticket took him to downtown Windsor, most likely he would have disembarked in the city center along Ouellette Avenue, directly across the river from downtown Detroit. However, given the official story obtained after his recapture, Krug would have had to walk through Windsor and upriver past Walkerville for a distance of four to five miles in full daylight to reach some bushes along the river. This hiding place would serve as his point of departure to the United States. Canadian authorities captured his compatriot Boehle at Niagara Falls, New York, at 10:30 AM, and alerted border surveillance about Krug that Friday morning. Krug stated that he hid in the brush along the river until nightfall. While in hiding, he made a paddle for a moored rowboat that he would “borrow.”



BEACON - PENOBSCOT BUILDING

Krug embarked from the Canadian shore at about 11 PM. He claimed to have used the beacon atop the Penobscot Building in downtown Detroit to navigate the river. However, Krug navigated the river’s commercial channel, which has a strong current, and landed on Belle Isle, the island park in the middle of the river. In achieving sufficient cross-drift, Krug would have had to commence his crossing (during which he reported that he had broken his homemade paddle) from the narrows upriver to land on the island.

Furthermore, Krug claimed not to have known that he landed on an island. However, his long walk from downtown Windsor to his hiding place on Friday morning would have afforded Krug a clear view of the island. More importantly, Krug was a Luftwaffe pilot who relied upon map-reading skills. Ample preparation would have allowed Krug and his fellow officers to obtain or to develop a crude map of the terrain for which he headed. Lynn Phillip Hodgson, the Canadian editor of the espionage magazine *Eye Spy*, asserts that the German military-intelligence organization *Abwehr* had smuggled in forged documents, Canadian and American currency, and maps through their agents in Canada (<http://webhome.idirect.com/~lhodgson/germanpows.html>).



BELLE ISLE BRIDGE - DETROIT

Krug claims to have stayed on Belle Isle until early morning before walking past the Detroit Boat Club and utility sheds on the island before crossing the six-lane, half-mile bridge. Given the usual low volume of traffic coming from the island at that hour, his crossing would have attracted the local constabulary or the attention of the border patrol. Also, the POW had memorized four Detroit addresses in the German community of Southeast Detroit. In his book *No Ordinary Crime: An Authentic Tale of Justice Influenced by War Hysteria* (Broadblade Press, 1989) James R. Wilson states that he believes that these names came from packages sent to Bowmanville Prison by the Red Cross Ladies who met at Max Stephan's restaurant. Krug asserted that he started his search at a reasonable hour. However, his first contact was Mrs. Margareta Bertelmann at the fourth address that he tried. Bertelmann resided at 259 Philip in the neighborhood between Greyhaven Island and the border of Grosse Pointe Park, 4.5 walking miles from the bridge. Lieutenant Krug must have had a busy and tiring morning before arriving at her home before 9:00 AM.

In our next thrilling episode, we will conclude the true story of Max Stephan and Peter Krug. In addition, we will introduce several individuals who resided in Detroit and whose colorful exploits are related to Stephan's case as well as their own spy adventures. Stay tuned!

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John F. Sase, Ph.D., has taught Economics for four decades and has practiced Forensic and Investigative Economics since the early 1990s. He earned a joint MA in Economics and an MBA at the University of Detroit, and a Ph.D. in Economics at Wayne State University. He is a graduate of the University of Detroit Jesuit High School. Readers can contact Dr. Sase at 248.569.5228 and through drjohn@saseassociates.com.