

Giesecke & Devrient Counterfeited Dollars & Pounds

The previously known story.

Many paper money collectors are aware of Soviet counterfeiting of U.S. currency after WW1. From 1927 to 1934, counterfeit \$100 and \$20 (the large size) were produced for the hard currency strapped USSR. It was also used to pay informants of the Soviet espionage services. The leader of this operation was a “Moscow trained Latvian immigrant, Alfred Tiltin living in New York as a Canadian under the fictitious name of Joseph Paquette”¹. He was “the new director of the Soviet Military Intelligence organization in the United States”¹. This organization was the GRU² (espionage branch of the soviet military). Nicholas Dozenberg replaced him when Tiltin was recalled to Moscow in 1929. By early 1930, large sums of counterfeit \$100 & \$20 surfaced in Geneva, Mexico City, Bucharest, Vienna, Sofia, Shanghai, and especially Berlin. The reason for the large amount in Berlin is the Soviets found a way to transfer huge sums of fake currency with large transactions through a bank in Berlin. The private banking firm Sass and Martini was bought one year prior, and then resold to a leading German Communist.

The bogus notes were printed in Berlin by an unknown skilled German engraver. The rag paper and “feel” of intaglio engraving was perfect. The only small discrepancies:

- Vignette on back is holding a sheaf of arrows with one finger out of position. (Genuine note shown)



- The space between the “1” and first “0” of “100” in the corner numerals was slightly further apart. (Genuine note shown)



The heretofore unknown story.

While researching Giesecke & Devrient for new material for my next test note catalog edition, I found a CIA Information Report³ dated 21, December 1948. The classification of the report was marked “SECRET”, but was “Approved for release 2002/08/14”. As one would expect from a form of 1948, the report had typed in information. Apparently the original was scanned and converted to PDF format in 2002. As good fortune would have it, there was none of the frustrating redactions which render the information garbled at best or useless at the worse.

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CLASSIFICATION SECRET

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CENTRAL INTELLIGENCE AGENCY

REPORT NO. **INFORMATION REPORT**COUNTRY **Germany (Russian Zone)**

DATE DISTR. 21 December 1948 25X1

SUBJECT **Printing of Counterfeit Currencies
at Giesecke & Devrient, Leipzig**NO. OF PAGES 2 PLACE ACQUIRED 25X1ANO. OF ENCLS.
(LISTED BELOW)DATE OF I **CIA LIBRARY**SUPPLEMENT TO
REPORT NO.

25X1X

The Giesecke & Devrient website lists 1948 as "Re-establishment in Munich of the expropriated company"⁴. "It was Otto, a former Russian prisoner of war who was the son-in-law of the last G&D chairman, Ludwig Devrient, who brought G&D back from near oblivion after World War II. When it appeared the Soviets might be assuming control of the company, Otto moved the company from Leipzig to Munich and initially set it up in an attic"⁵. Armed with the compelling CIA report, it is self-evident Otto was allowed to assume control of his wife's firm by the Soviets – at a price.

The report has clear information on several key points, which is transcribed here verbatim:

- It has long been reported that the well-known printing firm Giesecke & Devrient in Leipzig has been engaged in the counterfeiting of foreign currencies on orders of the Soviets. It is known that this firm printed counterfeit monies for the use of German Intelligence during the war.
- The plant was dismantled by the Russian and the best and most modern machines were removed and sent to Russia as reparations. A good share of the former personnel were taken out of the country as well. Some months later, plans were made by the Russians to resume the work of counterfeiting, and a section of the plant was engaged for this work. Several presses were returned from Russia, but most of the special equipment could not be located. Thus crates containing parts of machines came back, but it was with the greatest difficulty that enough equipment was assembled to undertake engraving and printing of counterfeit currency.
- Emphasis at the moment is given United States Treasury notes in ten-dollar denomination, United States Military Payment Certificates in ten-dollar denomination, and English one-pound notes.
- The currency counterfeit department now works with a staff of eight, consisting of four Germans and four Russians. The Germans are strictly guarded at work and outside. They provide the technical skill necessary for the work, while the Russians have the supervisory functions. Strict accounting is kept of all paper stocks and other supplies, as well as of finished notes and all waste.
- The production goal for the four months beginning with October 1948 is as follows:

U.S. Treasury ten-dollar notes	100,000
U.S. ten-dollar MPC's	85,000
English one-pound notes	10,000

On 23 October 1948, the following quantities were finished and delivered:

U.S. Treasury ten-dollar notes	10,000
U.S. ten-dollar MPC's	20,000

This was about 20 percent short of the planned delivery for that period, and the delivery was made two days later than anticipated.

- Paper is made for the currency counterfeiting is made by a small firm in the Russian Zone, which works exclusively for Giesecke & Devrient. The colors for the inks are reported to be an American product. The containers for these are handled only by the Russian members of the staff, who give out the colors to the German workers in small vessels, as needed.
- In the other departments of the plant a variety of forged are being printed. These include identity cards, credentials, cargo waybills, automobile ownership certificates and drivers' permits used by the United States, England, France, The Netherlands, Sweden, and the three Western Zones of Germany. The Netherlands' passports are now being made and are to bear visa stamps for the Dutch colonies. Credentials of authority for the Western Sector Berlin police were completed recently.

Closing thoughts.

- The paper produced by a small firm in the Russian Zone could well have been the Louisenthal paper mill in Gmund am Tegernsee. G&D later purchased this firm in 1964. It produces all the paper stock G&D uses for security printing.
- The source of the inks, presumed American remains a mystery.
- No information has been found to how near perfect the G&D forged notes were or examples available. What type of US notes forged is not known – treasury, silver certificate, or Federal Reserve notes. In fact, the report mentions “emphasis at the moment” of US currency, but also mentioned “counterfeiting of foreign currencies”, but did not indicate all monies known to have been forged.
- How long Giesecke & Devrient were forced to comply with the espionage efforts of the Soviets is not known.

Certainly G&D would know many more details, but remains reticent about any of these activities and probably will remain so. Security bank note printers rely heavily on the confidence their trusted customer contacts have in G&D. As such, any lowering of esteem would be more damaging than many other industries.

References

¹ Krammer, Arnold, Slavic Review Vol. 30, No. 4 (Dec 1971) article [Russian Counterfeit Dollars: A Case of Early Soviet Espionage](#)

² Morgan, Ted, [Reds: McCarthyism in Twentieth-Century America](#), April 2020.

³ CIA Government Library Reading Room webpage

<https://www.cia.gov/library/readingroom/docs/CIA-RDP83-00415R001600090010-3.pdf>

⁴ Giesecke & Devrient, About-Us – History webpage

<https://www.gj-de.com/en/group/about-us/history>

⁵ SecureIDNews, [Giesecke & Devrient: It's a family affair](#) web site

<https://www.secureidnews.com/news-item/giesecke-devrient-its-a-family-affair/>