

## Dog Rose and Drat: How Roger Hollis Protected Paddy Costello

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In his book *Treachery: Betrayals, Blunders and Cover-ups: Six Decades of Espionage* (2011 edition), Chapman Pincher argued that Roger Hollis, who worked for MI5 for 27 years, rising to become Director General for his last nine years there (1956-65), was a Soviet spy. Pincher readily conceded that many people would find this hard to believe, but in the space of more than 600 pages, he made a compelling case. He identified no fewer than 54 'anomalies' as he called them in Hollis' life and career which pointed towards his guilt.

The case against Hollis was also discussed by Dr Paul Monk in an article in the Australian publication *Quadrant* <https://quadrant.org.au/.../04/christopher-andrew-and-the-strange-case-of-roger-hollis/> and was considered further at a panel discussion on April 10 2015 at the Institute of World Politics in Washington D C; this is also available on-line at <http://fbistudies.com/2015/04/27/was-roger-hollis-a-british-patriot-or-soviet-spy/>

The case for the prosecution, so to speak - that Hollis was a Soviet spy - has been strengthened by going largely unanswered. As Pincher has pointed out, many of the 'anomalies' he identified are not even mentioned in Christopher Andrews' 2009 work *The Defence of the Realm: The Authorized History of MI5*. Andrews and other defenders of Hollis do not help their case by labelling their opponents as 'paranoid conspiracy theorists' and the like. They apparently fail to appreciate that the measure which would most help their case would be the documented rebuttal or explanation of some of the anomalies identified by Pincher. Many of the cases are now old and the actors dead. Only light from such cases - assuming they clear him - could deflect the heat currently directed at Hollis. It is worth noting however that in some cases - that of the atomic spy Klaus Fuchs, for example - the release of the relevant MI5 files tended to confirm rather than rebut the case against Hollis, as Pincher illustrated.

As well as suggesting instances where Hollis may have passed secrets to his Soviet masters, Pincher also identified other practices he adopted to frustrate inquiries being made by MI5 about suspected spies. These included not taking action or preventing action in cases where information came into the possession of MI5 and should have been followed up or passed on, but was not - the 'Hollis touch' Pincher called it (137); and preparing misleading summaries or accounts of actions by suspected spies, including for Prime Ministers.

The question therefore arises whether Hollis (code-named Drat when being investigated by MI5) protected Costello (code-named Dog Rose by MI5). It should be noted at the outset that Hollis was in a strong position to do so. When he joined MI5 in 1938, Hollis was posted to a branch of B Division called Soviet Affairs, the main responsibility of which was suspected cases of Soviet espionage by individuals living in the United Kingdom. (Pincher 66) He remained in that division until August 1941 when he became part of F Division which was responsible for keeping watch on subversive activities of all kinds. In October 1941 Hollis became Assistant Director of F Division (Pincher 99-102), and in 1946 he was moved to B Division which was responsible for counter-espionage in general (Pincher 261). He was promoted to Director, C Division (protective security, main targets communists and potential Soviet spies) in 1948 (Pincher 283) and in 1950 he became Director of the Protective Security Branch (Pincher 310), where he remained until he became Deputy Director General in 1953, and then Director General in 1956.

At all relevant times, MI5 was responsible for relations with Commonwealth countries, in which it had security liaison officers (SLOs) posted at High Commissions, while MI6 looked after foreign countries. New Zealand was initially looked after by the SLO in Canberra (the first officer was posted to Australia in 1949), until it became important enough or notorious enough to warrant its own officer; or perhaps with the establishment of the New Zealand Security Service in 1956. Hollis took a leading part in these relationships, including with New Zealand - hence his dealings with McIntosh, as discussed in the previous paper. He was thus able to protect Costello from his end and to influence the protection of Costello at the New Zealand end.

It will be argued here that Hollis did in fact protect Costello, by not making inquiries about him when he should have done so; by withholding from the New Zealand authorities information about Costello which he should have passed to them; and by subtly changing such information as was passed, thus diminishing its impact.

It might also be worth noting as a general point that until the creation of the New Zealand Security Service the authority there responsible for security was the New Zealand Police Special Branch. While MI5 was in touch with the New Zealand Police about Costello before Hollis' arrival in MI5 (about the payment to the *Daily Worker*), there is no record on the file that it took any initiative in communicating with them again about Costello after Hollis' arrival - even after the Police sent a comprehensive account of Costello's activities, so far as it was aware of them, to MI5 in 1951 (concluding with the prophetic words '... I have difficulty in accepting the view that he is free from security risk under all circumstances...') While it was plain that the Police were not aware of the Exeter incident, MI5 made no move to inform them about it.

Hollis much preferred to deal with McIntosh, not least because of his strong support for Costello which helped Hollis to protect him. The bizarre situation was that it was in both their interests to keep Costello in Moscow and then in Paris: McIntosh considered Costello to be one of the best people the New Zealand Government had; and if the analysis here is accurate, Hollis saw him as a worthy servant in their common cause. What aided Hollis further was that while there was a security liaison officer in Canberra from 1949, it evidently took some time for him to become responsible for New Zealand also. The first document referring to him on the file is dated January 1952 and the next is dated two years later, while the first mention of the SLO in Wellington is in 1961. Hollis was presumably also responsible for Australia, having spent three months there in 1948 and again in early 1949 helping to establish the Australian Security Intelligence Organisation (ASIO) - see Andrew 369-72. Decisions on the responsibilities of these two SLOs, and the creation of the Wellington post, would have been if not within Hollis' control then certainly within his sphere of influence.

As noted, the first mention of Costello on his MI5 file was in 1937 when he donated £5 to the *Daily Worker*, and this information was passed on to the New Zealand Police. The Exeter police reported in February 1940 that Costello was a former member of the Labour Party who had resigned the previous year. They reported again on 4 June of that year (serial 13A) that Costello had 'recently become much more active with the Communist Party'; and that 'it appears that he has frequently been holding meetings of members of the Communist Party at his residence, no 9 Longbrook Terrace'. Further,

These meetings have been attracting some attention and the matter has been the subject of some discussion in the City and information as to Costello's activities have [sic] reached the members of the Local War Emergency Committee.

The Police report went on to say that Costello's associations with the student Fyrth who had been convicted of offences against the Official Secrets Act had given rise to criticisms of the University. The War Emergency Committee had interviewed the Principal, Dr Murray, who had then suspended

Costello, and on 3 June he been called upon to resign by the University Council, the resignation to come into effect in September 1940.

If a donation of £5 to the *Daily Worker* had been sufficiently important to inform New Zealand, then surely Costello's activities in Exeter, particularly with a war on, were likewise important enough to have done the same. For all MI5 knew, Costello might have returned home and been holding an important government position. Apart from making some inquiries of the British Army whether Costello had joined up, no action was taken. MI5 might reasonably have inquired of the New Zealand authorities whether Costello had joined its army - as of course he had - and it might equally reasonably have caused the Exeter police to make some inquiries there as to Costello's whereabouts. In January 1941 Costello's file was closed. The difference between MI5's action in 1937 and its inaction in 1940 may be attributed to Hollis' arrival and influence. His name first appears on Costello's file in 1941.

As noted in the previous paper, MI5 received a report in November 1941 that 'one Costello', a professor at Oxford University, had arrived in Bombay in February 1937 bearing £500 for the Indian Communist Party, and that he expected to be treated with suspicion by the police on arrival. The report went on to say that Costello had not been treated with suspicion and it was not known to whom the money had been paid, if it had been paid at all. Efforts to identify the bearer had produced the name of D P Costello who had arrived in Bombay from Marseilles on 13 February 1937. The report included his passport number.

Although MI5 later linked this incident to a report from a disaffected Communist whose litany of complaints about Costello included the claim that he had defrauded University College of three months pay, the only effort made to check this allegation was an examination of the Oxford University list, which showed no Professor Costello. No inquiries were made in Exeter about any substantial absence by Costello early in 1937, or from the shipping company. There is not even any indication on the file that the passport number was or was not that of D P Costello.

Again, the matter should have been thoroughly checked and the results reported to New Zealand.

Although the report made no such statement, Hollis' letter of 28 September 1944 to the Dominions Office claimed that 'The report reached the Indian authorities after COSTELLO's departure and there was therefore no possibility of checking whether it was, in fact, true that COSTELLO brought this money'. Thus is the gravity of the allegation subtly diminished.

That the file was re-opened later in 1941 was due to Bella's activities in Exeter, rather than any information about Costello himself. Her various adventures with the Communist Party and her unsuccessful attempt to get a job with the Ministry of Aircraft Production (MI5 declined to give her the necessary security clearance) occupied the next few pages on the file, there being no mention of Costello himself until 1944 when a further report from Exeter said that Bella was married to a captain in the Polish army who was home on three months leave. Again, no action was taken to check this improbable information.

As noted, Costello came to MI5's notice later in 1944 when he was issued with a British diplomatic passport (New Zealand did not have its own passports until 1949). Only then was MI5 moved to action. Hollis wrote (serial 54a) to the Dominions Office on 28 September so that it could alert New Zealand via the High Commission in Wellington. The letter deserves some close comparison between what it contains and what information was in MI5's possession.

The Hollis letter said in paragraph 3 that 'From 1939 onwards COSTELLO had been associating with the local Communists and a number of them had stayed at his house', the only one identified

being Bella's brother Jack Lerner 'who had been observed to sell the Daily Worker in the streets'. Omitted was the information that Costello had frequently been holding meetings of members of the Party at his house, together with the further information that the meetings had attracted attention in the city and had come to the notice of the Local War Emergency Committee.

The next paragraph in the letter referred to the Fyrth matter and then said

A report from the Exeter Police states that following this prosecution the Council of the University called upon COSTELLO to resign his appointment. I have not confirmed this statement with the University.

Again, there are marked differences between the information provided by the Exeter police and that contained in the letter, and doubt is cast upon that information by the gratuitous comment that a statement is unconfirmed.

After a paragraph containing information about Bella, the letter concluded:

You may think that the case against COSTELLO himself is a thin one, and I think I should add that we have information from entirely reliable but very secret sources that certain of the Communist Party leaders were aware of COSTELLO's departure from this country in July last, and it is possible that COSTELLO was seen by one or more of the leaders. I must ask you, however, to handle the information in this paragraph with the utmost care in view of the very delicate source from which it is drawn.

The case against Costello, as set out in the letter, was indeed a thin one, but only because information which would have made it more substantial was omitted. The 'entirely reliable' information would have fattened the case against him, but as will be seen it was not passed on to New Zealand. The information may well have been obtained from what Andrews at 274 calls 'eavesdropping devices' (i.e. bugs) which had by 1944 been installed in the Communist Party of Great Britain headquarters.

The Dominions Office sought further information about the circumstances of Costello's dismissal and Hollis went back to the Exeter Police (via MI5's man in Bristol), and a response was received in October 1944, including two letters written to the then Chief Constable in May 1940 concerning the action being taken regarding Costello. Having examined the police file, the MI5 man in Bristol said that it was 'quite clear' that Costello was dismissed because of his Communist views. The Chief Constable said in a separate letter that 'From perusal of my files there appears to be little doubt that Costello was dismissed from the University College of the South West, Exeter, because of his Communist activities'. It went on specifically to mention the Fyrth case and added that 'It is known that Fyrth often visited Costello's house and that the latter, on occasions, called at Fyrth's lodgings'. This information was passed to the Dominions Office and the Foreign Office but it went no further. In his covering letter to the Dominions Office, Hollis said that

...I should be grateful if you would see that they [the Chief Constable's letter and enclosures] are not directly quoted in any communication you may have with the New Zealand authorities... I asked the Chief Constable to approach the College authorities but no doubt he has thought it unwise to do so.

This is the Hollis touch in action. There is no reason on the face of it why the Chief Constable's statements should not have been passed on; and clearly the reason why the Chief Constable did not approach the College authorities was that he felt it unnecessary rather than unwise to do so, as he already knew why Costello had been dismissed.

In its letter of 25 October 1944 to the High Commissioner in Wellington, the Dominions Office did however vary Hollis' letter of 28 September by omitting the last paragraph (quoted above). It also

added some other comments but none reflecting the October 1944 information from the Exeter police. It quoted Cumming Bruce's comments and went on to say that 'There is no definite evidence that Costello himself is a member of the Communist Party, and his earlier activities may well have been a familiar form of infantile Communism which most people grow out of'. This was the Dominions Office doing Hollis' work for him, as it knew from the last omitted paragraph of his letter of 28 September of the Party's interest in Costello and its knowledge of his movements.

The Dominions Office letter went on to say that

We have pressed for more definite information about this [Fyrth] episode, but the Security Service have not found it practicable to do more than confirm that Costello was dismissed from his University appointment at Exeter as a direct consequence of his association with a student.....'

This too was a distortion. The police information made it quite clear that Costello was dismissed because of his Communist activities, and his association with Fyrth was the last straw. As indicated in the 2012 paper, there was also much information publicly available about the Fyrth matter, both the arrests and the trial having been reported in *The Times* and no doubt in other newspapers. It beggars belief that MI5 did not have a record of the matter.

In a minute of 31 October 1944, Hollis recorded that Tory of the Dominions Office had rung him on 19 October and told him 'in guarded terms' the contents of its letter. 'I said, at the time, that we had no evidence that COSTELLO was connected with the Fyrth case, but he does not seem to have modified his letter.' This is ambiguous, and no doubt deliberately so.

The Dominions Office having declined to pass on to Wellington the additional information about Costello, particularly the information in the last paragraph of Hollis' letter, it was his clear duty to do so. He did not. Indeed there is no indication on the file that it was ever passed on to Wellington. As will be seen below, MI5 compounded the felony in 1963.

What difference, if any, this information if passed on might have made to subsequent events is impossible to say. Would McIntosh's view of Costello have changed? Would the National Government have permitted Costello to go to Paris in 1950 after the drunken episode in Auckland - or even before it? Would it not have shown to McIntosh that Costello's letter to him about the Exeter matter contained lies? (See the 2012 paper Section III) We'll never know.

The 6 January 1945 reply from the High Commission in Wellington to the Dominions Office said that 'The information relating to Exeter is entirely new to McIntosh and he thinks that he ought to show it to the Prime Minister on his return to Wellington...he will communicate with me again as soon as he has discussed the matter with the Prime Minister'. There is no indication on the file that either the High Commission or MI5 ever pursued the matter, which of course again worked to Costello's (and Hollis's) advantage.

The next relevant serial on the file is the letter dated 6 September 1945 from Costar (Deputy UK High Commissioner in Wellington) to M E Antrobus in the Commonwealth Relations Office, Costar's predecessor in Wellington, saying that he had taken the opportunity of a talk with McIntosh the other day 'to mention casually that the United Kingdom authorities had now granted Mrs Costello an exit permit to go to the U.S.S.R. to join her husband'. McIntosh said that he was aware of that and went on to say that 'Costello was one of the best people the New Zealand Government had'. Costar concluded by saying, somewhat enigmatically:

In the circumstances I think it wise not to pursue the question of Costello with the Department of External Affairs any further. I am pleased to note from the papers that that is probably your own view too.

There the matter seems to have rested until April 1949 when McIntosh was in London and Hollis went to see him and left a note on the file about their discussion re Costello. McIntosh said that Costello was about to become the Charge d'Affaires in Moscow and Hollis asked him 'if he was satisfied about Costello's reliability'. Hollis added that he said

...so far as I remembered, the Security Service had nothing on record about COSTELLO subsequent to about 1944 and that we were in general more concerned about his wife, who had been at that time an active Communist, than about Costello himself.

While the statement was accurate as to the date, a sharper man than McIntosh would have queried it, as the information which had been passed to New Zealand via the High Commission in Wellington had nothing beyond 1940, save that Costello went to Moscow in 1944. McIntosh said that he and the Prime Minister had 'discussed the case in great detail and had decided that [Costello] was trustworthy and that his wife was no longer a Communist'. Hollis said that 'we would of course let him know if we learned anything new about COSTELLO or his wife'. The statement about MI5 being more concerned with Costello's wife was a red herring, as she had been only a minor party functionary in a provincial town.

As noted above, McIntosh wrote to Hollis on 4 December 1950, saying that he would be in London in January and would like to see Hollis, in particular about Costello, who had performed very well as Charge d'Affaires in Moscow and had made a very favourable impression on the new Prime Minister and other ministers during his recent visit to New Zealand (the National Party having won the 1949 elections). He then referred to the drunken episode in Auckland and the view of the New Zealand police that they felt it their duty to take the matter further with MI5. McIntosh said that 'I would be sorry to see this done', mainly because if an investigation similar to that into Sutch took place (see the 2012 paper Section VII, footnote 5) 'it may very well be people will be warned off against Costello and his usefulness to the New Zealand Government will be greatly diminished if not completely nullified'. An MI5 officer - certainly not Hollis - had noted the comment about 'his usefulness to the New Zealand Government' and added in the margin 'and to the Russians!'. McIntosh asked that MI5 not take any action until after he had seen Hollis in London and concluded by saying that he had promised the Special Branch that he would let Hollis know 'rather than through the direct routine approach, which might set in train the consequences to which I refer above'.

There was a further limb to McIntosh's case:

We don't wish to appoint diplomats all over Europe. We are hoping to use the Paris office as the post from which we will accredit people to other European capitals. Costello, as you probably know, is a most remarkable linguist, speaking practically all European languages and it would be his function from time to time to visit other European capitals in the course of his normal duties.

It was a curious argument. It amounted to saying that Costello was too valuable an asset to New Zealand to risk his being investigated. The analogy with Sutch was misplaced. In that case his associations in the US aroused the suspicions of the FBI, so that by the time of McIntosh's investigation the damage had been done; but this was not the situation here.

In the event Hollis and McIntosh did not meet but exchanged further correspondence, in which Hollis in his letter of 31 January 1951 said unsurprisingly that 'we did not think there were any

inquiries we could usefully make here' and that while the drunken episode was 'perhaps disturbing, ... it is a matter for you and we are doing nothing about it here'. In an internal minute (88), Hollis told a colleague that 'McIntosh is an extremely shrewd man and a very valuable contact who serves to reinforce the rather unimpressive New Zealand Special Branch'.

Hollis also noted that Costello was by then in Paris, and the pattern of concealing from New Zealand important information about Costello was continued. MI5 having warned the British Embassy in Paris about Costello, it had instituted measures - 'at some worry and inconvenience' - to ensure that he did not have access to important British information. These restrictions also of course affected the working of the New Zealand Legation.

This particular piece of deception came to an end later in 1951 when the Director General of MI5 Sir Percy Sillitoe visited New Zealand. The restrictions on Costello in Paris having been drawn to his attention, Sillitoe sought and received from the Foreign Office its agreement to informing New Zealand of the position. The file is unclear at this point as to Hollis' activities and the Commonwealth Relations Office (as the Dominions Office had now become) seems initially to have been out of the loop. Having found out what Sillitoe proposed to do, however, it sent a telegram to the Deputy High Commissioner in Wellington on 3 October 1951 (serial 109A) in a desperate attempt to preserve the status quo.

The telegram began by saying 'Since Sillitoe left we have learned that as a result of discussions with the Foreign Office he proposes to speak to McIntosh...about D P Costello' and the restrictions in Paris. The telegram rehearsed the restrictions and then said:

In light of McIntosh's attitude towards previous representations about Costello we are rather doubtful whether it would be advisable to re-open this case on the basis of facts stated in paragraph 2 [the restrictions on dealing with Costello]. If you share our doubts, would you explain position to Sillitoe and suggest to him that he should not repeat not take the initiative in raising this matter. If on the other hand you have no objection to his doing so, you will no doubt consider whether it would not be desirable for you to let McIntosh know in advance that Sillitoe has been asked by the Foreign Office to discuss this matter with him.

If Sillitoe did not take the initiative, the matter would not of course have been discussed, as the New Zealanders knew nothing of it. The last few words are quite false, as the file makes it clear that it was Sillitoe who approached the Foreign Office. Again, this is the Commonwealth Relations Office doing Hollis' work for him, and it is not unreasonable to infer his hand at work here. The reason offered for not raising the matter - 'McIntosh's attitude towards previous representations about Costello' - does not ring true. The new approach was to be not just about Costello but the workings of the New Zealand Legation and the UK Embassy in Paris. It is a remarkable document.

There is a telegram from Wellington dated 25 October listed in response (serial 111a) but it is not on the file.

In the event Sillitoe, properly, went ahead as planned and saw McIntosh on 23 October 'in order to raise officially the case of Desmond Patrick COSTELLO and the security sanctions which the British Embassy had felt bound to introduce against this man in Paris' (serial 109A). McIntosh asked for time to consider the matter.

The two met again on 7 November after Sillitoe had been to Australia. McIntosh said that he

had not yet discussed this case with his Minister (Mr Webb) or the Prime Minister, but repeated his personal view that COSTELLO was not a security risk. He said he would tell his Minister that he was prepared to bow to other opinion, but that his own advice would be to

leave COSTELLO in his present position until a book he was writing had been published...[as] its appearance would be a suitable occasion on which to advise COSTELLO once more to leave the Foreign Service and return to a University career.

Sillitoe said in reply that while he considered Costello to be a security risk, his continued employment was 'entirely a New Zealand responsibility'.

Hollis' situation with regard to New Zealand (and Costello) was such that he received a separate report (serial 113a) dated 29 November from Michael Serpell, Sillitoe's personal assistant, who had accompanied him to New Zealand and Australia. He said:

We did not make much progress on the case of COSTELLO. His name was mentioned almost as soon as we landed, and there were perpetual references to him from different quarters and in different tones of voice. The Prime Minister asked the D.G. about him at one of their earliest interviews and the D.G. therefore told him of the "security sanctions" which had been applied by the British Embassy in Paris, and of his own view that the continued employment of COSTELLO by the Department of External Affairs meant a security risk. The Prime Minister showed every intention of adopting the same view but agreed with the D.G. that the question ought to be brought to his notice through the proper channel, McIntosh...The Police Commissioner also spoke strongly against COSTELLO's further employment, showing as he did a lack of confidence in McIntosh's understanding of security requirements.

Sillitoe's suggestion and Holland's agreement that the 'the question ought to be brought to his notice through the proper channel, McIntosh' seems excessively formal.

There the matter rested until January 1952 when Prime Minister Holland was in London. Sillitoe went to see him and asked him if McIntosh had spoken to him about Costello. Holland said that this had been done 'but he did not consider it appropriate to take any action about COSTELLO whilst he was here...He added that he proposed to remove COSTELLO as soon as possible as a potential menace to security.

It is relevant to note here that Sillitoe also warned Holland about McIntosh, whose views on security he thought 'unsound'. He repeated the warning to Sir Percival Liesching the Permanent Under Secretary of the Commonwealth Relations Office (serial 122a). While he did not name McIntosh, he said that he had warned Holland

against the over liberal views of certain of his government officials who seemed ready to tolerate the employment in his own department and Department of External Affairs of people who were known to the New Zealand Police for their Communist connections. Mr Holland took notice of this warning and said that he would look out for any controversial cases of this kind which might be referred to him by the head of the New Zealand Special Branch.

Sillitoe, a former chief constable, came in for a good deal of criticism as Director General of MI5. 'Pretty disastrous' the Home Office conceded later when arguing unsuccessfully for the appointment to the top job of another outsider (one of its own) - Andrew 547 - while his appointment was 'deeply resented by White and Hollis, who isolated him whenever they could' (Pincher, *Treachery*, 372). Be that as it may, Sillitoe behaved impeccably so far as Costello was concerned, in stark contrast to Hollis. Having established before he visited New Zealand in 1951 that the authorities there were not aware that the UK Embassy in Paris had instituted special measures to keep Costello away from important information, Sillitoe sought and received the agreement of the Foreign Office to their being informed. Despite the last-minute attempt to thwart him (possibly inspired by Hollis), Sillitoe told Holland and McIntosh, who undertook to discuss the matter with Holland. The next time he saw Holland in February 1952, Sillitoe confirmed that McIntosh had spoken to Holland about Costello. Sillitoe then told the Foreign Office and the

Commonwealth Relations Office (serial 122a) of the action he had taken and the responses received.

In June 1963, after the balloon had first gone up about Costello meeting the KGB agent, the SLO in Wellington conveyed a request from Brigadier Gilbert, the Director of the New Zealand Security Service, for 'any representations which our Service may have made to the New Zealand authorities (and in particular to McIntosh) at the time of COSTELLO's appointment to Moscow in 1944 or during his subsequent tenure of office there and in Paris'. 'The SLO repeated the request in slightly different form later in the letter, thus: 'a full record of any information or advice about COSTELLO which was given by us to any member of the New Zealand Government or Government service during the period 1944-54'. He also revealed the paucity of the information in his and Gilbert's possession, not supplemented by the relevant High Commission records (although these may have been destroyed by then) nor in Gilbert's case by the relevant External Affairs records.

The only record of any such representation on Gilbert's files is a reference to the fact that, in 1944, the then Prime Minister, Fraser, and McIntosh were warned by our Service about COSTELLO but that Fraser decided nonetheless to send him to Moscow with the hope that his sojourn there would cure him of his Communist sympathies! On my file for COSTELLO I have a note entitled "Desmond Patrick Costello" and dated 29th September 1951 and left with the S.L.O. Australia by Serpell during his visit to Australia in October 1951... There is no indication on my file as to whom this information and advice was passed. I also have on my file an extract from a letter ... dated 29th January, 1952 which records a conversation between the D.G and the then Prime Minister, Holland, about COSTELLO.

To the growing embarrassment of the SLO, repeatedly expressed, the reply was a long time in the preparation and was not sent until 10 September 1963. The list and documents provided omitted the last paragraph of Hollis' letter of 28 September 1944. As to the additional information from the Exeter police, the 1963 letter said only that

We subsequently added to this [the 28 September 1944 letter to the Dominions Office] the information that we had ascertained that COSTELLO's dismissal... appeared to have been a direct consequence of his association with Hubert Fyrth...

It is difficult to resist the conclusion that this is the Hollis touch in operation again. Important pieces of information not having been sent to New Zealand 20 years previously, disclosing them now might raise questions; thus better to omit mention of them again. As noted, the letter from Wellington seeking the 'full record' was specifically drawn to his attention.

It might reasonably be asked why if Hollis was working for the USSR he evidently made no attempt to prevent the investigation of Costello in 1963, as he may have done in 1957, when no action was taken following a report from the Manchester Police that two known KGB officers had rung Costello's home, and had later been shown around the docks area by Costello's son, Michael. One explanation is that given the information MI5 had on Mrs Costello it would have been very difficult even for Hollis to have prevented the investigation; in any case another six years had passed and Costello was no longer as much use as he had once been. It looks more likely than not, however, that Hollis was able to get a warning to Costello that he might be followed when he went to London. Hence Costello's anti-surveillance measures and the apparent shadowing of the first meeting by the KGB. How else to explain these events? Hollis may also have been able to get a warning to Costello about his telephone being tapped, with the stipulation that he not tell any other members of his family who may have inadvertently made the MI5 listeners aware of the tapping; or equally suspiciously have stopped using the telephone. There are curious gaps in some of the

arrangements Costello makes for going to London - his travel details on the afternoon of 29 November 1963, for example, when he did not travel on the direct Manchester trains - which might be accounted for by the fact that he was aware that his telephone was 'off'.

In summary, Hollis:

- was at all relevant times Costello's MI5 case officer and at least in a position of influence with regard to MI5's relations with New Zealand;
- never took any initiative in passing to the New Zealand Police Special Branch information on Costello, despite the Special Branch on at least one occasion passing such information to MI5;
- specifically failed to pass to New Zealand details of the Exeter incident and the transmission of money by Costello to the Indian Communist Party until 1944 when Costello obtained a diplomatic passport;
- concealed or subtly altered important pieces of information about these two incidents so as to diminish their importance;
- concealed from New Zealand the fact the UK Embassy in Paris had instituted special measures to prevent Costello having access to important information, thus severely hampering the work of the New Zealand Legation there;
- apparently inspired or conspired with unsuccessful efforts to prevent this information from being passed to the New Zealand authorities in 1951;
- instigated or approved of decisions made in 1963 to conceal from the New Zealand authorities the information which should have been passed to them in 1944 or earlier;
- very probably alerted Costello in 1963 to the fact that MI5 was bugging his home telephone and might monitor his movements in London.

As with Pincher's anomalies, some of these events taken in isolation might be explained away by incompetence or some other reason; but taken together they form a pattern, the inescapable conclusion from which is that Drat was protecting Dog Rose.

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