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The Betrayal

Belgium and Germany

1931

On Sunday 1 November 1931 Hans Thilo Schmidt, a forty-three-year-old executive at the German Defence Ministry Cipher Office in Berlin, took a step from which there was no turning back. He booked into the Grand Hotel in Verviers, a small Belgium town on the border with Germany, for his first meeting with a French Secret Service agent. Schmidt had been contemplating making this move for months. During June 1931 he had paid a visit to the French Embassy in Berlin to find out who he should contact in Paris if he wanted to sell some secret documents to the French government.[1]

Three weeks later he had followed up the advice given by the Embassy staff and had written a letter to the French Deuxième Bureau, the umbrella organisation which on France's behalf carried out many of the task performed in Britain by MI 5 and MI 6.[2] In his letter he explained that he had access to documents which might be of interest to France, and he specifically mentioned that he was in a position to hand over the manuals for a coding machine which had been used in Germany since June 1930. If the Deuxième Bureau was interested he was happy to meet up with its representative in Belgium or Holland, he wrote. It was in response to this letter that the meeting in Verviers had been arranged, and the scene was set for Schmidt's first act of treachery.

In normal circumstances Schmidt would probably never have considered becoming a traitor. He was just an average man from an upper-middle-class background with no political agenda or burning ambition to be successful. Although his mother had been born a baroness, she was not rich. She had lost her title when she had married Hans Thilo's father, Rudolf Schmidt, a university history professor. Hans Thilo's circumstances had improved a little in 1916

when at the age of twenty-eight he had married Charlotte Speer, the daughter of a well-to-do hat-maker. Charlotte's mother's family business, C.A. Speer, ran a shop in Potsdamerstrasse in Berlin which was the place for smart Germans to go for their umbrellas, walking sticks and of course their hats. The profits from this shop helped to pay for Hans Thilo and Charlotte's wedding present, some land and a house in Ketschendorf, a rural area, now part of Fürstenwalde, just outside Berlin.

But then came the galloping inflation and the economic downturn which forced the Speers to close their shop. All of a sudden Hans Thilo's prospects looked far from rosy. He was fortunate that his father and his brother, another Rudolf, were prepared to help him out with his domestic expenses. Hans Thilo and Charlotte had two children by the time the economic depression began to bite and, although he had his job in the Cipher Office thanks to an introduction arranged by his brother, his salary was barely enough to keep himself, let alone his young family.

His first act of betrayal had nothing to do with matters of state. He betrayed his wife by having an affair with his maid. Presumably Hans Thilo must have hoped that his wife would never find out what went on when she was out of the house. But if he wanted to be discreet, he certainly went about it in a half-hearted way. His children, Hans-Thilo the younger and Gisela, knew exactly what was going on. They quickly realised that they had to tip-toe around their small Ketschendorf house in case they barged in on something which they and their father might have found extremely embarrassing. Sometimes they could hear the sound of their father and the maid making love in the spare room when their mother was out shopping. It was to be the first of many such affairs. His children at first had no idea whether their mother knew about her husband's philandering. They suspected that she did not. But they did notice that from time to time one maid would disappear only to be replaced by a more ugly substitute. Then their father would start off another seduction ritual until the next maid disappeared.

Hans Thilo's extramarital affairs were not confined to his maids. He also had sexual encounters when he stayed the night in Berlin; he claimed that he had to work late in the office. His sister Martha would try to cover his tracks when Charlotte, his wife, attempted to ring him at Martha's flat where he was supposed to be staying. 'He has just gone shopping,' Martha would tell Charlotte. But Martha's excuses gradually wore a bit thin, and Charlotte must have soon

realised that she could not believe a word Martha said. The relationship between the two sisters-in-law took a turn for the worse after they fell out over the clothes Martha gave Charlotte for Christmas. Charlotte was far from being the neat gazelle-thin princess Hans Thilo coveted. She ate for comfort because of her unhappy marriage and put on weight. Martha, who either was not very sensitive or perhaps wanted to make a point, always insisted on giving her stockings and dresses that were several sizes too big. To Charlotte this appeared to be a not very subtle hint that she was too fat, and there were furious scenes every Christmas. Charlotte complained to her husband about the insults she was forced to endure.

But these rows were nothing compared to those which occurred when Charlotte confronted Hans Thilo about his love affairs. He would try to reassure her by saying, 'Mutzipuss, you are the only one I really love. The other women mean nothing to me. I've tried to stop having affairs, but I just can't help myself.' Her response was that if he could not help himself, she could – by hiring uglier maids. At this he would sigh philosophically, and say, 'That would not do any good. The uglier they are, the more grateful they are for my taking an interest in them.' Their children guiltily listened to all this through the thin plaster walls which ensured that no one in the house had any privacy. They felt they were implicated in their father's treachery, since once the rowing had stopped, he would try to explain to them why he behaved as he did. 'It's just that I love women,' he would tell them. 'I love them so much that I wish I had been a woman myself.'

Hans Thilo loved fantasising. 'When you grow up, people will not drive to each other's houses,' he told his children. 'They will fly from house to house. You will see people on the moon, and everyone will have their own wireless with pictures.' The dream world he conjured up for them was all part of his charm. Everyone who heard him talking in this way was amused. Except for Charlotte. Every now and then she would threaten to leave him so that she could make a new start with someone who really loved her. After one such threat, Hans Thilo decided to move out of their Ketschendorf house so that he could live permanently in Berlin. His sister Martha even went so far as to find him a girlfriend, someone who, she said, would look after him properly. However, even this crisis passed after Gisela and Hans-Thilo the younger urged their parents not to split up.

It was Hans Thilo's inability to resist temptation at work which turned him into a traitor. In the Cipher Office where he worked ciphers were made up for the German armed forces. These were kept

in a locked safe. However, thanks to his brother Rudolf, who had been head of the Cipher Office between 1925–8, Hans Thilo was the trusted assistant to Major Oschmann, his brother's successor. As a result he often had access to the safe where the ciphers were stored. It did not take a genius to realise that these ciphers would fetch a lot of money if they were offered to another country, and Schmidt eventually decided to exploit his money-making opportunity. That is how it came about that he made contact with the French Secret Service.

The Deuxième Bureau's secret agent who had been entrusted with the task of ensnaring and tempting Schmidt into a life of espionage was a larger than life character who went under the name of Rodolphe Lemoine. In fact Lemoine was not his real surname. Like many spies, he enjoyed having as many aliases as possible. His real surname was Stallmann. Lemoine was his French wife's surname. He had married her in 1918 after moving to France from his native Germany. However, when he was working under cover for the Deuxième Bureau, he used the codename Rex. Whoever was responsible for allocating the codenames must have had a sense of humour, perhaps spotting that Lemoine lived like a king – usually at the Deuxième Bureau's expense. When he went out on an assignment he would stay at the best hotel in town and book the most expensive suite. His informants were invariably softened up with champagne and encouraged to smoke the large cigars which Lemoine himself favoured. Or perhaps it was because he looked like a king or at the very least a medieval pope. Lemoine was a huge bear of a man. When he met Schmidt for the first time he was sixty-one years old and his powerful charismatic personality was accentuated by his large shaven head and piercing blue eyes which looked out from behind round-rimmed spectacles. Once you were caught in their hypnotic gaze it was hard even to think of escaping.

As soon as Hans Thilo Schmidt was shown into Lemoine's opulent hotel suite in Verviers in November 1931, Lemoine began to put into practice the procedure which had been honed by similar encounters over the years. At all such meetings a subtle form of jostling for position has to take place before both sides settle down to the serious business of hammering out a deal. In order to take control of the situation, Lemoine wanted to frighten Schmidt just a little before befriending him. So Schmidt was asked what he would have done if the official to whom he had spoken at the French Embassy in Berlin had taken him to be an agent provocateur and had handed him over

to the police. This suggestion had the desired effect and Schmidt, who was obviously very tense, said that if Lemoine was going to talk like that there was no point carrying on with the meeting.

But Lemoine could not let the matter rest there. He had to make it clear to Schmidt that the French Secret Service could not possibly take on a new recruit unless it was convinced that he was genuine. Lemoine had to know why Schmidt was willing to become a traitor. It was then that Schmidt told Lemoine about his financial difficulties and his feeling that his country could not expect him to be loyal if it failed to look after him. He might have added that he had trained as a chemist; so it should have been easy for him to find a well-paid job if the government had been running the economy properly.

Once Lemoine heard this, he knew exactly how to deal with Schmidt. He would offer him fabulous amounts of money for any valuable documents which he could produce. In short, he would play Mephistopheles to Schmidt's Dr Faustus. By the end of their first meeting, Lemoine and Schmidt had come to an understanding. Schmidt was to bring the best documents he could lay his hand on to their next meeting and Lemoine would tell him then how much they were worth.

Lemoine was not to be disappointed. On Sunday 8 November 1931, the two men met again at the same hotel. During the meeting, Schmidt produced two documents out of his brief case which made Gustave Bertrand, the 34-year-old code expert accompanying Lemoine, gasp with disbelief. For they were nothing less than the manuals explaining how to operate the top secret Enigma machine being used by the German Army. When Bertrand heard Schmidt go on to apologise for not bringing along the list of current Enigma settings, he knew that he was on to a potential goldmine as far as France's security – and his own career – was concerned.

As soon as he was alone with Lemoine, Bertrand suggested that they should pay Schmidt 5000 Reichsmarks for what he had brought. It was difficult for Bertrand, when he was interviewed about this meeting several years later, to remember exactly what Lemoine then told him. But in substance it was something like this: 'We must catch him once and for all now. Let me offer him twice as much as you are suggesting, that is 10,000 marks [about £20,000 in today's money]. And I would like to offer him the same again if he carries on helping us.' Bertrand, who was by this time metaphorically rubbing his hands with glee, quickly agreed to what Lemoine was saying. So while Bertrand took the Enigma manuals up to his hotel room so that they

could be photographed, Schmidt was signed up as a Deuxième Bureau spy. The deal he agreed was both exciting and terrifying. It would enable him to earn large amounts of money. But as Lemoine told him, once he was in, there was no way out. The French Deuxième Bureau would never let him go.

Back in Paris, Bertrand showed his photographs to the cryptographic specialists. Although he was in charge of the cipher section in the Deuxième Bureau, he was not a hands-on cryptographer himself. The cryptographers must have felt that Bertrand and Lemoine had been taken in, because they reckoned that the documents provided by Schmidt would not enable them to break the Enigma code; the manuals explained how to encipher a message, but they did not enable a cryptographer to read Enigma messages. Bertrand was very disappointed, but he and his superiors agreed that they should get a second opinion from the cryptographic experts in Britain.

Wilfred 'Biffy' Dunderdale, the man who was running the British Secret Intelligence Service's French station during the 1930s, was to be the go-between. Like Lemoine, he was a cosmopolitan man of independent means. Lemoine's money came from his father, a jeweller in Berlin; Dunderdale's father was a shipping magnate. Biffy Dunderdale, who was just thirty-one years old when he was approached by Bertrand, would later play a significant role in making sure that Bertrand's Enigma secret ended up in Britain without the Germans discovering. But that was later. In 1931, even he was powerless to help. All he could do was to send the copy photographs to London and then relay back to Bertrand the British cryptographers' verdict. They agreed with their French counterparts that Schmidt's documents would not enable them to crack the Enigma.

Bertrand's response was to ask the head of the Deuxième Bureau if he could show the documents to his opposite number in Poland who, long before Bertrand had met up with Hans Thilo Schmidt, had mentioned the Poles' inability to read the impenetrable code being used by the German Army. When the answer came back in the affirmative, Bertrand booked his ticket to Warsaw.