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December 1st.

I had a discussion with Archer in the morning and later with Archer, Arnold and Victor about the constitution of the Air Section. Arnold agreed that although he had certain definite functions to perform he should really work as one section with D.3. Archer does not wish in any way to interfere with his work for Lennox or other sections but feels that on matters of security affecting Service establishments and factories there should be closer co-operation. I said I thought it would be useful to get these views down on paper and also to define Victor's part in enquiries which would be thrown up by the Air Ministry. I mentioned that certain correspondence was going on between the D.G. and Medhurst and I felt that if we could put forward a concrete plan it might be helpful. Otherwise we might find certain decisions taken which might not be to our liking. I saw the D.G. later and he has shown me his correspondence with Medhurst. He is taking a strong line about Archer's position and is making it quite clear that his section cannot be run from the Air Ministry. It is for the A.M. to put forward their problem and for the D.G. to instruct his officers how to carry them out. Blackford on the other hand seems to regard the Air sections in this office as being under his control.

I saw Jock Whyte about the JACKSON case. Another meeting has been arranged. I

suggested to him that in the light of the Irma STAPLETON case he might try and obtain a list of German subjects who had obtained British nationality by marriage and then pass them over the records, and if they looked at all interesting, *carry out further inquiries.*

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Lunched with Theo. He explained to me the policy to be adopted in regard to the internment of Finns, Hungarians and Roumanians when war was declared on these countries. I gather it is to be declared in the course of the next few days, largely I think due to pressure by the Russians. All seamen are to be interned but only a limited number of the remaining nationals of these countries. All these cases will of course be subject to revision after examination.

I later attended a meeting at the H.O. at which it was decided to reverse the previous policy with regard to Japs. All seamen are to be interned and 100 others whom we think by reason of the area in which they live or the work they do might engage in activities detrimental to the state. Consulate telephones are to be cut off and the Jap staff are to be under house arrest. There is to be one telephone line to the Embassy. I said that I could not

commit myself finally to this policy since as I did not know that the meeting was to discuss a reversal of a previously agreed policy I had not been able to consult the D.G. I said that it was impossible to express any views about the way that the Japs were likely to behave after a declaration of war. The I.O. representative who seemed to have a fair knowledge of Japanese habits and in fact looked rather like one himself did not think the Jap citizens here would give any trouble. He did however consider that it would be dangerous to leave them at large in a place like Singapore. He was anxious that we should be as conciliatory as possible since he feared reprisals in Shanghai where there are 10,000 British subjects and in Tientsin where there are also several thousand. He was more anxious about the fate of these people than the thousand British subjects who were residing in Japan proper. I saw the D.G. later and he agreed to the internment policy suggested.

The news from the Libyan front seems reassuring and there is no doubt that the Russians are making progress west of Rostov.

December 2nd

Nothing of interest was discussed at the D.G.s meeting.

I had a word with Grogan about the measures being taken to test correspondence for secret ink. He tells me that the actual

testing personnel are being recruited and that as they come in the percentage of mail tested will correspondingly increase. Collins has not yet obtained sanction for his additional chemists but this matter is in hand.

D.G. saw myself and Victor about the Dorothy case. He has made up his mind that there is nothing to be gained by allowing the wireless set to go in in the biscuit tin, since Walter WEGENER was already interned. I tried to explain that the project had a definite intelligence value. If Walter started to transmit we hoped to learn firstly whether there was any subversive organisation among the internees in the I.O.M. and secondly whether Wegener would communicate to the Germans that certain of his former collaborators in Siemens Schuckerts were now at large and could be made use of. The D.G. felt that if Wegener used the set he would ultimately have to be arrested and that our connivance in the whole matter would then come out. I do not think that this is necessary. We should be able to arrange matters so that no difficulties of this kind arises. As things stand at present Ioby Pilcher is to express his opinion on the merits of WEGENER's case from the point of view of his continued internment since unless his more recent intentions are made clear to the committee they will probably recommend his release.

The D.G. has decided that Marriott and Harris

should go to Gib. in connection with the MUNOZ-DOMINGUEZ case. He has also agreed to the scheme that we put forward some time ago about Machell's section.

December 3rd

Mutt and Jeff have at last re-established contact. Satisfaction was expressed about Plan Guy Fawkes, but subsequent requests for money have met with no response. It is still difficult to assess the exact position of Mutt and Jeff in the eyes of the enemy. The whole case is being reviewed.

I lunched with Gage of S.O.I. I had previously told him that I thought we should be of more use to his department if we had a better idea of what they were trying to do. He told me that he was interested in day to day events in enemy and enemy-occupied territory, for example information about food, economic conditions, appointments, bombing and so forth. He was also interested in the reaction of public opinion to these events, for example evidence showing whether a particular appointment was popular or not, gossip about individuals, evidence of the state of morale in particular localities. He was also interested in the reception of B.B.C. broadcasts and comments about them. He thought that we could help firstly by putting him on to people who arrived here from enemy territory or enemy-occupied country, secondly he thought that we might

be able to tell him about people who had lived here for some time but who at some stage in their careers had been intimately associated with prominent personalities taking part in the New Order in Europe. These might be enemy personalities or Quislings. He required this information firstly in order to build up a clear picture and secondly for broadcasting purposes to undermine the influence of such personalities.

December 4th

We had a meeting about Gib. Dick, Victor, Bla, Harris and Machell. It was agreed that Marriott and Harris should go out as soon as accommodation was available and that they should be briefed both about the Sundae case and the leakage case. It was also agreed that we should send a wire to Medlam warning him of their arrival.

At the R.S.S. meeting Dick raised the question of Jap ISOS. We must assume that they will establish some kind of network in S. America for communication across the Pacific. T-R thought that if the Canadian Unit was properly exploited and received the necessary instruction from here they could probably cover the ground fairly easily. At present they had a good deal of equipment and not a great deal of work. It was decided to raise this matter in higher quarters. A Jap B.F. indicates that if communications are cut in the event of war the Embassy should rely upon communication through the Navy. The inference is that

the Navy Dept. here will have a powerful receiving set but that they will not be transmitting. The question of the installation of a transmitter was discussed some time ago between the Ambassador and his F.O. but was turned down for a variety of reasons. Arrangements may have been made by Naval cypher for the installation of a transmitting set but this seems doubtful. If there is a set here it has not so far shown any signs of life nor have any messages been transmitted which would normally have been sent by diplomatic, naval or military cypher. We know this because all messages have been taken down and were numbered consecutively. However, in order to be quite sure we are having the vans out in order to do a bit of sniffing. If the Japs declare war they are going to notify their Embassies abroad by a code message in a broadcast. The B.B.C. are looking out for this message and two representatives of S.I.S. are with them to assist. The Jap Embassy here had instructions to break up the cypher machines so presumably in future they will be communicating through naval or military cyphers. It is difficult to see whether this is just nervousness, or whether it is part of a pre-arranged plan to declare war on a given date. The F.O. have now gone back on the decision reached at the meeting at the H.O. to discuss the internment of Japs in the event of war. They say that they do'nt wish to intern anybody except the seamen, and that this was what was agreed.

I had a conference with Theo, M., Kenneth and Alley about the desirability of M. running certain of their agents. It was agreed that where so-called agents were in fact little more than informants giving political background etc. it was preferable that they should be run by the sections. If it was a case of putting in an agent it should be for consideration whether the agent might not be better handled by M's organisation, which had more experience in matters of this sort. The position was subsequently discussed with the D.G., D.D.G. and myself. D.G. agreed with our findings and also confirmed his view that the plan by which M. should send round representatives of his section to regions in order to discuss with them what assistance B.2. could afford was unnecessary. He thought that it was for the RSLOs to bring their cases to headquarters. M. said that he would issue a circular to that effect. I explained that neither M. nor I had ever intended that B.2's representatives should be more than commercial travellers. We thought however that they would stimulate activity in the regions where the ordinary methods of investigation usually came to a dead end.

D.G. has agreed to the B.1.A(1) scheme for recruiting agents.

I had a talk with the D.G. about the Dorothy case and explained to him what the advantages were from the intelligence point of view. Firstly we hoped to find out something about a possible organisation among the internment camps in the I.G.M. and secondly we thought

that Wegener might indicate what representatives of Siemens Schuckert were still in internment and could be relied upon from the German point of view. He has now agreed to let the scheme go forward.

GOERTZ's arrest has now been confirmed and has been published in the Irish press. So far we have no details.

December 5th

J.C. came to see me about a matter which he thought should be put before the W.Board. The XX Committee through their own channels have been feeding information to S.I.S. for passing to the French Deuxieme Bureau. D.M.I. has refused to pass this information any longer unless he knows more about it. Personally I feel that this is a matter which would be better settled by C. direct with the D.M.I. I said that I would have a word with C. and ask him which method he preferred

Neville came up to see me about a serious case of leakage in the Admiralty. It is said that one of the First Lord's secretaries has passed information about the sinking of the "Barham" to a Professor Postan of M.E.W. who passed it on to other people in M.E.W. Eventually it got back to N.I.D. I agreed to go with Neville, to see Farrer this afternoon. Neville wants to have everybody arrested.

The C in C. West Indies has telegraphed about
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a man called Maximo Munoz LOPEZ, who has volunteered information to the effect that a Spaniard working for the Gestapo in Gibraltar is giving away vital information about our warships. We had a meeting at the Admiralty at which AD NI, Victor, Machell, Foster and myself were present. The Admiralty are thinking of sending out Colonel Corvo of the Marines to Gib. in order to look into the leakage question. Colonel Corvo has no experience in investigations and all he can do is to ginger up the naval authorities. The Admiralty have requested us to send out a special investigator. I feel that if anybody should go Hart would be the best man as he has had previous experience in Admiralty enquiries and has carried them out most efficiently. I urged very strongly that LOPEZ who is now in Bermuda should be sent back here. Forster thought that he should be dealt with in Washington or New York. I said that I thought it preferable that he should come here since we should understand much more what he was talking about.

I went with Cussen to M.E.W. this afternoon when we saw both Farrer and Wickers. A.D.N.I. joined us there. He stated his case to Vickers and it was finally decided that Cussen should interrogate all those at M.E.W. concerned with the leakage. From what Vickers said I do not think we should have much of a case against Postan although he has clearly talked very indiscreetly. His excuse will be that the loss of the "Barham" had a very important bearing on

work that he was doing and that the Admiralty representative had mentioned the matter to him in this connection.

There has been an interesting development in the Stella case. She has sent a wire to a man called BOULANGER in Marseilles who she previously told us was her lover and had no connection with Intelligence work. She asks Boulanger whether he has given news of SOLONGE to Rene. Stella has already told us that she had false papers in the name of SOLONGE. LONSDALE's sister who is a great friend of Stella's has been spending two nights with her at the flat. The mike revealed that Stella was nervous about her conversation being overheard. It looks more and more as if she were a German agent. She is undoubtedly a clever woman. She was shown a photograph of von EINEM and almost too hurriedly handed it back saying that she had never seen him before.

I spoke to Newsam about the F.O. attitude towards the internment of Japs. He said that it had been agreed that the 70 seamen were to go in and up to 100 others. I told Antony to collect a copy of the H.O. document and to see the F.O. again.

According to a B.J., the Germans are evidently ~~xx~~ anxious to bring the Japs into the war. Ribbentrop in talking to the Jap Ambassador in Berlin is putting up a terrific bluff about German successes and future plans. On the 29th November he said that Germany

had more or less achieved her first objective in Russia though she would of course continue the campaign in the Caucasus. The attack on the remainder of the Russian front would be resumed in May, the objective being the Urals. Ribbentrop was very noncommittal about the invasion of Britain and said that first of all Germany would deal with the Near East, Gib. and Africa. When this had been achieved and we had been driven from the Mediterranean he thought probable that an invasion would no longer be unnecessary since we should capitulate. He hoped that the war might be over by the end of 1942 but envisaged the possibility of its continuing until 1943. The Jap reported this to Tokyo without much comment but seems to be impressed. He generally reports what he thinks Tokyo would like to hear. The same may be said for Rome. The only objective reports that Tokyo gets are from London.

December 6th

I went over to a meeting at the Admiralty with Col. Caufield, and Janson. We composed a telegram to Cincin West Indies about Munoz LOPEZ. I stressed the importance of getting LOPEZ back to this country since we here had the requisite knowledge for his interrogation. Neither in Bermuda, New York nor Washington would people really know what he was talking about. It was suggested in the telegram that it should be explained to LOPEZ that his project for the release of

his compatriots in N. Africa could only be worked out in conjunction with the appropriate authorities in London and that his presence here was therefore a matter of considerable importance. We also asked C. in C. to give us some information about LOPEZ's antecedents. At the moment we do not know where he got on board the Serpa Pinto, or the work on which he has recently been employed which has given him access to the information about German espionage activities in Gib. On form it looks as if he and his brother, who apparently has been employed as head of some cryptographic section, were running some of the ISOS stations in N. Africa. He evidently knows about the daily reports on shipping movements from Gib. which appear on ISOS.

Lennox tells me that the Americans have agreed that if the Japs attack Thailand they will give us their full support. Roosevelt does not think however that he could bring the Americans in if the Japs do no more than carry out attacks on the Burma Road which is in fact something that they have done before without serious consequences. Anxiety is felt here as to what the Americans would do if the Japs succeeded in getting Thailand, through pressure, to acquiesce in occupation. This matter is being taken up with Winant, since from the point of view of our security it matters little whether the Japs get into Thailand through persuasion or aggression. Roosevelt has suggested to the Japs that they should maintain only a token force in Indo China and that they should withdraw

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progressively from China. If they would agree to these two things in principle, negotiations could be undertaken with ourselves, the Americans and the Dutch on all the other points at issue. Kurusu has said that at this stage such a suggestion can only be made direct by Roosevelt to the Emperor. The Govt. of Japan have gone so far that they could not possibly accept these conditions as a basis for negotiations without losing face. If they are over-ridden by the Emperor, they will just resign, and a more moderate cabinet will be appointed in their place. It is difficult to know how far the Japs are just trailing their coat.

I have just heard that a convoy has been seen accompanied by Jap warships, and it is thought that an invasion of Thailand may be imminent.

The meeting came off with Gunner JACKSON last Thursday. He committed himself very badly. He wants to go to Geramny to broadcast as he thinks that that is the only way of getting rid of "this rotten Government". He talks a great deal of discontent in the army but most of what he says is clearly imagination. He does not want any money, only his expenses. He is quite ready ultimately to give information about our gun-sites and if necessary to come over here and assist the Germans in bombing them. The case is to be put to the Judge Advocate for his view as to whether Gunner JACKSON should now be arrested.

December 7th

I went over with Cussen to see Neville. We showed him the statements which Cussen had taken from those in M.E.W. who were connected with the leakage of information regarding the sinking of one of H.M. ships. I told Neville that in Cussen's view the case would not look well in court if a charge were brought under D.R.3. There was however ample evidence for disciplinary action. Neville said he thought that we should complete the enquiry by interrogating Wilson but unfortunately Wilson was having a day off.

War was declared against Hungary, Roumania and Finland at 1 a.m. The Japanese made an unprovoked attack this morning on Hawaii, Manilla and Guam. Subsequently they declared war on America.

December 8th

Action in connection with the Jap's declaration of war has been taken as follows: 70 seamen and 58 other Japs are being arrested. The Embassy, Consulate, and Military and Naval attaches offices are being left with only one telephone and all employees have been confined to the three buildings. The telephone lines to some 20 companies have been cut. The lines to Mitsui, Mitsubishi and Yokohama Specie have been left for the purpose of observation. Members of missions attached to the military and naval attaches

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offices have been told that they can either be confined to the Embassy premises or go into internment. Two have said that they prefer to be interned as they do not wish to go back to Japan. HASEGAWA, one of the Domei correspondents, has disappeared from his home.

Borum came to see me about certain people who occupy flats over the Embassy. He would like them investigated from the security angle. He said he could not imagine how the American fleet had been caught napping. The Oklahoma was sunk and another battleship is on fire and sinking. Two destroyers and a gunboat have also been sunk.

Dick told me about the case of Ingwald JOHANSON who came over as captain of a boat some time ago and took back with him to Norway 3 S.I.S. agents who were handed over to the Gestapo. JOHANSON's wife is residing somewhere in Scotland. Steps are being taken to see whether she is using a transmitter. JOHANSON brought with him a man called SOLLUM who came under suspicion some time ago and is now undergoing imprisonment for some infringement of the aliens order. SOLLUM had been employed as an agent by NAGEL of the Norwegian Zeme Bureau.

There seems little doubt that Professor Maximo Munoz LOPEZ's information is genuine. He has produced a telegram giving a situation report from Gib. which is similar in form to others we have seen on ISOS. It looks as if

he must have been employed by the German W/T station at Casablanca. We are doing everything possible to get him back to this country.

We have decided to intern F.J. RUTLAND under 18B since he is now of hostile associations. Further the Americans are asking whether he has been interned. If we leave him at large they will certainly think that he was acting as one of our agents while in America.

December 9th

I saw Grogan today. He told me that the scheme for 100% censorship on Peninsula mails should be in force within the next fortnight. He has compiled quite an interesting note on the situation from the censorship angle in Bermuda, based to a considerable extent on Herbert's recent visit. It is clear that the Caribbean is becoming of increasing importance since it is possible to get access to mails between North and South America, and to those from N. America which are subsequently to proceed by Lahti air lines.

At the D.G.s meeting I was asked to look into the position with regard to the internment of Spaniards should such a necessity arise.

December 10th

Away with a cold.

December 11th

Returned at midday. While I was away Special Material indicated that an Englishman had correspondence which was of a compromising nature and had to be destroyed. He was in conversation with KAMIMURA. It was felt that the Englishman could only be Sempill and his apartment and office were consequently raided. Only a few Air Ministry and Admiralty reports of no particular interest were discovered. He has of course committed a technical breach of the regulations but we are fairly confident that he had not retained the documents for any ulterior purpose. There was a scare later on that the Ambassador's house in Grosvenor Square contained a transmitter. Post Office wireless vans were quite confident. It transpired eventually that the transmissions were from a house occupied by the Poles in an adjoining street. F.O. were quite prepared to let us go in if we found anything to search all the other Embassy premises. They were fortified in this idea by the news that our Chancery in Tokyo had been searched for wireless equipment. The F.O. are now considering whether we should in any case search all Jap Embassy premises, on grounds of reciprocity.

News from the Russian front is good and the Libyan news is also satisfactory. Far Eastern News is not so good. Hong Kong's outer defences have been penetrated. The Japs have a footing in the Philippines and also in Malaya.

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December 12th

I have been told by Ferguson that S.O.2 in conjunction with the Free French are sponsoring a visit by a certain Commandant SERVAES to Gib. Servaes has got some plan for penetration of Northern Africa and he wishes to consult the French representative in Gib. who is concerned with the escape organisation. It seems that both the Czechs Poles and Belgians also have representatives for a similar purpose and that the original charter is inclined to be extended to the running of an S.S. organisation. With security in its present state it seems highly undesirable that allied governments should have agents coming and going from Gib. who are doubtless entirely uncontrolled. I mentioned this matter later to "C" who is hotly opposed to anything of the kind. I am taking the matter up with the D.G.

I lunched with Stewart. It seems that the Americans lost 4 battleships in the first Jap assault and had a 5th damaged, apart from casualties to other craft. The result is that a large proportion of the Atlantic Fleet has now been diverted to the Pacific and that all supplies from America have ceased for the time being. There is no doubt that the loss of the Prince of Wales and Repulse was due to the lack of supporting aircraft. Steps are being taken to remedy the situation. There are strong indications that the Germans are contemplating some southward move with

the object of securing a strong foothold in N. Africa, possibly in conjunction with the French. It is possible that the French Fleet might be induced to escort convoys. There are strong indications in Portugal that the German colony have been warned of impending events. Portuguese are no longer issuing any transit visas for the Pan-American clipper. Joubert has brought back a message from Gort to say that he does not think that Medlam is quite a big enough man for his job. I said we were inclined to agree. We could of course send Airy out who has previous experience of Gib., but on consultation with Dick we agreed we could do better by sending Baxter and a man from Ham called Pank, who has a good knowledge of Spanish.

Canaris has recently been in Spain. This should be a further indication that the Germans are moving south.

Dudley Clarke was shipped some little time ago from Gib. to England, but was torpedoed, returned to Gib. and finally sent to the Middle East for disciplinary action. There are some interesting photographs of him in female attire which have been obtained from the Spanish police.

Munoz LOPEZ is to be allowed to go on to Washington and we are trying to get Felix to interrogate him and then arrange for his return and that of his brother-in-law to this country.

I have had a letter from Haigh-Wood who thinks that there is a great deal to be done in W. Africa. Unless all aliens can be interned he says that he wants more men to deal with the situation. He thinks they should be carefully camouflaged in the more important centres. While I am quite ready to believe that he wants adequate staff to deal with the situation I always thought he should have selected his staff before he started. I am not so certain about the policy. I doubt whether he has sufficient knowledge of the work to hold down the job.

Stewart regards the far eastern business as a real set-back. Had the Japs not come in there were very real signs that the Germans were in serious difficulties both in Russia and in Libya. Now the question of supplies from America will become acute and even if we can get them the old difficulty of convoy will again arise.

December 13th

We had a discussion about the case of SEMPILL when it was decided that Colonel Hinchley-Cooke, Major Cussen and Inspector Grant of S.B. should summon Lord SEMPILL to the Yard and question him about the telephone conversations. Col. Wilson of S.I.S. had been seen and emphatically expressed the view that the speaker was SEMPILL. He discounted the suggestion that it might have been EDWARDES on the grounds that he knew EDWARDES voice quite well.

December 15th

I saw Jock Whyte about the case of Gunner JACKSON. He told me that JACKSON had written asking for another interview. This matter was discussed with the Judge Advocate who was anxious that the interview should take place and that another agent should be introduced who could appear in a Court Martial and give his name. It was thought desirable that this agent should get some admission from Gunner JACKSON that he was the author of the original letter addressed to the Spanish Embassy. That letter could then be used as evidence. If this meeting could not be brought about we could still consider using Roberts and the microphone conversation which was witnessed by 3 representatives of the police. We could offer to produce Roberts on condition that his name was not divulged. If the defence pressed for these particulars we could then refuse to produce him and rely upon the other evidence. It was left to Jock Whyte to fix up the further interview.

I lunched with Trevor-Roper, who is very worried about the capabilities of Madement in connection with the pioneering work which it has been decided to do in Canada on Jap ISOS. He thinks that the only really suitable man is Gill who did all the pioneering work on the German ISOS. T-R thinks that the matter ought to be brought to the notice of Lord Swinton. There are obvious difficulties here as we should be

interfering in a technical matter of which we have no real knowledge. I am fairly confident that T-R is correct in his views. We shall have to see what we can do.

Senter came to see me about the case of Commandant SERVATES who S. O.E. want to send to Gib. I told him that we were very worried about allied Governments running their own S.S. in Gib. and that I thought that these cases should be discussed on the highest level. C.S.S. had been strongly opposed to anything of the kind here and we do not wish these allied Govts. to go and open up in Gib. where security was already at a pretty low ebb. It would be impossible if they all started running agents in and out of the fortress. I have put this matter forward to the D.G.

Sir Francis Lindley has been seen in connection with the SEMPILL case. He states that at the time of the first telephone conversation Sempill was in fact attending a meeting of the Japan Society, that he did not leave the room and that afterwards he accompanied Sir Francis for a period of about 20 minutes. This statement in fact corresponds with the report of the watchers who gave quite an accurate description of Sir Francis. It looks therefore as if the first and second conversations were not related. The second one in which some uneducated Englishman speaking to KAMIMURA, delivers a message on behalf of "Bill S." is still unexplained. Personally I think it undoubtedly refers to Sempill who has denied that he has

communicated either directly or indirectly with any member of the Jap Embassy since the outbreak of war. The message delivered to KAMIMURA was to the effect that Bill S. had been going through a difficult time but that everything was being taken care of. KAMIMURA was to remember that Bill S. had not communicated with him since the outbreak of war. The implication was that in fact he had so communicated.

December 16th

D.G.meeting. The position of Spain was discussed. There are about 1,000 Spaniards in this country. We should wish to intern 20 or 30 members of the Falange and perhaps another 30 suspects. In addition there would be a certain number of seamen, not very many. There is to be a meeting with the d.O. on Thursday to work out final details.

I raised the question of the responsibility for security in Gib. If acts of sabotage were committed how far was it our responsibility and how far that of the Governor. It was obviously up to us to give Medlam as much information as possible but were we satisfied that the advice he was giving to the Governor was sound and that all proper precautions were being taken. Nobody seemed to be very clear on this point which hangs to a large degree on the efficiency of Medlam as a security officer. I said that he had not had any great experience and that his reports or lack of them, did not fill

us with very great confidence. This led me to raise the question of contact with our security links abroad and the difficulties of transport. If rapid transport were readily available we could maintain much closer touch with Egypt, Gib., Bermuda and other places where matters which were vital are going on. It might have been very useful to us to send someone out to Bermuda to interview MUNOZ LOPEZ. There was nobody there who really understood what he was talking about and his information vitally concerned the security of Gib. Fortunately Cowgill was in the U.S. and we had arranged for LOPEZ to go on to Washington. In the case of Gib. we had for more than two weeks been trying to send out a representative but there appeared to be no means of doing so. If there were a Sunderland flyingboat the journey could be accomplished in 6 hours and we should have our representative back here within 3 days with a full report. As things are we ^{are} completely in the dark. Many of our links had no experience in B.Branch work. It was therefore vitally important that we should keep in close touch with them and give them every possible assistance with information and advice. D.G. agreed that the lack of transport presented a serious problem. He was quite prepared to raise it on a high level and in particular the case of getting an officer out to Gib. I said that in the meantime we had been forced to send a long telegram to Medlam and that I did not think it would be advisable in present circumstances to send anyone out before we had a reply

and before the general situation, which looked rather menacing, had cleared. We did not wish to have one of our best officers stranded on the Rock for the rest of the war. This did not however alter the general problem which I thought ought to be raised both by ourselves and S.I.S. It seemed to me incomprehensible that in the 3rd year of the war and after the construction of so many aircraft that we could not move about more freely.

Senter came to see me about the case of Frederick STRAUSS, a so-called railway expert in S.O.E. They had at last decided to get rid of him, having discovered that he was an accomplished liar and a pilferer of the petty cash. Characteristically we have been asked to look after him.

I attended a meeting called by Swinton at which D.G. and C.S.S. were present. We discussed the question of shipping security in Spain and on the East Coast of Africa. Swinton's idea is to set up something on the lines similar to the Security Co-ordination in the U.S.A. and S.America, acting through local British shipping agents. He thinks this is necessary owing to the inefficiency of consuls and vice-consuls. He suggests that one (?) LENSTER, shipping assistant to the Military attache in Madrid, should be employed on this work, which, in the first instance will only be exploratory. If there are suitable shipping representatives at Huelva, Melilla, Vigo etc. he thinks that they might be given a certain amount of instruction which they could pass on to the masters

of ships. C. agreed to these exploratory measures subject to approval by the Admiralty and Ministry of War Transport. It was decided therefore to call a meeting of these bodies and S.I.S. and ourselves. C. spoke very strongly about over-loading of Security Co-ordination in the Americas. He said that the organisation was now getting so big that its main function, namely the obtaining of intelligence and C.E work, was being neglected. Swinton saw the point but did not feel that Stephenson's extraneous activities could be controlled by anyone else. C. said that the matter had gone very far and that quite recently he had been asked by the British Admiralty delegation to foot a bill for £10,000 for Admiralty security work. He did not think that the S.S. should be called upon to pay for services of this kind.

December 17th

D.L.G. held a meeting on the subject of SEMPILL when all aspects of the case were discussed with all concerned. It was agreed that in the light of the evidence available it was almost impossible for SEMPILL to have been a party to the first telephone conversation. There were 3 witnesses and the watchers to corroborate the fact that he could not have had access to the telephone at the material time. On the other hand it seemed at least probable that EDWARDES might have been the man who rang up the Embassy. It will be remembered that Col. Wilson had discredited EDWARDES on the ground

that he knew his voice. We were able to say however from our records that on 2 or 3 occasions we had established that EDWARDES was the speaker when Col. Wilson's dept. had been unable to identify him. We also had a report from our informant in the Embassy that it was EDWARDES and not SEMPILL who had been responsible for a conversation about the retention of the services of Mrs. Dixon who had been employed by the Ambassador. It seemed therefore that little reliance could be placed on Col. Wilson's view. EDWARDS was the only other person known to us who might fit the bill. As a servant of the Jap Embassy he would naturally have had books and papers relating to Embassy business and he might well have sought KAMIMURA's instructions about their retention or destruction. It was decided therefore that Major Cussen and Mr. Young should interview EDWARDES with a view to obtaining some sort of confirmation from him.

TRICYCLE's questionnaire is now in our possession. It shows quite clearly that in August last the Germans were very anxious to get as full particulars as possible about Pearl Harbour.

I had a talk with V.V. about T-R's views ~~xxx~~ re the sending of Gill to Canada to do the pioneer work on Jap ISOS. I put all my cards on the table and V.V. as I expected responded warmly. He said he found his position in this matter an extremely difficult one as he, like myself, was unable to give any technical opinion. On the other

hand he was very much persuaded by T-R's arguments. He agreed to see C.S.S. with me on Friday and to put the full facts before him. I said that if Morton Evans were seen and asked whether he thought Madement was qualified to carry out the pioneer work he would give an emphatic no, and I thought that as Madement was working under Morton Evans his views should be taken into account.

I heard later that EDWARDES had been seen and denied that he was the author of the conversation with KAMIMURA. We are therefore no further either on the first conversation or the second.

December 18th

I had a talk with T.A.R. and Mills about the Stella case. Mills is emphatically of the opinion that Stella is a German agent but it is going to be very difficult to trip her up. She is now pressing to be allowed to return to France. Mills and T.A.R. have had a long talk with Dansey who has put all his cards on the table. He said he had never received Milmo's report giving the information about GESSLER. He produced his own traffic which if it had been seen by us some months ago might well have prevented S.I.S. being led up the garden so long. It was quite clear to T.A.R. from its form that GESSLER was under control. Dansey is very anxious that his officers should collaborate closely with ours, but feels that this is not possible under existing regulations. He suggests that we should raise

the matter through the D.G. and C.S.S. I am quite certain that if we do this it should be done with the concurrence of V.V. and that he should be kept informed of the contacts which we make. These contacts will be mainly for the purpose of discussion and comparison of notes. There is no doubt that we should be of great help to Dansey's people and they might be of help to us. We must however keep Section V. informed.

I also had a discussion with T.A.R. and Marriott about Christian Hans von KOTZE. This man who formerly lived in S. Africa has been working for the German S.S. in Brazil. He has given us a lot of valuable information about German S.S. activities in Brazil and S. Africa, partly I think because he dislikes the Nazi regime and partly because he wishes to get back to his wife and family in S. Africa. The Germans now wish him to go back to S. Africa. We think it would be a good thing if we could send someone to establish a better liaison with the S. AFRICANS AND TO GIVE THEM OUR VIEWS ON how Von KOTZE should be handled. This raises once more the question of rapid transport, concerning which I have submitted a memo to the D.G. It is almost impossible now to carry on our work without rapid transport facilities.

At the R.S.S. meeting we discussed the question of Jap ISOS. I read a copy of Swinton's letter to Cranbourne in which he suggests that the Canadian P.M. should be asked to give the scheme his blessing. I also

mentioned the case of the alleged wireless set in the Jap Embassy. It seemed to me that the vans had not functioned very efficiently. Maltby said that the equipment was being improved and that the failure to discover that the offending set was a Polish one was largely due to the Post Office officials not having carried out their instructions.

ISOS indicates a great deal of activity pointing to a possible invasion of the Iberian Peninsula, and the occupation of French territory in N. Africa. In the meantime Rommel is being hard pressed and it is hoped that we may be able to cut off his retreat. Some large Italian transports accompanied by several battleships have been sighted south of Greece and west of of Crete. Our fleet is moving up and an engagement is expected. It is thought that these transports may be making for Derna and that they are bringing reinforcements to Rommel. The situation in the Far East is not good. We are having to give ground in Malaya. Sarawak has been occupied after the destruction of the oil refinery plant.

December 19th

V.V. and I saw Stewart about the Jap ISOS. V.V. said that he and Ferguson were reasonably convinced that T-R's view was the right one and he thought that if possible Stewart should see Maltby and suggest to him

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that possibly someone more suitable might go out to do the pioneering work. In this connection he would mention Gill. I said I thought it was imperative that he should see Morton Evans and if necessary T-R who were really qualified to speak on this matter. Morton Evans had a rather special locus standi since Madement was one of his subordinates. He would be quite ready to say what he thought if he were asked. Stewart promised to take the matter in hand but I do not know whether anything will come of it.

I had a talk with V.V. about our relations with Dansey. He is I think quite agreeable to direct relations provided we keep him informed of what is going on.

A wire has come in from Felix about MUNOZ LOPEZ. LOPEZ undoubtedly has some of the ISOS codes. He also knows about a code used in broadcasts from Melilla. He says that the leakage in Gib. is through some representative of our Naval Office to a long-resident Spaniard, who owns a shop and thence to a German agent outside the Fortress area. He does not wish us to take any action until we have rescued his comrades from N.W. Africa. His business with Prieto concerns some republican plot in Spain. Felix says there is a complete Italian message which may well have a bearing on the leakage problem at Gib.

Stewart told me today that the lost bag at Ankara has now been found in a lumber

room. The Embassy are so naive as to think that it has not been compromised. Meanwhile a man called ~~SHERINGTON~~ has evidently handed out certain information regarding an increase of security staff at the Embassy, since there is a reflection of this on ISOS. I gather however that ~~Sherington~~ is being used as a somewhat curious XX. He has Hungarian connections. An enquiry has been sent to Ankara with a view to finding out whether the passing on of the information about the security staff was authorised.

December 20th

We have had an important telegram from Felix. It makes it more than ever clear that MUNOZ LOPEZ was telling the truth. He evidently knows a good deal about both Italian and German cyphers. It is clear too that some sort of broadcasting is going on from Melilla which contains code.

CARRICK of the Worthy Down case was sentenced two or three days ago to 10 years imprisonment. This seems pretty stiff. The general impression is that the man is more an exhibitionist than anything else.

December 21st

I went over to N.I.D. after sending a telegram to Medlam giving him LOPEZ's additional information to the effect that the leak was from a Naval Staff Officer to an individual in Gib. with whom he

communicated at the shop of a long-resident Spaniard. The latter transmitted it by hand or verbally to someone outside the fortress area. There does not appear to be any wireless transmission from the Rock. There has been a further case of leakage within a period of 48 hours to the Italians and we are more than ever confident that somebody in F.O.C.N.A.'s office must be handing out the information.

D.N.I. is now very worried about the whole business and wants us to send out a special investigator. He is bringing the matter to the notice of the Board of Admiralty, suggesting that they should send a strong telegram to Admiral Collins telling him to overhaul the security of his own office.

December 22nd

Victor, Arnold Foster and I had a talk this morning about Swinton's proposals for security measures in Spain. We were all agreed that while local shipping agents in ports might be able to give some assistance the matter must remain in the hands of the consul. Any new body would have no means of communication, which would be likely to lead to confusion.

Hitler has made an extremely interesting speech in which he announces that he is taking over executive command of the Army. Von Brauchitsch has been sacked. This speech seems to indicate that something very

serious has happened as between the Army and the Party. There seems little doubt that the Army advised against at any rate the more recent attacks on Moscow and there is one report to the effect that Brauchitsch was in favour of withdrawing to Smolensk.

I saw Jock Whyte about the case of Gunner JACKSON. He is trying to fix another rendezvous, when a chief inspector of the Birmingham police will act as a German agent who is to facilitate Gunner JACKSON's passage to Ireland. Jock is to find out exactly what the J.A.G. requires before the meeting.

December 23rd

We have had two letters from Mediam, neither of which are in any degree helpful. It is quite clear that no proper investigations have been carried out and that someone will have to go from here and take the matter in hand.

I attended a meeting at Kinnaird House on the subject of counter-espionage measures in Spain. Arnold Foster from S.I.S. stated the case very clearly, saying that the existing machinery was working quite satisfactorily. The instructions of a general kind went through the F.O. to the consuls. Intelligence was transmitted through the Naval Attache in Madrid. We all felt that it would be most undesirable to set up some special body in the various ports concerned since there would be no proper chain of

responsibility. At present masters are responsible for their ships but the consul is responsible for giving them the necessary advice. The present system seems to have worked well since no less than 53 bombs have been removed from ships and there has been no real case of damage except from outside Spain, namely Melilla where a bomb was placed on the Grelhard quite recently. It was agreed finally that the Ambassador should be asked to consult the Naval Attache about the reliability of the various consuls and ascertain whether they had the necessary support from the local British community. It was also agreed that the chains of responsibility should remain as at present.

I spoke to Swinton after the meeting about the transport and the means of being able to get officers to places where we had links abroad. I said that as things were at present we really could not carry out our work. He was very sympathetic and promised to take the matter up with Air Marshal Freeman.

December 24th

The D.G. has decided that Dick should go to Gib. to clear up the leakage case and deal with any other matters which require attention. It is possible that Victor may go with him. Before he goes it will be necessary for him to go very thoroughly into the case with the Admiralty since there are

clearly a number of facts known to them of which we are still ignorant.

December 25th

Spent Christmas at Tring where I had a discussion with Alan Hodgkin on RDF matters with particular reference to the possibility of enemy transmissions from this country. He quite agreed that VHF transmissions from ground to air had to be reckoned with but thought that this was a field which might not have been very thoroughly explored owing to the urgency of other problems. I also spoke to him about Maltby's view that transmission from W. Africa should be satisfactorily dealt with from Gib. or Cairo. He thought this was possible but he did not think that they could be so efficiently dealt with as by the establishment of a mast in W. Africa. Maltby's suggestion that in the event of detection a van should be sent either from Cairo or Gib. to locate the set he thought somewhat cumbersome. It seems that we are making considerable progress in RDF through the employment of a new valve and that if the enemy start raiding this country in force we could probably account for 10% casualties on the first night and anything up to 20% later. Much seems to depend on the training of the units employed. Considerable success has been achieved in the field of night bombing of ships by RDF. We have a new Vickers fighter coming on which has a speed running well into the 400's, and a Mosquito which is considered by all to be a first-class piece of work.

We have had a bad Christmas in the announcement of the loss of Hong Kong. I understand that this involves the surrender of some 2,000 British and 2,000 Canadian troops. Matters has been precipitated by the capture of that part of Hong Kong which contained our ammunition supplies and by the destruction of water supplies.

December 26th

Dick and I had a conference with V.V. on the relations between B. Division and Section V. On the analogy of the HIRSCH-GILINSKY case it was agreed that in matters such as this the directions to our joint links in the colonies should be given by us rather than by S.I.S. Ferguson is getting out some form of instruction for his sections of which I hope we shall receive a copy. As regards the treatment of Special Sources V.V. agreed to leave this matter entirely in our hands. I propose to call another meeting in order to examine our former conclusions and issue the necessary instructions. I put forward a suggestion that we might form a joint Planning Committee which could meet at least once a month. At this meeting we could pool our ideas about the various fields of enemy activity and methods of penetrating their organisation. V.V. told us that we were now to receive 45% from Special Sources over and above the 22% we now receive. This represents a magnificent achievement by GC & CS and is the best Christmas news I have heard. It will mean that we shall have to increase

our staff in B. 1B by at least two officers. I have suggested Baxter and Vesey to the D.G. He saw the point but was non-committal.

I spent the rest of the day going through the Gib. leakage case with Dick. Our conclusion is that in 5 cases leakage seems to be due either to a cipher break or to a hand out by an agent but that in one case the evidence definitely points to a hand-out. I went over to see Neville in the evening and arranged with him for Dick to have credentials from the Secretary of the Board empowering him to investigate in the Naval Office at Gib. and ordering that he shall have the S.O.I. placed at his disposal for this purpose. He is to stand by from 12 noon on Monday. There is no question of sending anyone else with him as we can only get one place on the flying-boat.

I had a long talk with John Booth last week. He told me that the American tanks were poor value and that our own cruiser was second to none and that all the talk about inferior armament was bunkum. The German tanks are good but ours are certainly better. He has been getting out a book on recognition of mechanised vehicles from the air. There has been a certain amount of trouble in Libya in this connection and on one or two occasions we have bombed our own vehicles. I gather that the Germans are slightly worse at recognition than we are. Two squadrons have now been specially trained and are likely to be sent to the

Middle East. There is rather a serious dispute going on about the accuracy of our night-bombing. Photographs show that we are often very wide of the mark, apart from occasions when we bomb one town instead of another. The German flac is extremely fierce over many of the targets which our people have to bomb and may to some extent lead to indiscriminate dropping. John thinks that on the assumption that all industry in Germany is likely to be far more interlocked than our own, it would be better to bomb towns where there is not so much flac. This would be likely to cause just as much dislocation and would force the enemy to move his flac from the more vital targets. Personally I think there is a great deal in this argument and that the concentration on vital targets which is attractive in theory may not be such a sound one as it seems. I am going to try and put this over tactfully.

Rommel has succeeded in getting away south of Benghazi but I understand we have a column waiting for him in Tripoli. There is no doubt he is extremely short of petrol. We destroyed 137 aircraft during last week in Libya and Tripoli. The Russian campaign seems to be going well and the reports are that the Germans withdrew from Kalinin in some disorder; although there is no sign of a definite crack-up the departure of Brauchitsch and other generals must have had a great effect on morale and there seems little doubt that a major upheaval has taken place in army and party circles. We

have sent 5 capital ships to the Far East which may well leave us somewhat shorthanded in the Mediterranean. The Americans are having a hard time in the Phillipines. The Japs have landed 120,000 men at Luzon and there are only 25,000 Americans to deal with them. Manilla is obviously going to be evacuated and possible the islands as well. No one seems to know what the American Fleet is doing.

Winston and Beaverbrook are in America concerting plans with roosevelt.

The Barham case has come up once more. A medium has produced a drowned sailor called Syd who was recognised by several people present at the seance and said he was one of the crew. Cookie and Cussen are once more taking up the trail.

December 27th

Dick tells me that we appear to have got into the Italian ISOS through the Rome-Jeddah traffic which was carrying a repeat of the Rome-Helsinki messages. T-R must be held to be to some extent responsible as he was very insistent that we should continue to regard Rome-Jeddah as a priority.

I had a talk today with T.A.R. about Stella. Everybody has come to the conclusion that she is thoroughly unreliable and untrustworthy and almost certainly a German agent, and everybody is opposed to her being allowed to return to France. J.C. thinks

we should now proceed to direct interrogation of a detailed kind on the evidence obtained. Up to now we have merely been trying to get her to talk. She certainly has, and I am told that some of her conversation is of the filthiest kind.

December 20th

The H.O. have called a conference for tomorrow to decide on what is to be done in the event of war with Portugal. I do not yet know what has given rise to this matter. It may be merely that the situation is somewhat tense in view of our seizure of the island of Timor in order to protect it against Jap aggression. The D.G. tells me that we had a tacit agreement with the Portuguese about this, however, and that in order to keep themselves right with the Germans they had to make some kind of a show of protest.

ISK messages which are the first we have received show a reference to BODEGAS as being a German agent in Gib. The name appears in two messages and is interesting confirmation of the statements made by MUNOZ LOPEZ.

After strong representations made by the U.S.A. to the Brazilian Govt. at our request, the Brazilians have in fact withdrawn Lahti's franchise by informing them categorically that the service S. America-Cape Verde- S. Spain-Italy must discontinue forthwith. This represents the enemy's

only line of postal communication with the Americas which does not pass through British censorship and the cutting of this line is therefore of considerable importance.

December 29th

Philby has produced details of a number of agents in Gib which have been sent to Medlam. It seems that the Rock Hotel at Gib., the Hotel Reina Cristina at Algeciras and an hotel in Tangier, are all in the hands of the Germans. The Reina Cristina is run by a German called LEIB who is undoubtedly the central figure in the local German espionage network. The hotel seems to have belonged at one time to Lord Farringdon and is now the property of his grandson Lt. Schreiber, our Air Attache at Lisbon. His name was found on MAYORGAS of KLEINWARTS who has been arrested by the F.B.I. recently. There is no reason to think that there is anything wrong with Schreiber. The Villa Leone which has featured, rather prominently, in the SUNDAE case, is used by LEIB for housing his German friends.

Dick and I and Curry gave the Czechs lunch. Sloane took the view, quite spontaneously, that the early arrivals here by boat and parachute were an indication that the Germans had no deep-seated organisation in this country. This may or may not be so. In any case we shall have to go on looking for one. I discussed the possibilities of

getting some further information about the German Intelligence organisation from the Russians. Both Sloane and Bartik were of the opinion that it was hopeless to try and attempt anything of the kind here since everybody was terrified of divulging any information without express sanction of Moscow. The Czechs have their representative in Moscow who has been trying through various channels to obtain information about the Germans. The furthest his contact has got has been an introduction to someone who was supposed to know. When this person was approached he said that he knew nothing. The stock answer of the Russians to any questions about the German Intelligence, armaments, etc. is "Well, you see, it all depends on -" this, that or the other. It seems impossible to get any further than these vagaries. The Czechs know that the Russians are well informed since there was formerly in existence in Czechoslovakia a joint German-Russian organisation which employed an agent who was working more for the Russians than for the Germans and succeeded in photographing several thousand documents in the Brunnfactory.

I had a discussion afterwards with U.35 about Vera. He is quite ready to have her but would welcome the assistance of one of T.A.R.s F.S.P.s. He does not wish to see Vera until she arrives at his house.

Vice-Admiral Leatham who has just been posted to Malta, came to see the D.G. He

seemed to think that there was too much boasting about the impregnability of Malta and that quite possibly the Germans might make some attempt to take it. He thought in any case that it was going to be a fairly hot spot. He struck me as a kind of person who was going to leave nothing to chance. We told him about the Gib. leakage case and I asked him especially about the repetition of signals. He said that this was always a difficult question in the Navy, as things were apt to go wrong unless all those who might possibly be interested were kept informed. He realised however that there were great dangers.

Travis came in to discuss the ZPT telegrams and to give us the original text. He was inclined to agree with Wilson of the Admiralty that it was unlikely that cipher "C" had been compromised. Had this been so he thinks there would have been some reflection elsewhere. I took the opportunity of asking him about our own cyphers. He said that he had never had very much confidence in Williams at the W.O. who is supposed to be looking after our interests. I mentioned this to Charles who is arranging for Cumming to get into direct touch with Travis. Travis seemed to think that there was too much delay at R.S.S. in submitting their material to G.C.&C.S. He was taking steps to get this speeded up.

Victor and Miss Sherer came to see me about the case of UMLAUF @ Mrs. Gerhard WESTCOTT.

This woman is highly suspect and has offered

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her services to us in Lisbon. She did at one time wish to come here or alternatively to go to S. Africa or some other British colony. We were prepared to let her in here and watch her but she seems to have received some kind of warning from her husband that she might be arrested. He has an additional reason in that he is living with another woman. I have suggested that UMLAUF should be asked to state in some detail what her plans would be if we decided to accept her services.

It is now quite clear that SHERRINGTON had no authority to communicate information to the Hungarian journalist Hugo HARASZTI, and clearly her/ is in German pay. It has therefore been decided to send him to Palestine where he will be arrested and interrogated.

December 30th

Gunner JACKSON was arrested last night. It seems that the necessary evidence has been obtained.

"Duck" has produced a re-ciphering ticker tape and a number of cypher messages with the re-ciphering figures written in underneath. These are of the greatest value to GC & CS¹/₂

I attended a meeting of the Swinton Executive to discuss the establishment of some kind of American security organisation in this country. The proposal is that the

Americans should set up a committee of representatives of their 3 services and of the F.B.I. to which we could pass any information regarding American Security matters in this country and they could also ask for our assistance in any cases which came to their notice. It was felt that an organisation of this sort might to some extent relieve Stevenson who is already overloaded with vetting and security matters of one kind or another, to the detriment of his counter-espionage work. Swinton is going to speak to the Ambassador.

Balloon has received a letter with Duff cleverly concealed under the flap. G.P.O. failed to detect it.

December 31st

Dick left this morning by train for Plymouth en route for Gib.

ISOS discloses an agent from this country has gone over to the Germans and they are intending to use his wireless. I am suggesting that T.A.R. should get in touch with Dansey in order that he can study the traffic. The details of this case are to be found in ISK 165

Frost discussed with me the cases of detection of illicit wireless which came up on 6 consecutive days and was located as being somewhere in the vicinity of the Russian Embassy. We were out with the vans because

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we were trying to detect illicit transmission by the Japs. These signals were only picked up by chance. Subsequent enquiries showed that at least some of them had been picked up by the RSS Y units but had presumably been discredited because the discriminators were only interested in ISOS and kindred groups.. This raises the whole question of the functions of R.S.S. which was originally set up in order to detect illicit transmissions from this country.

Victor has had a talk with Swinton about the new substance called Lauryl Thio-Cyanite, which if worn in a belt, kills or drives away lice. This new discovery might have a very important bearing on the course of the war owing to the fact that lice are the bearers of typhus and that this disease is prevalent in Russia. The medical authorities were just about to publish the information about this new discovery in some medical journal. This has now been prevented.

January 1st 1942.

The First Officer of a Spanish ship called the Aldecoa has been known to us for some time as a German agent (ISOS). This ship recently arrived at Pointe Noire in Equatorial Africa and as it went into a prohibited port the captain was arrested by the Free French. Two protests have now been made one from the Spanish Shipping company to their London agents, Messrs. Harris & Dixon, and the other by Super to the Ambassador here,

Catalogue Reference: KW4/189

asking him to give Harris & Dixon his support in obtaining the immediate release of the captain. We have told the Free French, and the Belgians since the ship has now proceeded to Matadi, that we have strong grounds for suspecting other ship's officers and that they would be well advised to submit them to a thorough interrogation.

I had a talk with Allan, G.P.O., about the advisability of the Post Office sending experts in macro and micro-photography to the U.S. I said that they might possibly find that an exchange of views would be to their advantage and that they might also be able to give the Americans some useful hints. I thought that from now on we had to regard ourselves almost as one unit with the Americans on all matters of this kind. Allan is going to take the matter up in the proper quarter. He spoke to me afterwards about our check on Poste Restante. While the numbers in some areas are small there are as many as 100 letters a day in places like Glasgow and Liverpool.

llan was going to carry out the test in Liverpool personally and will let me know the results.

Arnold came to see me about a new M.A.P.
security scheme. There is apparently to be a
committee consisting of Linnell, Tizzard and
Sir Frank Smith which will be responsible
for bringing to the notice of the proper
authorities various technical developments
which require attention from the security
point of view. Coverted on this committee

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will be a representative of the Air Ministry and the Security Service. In the meantime Arnold has been asked to look into the whole situation in M.A.P. and report. "G. does not wish him to be the representative on the committee, but for some reason or other M.A.P. do not wish to have Joe Archer. There is obviously a good deal of intrigue going on.

Burt tells me that Pinto has a thoroughly bad record in S.B. based on enquiries which were made in 1930, when he applied for naturalisation. The report shows that he has been associated with fraudulent company promoting.

has left his safe open and "Duck" has discovered two rolls of re-cyphering tape which will be brought out and photographed.

January 2nd

There have been 2 or 3 references to Sundae on the new ISOS. It looks as if he is to receive a decoration but whether as a build-up for our benefit or an account of his services to the enemy is not clear.

Dick telephoned this morning, from Plymouth, and I gave him this extra dope. He hopes to get away in the early hours of tomorrow morning.

Hooper senior is in domestic trouble and through remembrance V4189
Catalogue Reference V4189
has been freed in Glasgow

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has shocked the susceptibilities of the Scotch. He has got to be removed but may be given another chance in Bristol.

January 3rd

Eden's visit to Moscow appears to have started well but he struck a slightly discordant note when Stalin asked that a Pact should be signed giving Russia the Baltic States after the war. Eden said he could not commit the Govt. to such a major step without consultation. Stalin seemed to think that as a plenipotentiary he ought to have been able to give a decision there and then. Stalin had previously been asked by Eden whether he was proposing to attack the Japanese in the East. He had replied that for the time being he proposed to concentrate on the Germans. He thought that ultimately the Japs would attack Russia and he preferred that Japan should be the aggressor since he felt that the Russians were better if they were called upon to defend their own country. He anticipated that the Japs might launch an attack in about May. Speaking generally he did not think that they would last more than 6 or 8 months. Meanwhile he intended to continue the counter-offensive against the Germans throughout the winter. He seemed pleased with the present progress that had been made and was confident that his own troops would be better able to stand winter conditions than the Germans who were extremely poorly clad. As subsequently stated in his broad-

cast Eden saw a number of German prisoners who did not appear to have any winter clothing, capable of standing up to the temperature, which was then 58 degrees below zero. The Russians on the other hand were extremely well clad in sheepskin coats and adequate boots. Eden visited part of the front in the vicinity of Klim where a huge dump of damaged motor vehicles, tanks etc. was to be seen. It was noticed however that there were a good many more Russian vehicles than German. Stalin seemed impressed by our Valentine tanks which he said had been extremely satisfactory under Russian conditions. Many of the German tanks he said were far more suited to desert conditions than to snow. The German oil was poor and had to be removed from captured tanks before they could be used. German petrol was also of poor quality.

A large banquet was given to our delegation at which Stalin made a speech, eyeing Molotov from time to time as if he were looking for some sign of approval. Molotov remained dead sober and somewhat sinister in appearance. The others, including Timoshenko and Stalin, consumed a considerable amount of champagne and other liquor. Stalin walked round the tables himself drinking toasts and seeing that his guests were well provided. There was a general feeling of tremendous luxury among the leaders but drabness amongst their subordinates. There seems to be general satisfaction with our aircraft, but owing to the rigorous winter conditions everywhere flying has been curtailed. Our dele-

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gation seemed to have been considerably impressed by their journey from Murmansk to Moscow which took only 48 hours instead of the customary 7 days.

An amusing incident was recounted about a Scots Guardsman who had escaped from Germany to Russia but had been interned in a concentration camp. It seems that when he told his captors that he was from the Scots Guards they thought he said Scotland Yard. He has consequently remained in internment ever since.

January 5th

I had a long visit from Frost who was somewhat disturbed that the reorganisation of Machell's section had gone on without his being consulted. I said that organisationally he had a perfectly legitimate complaint which he was within his rights in recording on the file. I thought however the situation arose to some extent through his being somewhat remote from these matters. We then had a discussion about R.S.S. and our responsibilities. It boils down to this, namely that the D.G. will have to decide himself once and for all whether on technical matters he is going to accept unreservedly the opinions of G-P and Maltby or whether he has any right to call upon them to give an account of their stewardship. As things are at present they say, like Baldwin, "Trust me" and "My lips are sealed". I had a word with the D.G. on this question

and he suggested that we should put down our views on paper and that he would then have a talk with G-P. I said I rather doubted whether this would get us much further, since we should only be submerged in an avalanche of megacycles and other technicalities. Frost seems to think that he is destined to defend us from jargon of this kind. Here again I am rather in the dark, since I am unable to estimate Frost's capabilities as a technical expert. It seems to me that we have either got to accept G-P or appoint someone here with high technical qualifications.

Dick seems to have got away on Sat. night or Sunday but we have not heard of his arrival. Two other cases have turned up on ISK which may indicate a hand-out or cypher break in Gi Gib. Enquiries are being made at the Admiralty.

I saw Grogan about the Censorship of mails from the Iberian Peninsula, which he says is gradually rising and it is hoped that it will reach 100% in the course of the next week or so. I impressed on Grogan that we should take similar steps to analyse the mail in Bermuda with a view to getting 100% tests on certain routes. I doubt however whether it will be possible to organise this until Herbert's return.

Stephens has submitted a long report about the HIRSCH-GILINSKY case. The general impression is that both of them are crooks of the first water, ready to do

anything which will fill their pockets and save their skins. There is at least a certain amount of doubt as to whether they undertook to work in the German S.S. merely in order to get out of German clutches with as much of their property as they could save. Details about the Aubain-Poirier scandal are interesting. Baroness von EINEM, acting as an agent of Goering made use of HIRSCH to transmit about 4,600,000 francs to the Temps and Figaro, ostensibly in order that these papers might publish articles favourable to Germany. In actual fact 2 million francs went back to Goering and 1 million to the Baroness von EINEM, and very little alteration was made to the tone of these papers in a sense favourable to Germany. HIRSCH says that he reported these facts to LEMOINE and GIANVETTI of the 5eme and 2eme Bureaux respectively, that neither of these people was allowed to come forward at his trial, which he said was staged as a red herring by Daladier in order to distract attention from the fact that Daladier had tipped off Abetz to clear out of the country at a time when his arrest was imminent. How far this is all true is difficult to say. The fact remains that HIRSCH was given a sentence of 10 years and immediately after the German occupation he was released in order to work with Sonderdienst. GILINSKY has been singularly uncommunicative but personally I do not feel his case has been examined sufficiently from the point of view of his being a Soviet agent. In addition to his past as a purveyor of arms to the Spanish republicans and I

believe a connection with the Soviet Jewel Trust, it is stated in the depositions that he had visited the Soviet Embassy in Paris and also that his son is now fighting in the Soviet Army.

A further report has come in from the C. in C. West Indies about MUNOZ LOPEZ which seems to show that the Ark Royal incident was more probably due to a hand-out in Gib. than to the Natel having leaked at Ankara.

J.I.C. have reviewed the possibility of an attack on Malta in the light of the large increase in aerodromes in southern Italy. It is possible that the Germans might build up their forces to 550 by the 1st Feb. At present they have about 140 first line aircraft. An attack by air-borne troops is regarded as a possibility but a hazardous one. It seems more likely that the Germans intend to stage a determined attack against our naval forces and shipping in the Mediterranean. If in fact air operations on the Russian front to any degree are impossible owing to weather conditions, it may be that aircraft are being transferred from that area, at any rate during the winter months. The assault on Rommel's armies seems to be taking rather a long time. For some weeks now we have heard that he has only got 60 tanks left. This may be accounted for by the fact that the German maintenance units are extremely efficient and succeed in getting their vehicles into action again. There appears to have been a very fierce fight

two or three days ago when it was reported that we had knocked out 22 German tanks for the loss of 14, but it now transpires that we lost 60 tanks, 50 officers and 300 men.. Rommel is certainly putting up a stiff fight. It seems unlikely that we shall take Tripolitania, firstly because we have been obliged to send a considerable number of aircraft to the Far East as well as troops and secondly because Wavell has expressed a very strong view that Cyrenica is easier to hold as it would be nearer to our base. The cleaning up of Bardia is going on satisfactorily as also the other places like Sollum and Halfaya in our rear.

On Saturday I learned that produced two documents which we had planted on CALVO some two months ago. It is difficult to see why CALVO did not send them to ALCAZAR sooner, unless perhaps he was ~~not~~ intending to take them over personally, and owing to the long delay eventually decided to send them by other means.

January 6th

I had a long talk with Turner and Haylor about a number of small matters affecting the RPS.

Saffery came to see me about a proposal to send some Post Office officials to America in order to establish closer relations. He was a little hurt that I had referred this matter to Allan. I explained to Saffery that

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as we were trying to regard the Americans as one unit with ourselves, it might be that an exchange of views on telephones, and micro-photography might be profitable to us both. While I thought it likely that the Americans could not tell us very much it was possible that we might be able to help them, to get the best results and in this manner indirectly benefit ourselves. Saffery seemed to think that a visit would be profitable and undertook to put it to his chiefs. I said that if it was ultimately decided to send anyone we could ensure that the delegation got a fair wind with the Americans.

I saw de Purey, an S.I.S. man who has just got back from Gib. He says that Grey, the assistant D.S.O., is rather worried about security in Gib., particularly about Norton a Gibraltarian who has made himself indispensable to the Governor in the capacity of Secretary. Norton, though regarded as pro-British, is thought to have something of an eye to the future and to relations with his Spanish friends to whom he is inclined to ask the Governor to grant facilities. He is always preaching moderation and appeasement. Recently in a case of smuggling tobacco he advised the Governor not to prosecute the representatives of a rich Spanish tobacco merchant and to deal leniently with members of the police who were involved. Grey feels that this kind of thing leads to a very lax state of affairs, and that if people think they can smuggle tobacco with impunity they

will certainly smuggle other things. Medlam does not seem inclined to stand up to the Governor in matters of this kind.

Victor told me that Sir Frank Smith had asked him to look into the security of an important RDF development. We apparently have a device which reflects anything vertical and which will give a clear indication when the plane is over any particular town, village or factory. This invention should be of immense importance and it is vitally important to us to devise means (a) to safeguard it in the production stage and (b) to ensure its destruction in the event of a bomber which carries it being brought down over enemy territory.

GOERTZ has been tried by military tribunal, condemned to death and reprieved. We have not had this officially, but we understand this to be the case. So far the Irish tell us very little. They probably fear that we should use this case as a pretext for pressing the Eire Govt. to forego its neutrality and turn the Germans out. There is fairly conclusive proof that GOERTZ was working in close conjunction with the I.R.A.

January 7th

A wire came to say that Dick arrived at Gib. on the 5th

We had a meeting this morning at Kinnaird House where the question of pioneering Jap ISOS was discussed. It has apparently been

decided to send Stratton out. I do not know what brought this about, since it had been previously stated that Madement was quite capable of doing the work.

Felix was present at the meeting, having just returned from America. He gave a picture of the lack of co-ordination in wireless matters in the U.S.A. It seems that the Army, Navy and F.B.I. all have cryptographic depts. and virtually refuse to be amalgamated.

There was a long discussion about a telegram from Canada which had to be answered. Canada were anxious to know whether they were to drop some of their work they were doing for the Admiralty and stated that if they were to do any Jap pioneering work they would have to drop the S.American ISOS. A reply has been sent telling them not to drop any naval work and stating that we can cover the S.American ISOS from here. I said that I was not quite clear on one point. We had originally raised the question of some pioneering work being done on Jap illicit traffic. What did the Signals Unit in Canada which was going to be employed on this work imagine that it would be able to do in order to meet our request. It seemed to us that the main field was in Indo-China, Thailand, Malaya, Burma and India. How far would the unit in Canada be able to cover this ground? It transpired that we were only likely to get communication between north and south America and possibly between main stations in the Pacific. It seemed however extremely doubtful if we should pick up

anything from Singora in Malay or any other stations that were playing to Bangkok.

B.J.s show that there is a powerful station at Bangkok and others at Hainan, Saigon and Singora. G-P eventually confessed that our suggestion about pioneering Jap illicit traffic from Canada was merely being used

s apeg by R.S.S. on which to acquire a certain measure of control over the unit in Canada which was not being properly exploited. It was clearly no good pursuing the case at Kinnaird House and I propose to raise it again tomorrow at the R.S.S. meeting.

Today's Times mentions that Canaris is intriguing with Gen. Marschner for the overthrow of the Nazi regime. The information comes from the Times Washington correspondent. The matter is of interest since "C" told me some little time ago that he had had reason to think that Canaris might possibly lead an army revolt or at any rate be a party to it. Apart from this there is Krivitski's information that Canaris at one time was working more for the Russians than the Germans.

Barra, Spanish Military Attache, has a secretary called MUNOZ who is friendly with a man called ROE. ROE's background is not very good as he appears to have been at one time a friend of RUSTON, the associate of A.A. TESTER. ROE is in touch with a Basque who is associated with the Free French and told the Basque that MUNOZ had found the

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probably get hold of them. We are thinking of seeing ROE.

is giving considerable assistance to Fenwick of S.I.S. in building up some sort of an organisation in Spain which might be able to function if the country was invaded by the Germans. At present there is nothing. It is said that Sam Hoare is a serious obstacle to any S.I.S. development in Spain.

U.35 came to see the D.G. today and to talk about Vera. He has I think satisfied the D.G. that his plan is a good one and we are now able to proceed.

January 8th

We had an R.S.S. meeting this morning at which the question of Jap ISOS was again raised. I explained what had happened at Swinton's meeting on the previous day and asked for information about the possibilities covering the Pacific area and particularly any systems which might be concentrated at Bangkok. There was evidence from B.J.s that stations had been established at Bangkok, Saigon, Hainan and Singora but it seemed likely that there may be a number of outstations, which would probably not be picked up from Canada. Maltby explained that he was having considerable difficulty in getting a proper establishment out of the W.O. and that until he had been successful in doing this it was impossible for him to recruit other staff. T-R suggested that steps might be

taken to get hold of civilians and to make a start with their training at Barnet. Mal agreed that this was desirable if such people could be found. Frost suggested that Marriott's section of the B.B.C. might provide useful material. It was decided to continue with our ISOS priority list and to add to it the ISK groups. The ISK groups are apparently in blocks. While certain groups can be dealt with which are in a particular block it does not mean that groups in other blocks can be unravelled at the moment. It is however merely a matter of time and the preparation of an index which may take some two months.

I had discussed with Plunt and Gibbs, who are disturbed about facilities at Whitchurch, and D.4 are taking the view that the S.C.O.s office does not provide sufficient cover.

Brooman-White came to tell me about the secretary at the Portuguese Ambassador who is perturbed at the advance knowledge of Spanish journalists about matters of importance in particular the journey of the P.M. to America. I think this lady may be useful to us. D.G. has agreed to Kellar's transfer to B.1.

Ned has tumbled on an extraordinary story through the tracing of banknotes delivered to the Yokohama Specie Bank through the Joint Stock Bank. One PARMENTIER, a K.L.M. Pilot

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Pilot, has been paying sums of money to a Miss STEELE, now employed in the WAAFs. This girl has access to quite a lot of confidential information. Examination of her account shows that she has paid 50 guineas to an Irish Communist doctor called de CAUX.

These payments were probably for an abortion. Quite independently it has been ascertained that the Yokohama Specie notes have been paid into the account of Miss Lucy JOAD, daughter of Professor Joad, by one A.J. RUSSELL, believed to be of the Group Movement. These sums have been paid in from various offices of Lloyds. This led us to another account of Miss Lucy JOAD at Barclay Marble Arch. Miss JOAD had been introduced to Barclays by de CAUX and the account was operated by him. It was filled by payments in notes which totalled something like £18000. De CAUX has another account which is being investigated.

ISOS discloses a German agent who has been identified at de RAPPARD. This man is a Canadian who holds a German passport issued 5.6.41 in the name of Guisepppe RAZZALI. He arrived at Barcelona from Italy on the s.s. "Derna" on 13.11.41 as a refugee. His landing was effected surreptitiously with the assistance of the purser. He visited the British Consul in Barcelona and asked to be repatriated. Arrangements have now been made for him to go to Canada, and for the Canadian authorities to be warned.

January 9th

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Major Cowgill came to see me yesterday evening accompanied by representative of S.I.S. in Lisbon, and I have since had a number of further discussions with them, Mr. Philby of S.I.S. and with N.I.D. told me that through an agent in the service of WELTZIEN, a German S.S. representative in Lisbon, it had been possible to obtain from WELTZIEN's Index the cards of three British subjects employed by us at Lisbon. These are:

- 1) A Mr. STILLWELL, local business agent for various firms and an honoured member of the British community, whose son Francis is the Assistant Naval Attache in Lisbon. It is thought that the son may be quite innocent but that the father may be extracting information from him without his knowledge. The son has been recalled to this country to undergo a Naval course.
- 2) A Mr. M. LAWRENCE, who is No.4 in the U.K. C.C. in Lisbon.
- 3) A Mr. W. Haeburn LITTLE, an Irish artist now employed in our naval shipping office at Lisbon. He has been in close touch with Section V officers and knows a great deal about the S.I.S. organisation in Lisbon.

There have also been obtained the names of two ship's Captains, concerning whom it is said we have already received notification. One of them is named PECK or BECK and serves on the "Sylvan Arrow", a tanker flying the Panamanian flag.

2. We are at the moment principally concerned with W. Haeburn LITTLE, Lieutenant R.N.V.R., who is the Confidential Assistant to the N.C.S.C. Lisbon, and is proceeding on the yacht "Venus", due to arrive at Gibraltar from Lisbon at noon on Monday, 12th January. The yacht is going to pick up certain wireless equipment at Gibraltar and return almost immediately to Lisbon.

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The card about LITTLE which is alleged to have come from WELTZIEN's Index gives certain particulars and the numbers of the German agents who are in touch with him. It also has entered upon it in ink the dates and amounts of payments which LITTLE has received from WELTZIEN. The Admiralty do not consider that a photostat copy of this card, obtained through an agent who cannot be produced, would constitute satisfactory evidence for a Court Martial unless it could be supported by other testimony. In order therefore to obtain further evidence, the following action is being taken:

- 1) The "Venus" is to be delayed on some plausible excuse in Gibraltar, so that LITTLE can have the opportunity for 48 hours of making contact with somebody in Gibraltar. Instructions will be issued for him to be kept under observation during that period.
- 2) An attempt is to be made to photograph all the cards and a certain number of the files in WELTZIEN's office on Tuesday night.
- 3) LITTLE's premises in Lisbon will be searched during his absence.
- 4) As there appears to be no plausible excuse for ordering LITTLE to return to England and since if he became suspicious it might be difficult to force him to leave Portuguese territory, it has been thought preferable and opportune to allow him to carry out his normal duty by proceeding on the yacht "Venus" to Gibraltar. He will then be on British territory and can be dealt with as we think fit. It seems particularly desirable that if possible his arrest should not be carried out in Gibraltar, since any action of this kind would be bound to be a matter of common knowledge and might seriously embarrass Mr. White in the enquiries which he is at present making. It has therefore been

back to this country. I gather that this proposition presents considerable difficulties but I have pressed the Admiralty very strongly to regard the whole matter as a major operation on the grounds that the leakage of information which has now been going on for several months in Gibraltar has reached a stage where it is impossible to send a signal to the Flag Officer without grave risk of its being in the hands of the enemy within 48 hours, and that therefore it is a matter of paramount importance to avoid any action which might prevent us from bringing our enquiries to a speedy conclusion. The telegram at 2a has therefore been sent to Colonel Medlam through S.I.S.

- 5) If arrest at sea is impossible, it is proposed to send a further cable ordering the arrest of LITTLE by the Naval Authorities and his return to this country under Naval escort by the first available means of transport. The Legal Advisers to the Admiralty consider that his arrest by the Naval Authorities is preferable to that by the civil Power which would necessitate invoking 18B(a). Instructions will be issued that every possible step is to be taken to prevent the arrest becoming known, but it is realised that this may well be impossible. The Captain of the yacht "Venus", unless he turns out to be LITTLE himself, will be informed in strictest confidence and told to provide some suitable excuse to his officers to account for LITTLE's disappearance. It has been decided that LITTLE should not be interrogated in Gibraltar or informed of the reasons for his arrest.

S.I.S. state that according to German figures the following are German casualties in Russia Killed, totally disabled, missing and prisoners, 1,155,000 up to 15th December. Another 350,000 are permanently absent from duty for various reasons. In addition 1,500,000 to 1,800,000 have been wounded but are not disabled. The original strength on the Russian front was 6 million and is now 4,500,000, less those wounded but not disabled.

I saw Philby about the LITTLE case and we drafted a telegram to Medlam and Dick. I am very anxious if possible to avoid the arrest of LITTLE in Gib. as I feel certain that any action of the kind would seriously impede Dick's enquiries. Practical my whole day has been taken up in trying to make arrangements with the Admiralty, who have now agreed to delay the yacht Venus until the 14th or 18th when one of H.M. Ships will be in the vicinity of Gib. and return to the U.K. It is proposed that LITTLE should be allowed to board the Venus in the ordinary way and then be intercepted at sea.

I spoke to the D.G. about at Whitchurch. He was apparently under the impression that we were proposing to deal with material with unskilled S.C.O. personnel. I have reassured him on this point and he is quite agreeable to our fixing up anything in the S.C.O.s office which is plausible. I had a word with Burn who will go down with Blunt on Tuesday in order to work out a suitable cover for our operations.

An Eire officer and 3 other ranks have just landed in a Walrus biplane at St. Eval, Cornwall. It appears that the officer was disgruntled owing to his having been placed under open arrest for drunkenness. The men have stated however that they were asked whether they would like to go for a short turn and had no idea that they were going to be brought to England. There is just possibility that the officer intended to proceed to France and was forced down in Cornwall owing to lack of petrol. Eire are already getting excited and wish to send over an escort to fetch the officer and men and mechnaics to bring back to plane. We are in the meantime proceeding on the lines that the whole party has landed without the permission of the I.O.

It seems that the Americans are ultimately to take over command in N. Ireland. Technically they will be under the C.I.G.S. It is not quite clear what is behind this move which may well have a good deal to do with the strong pressure which is being brought to bear by America on the Eire authorities to hand over temporarily the Irish ports. Personally I feel very apprehensive about the whole arrangement. It seems a frightful pity if our relations, which have been gradually improving, are now to be jeopardised by some overt act carried out by the Americans. Even if such an act were not instigated by us the Irish would be certain to say it was.

U SAW, Burmese Prime Minister, who has been in America and is now returning to Burma,

has made a short stop at Lisbon, where he has got into touch with the Jap Ambassador and offered his services. He alleges that he has 90% of the Burmese population behind him in a movement of independence and he proposes to escape from the country by plane and make a declaration of independence from Bangkok, provided the Japs will give him their support. It has been decided to arrest him before he reaches Burma.

January 10th

Gerald HAMILTON has been released under 18A Restriction Order, in spite of D.G.'s letter to Maxwell.

N.I.D have agreed to the plan by which LITTLE will be taken off the yacht Venus by submarine

Senter has asked my advice on the case of an Italian P/W whom he wishes to make use of. This man is air pilot LODDA, who came down in the Mediterranean. He alleges that he is an ardent Sardinian nationalist and provided he is not asked to do anything involving great risk to himself for his family is quite ready to sow seeds of dissension in Sardinia. He dislikes the present regime in Italy. S.O.E's suggestion is that he should be transferred to a hospital, and that he should subsequently escape, telling the Italians that he had done so through the assistance of one of the nurses who had procured for him money and assisted him in leaving the country as a stowaway. I have suggested an alternative, namely that LODDA should be

assisted to leave the country and should give himself up to the Italian Legation in Lisbon stating that he had offered his services to the British as a means of escape. He would then give them the story of his escape which the British had told him to put over and would offer his services as a XX working for the Italians. In fact he would carry with him two different types of secret ink, one which he would use as an Italian XX and the other as a British XXX. By this means we should have the advantage of knowing (a) what the Italians wanted us to know and (b) the true facts. In all this of course we are assuming that the Italian is going to play straight with us, a fact concerning which I have considerable doubts. It is by no means impossible that he will become not only an Italian XX but an Italian XXXX.

I talked with J.C. and Marriott about the case of LITTLE and WELTZIEN. On the assumption that WELTZIEN was planting his information on us, he might merely wish to cause alarm and despondency in our various offices in Lisbon. It occurred to me that we might think out some similar plan for causing alarm and despondency in the German offices.

Hart, on looking through the ISOS, has come to the conclusion that a man referred to as BEN ~~AT~~ ATAR, an agent at Tetuan and possibly one of the four in Gib. previously mentioned, may not after all be working under a pseudonym.

We are therefore telegraphing to Dick asking him whether anybody of the name of BENNETT is known in Gib.

January 12th

Victor tells me that he visited Rolls last week. He was tremendously impressed by the work they are doing on the Merlin engine. They hold the view that you begin and end the war with the same engine, since if you design a new one it takes years of modification before you bring it to a state of perfection. They believe in making improvements on a good job in the light of practical experience. They have in this way brought the Mark V Spitfire up to a speed of 415 mph. This is of course capable of far greater speeds when diving. It has a ceiling of 50,000 ft. Before being passed for sinpection the Merlin engine is put on the bench and driven on 3,600 r.p.m for 2 hours. It is then examined and tested again for 12-124 hours. If on examination the slightest wear is detected, the particular part of the engine is scrapped.

Burn, Bennett and Black came to see me about a memo which they are putting up to the Admiralty from the Shipping Committee. They were worried about a statement of Hart's that it was unlikely that agents were communicating shipping news by wireless from this country. Frost apparently held a contrary view. The deputation wanted to know who was right and who was wrong. I explained

the possibility of wireless from this country and said that while on the whole I did not think that it was possible for an illicit station to function on a ground wave for very long, without being detected, there was no real guarantee on this point, if the set had the necessary wireless cover.

January 13th

At the D.G.s meeting today the question was raised about the enlistment of officers here in the Forces. There might shortly be pressure on the dept. for those between the ages of 20 and 30 to be released for active service. I said that it seemed to me that any officers here who had been employed on intelligence duties would very naturally drift back into intelligence duties in the army since it was in the M.I. branches that their past experience and knowledge would be put to the best advantage. Could it possibly be argued that the work that they would be doing in the field could be of greater importance than the work that they are doing here. It seemed to me that unless we were literally at our last gasp for men and that these officers were going to have a rifle put into their hands to fire at the Germans, there could be no possible excuse for removing them from their present employment unless their services to us did not warrant their retention by the department. The same would apply in the case of the female staff. The probability was that if they joined up in the ATS, WAAFS or WRNS they might well be employed in washing up dishes. In any case they were going to fire

a gun there would not appear to be any possible excuse for their removal. I thought moreover that we should be regarded as in a privileged position and that somebody high up should make up their minds once and for all whether the work of this dept. was of real value to the fighting services or not. If so, nothing should be done which would in any way impair its efficiency. In all this I thought it was important to realise that it is impossible to train people for the work of this department under a matter of months or years, since experience is one of the principle assets in work of this kind. It was decided to have officers between the ages of 20 and 30 examined medically to see how many of them would in fact be fit for active service. It was suggested that possibly those who were not already in uniform should be given commissions. Charles was rather against this as he thought that it would give the services a certain hold on the department which was in fact largely a civilian one. It is perfectly true that most of our duties are military in the wider sense, except perhaps those being performed by what is known as the military branch, but as a matter of expediency it would certainly be undesirable for us to be caught up in the military machine. If this happened we should find it almost impossible to function.

Admiralty with A.D.N.I., Johns and Carpmael. An alternative plan was agreed to about LITTLE's arrest. It was decided that he should be warned half an hour before the Venus sailed that an urgent telegram had been received telling him to report for special duty at the Admiralty and that ~~as~~ since the submarine was leaving immediately for England he should transfer his kit to that vessel. He is to be kept under discreet observation until he is on board the submarine and if he attempts to destroy any papers he will have to be arrested. As soon as he gets on the submarine he will have to be searched by an officer from the Security Service and kept under restraint during the voyage.

We had a wire from Dick saying that he does not think that he can get much further and that he proposes to return by the first available plane after the 11th. He has discovered that there is a family called BENATAR in Gib. and that the eldest son who works in the NAAF.I. was given a pass into Algeciras from the 14th-17th November. These dates would fit in quite well with the ISOS telegrams. While I think this man may well be one of the four agents in Gib. previously mentioned I doubt whether he would be sufficiently well placed to give the rather high-grade information which has been reaching the Germans. He would clearly know of the local gossip in Gib. and quite a lot about movements of ships etc. Dick is having

enquiries made. In the meantime he has gone into the Sundae case and has left instructions with Medlam to proceed. Felix has told Swinton about LAWRENCE, the representative of the U.K.C.C. in Lisbon. Swinton came over this evening and the D.G. showed him the file. He says that LAWRENCE is being sacked by his employers for incompetence and drunkenness. He says that he works in the shipping office of U.K.C.C.

B.J.s show that the Japs are trying to build up an espionage organisation through the Spaniards in south and north America

14th January 1942

I saw and Burt, who is going to provide some skeleton keys for use in Lisbon. (WELTZER Index)

Felix tells me that one of his agents in France has been asked by the Germans to recruit 5 Frenchmen who are to be sent over here to join de Gaulle's forces. He wanted to know whether we agreed to their being allowed to come. I told him to go ahead.

Dick has arranged for the planting of certain dummy telegrams in FOCNA's office. We have informed the Admiralty in order that they might look out for any reactions on ZPT.

Felix tells me that Mrs. STILWELL has

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applied for a visa to go to Lisbon..
Steps are to be taken to hold this up
at any rate for the time being. I
have undertaken to hold up her correspon-
dence or telegrams and to place her on
check.

A short time ago we received a report from
S.I.S. in which it was stated that the
Germans were receiving meteorological
reports from Dundalk, Cork and an area
between Newcastle and Edinburgh. Enquiries
were made through R.S.S. have now revealed
that G.C. & C.S. had been regularly
receiving the Nauen met. reports which
disclose the existence of a German station
in the vicinity of Cardiff and another
at Blackpool. The various possibilities
have had to be explored: (1) are the
Germans decoding our met. reports? The
answer is that their reports differ slightly
from ours. (2) Is it possible for the
Germans in the light of the reports that
they got from places in Europe to be
able to report accurately the weather
conditions at Cardiff or Blackpool? It
seems doubtful whether they can. (3) Have
they been making use of the reports of our
own agents? The answer here is that the
reports of our agents differ slightly and
they are not situated in areas referred to.
There are other avenues to explore but at
the moment it looks as if we may have an
undetected agent at Cardiff and another
at Blackpool. If this is so there is clearly
a deficiency in the organisation of
R. S. S. regards Life it may be significant

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that the two stations reported are at Dundalk and Cork in the east and south respectively and that this was the reason why LENIHAN was sent to get weather reports from Sligo in the west.

The government are having a great deal of trouble with de Gaulle about St. Pierre and Miquelon. It seems that in spite of an undertaking that he would not take any action against these islands without the acquiescence of the British Govt., he gave orders to Muselier that this should be done and failed to inform anybody. He has been taken to task by the Lord President and the Prime Minister has given instructions that he is to be told to evacuate the islands. The Americans are seriously embarrassed by the incident as they do not wish to fall out with Vichy at this stage. It seems that the Monroe Doctrine for some reason or another comes into the picture. De Gaulle is being extremely truculent.

Loxley rang up to say that the F.O. had agreed to the deportation of IBARBONDA and CAMPOS, two Falangists in Cardiff. This action is to be taken as a reprisal for the deportation of two British subjects but it might well have lost some of its effect since there has been a delay of more than two months.

reporting
S. + S. are ~~XXXXXXXXXX~~ that the Italians are intending to make a severe attack on Gib. and ISOS indicates from 3 independent

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agents that Gib. has been placed in a state of alert.

contents of
Maltar has discovered that the/cases which contain machine gun ammunition and which are supposed to be water-tight, are seriously corroded. A test has been carried out here of 90 of these boxes which come from Woolwich Arsenal. 68 of them were found to leak when placed in a bowl of water. This means that several million boxes will now have to be examined.

January 15th

Frost came to see me about Machell's section. I said that I was not really in a position to discuss this matter with him until I had re--read the whole file. I think that he is rather worried by the fact that he has not really been paying much attention to censorship matters.

I arranged with Herbertson to stop Mrs. STILWELL from going to Lisbon over the weekend.

I had a long talk with Harris and Milmo about the case of CASABAYAL, a Spanish Republican employed by S.O.2. who had gone to the Spanish Embassy and supplied them with information about our latest explosive and the methods of the Commandos. CASABAYAL has been picked up as a deserter. It seems that he has 5 other accomplices

also employed in S.O.2. This information has reached us through a contact of IGNATIUS. IGNATIUS's contact is going to report the facts to ALCAZAR when he visits him in Madrid. It will be interesting to see his reactions. We may put in an agent provocateur ostensibly as one of CASABAYAL's accomplices.

Harris tells me that some individual posing as ALCAZAR's secretary has produced a number of documents in Madrid which purport to give the names of certain individuals acting as German spies through ALCAZAR. One of these is LYNCH who is said to have received the sum of £3,000. We regard the information with considerable doubt. It has all the appearance of a plant.

I had a talk with Victor and Ned Reid about the food racket. The results of their investigations which only touch the fringe of this racket, are really too appalling. We have come into the picture more or less accidentally and have continued certain enquiries in order to help Miss Campbell of the Ministry of Food, who is supposed to be responsible for this work. She is however singularly ill-equipped, having neither the adequate personnel or the necessary powers. She had in consequence recruited one rather undesirable employee, who has been making enquiries at banks with somewhat disastrous results. Although the food

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racket is rather remotely of security interest, it seems in a way desirable that we should take on enquiries for Miss Campbell, making use of the H.O.W. and 80a. Otherwise she may seriously prejudice our other more important enquiries with banks etc. We all came to the conclusion that the investigation of these matters would be of little avail unless severe penalties were imposed on the offenders. I am putting the matter up to the D.G.

I lunched today with Felix who had recently returned from America. He told me that his reception from Stephenson was somewhat cold but that matters improved considerably before his departure. He has stated a small section in the New York office which he hopes will bear fruit before long. I asked him about the placing of XX agents over here among the various technicians who were coming to work in our factories. He told me that there had been difficulty in finding suitable people owing to the short lapse of time between when it is being taken on and the transfer to Canada for shipment to this country. He has however suggested that recruitment might be made first and that then the agent could apply for some job in this country. I gather that is leaving Trinidad, which is now to become solely an M.I.5. station. will work in the Section V office in New York. I gather that Stephenson is rather sore about the two officers he describes as having been sent him "form

London". He does not apparently distinguish between M.I.5 and M.I.6. Sinclair was of course sent out at S.I.S.s request, and John Maude was the best man we had available at the time. I told Felix that I had been questioned by Stephenson about both of them and had told him quite frankly that Sinclair had a good deal of experience and ability but was a difficult man to work with because he never put anything down on paper and could never be got hold of when he was wanted. He would come in and tell one that he had made some very useful contacts but one never got any account of what the contacts had said. I had also given Stephenson a picture of John Maude and said that I thought he had considerable ability and drive but that he was not the sort of person who could be let loose on his own. He needed constant and experienced guidance. We had selected him because we thought he was the kind of person to go down well in America. Felix said that the situation had not been improved by S.I.S. planting a dud secretary on Stephenson. She started by collapsing in the heat and when she returned from a fortnight at the seaside she refused to sit in a room with "a lot of colonials". As Stephenson is a Canadian this did not go down very well.

Felix is going to Lisbon on Saturday.

January 16th

I had a talk with Curry about Vera ERIKSSON. He has seen U.35 who would prefer not to have the F.S.P. man. He thinks that his presence would destroy the atmosphere.

Kellar came to see me and we discussed his new job. He seems very enthusiastic.

A wire has come from Dick saying that he is returning possibly tonight. He has not succeeded in getting any positive clue but has narrowed the field and put down some trip-wires in the form of dummy messages left about in FOCNA's office.

I had a long discussion with V.V. and Felix about T.A.R.s relations with Dansey. V.V. seemed to think that we had gone rather beyond our original suggestion and Felix did not like us having any contact with Dansey at all. I said that I thoroughly appreciated the dangers of having anything to do with Dansey. At the same time I had to try and find some sort of solution for a problem which had been worrying me for a long time. For two years Dansey's people had been communicating with their agents abroad concerning some of whom he may at least have had doubts. We on the other hand had been communicating with the German S.S. on XX lines and endeavouring to answer their questions truthfully but

evasively. It followed therefore that those who had daily experience of evading awkward questions should be best qualified to tell S.I.S. whether their questions were being evaded in a suspicious manner thereby implying that their agent was under control. In actual fact, though we had both been communicating daily on our own particular lines neither of us had seen the other's traffic until this had become imperative in the case of Stella LONSDALE. Though we agreed that nothing but good could come of such an exchange of information and I personally was convinced on this point, were we to accept the fact that because of Dansey's personality there should be a permanent hiatus and that both organisations should suffer in consequence. I pointed out that in the case of Stella, had we seen GAESSLER's traffic we could have told S.I. S. 5 or 6 months ago that they were having their legs pulled. Felix said that the person who generally told them this was G-P. I said that quite possibly he was in a position to give them hints on this subject from the technical point of view but I did not feel that he was qualified to express an opinion on the contents of the messages. Felix said that he had once got hold of some of the traffic but that when Dansey found out he had ordered Jempson to return it immediately. He said that C.S.S. had given definite instructions to Dansey that when one of his agents was

under control Section V. should be immediately notified, but that Dansey had not carried out these instructions and was never likely to. He was in three minds as to what to do, (1) whether to have a row with his own chief on the grounds that he was not seeing that his orders were carried out (2) to have a row with T.A.R. or (3) to let T.A.R. go on and "burn his fingers". He was quite convinced that sooner or later Dansey would let us down and he asked me to make a note of this in my diary and see whether it would not come true within two or three months. Felix is obviously still very sore about the Tricycle case. He thinks that he was unduly badgered for information from America when there had been an agreement to the effect that we would handle the XX agent in this country and he should handle him abroad. I said that as a general line of demarcation this was a good one but that when a man had started abroad and then come to this country, then gone abroad again and might very well come back to this country, it was obviously desirable to have continuity and that overlapping was inevitable. In the case of Tricycle there was an additional reason, namely that he was closely tied to Balloon and Gelatine and that if he went they went also. At one moment he let drop the remark that he never said anything now about XX matters at the Twenty Committee. I took him up on this. I said that it was nonsense that

he did not express his views frankly and that if anybody working under me resented his doing so I should be very pleased to deal with him. I said quite frankly what had upset our people was that they felt that when they wished to discuss matters they were given the impression that they were interfering in matters that did not concern them. Felix admitted that he had given this impression. I said that I thought it was hopeless as long as that sort of atmosphere existed. We were all agreed that functionally we were doing practically the same work but that for a variety of reasons beyond our control the two organisations had to remain under separate heads. It was there up to us to get over this difficulty by the freest and frankest cooperation. I did not see how we could work on any other basis. The meeting ended on a perfectly friendly note, but I am rather disturbed by Felix's attitude, particularly when he says "As long as I am in a separate organisation my loyalties are to my own chief." I really do not know what he means. V.V. I think was slightly embarrassed by the whole discussion and tried to impress on Felix that what had gone before could be wiped off the slate. I undertook to consider the question of Dansey and to let Felix know what I thought his best line would be. I am inclined to think that he should let T.A.R. "burn his fingers". He will may but anything else is a counsel of despair.

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Senter came to see me about a party of Norwegians arriving at Lerwick. They are to load up with 9 tons of explosives which they are taking back to Norway. He wanted to obtain sanction for their not being sent to the Patriotic Schools. I only hope they are not all German agents

Lennox gave me the news. The Russians are doing really well, and the reports in the newspapers about them are fairly accurate. A force is being prepared of about 90,000 which will assist the French in N. Africa if they are willing to be assisted. At the moment the Americans are being urged to deal with Madeira and the Canary Isles. Our forces are to go on to Tripoli and possibly also to Bizerta. Rommell's force is estimated by the W.O. at 59,000 but by Auchinleck at about 36,000. but there is another force of about 34,000 in Tripoli. The Germans have undoubtedly received reinforcements probably from the convoy which escaped us some weeks ago and led to two of our cruisers and a destroyer running on to a mine field. The cruiser and destroyer were sunk and the other othe cruiser damaged. The Chiefs of Staff do not appear at the moment to anticipate an invasion of Turkey. They seem to be ignorant of the numerous ISOS messages indicating that the Germans are making detailed enquiries about roads, disposition of troops etc. in the Middle East, and particularly in Turkey. They

are anxious to know when the snows melt, which may indicate that they do not contemplate doing anything till the early spring. There is very little news from the Far East except that a ~~convoy~~ carrying 51 Hurricanes landed at Singapore two days ago.

Finney has been on the telephone all day about a man called Reginald Kendall COOK @ Reginald Gordon SCOTT @ Gordon SCOTT @ George Campbell SCOTT @ George SCOTT-CAMPBELL. This man appears to have a C.R.O. record. When his baggage was searched at his lodgings certain plans and specifications relating to the Whittle engine were found. He appears also to have been employed at one time by the Daimler Co. and also by Rolls-Royce. He is now said to be looking for a ship of the Ellerman line which sails to the Iberian Peninsula. It is just possible that he has been collecting information which he intended to take away to Spain. He is being looked for and will be arrested when found.

January 17th

I had a talk with Victor, Theresa Clay, T.A.R. and Roberts about Mrs. ROY JOHNS. It was decided that at a convenient moment Roberts should reveal that he is an agent of the Gestapo who is contacted periodically by a man whose identity he does not know, and

that his business here is to check up on the reliability of certain people whom the Germans think might be ready to assist them in time of invasion. We decided that he had better not have any special credentials except perhaps a draft on the Swiss Bank Corporation for several hundred pounds. Details of this are to be worked out by Ned.

Some days ago we discovered that the transmitter which had previously been active in Kensington Palace Road was in actual fact operating from the top floor of the Soviet Consulate, Rosary Gardens. We had previously asked the Soviet Embassy whether they were transmitting on the call signs given but they had given us a denial. We have decided not to register any protest but to listen in for the time being in order to see what happens. So far there has been no answer to the call signs. R.S.S. seem to have failed us rather badly in this case since their monitoring service never reported the signals. It was only because we happened to have found out through having vans out in search of signals from the Jap Embassy that we knew anything about it.

Eddie Grant rang me up about IBARRONDO and CAMPOS. He seemed worried about their being interrogated and left at large and pointed out that the deportation order implied that they should be held under arrest until the time they were put

on the plane. I suggested therefore that we should postpone the searches until Monday and that they should be carried out under 83A. We both agreed to think it over and communicate again in the morning.

Dick has returned full of gloom about the state of security in Gib. Although the situation is obviously a very difficult one there is no doubt that the Naval Office leave their telegrams lying about all over the place and there was an incident recently when some of their cyphers were found in the dustbin. Also VACNA has a battle headquarters in the Rock where he keeps a duplicate of every telegram. These duplicates lie on a shelf in his dugout, the key of which is left in the hands of the Security Police. Since four of the latter have recently been convicted of smuggling and most of them are Gibraltarians this practice is to say the least somewhat unwise. Appropriate measures are now being taken. The circulation of natels has not been restricted. Almost everybody on the Rock seems to have had access to them in the past. The C. in C's ideas on security are also somewhat primitive and Dick quite rightly refused to discuss his business in the presence of Harry NORTON, the C. in C's Gibraltar political adviser, who is all in favour of pacifying the Spaniards. He may be quite loyal but he is certainly the wrong man for the job. Looking through

Medlam's files Dick came across the case of a Spaniard who had been caught going out of the dock area with details of shipping movements etc. He was arrested and put in prison pending an opinion by VACNA on the value of his information. Before this opinion was received the Spaniard was released on the orders of the C. in C. and put across the frontier. Doubtless NORTON was the Adviser in this case. C. in C's other adviser is Quennel, the S.O.2 man who was responsible for blowing up the German wireless mast at Tangier recently. Quennel is rather an undesirable person and has probably made a certain amount of mischief as between Grey, Medlam's assistant D.S.O. and the C. in C. Grey is very concerned and probably rightly about the whole state of security in the fortress and is quite ready to say so, but Medlam is a little inclined to acquiesce in the views of the C. in C. who very often refuses to take his advice on security matters.

Dick has made one interesting discovery, namely that by the study of the form of our naval cypher messages reporting the movements of ships between this country and Gib. and Gib. and the eastern Med. it might be possible to work out the movements and destination of ships, although their numbers and class might not be clear. This would account for at least one of the ZPT messages. This is a

clear illustration of how important it is for us, if we are going to investigate cases of this kind, to know more about the form of SPT messages. I am going to try and arrange this but I shall doubtless meet with a good deal of opposition, from Denniston and company. Incidentally a large number of people at GIB. seem to know about the ZPTs and the nature of ISSS is known more widely.

Dick has made some very useful investigations and prepared the ground for a search and arrest of some 8 or 9 people in two or three weeks time if we do not obtain positive evidence against them in the meantime.

I was rung up at about 1030 by the NDO who had received via S.I.S. a telegram from at Lisbon to the effect that W/C Lord Carlow was flying over from Lisbon with the wax impressions of two keys. He wanted us to send down an expert to cut the keys which were to go back by some passenger on the plane leaving on Monday. The operation against WELTZIEN's office was to take place on Monday night. The keys have been cut at Lisbon but as it was felt that this might not have been done very skilfully it was thought better to have duplicate keys ~~xxxxxx~~ done here. Unfortunately the wax impression of one key has been somewhat damaged and skeleton keys of the Yale type are also required. I got on to Catalogue Reference KV/4/189 to do the necessary. The

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plane should arrive sometime tomorrow
afternoon.

January 18th

Eddie GRANT rang me up this morning.

I had arranged that the office of IBARRON-
DO and his house and also CAMPOS's home
should be searched tomorrow morning, and
any documents of interest removed.

Mathews will go with the IBARRONDO party
and a Spanish speaking policeman will
search the house of CAMPOS. He will
not however leave the premises until
Mathews has had a look round himself.

Both suspects will be told that there
is a deportation order against them and
that arrangements are being made for them
to leave within a week. After the docu-
ments have been examined they will be
interrogated. If of course anything
incriminating is found they can be
arrested. I hope to get the F.O. to
agree to our having them in custody
for twentyfour hours at least before
they leave. This will greatly
facilitate their interrogation. We
decided not to disclose any information
which would lead them to think that
their conversations on the telephone had
been listened to unless circumstances
seem to render this imperative. Eddie
Grant is very anxious not to disturb any
of his other telephone checks.

The Huddersfield police have forwarded
a report that a grocer has handed in a

document which he removed from the inside of a rotten onion shipped from Spain. The message is from a well-wisher and gives particulars about firms and members of the German and Italian consulates thought to be reporting on our shipping etc.

Inspector Sponner and an expert key cutter have gone down to Bristol by the 10.30 train this morning. They will be met by the RSLO and taken to the SCOs office. I now hear that the plane from Lisbon is likely to land in Devon owing to fog. I have therefore arranged with the SCO to bring Lord Carlow to Bristol by car. There is a further complication since the plane leaving for Lisbon tomorrow is a freight plane and cannot carry any passengers without the express permission of the Air Ministry. This means that the keys will have to go back in charge of the pilot and his assistant, who are both Dutch. I am trying to arrange to have the keys put in the BOAC bag, since not only would it be difficult to get Air Ministry permission for a passenger to travel but the passenger would require a Portuguese visa which would be quite impossible to obtain by 9 a.m. I spoke to Major Ferguson at 4.15 and explained the position, suggesting that he should telegraph to Lisbon.

The D.G. had a conference with Pilcher and myself about the Stella LONSDALE case. He is anxious to know whether I thought

she should be interned, since in view of the trouble there has been about Ben GREENE he does not wish to have any more backwash on an lOB case. I said that I thought that while it was quite likely that as long as she remained in this country she would not dare to engage in espionage, she was such an adventuress that she might well try and escape to Ireland and get back to France in that way. If we left her at large we should have to keep her under constant observation which would waste a good deal of valuable time and cause immense trouble. S.I.S. were firmly of opinion that they did not want her back in France where she had probably already done their organisation a good deal of harm. Toby put the matter rather well by saying that if she were left at large and she did do anything detrimental to this country we should undoubtedly be blamed for not putting her case forward for internment. Our experience of this woman after endless interrogation, listening to telephone conversations and mike conversations, is that she is quite unequalled as a liar. and that she is either a dupe or an accomplice of the German S.S., more probably an accomplice. D.G. was anxious that we should let the Home Secretary realise that the Committee might possibly decide in this woman's favour if she were interned under lOB. He had this very much in mind owing to the case of Ben GREENE who

has been released with apologies. One of the principal witnesses, KURTZ, was severely cross-examined by Birkett on his statement made 18 months ago. On certain points his memory not unnaturally might have been expected to have been at fault and on one particular point he slightly modified his previous view. This seems to have been the occasion for Birkett, without due regard to the whole circumstances of the case and without submitting Ben GREENE to cross-examination, to make what can only be described as an onslaught on the unfortunate KURTZ and to tear his evidence to pieces in the technical sense. *in mind* Toby has little doubt that the committee were just lying for an M.I.5 informant and there is no doubt whatever that even if KURTZ's evidence is not accurate in every particular he was certainly present at a treasonable conversation with GREENE. One of the points that Birkett completely ignored was the fact that GREENE said that he had telephoned to Scotland Yard reporting KURTZ's visit. Scotland Yard had said that no such message had ever been received. Birkett seems to have accepted Ben GREENE's denial almost without question. It is thought that there has been a good deal of encouragement of Birkett's attitude by Newsam who has already expressed his disapproval of what he calls Agent-provocateur methods in the case of the Rev. DYMOCK. This whole business of GREENE shows only too clearly how hopeless it is to establish any reasonable degree of security under this quasi-legal system by which the prosecution and its witnesses are

subjected to severe cross-examination whereas the word of the accused is accepted without question. It was only after the Home Secretary had written his letter of apology that we were called into conference.

January 19th

I was rung up at 8.30 by Ferguson's secretary who said that a message had been received during the night asking that the keys should not be sent in the BOAC bag but handed to the Dutch pilot who should be told to give them to Ford Anderson of the BOAC in Lisbon. This did not seem to be such a good arrangement as the one made the night before, namely to send the keys in the BOAC bag addressed to the Embassy, but we complied with the request from the other side. At 10 O'clock however we got a call from the aerodrome to say that the freight plane would not be leaving today owing to fog at Lisbon. It was therefore decided to let the arrangement stand for the following day and I rang up Ferguson in order that he might send a wire to Lisbon.

Eddie BGrant rang up to say that the premises of IBARRONDO and CAMPOS had been searched without result. We decided not to interrogate unless we could persuade the F.O. to allow us to keep the two men in custody for 24 hours prior to their departure by plane on the 25th.

I discussed with the D.G. the case of LENHAN. He has agreed to this man taking a job and to his being given a sum of £250, £50 to be handed to him now and £200 to be placed in an account and released to him after the war, provided he behaves himself. He is to be warned against going back to Eire and will be told to report his movements. He is not to be allowed to leave the country.

D.G. has agreed to Curry serving on our Planning Committee. but insists that he should not be absorbed into B.Branch. He made a special point of this though exactly why I don't know. I imagine he wants Curry to be available for research in other branches as well as B.

D.G. has also agreed to our dispensing with with the services of the F.S.P. man who was to assist in looking after Vera when she is released. U.35 thought that this man might spoil the atmosphere.

The XX account shows a balance in our favour of between £7-8,000. We have netted about £26,000 odd and spent over £19,000. This figure does not include sums of money taken from spies who have been executed. If they were included the total receipts would be in the neighbourhood of £33,000.

Baxter came up to see us and discuss the possibility of his joining B.1 in order

that he might be available from time to time to make visits to our links abroad. The job did not seem to smile on him. He said that he was a badtraveller and that he doubted whether he would be able to stand the racket. He would however be quite ready to do an office job in B.1 if that job was clearly defined. He refused to belong to one of a crowd. We shall have to think again.

January 20th

I saw Spooner who had been down to Bristol to arrange about the keys which were to go to Lisbon. The expert he took down appears to have been able to carry out the job satisfactorily.

Victor received a call from Swinton this morning asking him what steps he had taken to implement the decision arrived at ~~at~~ the meeting of the S.I.C. on the security of our ships proceeding to Melilla. Victor said quite properly that he was submitting this matter to the D.G. since the proposal involved the running of six men under the D.S.O. at Gib. and their payment. Swinton then told him that the placing of this matter before the D.G. was just a formality and that he (Swinton) gave him an order to get on with it at once. D.G. was extremely annoyed and was only persuaded by Victor not to write a pretty stiff letter to Swinton calling his attention to the written agreement

by which the D.G. should be master in his own house.

I had a talk with Harris about ~~xxxxxxx~~ certain messages relating to our shipping which had come into the possession of ALCAZAR. Copies of these messages had reached us through S.I.S. Madrid. They purported to come from Newcastle, Edinburgh, Liverpool and London, and dealt with shipping matters. They appear to be the type of information that comes from the Spanish Consul. An interesting fact is that these messages, with slightly altered dates, have appeared as Jap B.J.s from Madrid to Tokio, information having been sold to the Japs by Alcazar.

We also discussed the position of CALVO in the light of certain B.J.s which implicate him very definitely. Alcazar had given the Japs what purported to be the lay-out of his organisation in this country. Most of them are I think known to us or actually working for us. Alcazar has evidently been trying to blow himself up in the eyes of the Japs and grossly exaggerating his powers for obtaining information from this country. At the same time his organisation may be slightly more extensive than we know. We decided to allow CALVO to leave by plane tomorrow. He had been held up owing to some mistake about his name being left on the H.O. Black List.

January 21st

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January 21st

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COOK @ Gordon SCOTT has been arrested
 in Leicester.

that Barra has been
 getting some information from our
 Imperial Staff about our intentions
 in N. Africa. This is somewhat confirmed
 by an ISOS message from Spain.
 I am proposing to take these extracts
 to the D.M.I. and suggest to him that
 some instruction should be given to the
 M.I. staff to treat Barra with the
 greatest reserve, and also to let us
 know the nature of his various enquiries.

I attended a meeting at the Admiralty about
 LITTLE. Carpmael, Foster, Fenwich and
 A.D.N.I. were present. A.D.N.I. rather
 took the view that we had arrested
 LITTLE and that presumably we should
 now be dealing with him. I explained
 that the original information came from
 S.I.S. and that as a result of it the
 Admiralty had decided to send LITTLE
 to Gib. and subsequently to arrest him.
 He was therefore a Naval Officer arrested
 under naval law. The only part we
 had played had been to keep him under
 observation while he was in Gib. The
 results of this had been more or less
 negative and all the evidence available
 was the photostat of the card taken from
 WELTZIEN's index, the 3 names which had
 been found on LITTLE when he was arrested.
 and any papers that might have been

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found in office at at his lodgings in Lisbon. We should be very pleased to help in any way we could in his interrogation. I suggested that Jim Hale should be placed at the disposal of the Admiralty for this purpose. It was agreed that on arrival LITTLE would be taken in close arrest to Greenwich.

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SHERRINGTON's interrogation in Palestine has produced a negative result and he had been set at liberty. I gather he is to be sent back to England.

LENIHAN has been allowed to take on a job. He signed an agreement yesterday accepting £50 down and £200 to be placed in the Post Office and handed him after the war, on condition that he did not attempt to leave the country and told the police of his whereabouts from time to time. Today he handed back the £50 and tore up the agreement. Characteristically he had a good deal to say about us and our methods and those of the British Govt. What he obviously resented was any sort of restriction on his liberty and the fact that we obviously did not trust him entirely. He did not seem to see that if we accepted everyone who came

314 to us from the Germans at their face value we might find ourselves in some difficulties.

January 22nd

At the R.S.S. meeting today we discussed the possibility of there being two or three agents in this country sending met. reports, none of whom had been detected by R.S.S. I also mentioned the possibility of there being one at Baldock and the case of the Soviet transmissions from the consulate in Rosary Gardens. I asked what could be done to improve the situation and whether if in fact transmissions of this kind were going to stations other than those covered by ISOS etc. there was much hope of picking them up. The answer seemed to be that if the Germans were working to some other network the chances were extremely remote. R.S.S. are apparently doing some discrimination work on the residue of the material which the Y.Stations and V.I.s collect. There is apparently a similar residue from the various systems covered by the Army, Navy and Air Force Y.Units. There is however no pool where all these residues are sorted out. Morton Evans was very strongly of the opinion that some co-ordination was necessary. Felix undertook to make enquiries. For some reason he did not wish anything to be said in the minutes of the R.S.S. Committee

Dick and I had a long talk with Felix about

the attempted raid on WELTZIEN's index. It seems that there must have been a traitor in the camp. To begin with there was a slight difficulty with the key, but when they managed to get inside they found the International Police waiting for them. An Austrian and his Swiss wife were arrested. It then became necessary to get rid of all the intermediaries to Gib. The S.I.S. contact with the International Police stated that they had been warned by somebody in WELTZIEN's office. Felix thinks that an extra chauffeur who was taken on at the last moment may have been the cause of the trouble.

Theo has been asked to go over to the H O. to discuss the old question of a Home for Incurables, which has now become acute owing to a further petition by SEMMELBAUER and MAASS. I agreed that their case was an exceptional one since they had been promised that they would be allowed to return to the Nazi camp. There would not seem to be any particular objection to this provided the Nazi camp could be cleared of people over the age of 55 or 60 who might be allowed to go back to Germany if an exchange could be arranged. For any other cases it would probably be satisfactory if Camp WX could be made really secure. As things were anybody in Camp WX could probably without much difficulty communicate with the other camps. I also thought it was necessary to have a secure camp for women

who would not be allowed to go back.

Seel-Coon called today. He is going out to British Guiana as D.S.O. mainly on account of the bauxite interests, which are extremely important both to us and to America. We are almost entirely dependent on supplies from that quarter. Hart is making a note of our information regarding German activities in S. America which should be of assistance to him in his work. Personally I think he should take the documents with him, but there will doubtless be objections from Section V.

Wethered has telephoned about the case of COOK @ SCOTT. He does not seem to think that SCOTT had any intention of communicating his information to the enemy. I have suggested that Finney should come up to London on Saturday in order to discuss the case.

The F.O. have had a complaint about the deportation of IBARRONDO and they wish to discuss the case tomorrow.

January 23rd

I went over to the F.O. with Mathews to discuss the case of CAMPOS and IBARRONDO. We saw Loxley and Makins. Makins said that he had had a visit from TUESTA, who rather naively said that he could understand that we might have something against CAMPOS but that he could not understand our objection

to IBARRONDO who was thoroughly pro-British in his outlook. He wanted to know whether these people were being deported as areprisal. Makins said that we did not usually embark on a policy of reprisals but that had we wished we could in view of the treatment of British subjects in Spain have ample grounds for doing so. There had also been a protest addressed by some M.P. to the H.O. and representations had been made to Madrid to Sam Hoare. I explained to Makins that it was at the request of the F.O. that we had put up the names of IBARRONDO and CAMPOS for deportation on purely retaliatory grounds. We had been careful not to select proven spies as this by implication would naturally place the British subjects in that category. We had picked on IBARRONDO and CAMPOS because they seemed to be more or less of a similar status and were members of the Falange who had been the subject of some attention. The searches had given a negative result, but we felt very strongly that our position would be considerably weakened if the threat of deportation were not carried out and if it were not made clear to the Spaniards that these people were not being deported necessarily because they had done something against this country but because the Spaniards had deported two innocent British subjects. Makins seemed rather keen that we should get rid of CAMPOS and allow IBARRONDO to remain. We said that we thought this would be equally

unsatisfactory. He did not think that he could agree to the deportation of both without first referring the matter to Sam Hoare. I said that if this were the case it would be better to postpone the departure of both as I was not anxious to make any distinction if this could be avoided. This course of action was finally agreed upon and the F.O. undertook to cancel the seats on the plane on the 20th 25th and to reserve others in 10 days time. I told Makins that had the F.O. not in the first place told us that they wanted the names of two Spaniards of equal status who were to be expelled in retaliation for action against two innocent British subjects we should have put up entirely different people. He was bound to admit that a mistake had been made in his absence.

I went over to see "C" with Dick in view of the suggestion that Codrington should go out to Gib. to take over a part of S.I.S. activities from Medlam. Dick gave a general picture of the situation. "C" was rather worried at the general set-up and the fact that the Governor obtained most of his advice from Harry NORTON and QUENNELL. I gather that PWE were sending out Medlicott presumably to do propaganda in N. Africa and Spain. It seems that he will also be joining the general confusion of functions which seems to exist, and that he will almost certainly quarrel with Quennell.

I had a word with "C" afterwards about the necessity of our being given some opportunity of studying the form of ~~ZPT~~, but I had no time to go into this in detail. I explained that it was impossible to conduct the kind of enquiries which were sent to us by the Admiralty if we did not know more about the general form of these signals.

Lennox is rather gloomy about Singapore. The Chiefs of Staff have apparently given Wavell carte blanche to do whatever he thinks fit. If he feels Singapore should be evacuated he should act accordingly without any regard for political considerations. He has received the full backing of the Chiefs of Staff and the Prime Minister. 20,000 troops were on their way but would not reach the area till the first days of February. Wavell could dispose of them as he wishes but should bear in mind the importance of Burma. Wavell seemed to think that there was 50-50 of hanging on to Singapore.

Victor has been down to Swanage in order to look into the security of H2S. While the staff are quite security-minded, there is very little physical security either for the documents or for the experimental aircraft. Perhaps the worst feature of the place is the necessity for telling firms manufacturing these apparatus details about its use. The reason is that if they are not titivated in this way they are unable to

carry out the requirements of the research establishment owing to other work. Information was also divulged to certain people in the Air Ministry for similar reasons. There is no doubt that H2S is extremely effective and should revolutionise night-bombing.

January 24th

Dick and I had a preliminary conversation with Felix, about Gib. He is turning over in his mind the desirability of sending a special Section V representative to take over counter-espionage matters at present being dealt with by Medlam.

I saw the D.G. with Victor and Harry Allan about security of laboratories. It has been agreed that Victor should guide officers visiting these laboratories and that he should co-operate with D. Branch.

Finney and Boddington discussed with me the case of COOK @ SCOTT. Boddington had seen COOK and had come definitely to the conclusion that he had not obtained the documents for improper purposes. In fact he had all the information, and a good deal more, in his head. It seemed therefore undesirable to take proceedings against him on account of a purely technical offence. It seems moreover clear that if a charge were brought against him, one might equally well be brought

against Power Jets Ltd. under Section 2(1)c of the Official Secrets Act, on the grounds that having notes and plans used in a prohibited place they had failed to take reasonable care for the safety of these documents. It transpired that they had a boy of 16 in charge of their plans and sometimes these plans were in the possession of members of the staff for a number of days. There was nothing to prevent the staff from taking the plans out of the factory. It was decided to allow the police to proceed with their charge of false pretences in that COOK had organised a raffle for a motor-bike which did not exist and had absconded with the funds, but that no other charge should be preferred. It was also agreed that Boddington and Finney would endeavour to arrange for some job for COOK when he came out of prison, in a place where he could do no harm, otherwise he would drift back into some vital position or possibly attempt to sell his knowledge of the Whittle engine.

I have just seen a report about Donaldson's Camp. A P/W who had been taken by the Navy while on a Met. Expedition to Greenland had reported that there was a plot going on in Donaldson's Camp, by a number of P/Ws who intended to escape. He said also that messages and codes were going in and out of the camp and that he thought that somebody had a wireless transmitter.

Certain enquiries were made but with a more or less negative result until occasion

was found to examine the belongings of all the inmates. A diagram of a wireless transmitter was discovered and also a valve, a soldering apparatus and other electrical equipment. In addition a number of P/Ws seemed to have the names and addresses of certain people in this country from whom presumably they had been told they could obtain assistance in an emergency. Among these names were those of KUCHENMEISTER and Mrs. ROY. I am arranging for the prisoners to be interrogated about these names and for further enquiries to be made. It seems just remotely possible that there may be a basis of a 5th column organisation, but the organisation must be old since the names of some of those found have been interned since the beginning of the war.

January 26th

I had a talk with T.A.R. about S. Africa and suggested that he should pay a visit to our link there and try to establish a better liaison. I thought he might also go to Lagos and come back via the Middle East. I am going to put this up to the D.G.

I had lunch with Lakin and discussed with him the case of CASABAYO and the possibility of introducing someone else to take his place. Lakin said that he would make enquiries and see what could be done. He hoped that we should intern CASABAYO at Ham for the duration. He then told me

about Whetmore who has been appointed a G.S.O.2 at Gib. in order to co-ordinate our Army, Navy and Air Intelligence under the Governor. Lakin got rid of Whetmore because he insisted on making all sorts of enquiries on his own and impinging on our preserves. He thinks that Whetmore will almost certainly be a source of trouble to Medlam. He will never stick to his own job and will certainly interfere on the security matters in Gib.

I had a talk with Brooman-White and Milmo about CASABAYO. They were very anxious to put in a substitute now before BRUGADA returned from Madrid. They thought it might be interesting if he could get into touch with Barra. The suggestion is that ultimately he should put forward a proposition for building up a sabotage organisation in this country. He would provide explosives from SOE, if the Spaniards and their friends would indicate the targets. He would impress upon them that sporadic outbreaks were not much good, but careful preparation would be made for the invasion. Explosives could be stored somewhere in the meantime and then placed in position a few days before zero. This would enable us (1) to satisfy the enemy that they had a sabotage organisation in this country (2) avoid the necessity for staging explosions (3) indicate the targets which were of interest to the enemy and (4) give us an early warning of invasion.

Felix has put forward the suggestion that STILWELL should be discredited in Lisbon instead of being recalled here by Thorneycrofts. It is thought that if a story is put about that he is in the pay of the Germans he will protest his innocence and may wish to come back to this country to clear himself. He could then be thoroughly interrogated.

Dick has had a dream. He was walking through Trafalgar Square with Felix, when to his horror and amazement he heard someone shouting "ISOS! ISOS"! As he came round the corner he saw Herbert Hart selling copies at 1d. each. He expressed his regret for this incident and said he would look into the matter as soon as he got home Felix merely replied "Oh don't bother. I always knew that this sort of thing was going on".

January 2/th

I attended the D.G.s meeting. The question of B.1 registry was raised. A complaint had been received from section in the country that they could not see B.1 files unless they came up to London. It was finally agreed that each case should be treated on its merits, and that the section concerned should say whether the file should be sent down or not. It was anticipated that there might be more queries of this sort in future since we have decided to place certain ISOS cards in the Central Registry.

We had our first meeting of the Planning Committee and general procedure was discussed. It was agreed that meetings should cover not only planning but certain other difficulties which might arise from time to time. The meetings should be once a fortnight. They should not be extended to other sections of our office but could act as a substitute for Felix if necessary. Its findings could be issued to other sections of the office but the discussions were to be regarded as private. As far as possible agenda for the next meeting would be prepared at the meeting before. Urgent matters would be dealt with immediately if this were necessary. One of the subjects of the agenda for the next meeting the compilation of a joint report on the German intelligence system. We then proceeded as a matter of urgency to discuss the allocation of duties in Gib. It was agreed to recommend Section V. to send out their own representative who would work as a part of Codrington's office. Medlam would revert to his position as DSO. Meanwhile Felix would continue his efforts to speed up a Section V. organisation in Madrid under

D.G. has been asked by Mrton to look into certain cables sent by a man called Walter KARIG who is in close touch with Senator Knox, to his London agency under C.F. Brook. KARIG's cables are in code and

on one occasion they disclosed information about the P.M.s visit to America. It has been decided that subject to Morton's approval Censorship should call for some explanation from C.P.Brook. This would probably react on KARIG. If necessary we could bring the matter to the notice of the American Embassy. I....

There was a meeting today by the Executive to discuss the sending security officer and a DSO to S.Africa. The security at Port Elizabeth, Durban, and Cape Town leaves much to be desired. The matter is however somewhat delicate owing to the susceptibilities of the S.Africans. Things are not easy there and according to the press some 400 members of the police force have recently been arrested.

A Hungarian called Sandor MOSCAN has been pulled in in Trinidad. He is an important member of the German organisation in Brazil and is closely connected with many ISOS personalities. S.I.S. apparently knew of his identity but did not seem to have taken any action, since MOSCAN was pulled in on local suspicion and reports which had come to the knowledge of our consul at Rio. MOSCAN was apparently on his way back to Germany. A number of codes etc. have been found in his possession also other documents of interest.

There has been a case of sabotage in Gib. on board the "Erin", an anti-submarine

available. It seems however that it may be desirable to send one of CID officers out to assist in solving cases of this sort. It has also been suggested that we might have a finger-print index which could quite easily be provided since all Spaniards entering the Foretress have passes with their finger-prints on them. If a bomb was found finger-prints might provide a useful check. There has also been a case of sabotage at Lorenzo Marques. This place is evidently extremely important since we know from other sources that the Germans are spending \$200 a day on cables between Lorenzo Marques and Berlin. It seems very desirable that S.I.S. should have some liaison with this place.

Father has been asked to indicate the map square in which he carries out his patrols. The answer is being considered.

The wireless set which we put up to impersonate BASKET has not been operating for 6 days. So far there has been no sign from R.S.S.

January 28th

I saw Arnold and Machell about an alleged leakage of information regarding our bombing raid on Hamburg. It is said by an SOE informant that the Germans know before our planes leave the ground. I have asked SOE to obtain further particulars and I have requested Arnold to let me know

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what the Air Ministry think of the whole thing. From what I have heard from other sources I am rather inclined to think that they keep cases of this sort under their hats. It is a tendency of old Blackford's to fiddle about with these things till he cannot solve them or gets bored and then give us the mangled remains. If the information is true, it clearly needs investigation by ourselves.

Felix told me that he had seen his Chief about the use of _____ and others in Madrid for Section V. work. His Chief had told him that provided he could put up a good case which could be waved in the faces of the General Staff and which was backed up by the Lord President, he could go ahead. Felix is discussing this matter with Swinton.

Hart has ascertain that our old friend HENDERSON of the Censorship who was notorious for his pro-German and Pacifist views, has now landed up in the office of Sidney Barnes permanent secretary to the Admiralty. The matter is somewhat delicate as we have already told Barnes to get rid of one of his secretaries who was a thorough-going communist.

January 29th

I had a discussion with Dick and Victor about sending Skardon to Gib. to deal

with sabotage cases. We thought it best to try and get Kendal to give us another officer and to send him out with Skardon after giving him a certain amount of instruction here. Skardon would get him going and then return. He would then work under Medlam.

I saw Maxwell this afternoon and discussed the case of Vera. He said he would arrange for the rescinding of the 12(5)a. order and for the issue of an 18A reconstruction order. We were to write him a letter giving him the necessary particulars. He would also arrange for the transfer to Aylsbury.

I also talked to Maxwell about SEMMELBAUER and MAASS and a Home for Incurables. He said he would explore the possibilities of establishing two Nazi camps, one for those over 50 or 55 and the other for those who would not normally form part of an repatriation scheme. If this could not be arranged it was tentatively agreed that we should take the risk of sending S. and M. to the Nazi camp. Maxwell also undertook to explore the position with regard to a camp for women incurables.

Maffey in a conversation with Walshe has made some suggestion that we were not altogether satisfied that Ireland was not being made a base for espionage

against this country in contravention of the express wishes of the President.

Walshe has suggested that somebody should go over and discuss the matter. I have no idea what prompted Maffey. The fact is that our opposite numbers are doing us very well but there are certain limiting factors. Firstly they do not wish to give us an excuse for occupying ports. Secondly they do not wish to run the risk of being accused by the Germans of a violation of neutrality owing to their having transmitted to us certain information about Germans detained in Eire. Another question has arisen concerning ships sailing from Eire to Spain and Portugal. It is quite clear that these ships are carrying mail which evades the Censorship. It might be pointed out to the Irish that this matter is contraband and that if the practice does not cease ships will be searched at sea.

I gather that S.I.S. has had imposed on them three deputy directors for each of the fighting services. I do not quite know what this means. V.V. is naturally concerned, since he is deputy director and there cannot possibly be four. I gather that none of them has any executive powers so what exactly they are going to do I don't know. The probability is that the fighting services are not satisfied with the information they are getting about the enemy's equipment and intentions. If they learn something about the diffi-

culties of obtaining such information
some good may come of the appointments.

We propose to get Vera to Aysbury on
Sunday and to U.35's on Tuesday.

January 30th

Ned has told me that the Midland Bank
know of a firm called F.W. PORTER & PORTER
who are apparently Admiralty sub-contractors.
They have a most remarkable account
from which notes are drawn (£1) and
are then converted back into bank of
England notes which find their way into
PORTER's private account. The £1 notes
are ostensibly for payment of wages
to employees who do not exist. Porter
seems to have swindled the Admiralty
of some £90,000. We have ascertained that
one of his co-directors, named Clare,
is at present under arrest for some-
what similar activities. This must
have alarmed PORTER who has been to
the Midland Bank asking for all his
cheques. We have informed the Liverpool
Police and pending their obtaining a
magistrate's warrant we are holding the
cheques under 80A.

Felix has suggested that we might like
to employ Stopford in N. Africa. Stopford
is due back here on Feb. 15th. It was
part of his agreement with S.I.S. that he
should be allowed to return to this count:
after 3 months, partly on account of

the climate which does not suit him.

I have discussed with J.C. the drawing up of a memo on the execution of spies and the publicity that should be given to these matters. I am urging (1) that there should be no further publicity except where we consider it desirable and (2) that the execution of spies should be the exception rather than the rule, since we stand to lose much through not having them available for further interrogation.

There have been two ISOS messages purporting to show that the Germans have learned from an agent in this country about the movement of large convoys to Africa. The information is so grossly inaccurate as to be completely valueless. Some of the ships mentioned have already been sunk and most of the remainder are in completely different parts of the world. Since the information was passed by Berlin to Madrid three days after the arrival of CALVO in Lisbon it may be that CALVO gave the information locally to the Germans in order to build himself up.

There is also a report from our M.A. in Stockholm to the effect (1) a loyal Norwegian detective with contacts with German police in Oslo has stated that 2 Norwegians in London in high positions belong to the Gestapo. They are not military and possess a wireless transmitter thus being in constant touch with

Norway. (2) that the Germans were aware 3 days ahead that British action against Norway about Xmas was intended. Steam is said to have been raised on all trains in the Bergen area. The Germans anticipate the large scale landing.. The two Norwegians in London may possibly be Mutt and Jeff. There may be many explanations of the second part.

T.A.R. has raised the question of our putting an agent or representative into Lisbon, who would work in close liaison with Section V. His grievance is that we constantly have people here who are under interrogation but we are unable to get their papers and property because they have for some reason or other been handed to a mysterious Mr. Gill. I have told him to put up his whole case chapter and verse. We will then discuss it and if necessary bring it before the Planning Committee. Whatever its merits I do not think it is likely to get a very favourable reception.

January 31st

A.D.N.I. rang up to say that the Admiralty are very pleased with Dicks report and that they are sending a signal to VACNA instructing him to tighten up his security measures.

I spoke to the D.G. about Stopford. He is apparently coming back from W. Africa

by air but will not be starting for a day or two. It is for consideration whether we should not offer him the job of going to S. Africa to act as D.S.O. Apparently S.I.S. are rather anxious for him to return here first.

The final arrangements for Vera's move have been worked out.

Ned Reid tells me that PORTER has committed suicide. He went and asked for the return of his cheques from the bank and was told that they were being held by Head Office. It was on receipt of this information that he went home and did himself in.

February 2nd

Craufurd came to see me about photos and films. I told him that I had put the whole case up with a suggestion that it might be possible to have a discussion on the Executive. My view was that either the M.O.I. should agree to our suggestion about retaining all photos and films which were not for publication in their custody on behalf of the papers and firms concerned and make it illegal for such films or photos to be held up by any outside body or that the problem should be tackled from the other end and steps taken to see that photos and films were not taken of objects which were of a secret or confidential nature.

Vera was told by Cookie about her proposed move. She asked what had happened to DRUCKER and WELTI and was much concerned to hear that they had been executed.

The D.G. has decided that we should consult the H.O. about the Black Market activities which have been disclosed by Ned's connection with the banks. He says that he is convinced that the canker which is eating out the vitals of the population should be excised. He is not however certain that M. I. 5. should hold the knife.

A letter has been intercepted by the Censorship addressed to H. YAMAMOTO, c/o Tramstrasse 56, Munchenstein, Switzerland. The letter was dated 12.9.41 but was only sent from the London WC. district on 24.1.42, the inference being that it had remained in someone's pocket for some time owing to doubts as to the method by which it should be transmitted. The letter says : "Here is the picture you wanted. It is best could do and hope it suits. When you write or wire Tokyo tell my brother keep money for time being as I cannot write him again soon. Tell O. not to worry about me as silly bastards here believe anything and I am well in with them and get good pay. Kind regards to anyone at old firm. Writing in English because K. has promised to get this to you and first wants to see what I say. Cannot

use D.B. any more as K. says now inspected. Banzai." signed in pencil "D". We are inclined to think that this is DONALD. O. may possibly be OKA. K. cannot be a Japanese but might conceivably be KESSLER of the Swiss Legation. "D.B." is of course the diplomatic bag. We are sending a slightly different letter giving a cover address, hoping that we may get a reply and so confirm the identity of D. The picture referred to was a picture postcard of the King George V.

February 3rd

I have been shown the file on the duties of D.C & D. and Room 055. The whole question seems to me to have got into the most frightful muddle. My inclination was to tear the file into little pieces and start all over again. It is proposed that Harry should relinquish certain of his duties as D.D.M.I.(S) War Office, and give more time to those which he performs as D.C & D. The necessary adjustment is to be made within the W.O. but he will still retain his W.O. title. An attempt has been made to define the duties of Room 055 but there seems to be a good deal of confusion about Orr's position. Harry's view is that he does not wish him to interfere in what are purely W.O. security matters. In other words matters which Harry supervises as D.D.M.I.(S).

Personally I do not know what his duties are in this purely W.O. capacity. As D.C.&D. he is supposed to be in charge of a section, M.I.5., mobilised by the Director of the Security Service on behalf of the W.O. to perform certain specific duties for the W.O. When these duties are examined it is found that some of them are not being performed by D.C. & D. at all and that the remainder are far less military than those which are being performed by myself. Since however the D.G. has said that the War Book is the rubric, it is difficult to imagine how we shall ever get the position straight.

Dick and I went over to see the D.N.I. in order to discuss Dick's report on Gib. D.N.I. wishes to put in a motion to the J.L.C. calling attention to the matter of security in Gib. He thought this might lead to a signal from the Chief of Staff which would generally put people more on their toes. He seems to have his knife into old VACNA.

According to ISOS some act of sabotage in Tangier appears to be boiling up. We have decided to send a telegram to Medlam warning him about the possibility of something happening to the Rescue, a ferry boat which plies between Gib. and Tangier. The D.G. has agreed about Medlam reverting to the position of D.S.O and relinquishing his S.I.S. duties.

February 4th

According to an intercepted letter a New York publisher is trying to arrange with Watt, London, for the publication of Major Gribble's book "Diary of a Staff Officer" in German. It is to be printed in Switzerland. Lennox has got hold of Gribble and will tell him to stop the publication. If the book circulates in Germany there is a possibility that what has been overlooked may come to light.

I had a discussion with Cecil, Victor, Burt and Fish about sabotage and other subversive activities at the factory of Harland Shortt in Belfast. Two employees who have been reporting both to the management and to the police eventually went to the local M.A.P. representative and we were asked to make enquiries. Fish is convinced that there is a great deal in the stories of the two informants. There seems to be a considerable slowing up of production and certain definite acts of sabotage have also been committed. The management do not appear to be particularly good. On the other hand ~~xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx~~ they get no support from the N. Ireland Govt. The other day a number of men were convicted for causing a strike. They were all sentenced to a term of imprisonment, but on representations

being made the Govt. backed down and the men were released and fined. The management were very naturally annoyed as if the Govt. behaves in this way it is impossible to get results. Fish is to continue his investigations in conjunction with the R.U.C.

I had a talk with Frost about the Met. reports which indicate the presence of two German agents in this country. In addition to the reports on England there had been reports on Ireland. These had now been eliminated through the discovery that aircraft were present at the time and in the vicinity of the places from which readings had been taken. There seems to be at least a 50% chance that there is an agent in the Croydon area and one in the Blackpool area, since the barometric readings have clearly been made from the ground. Some of the messages are sent at the same time as Met. reports sent by our own agents but there are a number of others which cannot be accounted for.

I had a talk with Cecil and Dick about the visit to Ireland. It was agreed that Cecil should (1) try and get the Irish to allow him to interview some of the German prisoners or alternatively to give the Irish a questionnaire for further interrogation. (2) see what could be done about Nauen station which is still blazing away. He is also to make arrangements for his agent to visit Ireland.

Lennox tells me that in Libya we are still holding ground in the vicinity of Mseus but that our right wing is falling back to a position 30 or 40 miles west of Tobruk. One of our convoys has safely landed in the Dutch East Indies. Further messages have been received on ISOS about our shipping movements from the west coast. Nearly all the details are inaccurate. They are supposed to be reports from an agent in this country. It is possible they may come from Spanish Consular sources.

The F.O. after a great struggle have agreed that IBARRONDO and CAMPOS are to go. This was a reply to a strong letter by the D.G. to Cadogan.

February 5th

I had a meeting with the D.G. and Victor about sending Burt to Gib. to assist in the arrest of Peg and the preparation of the case. A good deal of valuable information about contemplated sabotage activities by Peg in Gib. is being obtained through an intermediary. Burt is to take out a C.I.D. man who will remain there permanently on Medlam's staff.

Cecil has gone to Ireland today. He tells me that it has now been established that Anne HART who used to write from Holland to UNLAND is almost certainly identical with SIMON. This conclusion

has been reached through a comparison of handwritings.

I had a talk with Larry about the obscurity of his position here on the military side. I said that I did not really know whether I was supposed to deal direct with the D.M.I. or whether I was supposed to use him as a bottle-neck for everything connection with the W.O. He seemed to think that I should have direct access as a rule but that sometimes advice or introductions through his section might be better. I pointed out to him that my duties were in a sense more military than his. He agreed up to a point. I suggested that we might put out a periodical report on counter-espionage for the information of D. He thought t this would be a good idea.

We had a second meeting of the Planning Committee. It was decided that we should issue a 6-monthly report and that we should aim at getting out the first number in conjunction with S.I.S. on about the 1st May. In reply to my queries about Spanish B.J.s and Jap Naval B.J.s I was told that the Spanish was unbreakabl without the re-ciphering table but that there were hopes about the Jap cypher. Felix told us that Section V. now had a man at Rio, Monte Video and Panama, and were trying to arrange for one to go to B.A.

is to take over American

I talked privately to Miv. about the ZPTs. He has promised to arrange with Jarvis that Dick and I should go down.

I had a message from Whiffen of the G.P.O. about a curious message intercepted in the Bedford area to the effect that a balloon and container had come down. The container was not to be approached or handed to the police. The balloon had got away and Michael was to be informed. Enquiries were made with S.O.2. and the Air Ministry but without result and I have therefore given instructions that the person at the number called should be interviewed.

The Spanish Consul from Liverpool has deposited some parcels at Liverpool St. station. We should like to have a look at them but unfortunately there does not seem to be much time. A wild suggestion has been made that a small explosion should take place in the Liverpool St. Station luggage office. A police cordon would then be placed round the office and we should have time to examine the parcels at our leisure. I need hardly say that this suggestion was heavily sat on by me.

Gunner JACKSON has been condemned to death. The decision of the court was based entirely upon the letter which he addressed to the Spanish Embassy and which he admitted was in his own handwriting.

Personally I am rather appalled at the disparity of justice between a case of this sort and for example that of Gerald HAMILTON who was interned under 10B and has subsequently been released under 10A.

S.I.S. summary for the 3rd week in Jan. shows (1) the immediate task of the Germans is to check the Russian offensive, but that a Soviet break through involving a retreat to the Dneiper (2) a strong offensive on the whole front is now considered impossible owing to fuel shortage and other factors, but offensive action in the south is contemplated in the early spring. Bulgaria is to declare war on Russia and to co-operate with the Germans and Roumanians in the Black Sea ports. (3) Other projects are in abeyance but Malta is to be neutralised in order to facilitate the despatch of reinforcements and supplies to Rommel. (4) If the Caucasus spring offensive fails Turkey may be attacked. (5) no operations against Portugal are contemplated for the next 6 months as Portugal as a neutral is of value to Germany as a trade link with S. America. (6) The German General Staff are no longer occupied with the question of the invasion of Britain. Another report states that the quarrel between Hitler and the army was due (1) to personal interference by Hitler with Command (2) attempts by Brauschitz for incorporation of S.S. in

Wehrmacht and (3) demands that U.S. and S.A. should serve in the front line. The result was confusion and led to Hitler asking the Generals to return. He pleaded "Das Vaterland ruft".

February 6th

Mathews, the Councillor at the American Embassy who has just arrived from Vichy, called with a Mr. Coe of the American Embassy who is to be in charge of security matters affecting Americans in this country. It is understood that Mr. Coe will cover all security matters whether they concern the Forces or civilians, but personally I have doubts whether the American Services will collaborate as they should. Certainly Col. Case, the Military Security representative, is taking a very independent line. I made it clear that we did not wish this American Security Bureau here to interfere in any way with our liaison with the Americans which was at present conducted through Stephenson. Any duplication of the channels would obviously lead to trouble. As I envisage the American Security organisation here, it would deal with all questions affecting the personnel of the various missions in this country and their reliability from the Security point of view. If any information came to our notice about the activities of American citizens here we would report them to Mr. Coe and if he felt doubtful about any of his nationals

he would consult us and seek our assistance. We lunched after the meeting at the Hyde Park Hotel. Mathews talked about his recent post at Vichy. He said the place was a mass of rumours and "ballons d'essai". There were so many wheels within wheels that it was extremely difficult to sort out the good news from the bad. Mathews did however think that opinion was beginning to harden against Germany. I asked him what effect he thought that the bombing of factories which were working for the Germans would have on the population in France. He said that he was inclined to think it would have a bad effect, particularly if the bombing took place in the vicinity of ports and a number of innocent civilians were killed.

There have been some interesting F/W reports. Very strange conversations between von Ravenstein and Schmitt, two German Generals captured in Libya. Both of them seem to dislike Rommel intensely. They regard him as an arriviste who by pressing his troops to do what is almost impossible hopes to make a name for himself. He had apparently set his heart on taking Tobruk, and incurred very heavy casualties in the attempt. He is evidently a man of iron will and ruthless in getting rid of anybody who does not conform to his ideas, and is in every way an unsympathetic character.

It seems that the Vera case is going on well. The lady is doing her best to help though it seems likely that she has not got a very intimate knowledge of the organisation.

February 7th

There has been a colossal explosion on the quay at Tangier. The ferry-boat Rescue had arrived and the luggage was taken off. Directly afterwards the explosion took place. At the moment it is not clear who was responsible. There a number of people killed.

S.I.S. now tells us that the chauffeur in the LITTLE case was introduced by a Portuguese employee in our Legation who was in touch with WELTZIEN who was distrusted. This seems to cause serious doubts to be cast on the original information and is an aspect of the case which should have been made clear to us and N.I.D. at the start.

I had a discussion with Dick and Victor about Rats, Peg and Sundae. We decided that Rats should be introduced into the Fortress and that Burt should be sent to Gib. to prepare the case in conjunction with Medhurst. Burt will also look into certain security matters and will await the arrival of another C.I.D. officer, who will remain there as a sabotage expert.

Auchinleck, who has been steadily

retiring to a line west of Tobruk, says that his main trouble is lack of transport. He is now on a line due south and north through Gazala, but may have to retire further. He hopes to stand firm on the Egyptian frontier.'

WERLINDEN who we have at Camp 020 has said that he reported long ago about LAUREYSSSENS and TIMMERMANNNS, whom we discovered on our own, and also about a man called Florent STEINER concerning whom we likewise had no information from S.I.S. STEINER has been at large about 8 months but we have now picked him up.

February 8th

Both J.C. and Milmo put in reports about the suggested arrest of CALVO. J.C. is strongly opposed to the whole project as he feels it will seriously embarrass the work of the Twenty Committee owing to CALVO's previous connection with G.W. Milmo on the other hand takes the view that some action is necessary against the Spanish ring being run by Alcazar. Personally I do not feel that the arrest of CALVO is going to have very serious repercussions. On balance I am in favour of the arrest. We cannot allow his activities and those of his associates to run on indefinitely. We intend to take Felix George STURRUP in under 10B, and Onofre Garcia TIRRAADOR and Antonio Castre de la TORRE under 12(5a). Pedro Marcos BILBAO and CASTILLO are to be interro-

gated and searched.

I had a talk with J.C. and Marriott about the case of Albert HERMANN who is employed by Ast Paris, according to Lenihan, and is also personally known to one of M's people. It is suggested that M's man might perhaps make contact with HERMANN.

Philby came to see me with a programme for discrediting ALCAZAR by various insinuations. It is desired to give the impression that he has double-crossed the Spaniards.

I had a word with Ferguson about the LITTLE case and explained to him that it was almost impossible to proceed until we got the documents and with the assistance of certain people from Lisbon who had the full details of the case.

February 9th

According to the Times there has been a demonstration of Arabs in Tangier on account of the bomb outrage, and a breaking up of British property. I understand that we have sent warships to Tangier to demonstrate.

I saw Stewart this morning and discussed with him the proposed meeting of the J.I.C. on Security at Gib. I said that I thought it was important not to stir

up a lot of mud which might result in making Medlam's position more difficult than it was already. We also discussed the Tangier incident. ISOS seems to indicate that the Germans know nothing about it. I am told however by Archie that S.O.E. have communicated with their people who deny responsibility for any explosion of such magnitude.

I had a discussion with Felix about ALCAZAR and his liquidation. Felix is strongly in favour of Philby's scheme. I was at first rather opposed to it on the grounds that if our information coming from that quarter was of value it would be better to leave ALCAZAR in position so that we should learn what steps he was taking to reform the organisation over here after the arrest of CALVO. Felix pointed out however that he had a rather special interest in the matter since ALCAZAR was also running an organisation in S. America. He thought therefore that any steps which would jeopardise ALCAZAR's position would be of value. I therefore agreed to the course suggested.

Irma STAPLETON has got 10 years.

I dined with U35 when Vera's case was discussed. He has got a number of interesting details, but his picture is not yet complete. He is quite convinced that Vera is doing her best.

February 10th

I saw Cadogan and Sir William Malkin at the F.O. about the suggested arrest of CALVO. They agreed with the course suggested, but felt that they would be on poor ground if they attempted to refuse access to the prisoner by any member of the Spanish Embassy. In the afternoon we had a full discussion with the D.G., Harker, Allan, J.C., Dick and myself. J.C. made an impassioned speech for the Twenty Committee in which he opposed the arrest of CALVO. I explained all the pros and cons and said that I was quite positive that action should be taken. The D.G. seemed to be still in doubt and sent for T.A.R. who said that as a representative of B.I.A. he could only express a view from his own particular angle. He was therefore opposed to the arrest. The D.G. finally handed the case back to me, telling me that I should make the final decision after giving due consideration to T.A.R.'s views. I decided to go ahead.

T.A.R. has just returned from a visit to S.O.E. where he has undergone a course. He was much impressed by the work that was being done and the training that was being given to S.O.E. agents. After a study of their methods he feels he has learned a great deal. Those being trained were to be dropped over the other side but were not to engage in any intelligence work or

violent action or sabotage. They are to get employment in the factories and merely slow up production by ca'canny methods. They have special instructions against taking any sort of violent action which might only lead to the execution of a number of innocent people.

February 11th.

I had another meeting with Codrington, Malkin and Strang. The F.O. said that they could not give any guarantee that the Embassy would not be allowed to visit Calvo but if they were pressed they would do their best to stall things as long as they could. This point was put to Eden who agreed. The F.O. agreed that CASTILLO should be searched. The question of CALVO carrying a bag was then discussed. It was agreed that the bag should be taken from him and returned to the Spanish Embassy by the F.O. The F.O. would say that they had opened it as it was being carried by a man who had been arrested as a spy. I have discovered that Onofre GARCIA is employed by the Cuban Minister and therefore has diplomatic privilege. Unfortunately the Minister is away in Torquay recovering from influenza. It will therefore be necessary to get hold of the secretary who will go to the F.O. and telephone for approval of GARCIA's arrest and search on the Legation premises. I discussed with the D.G. the possibility of deporting CALVO if he were not confronted with CALVO.

It was decided to proceed as arranged and consider this point at a later stage if necessary. I spoke to "C" and asked him to let us have his approval of the whole CALVO project in writing.

The news about Singapore is bad, and the situation in Libya is not too good.

I saw the D.M.I. today about the CALVO arrest and the views of the Twenty Committee. He did not take a gloomy view about G.W. and seemed quite satisfied about our going ahead.

We have had passed to us through Stephenson some cryptic telegrams sent from Portsmouth, New Hampshire, U.S.A. to a Miss Bell NEWBOLD, daughter of the Vicar at Newbury, and to someone else called Mrs. STUART, from one Geoffrey STUART. There is some suggestion that these messages relate to the fire on the "Normandie".

February 12th

I heard that last night Stewart was worrying about CALVO. He is afraid that in view of the Tangier incident there may be serious repercussions on his own organisation. I therefore went over to see him. He had by that time spoken to Cadogan and seemed somewhat reassured. I said that I thought that I was right and that as all the plans were made we rea

really ought to go ahead. He agreed. He told me that S.O.E. were definitely responsible for the Tangier incident. It seemed that in addition to limpets the "Rescue" had taken over a certain amount of gun cotton and detonators. Owing to the atmospheric conditions the gun cotton ignited and there were disastrous results. Quennels however is resigning and S.O.E. have been told that they are to cease all operations for the time being in Spain and Portugal. The R.S.S. meeting today but I did not attend for very long. Nothing of special importance was discussed.

D.M.I. telephoned to me to say that he had gone into the question of indiscretions by certain of his officers when speaking to BARRA. He said he was certain that they had not given anything away. The impression he gained was that BARRA was trying to blow himself up in the eyes of his own authorities. D.M.I. had issued a special warning to all his officers who might be concerned to be careful of what they said before BARRA in future.

I saw the D.N.I. for a moment about the proposed arrest of CALVO and its possible repercussions on the work of the Twenty Committee. He agreed that we were right in going ahead. He did not think the risks involved were very great.

I had a meeting with Maxwell about the case of Sam STEWART. He was inclined to agree that it was difficult to get over the evidence of the Snow traffic which seemed to indicate that STEWART had at one time or another had dealings with the Germans.

I heard at about 3 p.m. that CALVO had been arrested on arrival. I spoke to Stephens and told him that if possible we should like to have a statement signed by CALVO at the earliest possible moment as to whether there are any instructions concerning espionage activities here coming in BRUGADA's bag. I also told him that no mention was to be made of G.W. in the interrogation. I impressed on him that it would be useful if we could get something in the nature of a confession of guilt, as this would strengthen the hands of the F.O. in dealing with the Embassy. F.O. are anxious to weigh in before the Embassy protest. We have told them that they can say that CALVO has been arrested as a spy working under ALCAZAR who is working for the Germans.

The Twenty Committee have held their weekly meeting today, and are rather upstage about the arrest of CALVO. They have passed a resolution asking for directives from the W.Board owing to the altered circumstances. I spoke to the D.M.I. who thinks that the Twenty Committee are taking an exaggerated view of the

situation. He wants me to speak to them and calm them down.

February 13th

At 8 a.m. the N.D.O. rang up to say that CALVO had signed a comprehensive statement at 6.45 a.m. He did not reach Camp 020 until about 1 a.m. Later I saw the statement which throws the blame on others and tries to imply that CALVO has merely been an unwilling intermediary in various acts of espionage. CALVO states that on several occasions the bag has been used by diplomats and others for the transmission of information from this country which would be of use to the Germans.

I had a meeting with Cadogan, Strang, Loxley and Malkin at which it was agreed not to touch BRUGADA's bag. An extremely awkward situation would be reached if he refused to give it up and we were forced to take it from him by violence.

In view of CALVO's statement it was agreed that in addition to saying that he had been arrested for espionage carried out under the instructions of Alcazar for the Germans we should say that we had definite evidence that the diplomatic bag had been used for improper purposes, and request the Embassy to carry out an investigation. It was

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further decided that he might perhaps begin by an examination of the bag of Mr. BRUGADA, which was arriving today.

A D. Notice is to be issued to the Press telling them not to publish any reports of the CALVO incident.

I lunched with Canning and told him about CALVO's case. In a general way he seemed quite satisfied about the relations between our two departments.

I had a talk with J.C. about the Twenty Committee resolution. I said that I hardly felt there was a case to go before the W. Board. — The W. Board had primarily been set up in order to direct the Twenty Committee on major questions of policy and discretion, and I did not wish it to duplicate more than it had already done the work of the Twenty Committee on a higher level. It seemed to me in the circumstances that there were only two things for the Twenty Committee to do. Either to come to the conclusion that the position of their agents was so dicky that it was no longer worth while feeding them with service information or to continue to watch the situation as had already been done on two previous occasions after Snow went to Lisbon and after the execution of RICHTER, I suggested that if they adopted the latter course they might try to pull over some plan which would establish in their minds whether

the enemy still had confidence in the organisation. If they adopted the first course, which I understood that they had no desire to do, I thought that then there was definitely a matter of major policy which should be discussed by the W.Board. I should contest the case hotly at the W.Board meeting and if the decision went against me I should recommend that the whole matter should be brought up to the level of the Chiefs of Staff.

I told J.C. that I would take the Committee's resolution round to all the members of the W.Board and obtain their views, and having done so would report to the Twenty Committee at their next meeting.

A.D.N.I. is getting very worried about the LITTLE case. He does not feel that he can keep LITTLE under close arrest much longer. I explained to him that we had only just got certain of the documents and it was going to be difficult to proceed without the presence of Benson and Jarvis. Certain things had been gradually leaking out which made me rather sceptical about the original information and unless we had an opportunity of getting down to it with the actual people concerned I did not think we could find a solution. I then spoke to Ferguson and impressed upon him the necessity of getting Jarvis

over at the earliest possible moment.

The original telegrams to Miss Bell NEWBOLD and Mrs. STUART have been traced. While their text is obscure I can see no possible reason for thinking that they have anything to do with the "Normandie".

The Scharnhorst and Gneisenau and the Prince Eugen, in poor visibility under an umbrella of fighters, have left Brest and proceeded through the Straits of Dover. I gather that they left during the night and took advantage of the fact that ~~the~~ aircraft patrolling the Brest had apparently been forced to return owing to engine trouble and had not reported that it was no longer on patrol. The result was that we lost 6 hours before any action was taken. We lost 16 fighters and 20 bombers, and 6 Swordfish. It is believed that two hits were obtained. The enemy lost 18 fighters. The whole incident is rather humiliating and is a bad blow when the fall of Singapore is imminent and our troops are being driven back in Libya. I am afraid this is going to make the P.M.'s position extremely difficult and there is a growing feeling in the House that all these disasters are due to incompetence both in ministerial and service circles. While there may be a good deal in this view many people fail to realise how much we are suffering from the lack of realisation of the German menace by previous

who
Cabinets/in spite of persistent warnings
from the Intelligence Services did
nothing.

February 14th

I did not start the day very well. I arrived at the office having had no breakfast, since my electric lighting heating and cooking had been cut off by the Electricity Company the night before. Owing to a clerical error on their part the bill had been addressed to C. Liddell and had been reposing for some weeks unopened in Cecil's pile of letters. I have expressed my views on the position very forcibly to the company and I am assured that the wires will be reconnected by 12 noon. Injury was added to insult by a request that I should pay 5/- for the reconnecting fee. I refused.

I had a discussion with Victor, Jack and Theresa Clay about Plan quasi-Dormouse. We are trying to find a way of giving Walter WEGENER a wave-length on which to transmit, and also a code. We came to the conclusion that Dorothy would probably have to be the intermediary but it is difficult to make the scheme plausible. We considered the possibility of getting the Germans through B.L.A. channels to open up from their side but we agreed that before doing anything more it would be desirable if possible to find out the present position with regard to Walter's

wireless set. We do not know whether he has yet converted it into a transmitter or whether he is attempting to use it. We have had a van working in the vicinity but he has so far not been picked up.

Brooman-White, Cussens and I had a meeting with Lakin to discuss the Marshall group. S.O.E. have apparently paid a lump sum to Marshall who runs a group of Republican Spanish thugs operating in France. They did not appear to be interested in the people Marshall employed but merely in Marshall's information. They sometimes used his organisation to communicate with France via New York. Marshall has apparently complained to S.O.E. that we have arrested a number of his agents including Onofre GARCIA. We had told S.O.E. months ago that the Marshall group would probably be compromised but it seems doubtful whether they have done anything about the matter. We are now anxious to know exactly what payments have been made to Marshall to GARCIA and on what dates. This is important as we are examining GARCIA's account and wish to eliminate all genuine payments. We think it likely that he has been receiving money from the Spaniards since he has obviously been giving them information which he has been obtaining through his contacts with the Free French Forces. Lakin undertook to make enquiries.

I had a talk with Victor about the Bell NEWBOLD telegrams. STUART is apparently one of our own naval officers and Miss NEWBOLD his fiancée. I am inclined to think that the decodes must have been done in a mental home. They bear no relation to the original text and were worked out after the Normandie fire. STUART has been interviewed in America and says that the code relates only to his whereabouts which he was trying to convey to his relatives in this country. We propose to interview the parties here and see if they tell the same story.

Abbott has just told me that the future of Kellar's section is once more in the balance. After the whole matter had been settled by the D.G., Horrocks weighed in to say that if Kellar was not in E. Division it would upset the balance of the organisation. In the meantime there is endless confusion because Kellar's papers go to Machell, who is now officially B.1K, a title Kellar has been using for a fortnight, and Machell's to Kellar. Abbott tells me that if Kellar was in B. Division it was proposed to make him part of B.1B. I said that while this might make sense from a registry point of view it made no sense whatever from an intelligence point of view. If Kellar was to be part of B.1B, B.1G might just as well be lumped in in the same way. Abbott seemed to think that it would make matters easier for the registry, to which I replied that the registry ought to

to be serving us and not we the registry. This led to a general discussion on registry procedure during which I expressed my views freely. I said that the only test of the efficiency of the Registry was that a degree of intelligence should be applied to the look-up. We never really knew what we were missing but from numerous cases which came to light, where even N.T.s were given for files which had 19 volumes, the position was not reassuring. I felt quite certain that only when the girls in the registry were given certain sets of files to deal with which referred to the work of certain sections, ~~we~~ ^{we} should ~~never~~ get an intelligent look-up. It was wrong to throw the whole intelligence burden on sections and turn the registry into a highly mechanised machine. Until we got intelligence running through the whole organisation from top to bottom we should never get the best results. The look-up is perhaps the most important function of the office in the detection of a spy. I gather that the only argument put forward against this system is that all the look up staff are in a pool which gives flexibility. I cannot see that this is any argument at all.

Brooman-White has had a talk with IGNATIUS. BRUGADA appears to have had an interesting time in Madrid. He was entertained rather lavishly by ALCAZAR and on the last day was summoned to

ALCAZAR's house ostensibly to discuss press matters. When he got there he found a German car outside, and inside two obvious German officers, calling themselves Gonzalez and Garcia. ALCAZAR was obviously not unacquainted with them both. The position of Collier was discussed with reference to the dangers of implicating an Englishman, and BRUGADA himself received instructions for future work. BRUGADA has brought over with him in the bag a number of envelopes for himself and others containing money and a questionnaire relating to Army, Navy and Air matters. BRUGADA has secret ink for correspondence through the bag and similar facilities are made use of by BARRA, who is part of the ALCAZAR organisation.

February 15th

IGNATIUS came to the office today and gave us a picture of what was going on in the Spanish Embassy. Everybody is running round in circles. Villaverde is very anxious to avoid a crisis as he thinks that if the Ambassador opens BRUGADA's bag and finds that it contains inflammatory material he will blow up and get both himself and Villaverde recalled. Villaverde is therefore anxious if possible to get the F.O. request withdrawn. Our only interest lies in the possibility that the Ambassador may vent his rage on BRUGADA and send him back to Madrid. It is also thought that

he will burn the contents of the envelopes
This would be unfortunate.

Dick and I went over to the F.O. to see Roberts with a view to finding some way out. It was suggested that possibly the F.O. might modify their request by saying that they were only interested to know whether the bag contained any documents addressed to CALVO. The F.O. did not feel that they could go back on what they had said already and they were reluctant to do so, because the accusation that the bag was being improperly used was a useful card in their hands as a set off against the Tangier incident which was causing them a lot of trouble in Madrid. When BRUGADA arrived he was asked by Villaverde whether he had anything to tell him. Villaverde repeated this question three times each time with greater emphasis. BRUGADA was evasive. He said that he would ~~not~~ be seeing Gannon of F.I.D who was a great personal friend and who might possibly be able to help about CALVO. He was going down to the country to see Villaverde and was anxious if possible to say that Gannon had ascertained that the F.O. request only referred to correspondence addressed to CALVO. I said after consultation with F.O. that I did not think he could go as far as this. There would however be no harm in his saying that Gannon who had nothing to do with the affair thought on general form that as the authorities

had arrested CALVO their request for an examination of the bag might well be due to abelief that it contained letters to CALVO. In fact BRUGADA never saw Gannon at all and it was therefore still open to the F.O. if they were pushed into a corner to deny that BRUGADA and Gannon had ever met. IGNATIUS seems to be working for appeasement and we are inclined to think that he has kept certain things back.

February 16th

We have had an account from IGNATIUS of what occurred at the Ambassador's house last night. Most of the members of the staff were assembled in the Ambassador's room. The Minister ceremoniously opened the bag and laid all the packets on a piece of white paper. There were envelopes addressed to BRUGADA, BARRA and others. The Minister then addressed the assembly in the following words: "Gentlemen, the F O. have suggested that our diplomatic bag is being improperly used. I shall know how to deal with this matter myself, but for my own satisfaction I should like each of you to open his packet, and if it contains anything of an espionage character I should be glad if you would hand it to me. I should also like to know if your envelopes contain money." BRUGADA opened his envelopes. One contained £40 for Collier and another £200 odd for G.W.

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The Minister took the money saying that he would refer the matter to Madrid and if it was in order the notes would be returned. BRUGADA then opened the envelope containing the questionnaire. He read it and then handed it to the Minister saying he thought perhaps it might come within the term of improper correspondence. The Minister read the questionnaire, turned round and put it in the fire. BAKHA was not present at the interview and his envelope therefore remained unopened.

I saw Strang this morning and gave him an account of what had happened. The Embassy have now begun to press for an interview with CALVO, and the F.O. seem to think that this will have to be granted sooner or later. I spent the afternoon dictating at home. Dined with U 35 who gave us an account of Vera, who has gone back to Ayslbury. She has I think done her best for us. U 35 is submitting a long report. Right at the end of her stay he discovered that she had Jewish blood and that DRUCKER was also non-Aryan. This accounts for a great deal, particularly the attitude of BRUHNS and other officers, who refused to eat with them on their journey to Norway. The whole expedition seems to have been extremely hurried and singularly ill-conceived. No details had been worked out and most parties concerned seemed to think that the plan was doomed to failure. U 35 is very definitely of opinion that RANIZAU was just throwing agents into

this country anyhow in order that he could report to his superiors he had agents in England. This is very much in confirmation of my theory that the matter was not given serious consideration until the Germans reached the Channel ports.

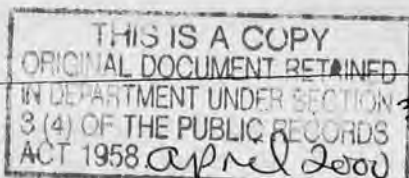
February 17th

We propose in future to take a rather strong line with BRUGADA and IGNATIUS. We have got some of BRUGADA's secret ink, which is in the form of a small piece of cotton wool dipped in A.V. We also have his nib. We propose to get if possible the remainder of his secret ink. He will then have to do all his correspondence through us. We do not think that he has told us all he knows, and we intend to exercise pressure unless he comes clean.

At the D.G.s meeting ~~vetting~~ was the main subject for discussion. There have been a number of cases where through some information passed by us to the department concerned a man has been permanently blacklisted for any government employment. In one case the information got back to the man himself. The great difficulty about vetting is that much of the information in our files has never been substantiated one way or another. If we were to attempt to do anything of the kind we should have to

have about twenty times the staff and immobilise all the records. The question therefore arises whether unsubstantiated information should be passed on or not. If it happens to be correct and a man got into confidential employment we should immediately be accused of having issued no warning. As things are at present I am quite sure that a number of people are kept permanently out of Government employment who might be doing useful work. The D.G. thought we ought to confine ourselves solely to security interests. The question is what are security interests? If a man is a heavy drinker, a homosexual, a liar or indiscreet, are these traits in his character to be a bar to his employment? Opinions on these matters may often vary. It might also be said that a man might be fitted for one kind of employment but not for another. This again leads to difficulties. Once a man receives employment of a non-confidential nature he may at any time be promoted to confidential work without any further notification to ourselves. It was decided that a small committee should be formed in order to try and find some solution for these extremely difficult problems. There is no doubt that vetting has done more to get the department a bad name than anything else.

Brooman-White has seen IGNATIUS and told him firmly that we are not satisfied with his behaviour. IGNATIUS is penitnet. The Ambassador is said to be extremely



grateful to the F.O. for their method of handling the case of CALVO.

obtained last night shows that BARRA has sent accurate descriptions to Madrid and specifications of the performance of several of our tanks. It seems almost certain that he has obtained this information by improper means. I have instructed Anthony to keep his assistant MUNOZ under close observation and to lay on any other forms of observation that are possible.

A.D.N.I. has been pressing me about the case of LITTLE. The Naval Officer in charge of him does not think that it is wise to place him under open arrest as he could easily escape from Greenwich at night. I asked Jim to see the officer who has had long conversations with LITTLE. He does not altogether like LITTLE, but is rather inclined to think that he is innocent. I asked Jim to go and talk the matter over with A.D.N.I. in the light of this conversation.

Lennox tells me that Rommel is at present advancing in Libya with 94 tanks, 40 on his left, 40 in the centre and 14 on his right. He has not so far made contact with our troops. We seem to have temporarily lost command of the sea during the diversion of forces from the Atlantic, Mediterranean and Pacific.

I lunched with Kenneth and Moret, Muselier's Chief of Staff. He struck me as being an extremely nice man and very intelligent. He was French Naval Attache in Madrid during the Civil War. He had been at Guernica shortly after the German aerial bombardment. He had talked with many of the people and also a number of children. There was no doubt that Guernica was destroyed by the Germans who were testing out the effectiveness of their bombing. I asked Moret if he could explain the exact purpose of Russian intervention in Spain. He told me that he had had a talk with Rosenberg, the Soviet Ambassador at the time, after the latter had had a good deal to drink. Rosenberg quoted Litvinov, whom he had seen shortly before. He said that the Soviet Government were anxious to see whether Gt. Britain and France would support them in preventing Spain from becoming a sphere of German influence. Litvinov thought that if we did not, war with Germany was inevitable. When the Soviet Government saw that we were not going to take any action they decided to back out. Moret thought it was from this date that Italy became really arrogant. He thinks that had we acted when Italian planes machine-gunned our ships carrying food etc. to Spain the effect would have been considerable. I asked Moret what he thought the present feeling among French Naval Officers was likely to be. He said that it was extremely difficult

to estimate, but that few people realised how much the officer class had suffered during the period of the Front Populaire. Humanite and other communist rags had been allowed to publish scandalous details about the private lives of officers, most of which were libellous and untrue. The Forces had appealed to the Government for protection but had received none. The result was that a number of officers had become somewhat Fascist-minded.

Moret discussed de Gaulle quite freely. He said that there was a general malaise in the Free French Forces. People felt that de Gaulle was out for himself rather than a cause. He regretted the incident of St. Pierre and Miquelon which he said could only have added to Winston's burdens while he was in Washington. He thought the matter could quite easily have been settled at a later date and that the attitude adopted by de Gaulle was wrong. He told me about an incident when de Gaulle took over in this country. He drafted a telegram to Nogues and Dentz asking them to join his organisation. Before sending the telegrams he asked an M.P. called Monet who showed them to Roger Cambon for his opinion. Cambon realised that Dentz and Nogues who were Generals of standing would not be likely to view with favour a telegram of the kind drafted by de Gaulle who only a few days before had been a Lt. Colonel. He therefore redrafted the telegram in the form of an offer of assistance and collaboration.

De Gaulle thanked Monet for obtaining the observations of Cambon but sent off his original draft. Moret said that this was typical of the man.

Strang tells me that the Ambassador has informed the I.O. that there were no letters to CALVO in BRUGADA's bag, and no communications of the nature suggested.

Villaverde wants himself and BRUGADA to see CALVO. Strang has ascertained from the H.O. that it is in order for someone to be present at the interview within hearing and to direct the lines of the conversation.

Harker talked to me about Jock Whyte who he said was extremely discontented. I said that I had known this for a very long time and that he had been going round the office blackguarding myself and Dick and telling everybody that he knew more about counter-espionage than anybody else in the office. Harker said that he thought that as Jock had the ear of the D.G. and Swinton it might be wise for me to modify my views in some way. I said that I was not in the least concerned by what the D.G. or Swinton thought of Jock Whyte. They were entitled to their opinions and I was entitled to mine. I could however claim considerable experience of the man's work over a period of 8 years. I thought that within his rather narrow

limits and under supervision he could do useful work but that he was swollen-headed and if given any position of greater responsibility would as he has always done come to false conclusions on insufficient evidence. In fact I could never really rely on him. I knew he was a good showman and knew all the tricks of an eye-washing N.C.O. I thought that possibly it might be a wise move to put him out in a Region and get his officers properly instructed and supervised. I did not think he would be ideal in any position but thought he might perhaps be less harmful in a Region than he was in his present position. I said that he was completely at sea and that when he came up to one of Dick's meetings made a complete fool of himself. This was not altogether his fault since in view of the fact that he worked in the country and did not have access to the ISOS he was naturally somewhat out of the picture. The actual fact is that at the moment neither he nor any of his section are doing much work. This had been the case for many months. The present situation is little short of a scandal. I had expressed my views some time ago very forcibly to the D.G. but they had not been accepted. I did not therefore propose to interfere because I did not know whether I should be backed up or not.

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he has had from Viv., Gunter SCHUTZ
has escaped from internment in Eire.

February 10th

Strang is pressing me for a date on which CALVO might be seen. I saw the D.M.I. and Graham about the resolution of the Twenty Committee. D.M.I. agreed with my view that things had not reached a stage where the W.Board could give any useful direction. I went on to see the D.N.I. and obtained an agreement from him. I informed the D.M.I. about BARRA, the reports about the tanks, and the fact that BARRA was using secret ink. I told him that Blunt would be making enquiries with the various M.I. branches concerned.

I lunched with J.C. and Vincent Maseey.

I went on afterwards to a meeting at Kinnaird House to discuss the German met. reports which seem to disclose the presence of two German agents here, one in the Croydon area and one in the Blackpool area. Gambier-Parry, Maltby, Felix and Frost were present, with Swinton in the chair. There was a good deal of technical conversation, at the conclusion of which the D.G. aptly said that there appeared to be a 50-50 chance of these two agents being in this country and what could R.S.S. contribute to the solution of the problem. Gambier-Parry

said that he could in addition to using the R.S.S. machinery employ the services of certain Y.Unites but beyond this he could not see what he could do except to continue with the improvements that were being made to the vans. At the moment the vans are totally inadequate.

Frost told me before the meeting that G-P was intending to take the line that there were no enemy agents in this country transmitting who were not already known to us. In actual fact he took an entirely contrary view. He said that he had always held the view that there were a few highly skilled agents here, probably operating under cover of our signal procedure. He was I think rather annoyed that the whole question had been raised.

After the meeting I went to see Findlater Staart. I discussed with him the Twenty Committee resolution and he entirely agreed with my views. He also thought that the W.Board had not stuck to its original charter, namely the direction of policy, and that it had rather degenerated into duplication of the Twenty Committee. He thought that the W.Board had failed signally to give directives on lines of major policy. We then went on to discuss our relations with S.I.S. He felt very strongly that B.I.A and the offensive side of S.I.S. should get together on the question of their traffic. I heartily agreed. He said that he

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would like to come to the next meeting of the Twenty Committee if he could possibly manage it..

I went along to see Blackford and obtained his agreement to the suggested course of action regarding the Twenty Committee's resolution.

Cecil has told me about the case in Glasgow where one Tom KENNEDY has been sending messages by a seaman called O'CONNOR to his brother in Eire about convoys. KENNEDY has been arrested.

BRUGADA has now given us all his ink, and some further information. His conversation with B-W was miked.

D.N.I. is urging us to give him information in order that he may prepare a case for the closing down of the German Legation in Eire.

Ned tells me that STURRUP and his wife have a number of accounts in different banks. He seems to be well in funds and may well be going in for blackmarketing.

Hart told me about the case of Lisl PLESTED who in May 1941 came up on ISOS as a German agent in Egypt. Section V apparently never transmitted this information to Maunsell who of his own accord discovered that she was working in German interests some 9 months later. She is interned in Palestine and the local
Catalogue Reference Cenk V/4/189 are recommending her release.

February 19th

We had our meeting of the Planning Committee today. The rather controversial issue of X^A agents and T^A R.s relations with Dansey were under discussion. I began by giving the meeting an account of the happenings of the last few days which had led to a resolution by the Twenty Committee for discussion by the W.Board. I explained that in my view there was a danger of the W.Board duplicating the functions of the Twenty Committee, and that this view had been supported by the members of the W.Board all of whom I had seen personally. None of them thought that the resolution should go forward. I then explained that when a question of co-operation with the Middle East had been discussed, I had formulated a memo which had been accepted by the W.Board and in which it was made quite clear that the control of XX agents rested with ourselves and S.I.S. It had seemed to me that on previous occasions the Ds of I. had been going outside their sphere when approving the visit of Celery to Lisbon. On the other hand I felt very strongly that the existing machinery which had been set up for obtaining the chicken-food for agents had been working extremely well and that it was the greatest mistake to do anything which would cause the Intelligence branches of the Services to lose interest.

Within limits therefore I was very anxious to avoid anything in the nature of a major issue. Felix was a little inclined to welcome something of the kind and was sure that we could go to the Chiefs of Staff for our information which was perhaps more a matter for the Ops. branches than the Intelligence branches. I said that while it might be possible to do this there would be a good deal of dislocation in the meantime and we might go a long way before finding three Service representatives who were ready to take as much trouble as the present representatives of the Twenty Committee. If we want to get information and get it quickly we have got to stimulate interest and goodwill. I said that I proposed to talk generally to the Twenty Committee on the whole question and to read to them my minute to the W. Board which seemed to me to make the position quite clear.

We then passed on to the more difficult question of T.A.R.'s relations with Dansey. I explained, as I had already done some weeks ago to Viv. and Felix, that if we were both part of the same office T.A.R.'s section officers and Dansey would be in daily touch and comparing notes about the running of their agents. It was quite clear that those who were continuously trying to evade awkward questions from the enemy would be the first to detect similar tendencies in agents working abroad. Apart from this

there were many other aspects of running agents where an exchange of information must be of the utmost value. In spite of this it was true to say that with the exception of one case there had been no interchange of information whatever. Admittedly this was due to some extent to the unfortunate relations between Dansey and Section V. but some way round this difficulty ought to be found. It was entirely wrong that the efficiency of our two organisations should be jeopardised owing to personal relations. I thought therefore that T.A.R. and his officers should be allowed access to and others. I was fully mindful of the difficulties and of the dangers but I thought that safeguards could be arranged. Viv. did not seem to have any really serious objection to this provided Section V. were kept informed of contacts made and the reasons for them. Their difficulty in the past has been that where such contacts have been made, a good deal of correspondence has gone on and confusion has resulted. I said that if Section V. felt that T.A.R.'s relations could not continue I should have to take the matter up with the D.G. for final decision. Felix said that he would welcome such a course.

During lunch I had an opportunity for a private talk with V.V. about his present difficulties. He told me that matters had reached a point where one of his officers for whose work he was held

responsible as deputy to C.S.S. had refused to have anything to do with him, and that C.S.S. was inclined to leave matters as they were. Viv did not feel that he could accept this position and has consulted the D.G. The D.G. said he could not give himself the luxury of resigning but recommended him to put forward a note to his chief to the effect that if the offending officer was not to be brought to heel he, Viv., should be relieved of responsibility for his work. Viv. told the D.G. that if he thought there was any prospect of his getting any sort of job in our department he would resign immediately as he was thoroughly fed up with the whole business. The D.G. did not rise to this. I said to Viv. that such a thing might not have been possible years ago or even one year ago, but that in the present state of affairs it did present considerable difficulties. The only basis on which I could see such a change would be if he came over here and brought with him the whole of Section V. This I thought would in the existing circumstances be a step in the right direction although I had on purely organisational lines been opposed to it in the past. I still thought that organisationally it would not be right if S.I.S. was united ^{with} ~~and~~ ^{well} ~~and~~ ^{organised}, but I am inclined to think that this is the only way out of the difficulty. It certainly presents many advantages from the point of view of duplication of records and personnel. There would be snags to get

over, such as questions of accommodation etc.

I saw the Home Secretary with Maxwell and John Morris about the case of Sam STEWART. Morris was inclined to take the view that Snow on his visit to Antwerp had built up Sam STEWART in the eyes of the Germans and that this was why they had confidence in him. I said that I did not think that this view was justified by a close study of Snow's traffic. Had the Germans really been relying on Snow they would have replied by leaving the decision in his hands, on so important a matter as the operating of a radio set from Belfast. I did not think that we were justified in assuming that they would have lightly thrown Snow, who to them was an important agent, into the arms of somebody about whom they had any serious doubts. Morris was allowed to see the actual traffic but was given strict instructions that on no account was he to communicate this information to the committee or to anybody else. The interview lasted 1½ hours at the end of which the Home Secretary said he would like to think the matter over. He would also like Morris to consider the case in the light of the information which had just been made available. It was proposed that a further meeting should be held on Monday.

I addressed the meeting of the Twenty Committee and told them the view of the

members of the W.Board about their resolution. I also read to them my minute on the constitutional position of ourselves and S.I.S. vis-a-vis the Twenty Committee and the W.Board. I recommended to them that they should continue to watch the situation very carefully and if possible to devise some plan by which they could obtain the assurance that the enemy still had confidence in their organisation. They accepted my views and seemed satisfied. The resolution sending a delegation to the W.Board will therefore be withdrawn.

Ralph Jarvis has come over about the case of LITTLE. He knows a good deal about it although he did not deal with it first hand. He admits that there is a strong element of doubt about the original information and thinks there is not more than a 50/50 chance that LITTLE is guilty. He is going through the papers very carefully with Jim Hale and it is proposed that they should interrogate LITTLE again on Saturday. One of the employees of the British Legation who was concerned in the case is due to arrive shortly and may be able to throw light on the position.

February 20th

I attended a meeting at the F.O. to discuss the case of OYENHAUSEN, who was the principal Nazi agent in Dar es Salaam

He has been interned here for some time and it is desired to exchange him for Buckley of M.L.W. who was caught in Denmark in the early days of the war. Viv. was present at the meeting and made a strong appeal that Stevens should take the place of Buckley. There was a snag here since the F.O. had already agreed to the exchange of OYENHAUSEN for Buckley and might be accused of a breach of faith if they tried to introduce Stevens at the last moment. I said that from a home security point of view we saw no objection to OYENHAUSEN going back but that I did feel, particularly at this moment there might be grave objections from a military point of view to releasing a man who had knowledge of Tanganyika and who clearly before long would be actively working against us. Loxley undertook to put the various conflicting views forward.

A further meeting was held at the F.O. at which I was present, between Cadogan, the D.G., Malkin and Strang. From information that we had received it was clear that the Spanish Ambassador was trying to get the F.O. to pull his chestnuts out of the fire in the case of CALVO. He had clearly been shocked to find that the allegations by the F.O. about the improper use of the bag had been fully justified, but while he would welcome a strong line by the FO. he obviously did not wish to become involved himself in a serious row with Suner. He would

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therefore protest energetically on behalf of CALVO but would not mind very much if he received a rebuff. The F.O. took the view that in this matter they had to deal with Madrid and that the reactions there~~fore~~ were more important than the reactions here. They were therefore anxious that CALVO should if possible be interviewed under certain safeguards by a member of the Embassy. We said that we would arrange this but we would like to consider whether it would be better to get the interview over at once or to wait another 5 or 6 days. Sir William Malkin seemed doubtful about the man's detention under 12(5a) but since he had not got a copy of the order in his archives the other day and had clearly not read the copy obtained, his views did not carry much weight. It was pointed out to him that the order made it quite clear that if the carrying out of the deportation order was in any way prejudicial to the efficient prosecution of the war, we had a perfect right to keep the alien in detention without necessarily preferring any charge.

Dick and I lunched with the Czechs. Nothing of any consequence was discussed. Everybody was extremely friendly. I discovered that Bartik is a fisherman.

I had a discussion in the afternoon about CALVO. We thought it would be best to get the interview over and it was subse-

quently arranged that CALVO should be seen at the Oratory Schools by VITTURO, the 2nd secretary. We undertook to pick him up at the Embassy in a car. The meeting would be held on the understanding that only CALVO's personal condition would be discussed. VITTURO at first thought that the presence of a British officer rather implied that there was an imputation against his honour. It was explained to him that this was a mere formality and had no such significance.

February 21st

The Germans are worried about the Jap occupation of Timor as they are at present anxious to preserve Portuguese neutrality. They do not wish however to press the Japs too strongly if the occupation is of strategic importance.

The meeting at the Oratory Schools between CALVO and VITTURO has gone off quite successfully and the undertaking was strictly adhered to.

I had a talk with the D.G. about the matter I discussed with Viv on the possible amalgamation of Section V. with this office. The D.G. clearly thought that there was something in the suggestion and handed me a memo by Herbert on his experiences in America which seemed to argue in a similar sense. I mentioned to him T.A.R.s difficulties and the

liaison with Dansey's officers. He seemed sympathetic. I also told him that I thought T&R. should leave for the Middle East as soon as possible. He agreed to our sending a wire to Maunsell.

W.C.C. has weighed in on behalf of Cuthbert MASON. MASON who ~~is~~ has a rather bad record was according to CALVO his confidant and knew about the improper use of the bag by various members of the Spanish Embassy who were engaged in espionage. We therefore pulled him in under 18B. Crocker now wants to see him in prison. I have said that while this is undesirable it would probably be good policy to allow him access. I gather that in any case the H.O. feel that this is inevitable.

Kellar's position is still in the melting pot. Theo says that he does not think his functions come within the sphere of E. Dick has said that only a part of his work relates to B. I gather that there is even now a danger of his going back to F.

Cecil has seen the I.G. who says that he has arrested a Swede called LONDBORG who is a waiter on the restaurant car of the train between Dublin and Belfast. He had quite an elaborate questionnaire relating to disposition of troops etc. in N.Ireland. It is difficult to say at the moment whether he was working directly for the the Germans or the I.R.A.

Cecil has compiled a memo for the D.N.I. which tends to show fairly conclusively that the German Legation, as such is not actively engaged in espionage, and although it may be cognisant of what is going on. He argues that PREETZ was asked to obtain confirmation about the disposition of troops in N. Ireland and that this is a matter which could quite easily be carried out by the Legation. He also gives proof that GOERTZ on his own admission was told to keep clear of the Legation unless he found that this could not be avoided. On the other hand it is known that the Legation have an illicit wireless set communicating with Germany. Messages from Germany are of almost daily occurrence but the messages to Germany are only very occasional.

February 22nd

I saw Lamplough at the Club and asked him what the D.N.I.'s object was as far as Eire is concerned. He said as far as he knew he only wished to be informed. He had heard rumours from various quarters that the German Legation was very active and he wished to know the facts, as far as possible.

February 23rd

I saw T.A.R. this morning, who told me that in conversation with Jarvis the latter had asked him whether any of his

agents corresponded with addresses in Madrid. He mentioned that one of theirs had written to Apartado 1099. This immediately raised the question in Jarvis's mind and he there and then rang up Felix to ask if he could communicate with T.A.R. information about a man called Pujol GARCIA. This man had been regarded by the Assistant Naval Attache in Madrid as a X" agent. It had been arranged by the Germans that he should be sent to England. In fact he had never gone further than Lisbon, where he was remaining in hiding. He had told the Germans that in addition to himself he had 3 other agents in England and he had been furnishing them with information which ostensibly came from this country. It seems not unlikely that this accounts for the very wild messages on the ISOS about our shipping, which are described as coming from Felipe's V-Man, in this country. Balloon has been asked to confirm some of these messages which are grossly inaccurate. The folly of this enterprise needs no comment. We are looking for Felipe's V-Man when his existence may be perfectly well known to Section V. Apart from this it is obviously essential that if anybody is communicating false information about affairs in this country we should know exactly what he is saying. We should also know about the questionnaire that he is receiving from the Germans which I understand is in the possession of Section V.

D.G. had a talk to me about Kellar but I find it extremely difficult to explain the position as I see it. I thought it was generally agreed that Kellar's work in relation to Zionism and Arabs which had formerly been carried on in a Russian setting should now be carried on in a German setting since it was the Axis who would be making use of Arab movements and even possibly a section of the Zionist movement, such as the Stern group. The other half of his work will be concerned with receiving reports on the Middle East and collating them with information here and sending the replies to Maunsell. At the moment this work did not seem to be very well co-ordinated, and a certain amount of it was not being done at all. The D.G. brushed all this aside, having previously made up his mind that Kellar should concern himself with Arab Movements Zionism and Egyptian Nationalism. He was still of an open mind as to whether such work should be carried on in E. or F. He seemed quite convinced that B. were not concerned except with certain by-products. I spoke to Theo who told me he had put up a strong minute saying that his division were dealing with individuals in nationality sections and not with movements. I attended a meeting called by the Home Secretary at which Maxwell and J. Morris were present, to discuss the case of Samuel STEWART. Morris had evidently been trying to think up every possible point for the man's defence. He was

really acting as Counsel for Defence. He still stuck to his old arguments and advanced the following new points:

1. Was it possible that in 1940 Snow made an arrangement with the Germans by which they understood that his traffic was under control, and they received information which was reliable though perhaps not exciting. I said that I thought that I could probably prove that this was not true since I was practically certain that the Germans had shown their confidence in Snow in matters which had acted seriously to their detriment. I would however verify this point. He also thought that as we had had STEWART under observation from April 1940 to the time of his arrest and had discovered nothing, this might very well prove his innocence. I said this did not follow and that when people talked about suspects under observation they were often not aware of the immense difficulties involved. It was for example quite impossible to follow people in the black-out. It was even difficult to follow them in daytime, if they were suspicious. The Samuel STEWART case was a particularly difficult one as he had such very good cover for carrying out his activities. If he had intended to send messages to the Germans he had every opportunity of making use of an employee on one of his ships. Morris brought up another point which rather caught me unawares. He said that he had been told

very confidentially by Toby that we had had an agent in as secretary for a considerable time, but that she had not been able to discover that STEWART was acting as an agent. I said that I was not au fait with this side of the case. I did recall that action of the kind had been suggested but I could not remember the details. It suddenly occurred to me however that in speaking to Morris Toby made up the secretary to camouflage the mike, and from subsequent enquiries I am quite sure that this was his intention. Since the mike did not function very well I shall now have to tell the H.O. that the secretary was rather deaf and could not therefore perform her task as well as we had hoped. We shall be in serious difficulties if the Committee ask to see her. Personally I think the best thing to do is to make a clean breast of it to Maxwell and the Home Secretary and leave John Morris guessing. Morris raised one point which will be rather difficult to get over. He said that Samuel STEWART was accused of hostile association but had never been told the name of the individual with whom he was accused of being associated. He asked whether we could put the name to STEWART of the member of the German Secret Service who had sent the messages. I said that this would present us with a considerable difficulty. First of all we do not know the name of the agent. We knew the name of the head agent but we did not know whether STEWART was known

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to him or to his subordinates. The only alternative would be to put forward the names of all those representatives of the German S.S. who were known to us but this would not be conclusive, as we did not know them all. In any case one would expect STEWART to deny association. I explained that we had already given him the opportunity of mentioning the names of any Germans or suspicious aliens with whom he had made contact. He had not been very helpful in this respect since he had only mentioned 3 or 4 whereas he must have been in touch with hundreds. The Home Secretary then asked Morris whether he thought that release under 18A would be satisfactory. Morris took the view that STEWART ought either to be released entirely or detained. The matter was left for final decision by the S. of S. after he had received our answer to the two points raised by Morris. I have asked T.A.R. to see Maxwell and explain. The Home Secretary was extremely reasonable and patient in exploring every possible avenue. He seemed to be by no means persuaded by Morris's arguments, although he naturally finds the case an extremely difficult one.

February 24th-March 3rd

D.B. On Leave.

The telephone's incredulous:

"What! Did you say on leave?"

Catalogue Reference: KV/4/189

To those who won't believe

That now instead of smoothing out
 The troubled brows of B;
 Instead of running up and down,
 Enlight'ning the D.G.;

Instead of sitting at his desk
 Till far into the night,
 Reading effusions from the pens
 Of Machell and Jock Whyte;

Instead of solving problems for
 The Under-Sec. of State,
 (Thus making all the difference
 To poor old England's fate);

Instead of being at the beck
 Of all who want to talk,
 D.B. has followed Turpin on
 His famous ride to York?

March 4th

I returned from leave today. While I was away the CALVO case had been giving a certain amount of trouble. From information subsequently received it transpired that at his interview with VITTURO CALVO had, unobserved by Goodacre, passed a note to VITTURO in which he said that the British authorities had really nothing on him and that the Spaniards should watch ARMESTO and PASTOR. Stephens was extremely upset with this, since clearly CALVO should have been searched before he went to the meeting and observation should have been kept to see that

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nothing was passed. At subsequent interrogation CALVO confessed that he had passed a note and told us what was in it. Today he confessed that while in Madrid he went to a certain address where he was questioned by two German officers known as Pablo and Frederico (both ISSS characters).. These were the men originally named by him as Gonzalez and Garcia. They had asked him to work for them in England. He replied that he would do so provided they would let me know what was required. They then proceeded to ask him to provide them by means of messages in secret ink with information about troop and convoy movements etc. CALVO demurred but said that his objections were overruled. He then went on to say that his questionnaire, secret ink etc. was coming in the diplomatic bag being brought by BRUGADA. He has also given information to the effect that BARRA is running the military organisation and controlling the activities of Lugo, Castillo and Pinedo. BRUGADA and CALVO were to run the civilian side.

We had a meeting with Gubbins and Dunderdale on the case of a woman called Victoire who has come over here with an S.O.E. man called Lucas. Victoire was apparently connected with a Polish cum S.I.S. organisation under a man called Walenty which had been rounded up by the Germans. Victoire was made to work for the Germans according to her own story and in the

course of her business she was put on to Lucas who runs the S.O.E. organisation there which is of considerable dimensions. Lucas who is evidently in love with her, tackled her with this and they concerted a plan by which she should go to England with Lucas ostensibly to find out about his activities in this country and report them to the Germans. Both she and Lucas intend to go back to Occupied France, where they will carry out various coups. They will both then disappear. The whole story is extremely involved and there are considerable difficulties about Victoire's bona fides. She looks a little like another Stella. We have got to try and get her sorted out. Personally I think that S.O.E. would be extremely ill-advised to let her go back. Lucas would also be in very great danger unless he decided to change his identity entirely, and re-establish contact with his organisation by the back door.

Findlater Stewart came to see the D.G. and discussed with him the affairs of the Twenty Committee. He felt very strongly that there should be a free interchange of ideas and traffic between ourselves and the G.Sections of S.I.S. In his capacity as member of the W.Board he proposes to raise this matter after consultation with the Lord President.

Jock Whyte has put up a long memo of grievances against Dick and myself. He

is obviously out to make trouble.

Strang rang up to say that a wire had been received from Madrid saying that the Spanish Govt. were threatening reprisal for CALVO. He thought that we ought to have a discussion about it tomorrow.

March 5th

I had a meeting with the D.G. and Dick about the reorganisation of Security Co-Ordination in so far as it affected ourselves. A good deal of the purely security work is in future to be done through the H.D.S.E. in order to relieve S.I.S. of unnecessary correspondence. Connop Guthrie will carry this work but still under Stephenson's direction on matters of policy. The D.G. raised the question of a Security Service representative in the United States who would be in direct touch with the I.B.I. He seemed to feel that Section V. were an unnecessary bottle-neck, and that the position as regards America was entirely different to the position elsewhere in such places as Lisbon or Stockholm. He is proposing to raise this matter at the meeting at Kinnaird House. There is in my view much to be said for an arrangement of the kind, but I am inclined to think that a representative of M.I.5 should be part of Stephenson's organisation with direct communication

with ourselves.

I had a meeting with the D.G., Cecil and C.C. Lanes on the question of the I.R.A. The proposal is that there should be a conference of C.C.s interested in I.R.A. matters at which the full implication of the GOERTZ case should be explained to them. At the moment they are I think a little inclined to be complacent. They regard the I.R.A. purely as a sabotage organisation and provided pillar-boxes are not catching fire and so on, they do not feel that they are called upon to investigate matters too closely. They ignore the possibility of the I.R.A. being used as an espionage organisation. The recent case of Tom KENNEDY in Glasgow is a very good illustration of the use to which the I.R.A. may be put. It was agreed that as a preliminary step Cecil and Hordern should go over and see Norman Kendal. This they did in the afternoon. To begin with they met with a somewhat cold reception and the attitude was exactly that described above. In the end however Kendal came round to our point of view and supported the idea of a conference.

We had a meeting of the Planning Committee which dealt almost exclusively with the situation in Gib. Apparently Medlam and Codrington have been getting together and have put forward the suggestion that Medlam should handle the Section

V. work as well as ours. We all agreed that this would not be satisfactory and that the original arrangement by which a special Section V. man should be sent out to Gib. should be adhered to.

I had a word with Viv. after the meeting when I warned him that the D.G. might possibly raise the question of separate representation for the Security Service in America. Viv. did not rule out the desirability of this course but said that he would like to have notice of the question.

Frost came to see me about the meeting with R.S.S. which was held just before I went away on leave. He said that he could prove that quite a number of the statements written by Gambier-Parry were untrue. The extra assistance that he was proposing to get to deal with the Met. problem would come from D.B.s various agents dotted about the country. Frost did not think that they could contribute very much. He then went on to speak of a passage that he had had with Maltby. R.S.S. apparently picked up some signal which they were unable to identify and which was D.F.'d somewhere in Cornwall. A van was sent down and had as was usual sent up its signals to R.S.S. for identification. They got no reply out of R.S.S. and telephoned up to know what they were to do. Sclater quite properly went over to report the matter to R.S.S. and finding only a

Sergeant spoke to him. Maltby then rang up Frost in a furious temper saying that he would not have his staff interfered with. He then went on to say that he took strong exception to the way M.I.5 had presented the case about the met. reports, and their behaviour in a number of other matters. He evidently did not know what he was talking about and made rather a fool of himself. He then came round and apologised. There is no doubt that the whole position with regard to R.S.S. is extremely unsatisfactory. I am having a further conference with Frost and Schlater in order to see what can be done to improve matters.

I attended a meeting at Kinnaird House on the question of Security Co-Ordination New York. Felix made some rather offensive remarks about Rothschild's efforts to get information on the question of sabotage. Although I ~~do~~ not wish to wash dirty linen in public I was obliged to say that Rothschild's sole interest was to be kept informed of details of any case of sabotage where this could be attributed to enemy action, or where the case was non-proven. Felix wanted the definite cases to be passed through S.I.S. and the non-proven cases to go through the Security Executive, but this was ruled out. He took strong exception to Rothschild's writing to S.I.S. whenever he saw cases of sabotage reported in the papers. I said that Rothschild only did this because he

stimulated action nothing was being done. There was in fact a lack of confidence owing to the paucity of information. If we could be satisfied that we were receiving details of any cases of suspected enemy sabotage it would not be necessary for us to be making the enquiries. Fraser from Security Co-Ordination was present and obviously felt himself in a very difficult position. He said that he had supplied information of all these cases and he also complained that he received very little information from this country either about sabotage or about the general set-up of German espionage organisation. The D.G. pointed out that all information at our disposal was also at the disposal of S.I.S. and since they were the channel we rather naturally expected that they would keep their own representatives informed. He complained that we got practically no information about the various important cases which had been running in the United States. It seems fairly clear that the information is sent from here to Section V. by ourselves and from Security Co-Ordination to Section V. by New York but that it sticks in the bottle-neck, because Felix is the judge of what concerns New York and London.

D.G. spoke to me after the meeting. He said that he had not thought it advisable to raise the question of separate representation in the atmosphere that prevailed but that he intended to speak

personally to Swinton and to recommend that I should go to America on a visit.

"Dick and I went over to see Loxley and Roberts about the CALVO case. A telegram had come from Madrid indicating that the Spanish Government was proposing to take reprisals if CALVO was not sent back to Spain. ALCAZAR apparently said that if we could produce a statement in writing by CALVO to the effect that he had been working for the Germans he would be prepared to drop the case. ALBA had announced his intention of visiting Cadogan tomorrow morning and if such a confession could be shown to him the situation would be greatly eased. The F.O. proposed to take the line that CALVO was a non-diplomatic Spaniard who had come here to spy on behalf of the Germans, that ~~he~~ could not be said that there was analogy between his case and that of any British Consul and that before they embarked on a policy of reprisals they had better consider matters very carefully. It would be explained to the Ambassador that in the interests of appeasement the F.O. will endeavour to use their influence in order to dissuade the parties concerned from bringing CALVO to trial since if this were done there would be some extremely awkward revelations for the Spanish Govt. involving high officials of state, namely Suner himself. If he is not prosecuted CALVO would be held in detention until after the war under 12(5a) of the

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March 6th

We have obtained the necessary confession from CALVO, which is merely a repetition of statements that he has already made to the effect that he was working on instructions from two Germans that he had met in Madrid. This has been sent over to the F.O. In the meantime ISOS indicates that the Spaniards are contemplating the arrest of Ellis, our Consul in Tangier.

Fraser came to see me this morning and unburdened himself about the situation between Security Co-Ordination and Section V. He began by saying that he had been instructed to bring friendly messages to me from Stephenson, who wished me to know that he was extremely sorry that I had not been able to get out some months ago. I explained to Fraser that I had been quite willing to go but that as it had been made so plain that I was not wanted I had taken no further steps in order not to aggravate what seemed to be a delicate situation. If it were thought that I could be of use I should be only too pleased to go over at any time. I had not pressed the matter however since I did not want people to think that I was merely trying to find excuses to go out and see my children. He then told me that Stephenson and the other members of Security Co-Ordination were sick to death of Section V's bottle-neck and that it was becoming a real menace, since we evidently

did not get the fruits of their labours and they certainly got nothing from us. I told him that if I had my way at least Security Co-Ordination would be given the fullest possible facts about the German espionage organisation but that we were not the channel at the moment for the transmission of such information and that anything that we wrote would be bound to contain a good deal of highly confidential information, the disposal of which would have to be subject to the agreement of Section V. I heartily agreed with Fraser when he said it was extremely difficult for Security Co-Ordination to get information from the Americans if they could not make them feel that they were in our confidence and kept as fully informed as we could possibly manage. I said that I quite saw that the Americans might from time to time commit indiscretions but that it would be fatal to close down on them for this reason. I told Fraser that the D.G. shared his views and that I should very much like to arrange a meeting between them. Fraser thought this would have to be entirely off the record, since it had been made quite clear to him that "cosy talks" with us would not be regarded with favour by S.I.S. I spoke to the D.G. who said that he would be very pleased to see him.

I lunched with Stopford who has just returned from W. Africa. He paints a

bad picture. He seems to think that he has set up a useful organisation but he is appalled by the security problem in W.Africa and by the lack of drive among colonial office officials. The shipping problem is particularly bad. There are magnificent port facilities, but no equipment, no cranes, no wharves, no roads. Haigh-Wood is obviously not a success. He is regarded as a decent chap but a bore and incapable of carrying the job. Stopford thinks that if the work is to be done at all it will have to be done on a big scale. The local police forces are fully occupied with petty criminals. There are no facilities for carrying out observation and the suggestion of a telephone check is viewed with horror. Haigh-Wood is just like a grain of sand in the desert. There is no real attempt being made to tackle the problem. It is certainly a formidable one and there seems little doubt that Haigh-Wood is not the man to carry it out even if he gets the necessary facilities. He does not seem to know how to begin and has the confidence of nobody. I spoke to Stopford about the suggestion of his going to S.Africa. He seemed to be interested in the job and I am getting him to come along and see the D.G.

Rainbow has been told about "unter SCHUTZ escape. He has taken the line that as SCHUTZ is an old school friend of his it would be extremely difficult to have

to hand him over to the police, should he take refuge in Rainbow's house. After consultation with the D.G. it has been decided to give Rainbow a guarantee that if he gives information leading to SCHUTZ's arrest SCHUTZ will not be executed but that he must understand that if SCHUTZ falls into the hands of the police by other means he will have to take his chance. We decided on this course since there is obviously nothing to be gained by executing SCHUTZ. On the contrary it may be possible to obtain a great deal of useful information from him if he attempts to come to this country which in my view is extremely unlikely.

March 7th

I spent the whole morning in answering Jock Whyte's 16 point indictment which is to a large extent a farrago of nonsense and symptomatic of the work he has been doing for many years.

We have had trouble with the F.O. about the case of Luis Martinez SUAREZ. This man who is a wellknown ISOS character has been active in Brussels for some considerable time and was recently sent to the Argentine. His boat was pulled in in Trinidad and we had an opportunity of arresting him. Before doing so Dick consulted the F.O. and was subsequently asked to go over to a meeting at which

Strang, Malkin, Loxley and C. were present. Strang said that if SUAREZ were arrested he thought that the arrest of Ellis in Tangier would inevitably follow, and therefore strongly advised C. not to agree to the action we proposed. Dick said that he did not take the same view as Strang. SUAREZ had as far as we knew no connection with the ALCAZAR Falange racket. He had been operating in Brussels and was on his way purely as as a German agent to the Argentine. It seemed unlikely therefore that there would be any backwash. His view however was not accepted. We then fell back on the suggestion that SUAREZ should be arrested at Curacao by the Dutch. This came as a welcome relief to the F.O. although to me it seems somewhat ignominious that we should hand the baby to our unfortunate allies who are just being driven out of the last bit of territory they possess. I spoke to C. and explained to him our reasons for thinking that there were not likely to be any serious repercussions. I also said to him that if Ellis were arrested I thought that we should immediately arrest ARTAZA, the Spanish Consul in Cardiff. He seemed somewhat worried about starting a consular war with Spain, since he thought that we stood to lose more than the Spaniards. At this moment he was pressing the Chiefs of Staff to obtain for him more diplomatic cover for directing espionage activities in Spain and if as a result of

our activities the consulates were to be closed down he would have no means of using the Red Cards, if he was able to get them. Red Cards are issued by the Spanish authorities as a kind of diplomatic quota which cannot be exercised without their permission. At the moment a good many of the cards are held by S.O.E., M.E.W. etc. I am putting forward the whole position to the D.G. since it is now impossible to touch a hair of any Spaniard's head without the full dress conference with the F.O. I felt confident that if the experience of IBARRONDO and CAMPOS was to be relied upon, we could get away with it every time if we dropped the policy of appeasement and took a strong line.

Duck has produced Alba's telegram after his interview with the F.O. at which he was shown CALVO's confession. Alba states the position to Madrid and tells them that he does not think there is much chance of CALVO being released. While I was away Duck obtained a copy of an interesting message from Suner to BARRA asking the latter to find out what the reaction to a peace move would be in this country and to report the facts to the new Turkish Minister here for transmissions to the Germans, presumably via Ankara. It is difficult to see why BARRA should not send this information back to Suner.

I spoke to the D.G. about Section V. and T.A.R.'s relations with Dansey and co. I told him the position which we had reached at the Planning Committee, and that it was my view that the liaison in its present form should continue. In the meantime Findlater Stuart has written to Nelson and C. a letter in which he states his anxiety about the information that he has been allowing the Germans to receive through the medium of the Twenty Committee. He wants to know, though his letter is not very clear on this point, what grade of information we are receiving in return. Personally I do not see how we can reduce the level of our information to that of C's. To keep our agents in place it is I think necessary to strike a rather high mean line. If we give too low a grade of information the Germans will be dissatisfied and set up some other organisation. If on the other hand our agents are too highly placed they will sooner or later get into difficulties since they will be asked very pertinent questions to which it would not be possible to send a truthful answer. It is possible to run high grade XX agents on a short term basis but not on a long term one, and since it is our policy to have a reasonable number of agents in position and in the confidence of the enemy at a time of possible invasion I think that our policy is the right one.

March 8th

Spent the day working on my reply to Jock Whyte's indictment.

March 9th

Jock Whyte came to see me. He talked a great deal about the case of the loss of documents at the Admiralty establishment in Bath. I told him that I had read the case and that my impression was that the state of security at the Admiralty establishment at Bath was so shocking that almost anything might have happened. On the whole I was more inclined after reading the police report to think that the documents in question had merely been mislaid or possibly burned in error. At the same time I thought we ought to take steps to check up on the personnel as far as possible.

He also mentioned the case of an Italian woman Ginette (?) MOCADOSI who was running a cafe in Glasgow and apparently facilitating the transit of communications to Lisbon. He said he did not know whether this case should be run by himself or by Roskill. I thought that if it had an Italian background it should be run by Roskill in close conjunction with B.4a. I should however like to see the file, when I should be in a better position to express an opinion. He promised to have it sent up. I then talked about the case of the Fichtebund in Eire. I told

him that I thought it would be far preferable in cases of this sort if instead of building up a sense of grievance in his own mind over a long period, he came up and saw the officer concerned. I said that in the light of all the facts which he now had, it was ~~in~~ my view that to place the names of 200 people in Aire who had been the recipients of Fichtebund literature in 1940 on the Security List, would not really ~~I thought~~ be worth while. I was reinforced in this view by a recent circular asking us to cut down the Security List, which if allowed to grow too big defeated its own object. Jock Whyte said he still thought something ought to be done.

I had a meeting with Frost and Sclater when we discussed Frosts position vis-a-vis R.S.S. Both he and Sclater said quite definitely that the attitude of R.S.S. was that there was no necessity to pay any attention to M.I.5. Frost had already had one or two passages with Maltby and he proposed to bring the matter to a head by asking R.S.S. what units they were employing on general search. I said that our right to criticise the organisation of R.S.S. or its work on the technical side had never been admitted either by G-P or Maltby. It was not considered to be our business to question its efficiency in any way. I thought therefore that we ought to put up a memo to the D.G. and get this question settled once and for all. There is no doubt that the

vans are extremely inefficient and that any criticism of their work is deeply resented.

I had lunch with Crocker in order to discuss with him the question of his fire experts, for whom we have so far claimed exemption. I told him that we were now being pressed pretty hard by the Ministry of Labour and that if he could get exemption for them through the Law Society it would be a good thing. He said he would look into the matter and see what could be done.

The conversation then turned to the Black Market. I told Crocker how we bumped into the activities of black-marketers from time to time and how shocked we were to see what was going on. He then disclosed to me in the strictest confidence that some time ago he had been sent for by Lord Woolton and Lloyd George and French the Permanent Secretary of the Ministry of Food. They had asked him for his assistance in unravelling the various plots. He had promised to work for them on the understanding that no mention was made to anyone of the part he was playing. He was horrified to find that within a few days Lloyd George had spoken about the whole matter at a cocktail party and that Chief Inspector Hatherill of New Scotland Yard knew all about the part he was to play. Crocker put Hatherill off by saying that he had had some dis-

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had materialised. He had also seen George Joseph Ball who had given him a wink and wished him luck in his new job. He had been seriously worried by these disclosures as it obviously made his task extremely difficult. He told me that he had made quite a lot of progress with the meat market but that he came to a point where he wanted some assistance from Govt. sources. For instance it would help him a great deal if it could be arranged that marked notes could be passed which could be identified when a gang was rounded up. He did not dare go to the police since he had very strong grounds for thinking that Chief Inspector Salisbury was mixed up in the whole business and he did not trust Inspector Barker who is employed by the Ministry of Food. He did not throw out any line for co-operation with ourselves but I said I should like very much to think the whole matter over. I agreed that I would not speak to the D.G. without prior reference to him.

I spent the night with Charles who is still rather seedy but distinctly better than he was.

March 10th

Attended the D.G.s meeting. Vetting was again the subject of discussion. We seem to be passing about 7,000 names over the records per week and in the opinion of Horrocks much of this work

It is suggested that we should confine ourselves to vetting for confidential posts. The difficulty here is that once a man is in a Ministry we never know when he may not get promotion to confidential work. I pointed out that another difficulty was the lack of security in a good many ministries. It was no use taking a lot of trouble about vetting personnel if for some particular job when one found that all their papers were left all over the place and all and sundry had access to the offices. A particular case in point was the one at Bath, where a lamentable state of affairs had been disclosed. Some documents had been lost and the fact had only been reported some 3 weeks later. The state of the office from the security point of view was chaotic. Documents were carried away and burned by a labourer in an incinerator a few yards from the main road, and several undesirable people had been taken on in the department without being vetted at all.

Curry was asked at the meeting to speak about his work. He said that he had a lot of information to assimilate but that he was making progress. The D.G. asked him to make a statement at the meeting next week. He is going to talk about the Abwehr.

Stopford came in in the afternoon to see the D.G. He gave his views about W. Africa

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which he had previously given to me. The D.G. was very shocked at what he had to say but not altogether surprised since he had already had somewhat similar information from military sources. I made Stopford tell the D.G. both about Bourdillon, the Governor, and the impression created by Haigh-Wood. We discussed the possibility of Stopford going to S.Africa. He is not very keen about this appointment unless it gives him some scope on the offensive side. He would really like to be a joint MI5/MI6 representative but I rather doubt whether this is going to be possible.

Frost tells me that he has got the bird from G-P in answer to a query as to what personnel is being employed on the general search for wireless transmissions apart from ISOS. He has been told that this is not his business. I think this will give us a peg on which to hang the whole issue.

I had a talk with Kenneth about the transmission of secret messages by the Free French through the B.B.C. Apparently the Free French are the only allied force who are allowed to send these messages unvetted by S.I.S. I said that before taking this matter up on a higher level I thought we ought to be satisfied that something useful would result. What in fact would S.I.S. do if they were informed that a number of messages were being sent over. They could do nothing useful

in fact the Free French organisation was more or less under their control. Was it therefore worth while telling the French virtually that we did not trust them unless we were going to get something out of it. Frost's reply to this is that all and sundry turn up at the B.B.C. to send these messages and nobody seems to know who they are. This I think is definitely a point. We should at least know that those who are sending these messages are properly approved by the appropriate dept. of the Free French Forces. G-P is by way of taking responsibility for the security of these messages but as far as I can ascertain has done nothing about them.

I have asked Cussen to go through my reply to Jock Whyte's memo and to let me know whether he thinks that it is accurate and fair.

March 11th

I spent the day in bed at Tring with a cold. Dick rang me up about S.Africa. The D.G. is apparently anxious to send Webster, formerly of Port of London. Dick and I both agree that somebody with a knowledge of B.Division work is essential.

March 12th

I attended a meeting with the D.G. at the Cabinet Office. The meeting was

called by Findlater Stewart. Those present were C., Sir Horace Nelson, and Archie Boyle. Findlater said that he has for some time past been called upon to give a good deal of confidential information for transmission to the Germans in order to keep certain of our agents in position. He felt considerable responsibility and wanted to be informed about the grade of information which we were getting from our own agents. He did not think that in the present circumstances the Twenty Committee were being sufficiently well informed. He went on to state that in his opinion there might with advantage be far closer co-operation between the S.I.S. people who were running agents and the Twenty Committee. We obviously both had a good deal to learn from each other. C. agreed that this was so, and said that in future he proposed to put Foley on the Committee in addition to Cowgill. He thought that Foley would probably be of considerable assistance to us. I said that I felt that we also might be of considerable assistance to Foley if we knew more about the S.I.S. traffic with their agents. C. also agreed to this point. I stressed very strongly the importance of seeing that all information transmitted to the enemy from British or ostensibly British territory and all information requested by the enemy regarding British territory should come into the pool of the Twenty Committee. If this were not done we were bound to get into difficulties. I