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The distribution of fake British pounds in the biggest money counterfeiting scheme in history

V. H. C. von Lengeling

German Studies, Rhodes University, Grahamstown, South Africa

ABSTRACT

Operation Bernhard was the largest money counterfeiting scheme of all time. The secret Nazi operation, set up in the Sachsenhausen concentration camp with a workforce of Jewish prisoners, produced many millions of near-perfect counterfeit British pounds with the aim of destabilizing the currency. The initial plan to airdrop the counterfeits over Britain was adapted to distribution on the ground all over Europe. While the production side of the operation has enjoyed coverage in academic and popular publications, scarcely anything is known about the distribution of the counterfeits. This vacuum in the history of Nazi Intelligence is the focus of this article. Historical network analysis was employed as this framework proved particularly useful where original source material is scarce. A graphic visualization of the distribution network further facilitates the understanding of a complex semi-structured arrangement of people under the control of the SS. Nazi officials passed fake pounds to agents who bought other currencies, gold, valuables, weapons, scarce materials, and information with it. The distribution of the counterfeit pounds was cause for the greatest embarrassment in the history of the Bank of England.

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Introduction

Counterfeiting experts agree that the secret Nazi scheme, *Unternehmen Bernhard* (Operation Bernhard), was the largest money counterfeiting operation in the history of money.[1] What makes Operation Bernhard further exceptional is that Jews, many of whom already selected for execution, were recruited from various concentration camps and gathered in a secret section within the Sachsenhausen concentration camp to produce the counterfeits. Remarkably, of the 146 Jewish prisoners involved with Operation Bernhard, 140 survived.[2]

CONTACT V. H. C. von Lengeling vonlengeling@gmail.com PO Box 370, Makhanda, Grahamstown, 6140, South Africa

[1]Lawrence Malkin, *Krueger's Men; The Secret Nazi Counterfeit Plot and the Prisoners of Block 19* (New York, Boston, London: Back Bay Books; Little, Brown and Company, 2006) vii, 10; Charlotte Krüger, *Mein Großvater, der Fälscher, Eine Spurensuche in der NS-Zeit* (München: Deutsche Verlags-Anstalt, 2015) 7, 80; and Florian Osuch, *'Blüten' aus dem KZ; Die NS-Fälscheraktion 'Operation Bernhard' im Konzentrationslager Sachsenhausen* (Hamburg: Karl-Richter Verlag, VSA Verlag, 2009).

[2]Malkin, *Krueger's Men*, 95; and Krüger, *Mein Großvater*, 76.

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As enemy money counterfeiting was not considered a war crime, Operation Bernhard was only superficially dealt with at the Nüremberg Trials after the war.[3] In 1955 the first book on Operation Bernhard was published titled *Unternehmen Bernhard: Ein historischer Tatsachenbericht über die größte Geldfälschungsaktion aller Zeiten* [Operation Bernhard: A factual account of the biggest money faking action of all time], written by former SS intelligence officer Wilhelm Höttl (Hoettl) under the pseudonym Walter Hagen.[4] Höttl was involved with the distribution of so-called Bernhard notes, but unfortunately Höttl's work has been seriously criticized for being far less factual than he claimed. Höttl was denounced as a 'peddler of lies', and later he admitted that his account was 'mere journalism'.[5]

From the 1960s onward various biographies and other published works about the Jewish inmates who had worked for the operation appeared.[6] Since then, Lawrence Malkin's 2006 *Krüger's Men* has become the leading authority on Operation Bernhard,[7] while the popularization of the operation followed in the same year with the film *The Counterfeiters* (original German/Austrian: *Die Fälscher*).[8] In 2009 Florian Osuch published a book in German on the technical aspects of the production of the Bernhard notes.[9] In 2015 Charlotte Krüger published a biography of her grandfather, SS official *Hauptsturmführer* Bernhard Krüger, after whom Operation Bernhard was named.[10] Even if there is ongoing interest in Operation Bernhard, all the sources mentioned above mainly focus on the production of the Bernhard notes – with the exception of Höttl's (discredited) account. The distribution of the Bernhard notes is usually dealt with briefly as an aside to the fascinating story of the notes' production and the survival of the Jewish prisoners.

There are at least four reasons why the distribution of the Bernhard notes has not received any significant attention. Firstly, the top Nazi structure kept Operation Bernhard ultra-secret with only a handful of people who knew about both the production and distribution of the counterfeits.[11] Further, during the closing days of the war the Nazis destroyed huge amounts of documents that could possibly have been incriminating.[12]

[Rest of article omitted for copyright purposes.]

[3]Malkin, *Krueger's Men*, 194.
[4](Wels, Austria: Verlag Welsermühl, Wels und Starnberg, 1955); see also Malkin, *Krueger's Men*, 193, 256; and Krüger, *Mein Großvater*, 186.
[5]Malkin, *Krueger's Men*, 28–9; and Krüger, *Mein Großvater*, 186–7.
[6]Julius Mader, *Der Banditenschatz* (Berlin East, 1966); Gunter Hesse *Das Geheime Block 19* (Berlin East, 1975) – reflecting some eyewitness accounts of inmate Kurt Lewinsky; Peter Edel, *Wenn es ums Leben geht* (Berlin, 1979); Joseph e Sem Julius Mayer, Report on forgery in Sachsenhausen concentration camp, Czechoslovak Ministry of Interior, Prague (Copenhagen: Joegen Somod, 1945, 1981); Bryan Burke, *Nazi Counterfeiting of British Currency during World War II: Operation Andrew and Operation Bernhard* (USA: The Book Shop, 1987); Adolf Burger, *Unternehmen Bernhard; Die Geldfälscherwerkstatt im KZ Sachsenhausen* (Berlin: Neues Leben, 1992); Avraham Krakowski, *Counterfeit Lives* (New York, 1994); Moritz Nachtstern, *Counterfeiter; How a Norwegian Jew Survived the Holocaust* (Oxford, 2008); Wolfgang Sofsky (2008) *Die Ordnung des Terrors; Das Konzentrationslager* (Frankfurt am Main, 2008); and Stefano Poddi, "The Devil's Workshop; Operation Bernhard – The Story of the Biggest Banknote Counterfeiting Scheme Ever Devised," *International Bank Note Society Journal* 47, no. 4 (2008): 29–35.
[7]Krüger, *Mein Großvater*, 155, 245.
[8]directed by Stefan Ruzowitzky, Austria: Aichholzer Film & magnolia Filmproduktion; and Osuch, *'Blüten' aus dem KZ*, 15.
[9]Osuch, *'Blüten' aus dem KZ*, 16.
[10]Krüger, *Mein Großvater*.
[11]Malkin, *Krueger's Men*, 269.
[12]Osuch, *'Blüten' aus dem KZ*, 16; Johannes Tuchel, "*. . . und ihrer aller wartete der Strick*"; *Das Zellengefängnis Lehrter Strasse 3 nach dem 20. Juli 1944* (Berlin: Lukas Verlag, 2014),11; Carsten Dams and Michael Stolle, *Die Gestapo; Herrschaft und Terror im Dritten Reich* (München: C.H. Beck, 2008), 172; and Wolfgang Krieger, "German Intelligence History: A Field in Search of Scholars," *Intelligence & National Security* 19, no. 2 (2004): 185–198, 186.