The Auslandsorganisation was not officially represented in New York. At first there was an unofficial representative there, Captain (Navy) F. C. Menzing, a senile man, who was attached to the Consulate General. Borchers could subscribe to some features of the Nazi Party program, primarily to that which stated that the Versailles Treaty was bad and must be changed. He was, however, opposed to the anti-Jewish features and to the use of force. When Menzing returned on his annual visit to Germany, Borchers requested him to try to prevent Bohle from having him join the Party. However, Bohle wanted the Party to expand and in 1936 made it clear that Borchers should either join or cease being Consul General. Consequently, Borchers joined as of January 1, 1936.

While Bohle could not make German Foreign Service officers resign, he passed on their promotions for the Party; he thus had power over the Foreign Service. Borchers strongly maintained that the Auslandsorganisation in New York and probably throughout the United States did nothing more than control Party members there. From the start Borchers was opposed to the Auslandsorganisation and he was helped in this attitude by the United States Government which did not wish that such political organizations should operate in the United States.

Dr. Draeger replaced Menzing. He was an opportunist and an intriguer. It was probably he who started rumors that Mrs. Menzing was partly Jewish. This forced Menzing to resign; he later became an American citizen. At the end Draeger intrigued against Borchers by alleging that he disregarded the rights of the Party since Borchers did not invite him as the Party man to all official functions. Borchers believes that the Auslandsorganisation was different in South America where Party members acted as they pleased.

Dr. Draeger tried to expand his activities in New York. He moved into his showy office, kept his own files which Borchers was not allowed to see and operated entirely separately from the Consulate General; however, Borchers insisted that Draeger did not propagandize.