

# Salesmen of the secret world

Last week, the Labour Party launched a long-overdue campaign to get Britain's proliferating 'security services' back under public control. The enterprise is still an infant one, compared even to what has been achieved in the US (see page 273). But the chief problem it faces is to identify the boundaries of the security state – to show where official lawbreaking ends, and purely private thuggery begins. We have already shown that the official agencies enjoy enormous powers of snooping and surveillance – the fruits of which they are prepared to use in viciously irresponsible campaigns against anyone whose politics they either disapprove of, or simply misunderstand. But the official agencies are surrounded by a penumbra of private enterprises, some of which are self-enrichment schemes by ex-officers, and some of which are cover for 'sensitive' official missions – and some of which are a little of each. So comprehensively blurred are the lines of responsibility that it is impossible to say who makes British policy in the matter of – say – selling interrogation techniques to an African dictatorship, or the matter of which side receives support in a Middle Eastern rebellion. **DUNCAN CAMPBELL**, continuing his anatomy of the security state, shows how 'bugging' and 'black bag' experts move in and out of private enterprise – and reveals yet another government bugging centre.

THE FICTIONS of Le Carré and Deighton have made everyone familiar with the idea of 'front' companies staffed by intelligence agents: this familiarity, perhaps, has blinded people to the dangers involved. The factual history of Diversified Corporate Services Ltd provides a much-needed corrective.

DCS, whose personnel list over the years reads like a *Who's Who* of the secret world, had its beginnings just after 1970, when the security men – with Labour out of the way – could look forward to a more freebooting future. The company always had some straight-forward commercial-security business, but until 1977, or thereabouts, DCS also provided two kinds of facilities to the secret world. First, using a team of specialists in surveillance, 'surreptitious entry', bugging, tapping, debugging and so on, they provided training for intelligence agencies of other governments which HMG was anxious to assist, but only at 'arm's length'. Second, DCS employees were able to 'freelance' for the Secret Service (MI6) carrying out overseas operations too hot for official involvement.

Our sources for the tale of DCS include three intelligence officials (one still active), with direct knowledge of the company's activities. They recognise that it was an 'unusual' way for MI6 to work – though the word in this context seems to be a euphemism for 'irregular', rather than an index of rarity. DCS was 'never hired directly', we were told, 'but always through a cut-out'. However,

operational reports, once completed, would be 'handed directly on to MI5 or MI6'.

Company registration documents give some details of the people who held shares in, or were employed by, DCS during the '70s. The personnel came almost entirely from MI6, the Intelligence Corps, or from other secret departments: and in this area of government service at least the much-touted aim of free interchange between public and private sectors was readily achieved. One ex-army officer who joined DCS in the mid-'70s moved on to work for MI6. And we were told of another ex-Intelligence Corps officer who in 1976 worked half-time for DCS and half-time for the Cabinet Office – presumably the Joint Intelligence Staff – leaving DCS when his Cabinet Office job became full-time. We put this to the officer concerned, Colonel Peter Goss. He does not deny it.

Secretly, but by behest of the British Government, DCS trained intelligence agents for Oman, Nigeria and other countries. Secret missions were carried out in Oman, Iran, Sudan and elsewhere in Africa and the Middle East. Training schools were set up in Enfield and in Wandsworth: these were intended to be secret, but, as will appear, they did not always manage to be. Overtly, DCS undertook security work for merchant bankers like Barings and Hill Samuel.

THE PRINCIPAL DIRECTOR of DCS since its foundation in 1970 has been Colonel Alan

B. Pemberton, who lives at Stoke by Nayland, near Colchester. He does not possess intelligence connections: he is an ex-Guards officer, said to have excellent banking connections.

The company's name, at least, traces back to two ancestor concerns. During the late 1960s, Diversified Business Intelligence, a partnership between ex-MI6 men and private detectives, operated from St James's. Two important figures were John Farmer and his son-in-law John Richard Pilkington, both with substantial MI6 experience.

Farmer moved to America, and set up Diversified Corporate Services (International) Inc, with the aid of several ex-CIA people. In October 1970 Diversified Corporate Services Ltd was registered in the UK, with offices at Orchard House, Great Smith Street, SW1. (Sanctuary Buildings, the same block, is used by various Foreign Office departments.) The company's articles specified its purposes as being

... general defensive security agents, consultants and advisers... (providing) all kinds of advice in regard to security, and to sell equipment in connection with defensive security...

'Defensive', in such contexts, often means just the opposite, and those who joined Colonel Pemberton were usually more conspicuous for their 'offensive' intelligence credentials. His first co-director was John Pilkington, describing himself as a 'security consultant', and in May 1972 another long-term MI6 officer named Roy Astley-Richards joined, described as a 'special consultant'.

Reputedly, Astley-Richards' secret career began with a spell as bodyguard to Winston Churchill. He left DCS in 1977. Pilkington left earlier in 1973, to set up 'International Co-ordinated Services SA' in Rome. This, according to our sources, was intended to be the 'Italian end' of DCS, and training of Omani agents was moved to Rome for geographical convenience. Pilkington agreed this week that he was in 'government security' work until 1969, when he joined first Diversified Business Intelligence and then DCS. But he claimed that his Italian company had never supplied anything other than 'construction services' to the Middle East.

'SAFE HOUSE' at Enfield provided one of the bases for DCS training operations: this,

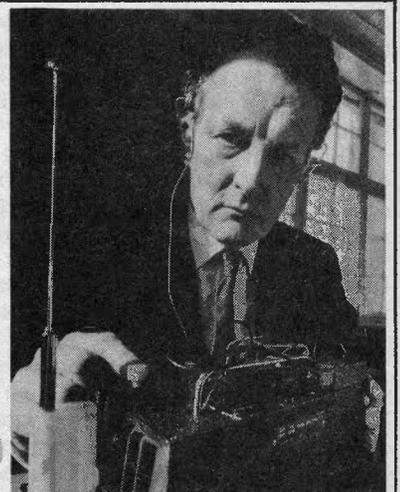
Colonel Alan B. Pemberton, the boss of DCS, demonstrates his electronic 'debugging' equipment to the *Observer* newspaper in 1973. His 'going public' created a rumpus among the secret agencies who had arranged intelligence and security business for DCS.



**DIVERSIFIED CORPORATE SERVICES LIMITED**

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too, was arranged by Astley-Richards, who according to a former colleague was

brilliant at arranging safe houses . . . he would fix up the cover, get it decorated. . . arrange house-keeping at a discreet distance. He also arranged for the trainees to be accommodated at hotels which didn't ask awkward questions.

One of the training activities was to practise 'surreptitious entry' at the Enfield house, removing supposed 'secret documents'. During 1973, one such operation came grievously unstuck - commencing the company's fall from official grace - when two black trainees were observed by neighbours, entering the house less covertly than was desirable. The local police were called, and imprisoned the unhappy pair, who were only released after the intervention of a senior Special Branch officer.

It was in this period, we were told, that DCS clients included secret agents from Nigeria, Oman, Ghana, and Sudan. Overseas operations were carried out on behalf of MI6, and although our sources are sensitive about details, it is acknowledged that there were operations in 'friendly' countries as well.

As the Enfield debacle was not unique, the value of DCS to the Secret Service began to wane. Nonetheless, another 'safe house' was acquired, apparently in 1974, at 75 Bolingbroke Grove SW11, close to Wandsworth Common. According to the present residents, DCS moved out in 1978. A private detective who investigated DCS during the 1974-78 period told us how he observed rather conspicuous squads of security trainees from Africa and the Middle East doing physical training in the middle of the Common.

Exercising its rights as a closed company, DCS filed no turnover figures during its years of maximum activity during the early 1970s. Accounts for 1977 record an income of £26,869 attributable to their 'training school', out of a turnover of £140,000. Since 1977, with the cut-off of MI6-connected business, the company's fortunes have become still more modest, and it has moved to offices in Hampstead Road NW1, near Euston station.

THE COMPANY had colourful instructors during its hey-day. Major 'Freddy' Mace, who joined shortly after DCS's foundation, had been a specialist in covert entry - less politely, breaking and entering - at the Intelligence Centre in Ashford, Kent, HQ of the Intelligence Corps. He had by 1970 received some modest press publicity for his Houdini-like exploits against locked doors and impenetrable barriers. (Ashford and its courses were described in one pop-weekly series in 1973 as a 'school for Bonds'. One major obstacle on the covert entry course was described as a mock-up of No. 10 Downing Street, installed secretly at Templar Barracks, where the Intelligence Centre has its home.)

Mace received more publicity in 1977, by which time he had moved on from DCS to a new company, Donne Holdings Ltd. Its remarkable, and confidential, sales brochure was exposed in the *Sunday Times* as offering courses in: 'Basic and advanced sabotage; Silent killing; Interrogation; Technical intrusion.'

The company, whose prime mover was another ex-I-Corps man named John Donne, boasted that it could sell the very latest skills of the British SAS - the elite army unit which often functions as an adjunct to the secret agencies. Donne Holdings were offering sec-

urity locks and safes, and secret code equipment developed by a former employee of GCHQ, the government 'eavesdropping' centre at Cheltenham.

On Donne's death Mace had become managing director, and included the Libyan government of Colonel Quadhafi among his clients. According to some sources, the Libyans approached Mace while he was still working for DCS in 'official' private enterprise. Just how 'privately' Donne Holdings was trading in publicly financed dirty-trickery is not clear: in 1976 Mace's visiting card still claimed that Donne were approved as 'suppliers to HM Government'.

JOHNNY JOHNSTONE, another early DCS instructor, was originally a technical specialist with the Foreign Office's Department of Communications. Although this has been concerned (under various names) with legitimate communications questions, it also deals with bugging and other covert operations. Johnstone was unluckily caught in the backlash of a British attempt to bug the US mission in Berlin during the early Sixties. He retired early, but according to one MI6 source, continued acting as a 'cut-out' for 12 years thereafter, making untraceable purchases of bugs and other equipment for government clients.

By 1966 he was running a security company named Industrial Security CIA (for 'Counter-Intelligence Agency'), speaking quite publicly of his 'anti-bug' and general security skills. He helped set up Diversified Business Intelligence, and then joined DCS in 1970. He continued to buy bugs for official use or trial, though demarcation lines were understandably hairy. One witness recalls seeing him leave the premises of a bug-manufacturer in 1975 to trundle straight off to the DCS office in Westminster.

His old Foreign Office department remains involved with the spook business, labelled as HMG Communications Centre (HMGCC) at Hanslope Park, near Milton Keynes. It does indeed provide and control government communications, but it also buys bugs, and has advertised for 'locksmiths. . . used to working unsupervised on strongrooms and safes'.

The former chief engineer of a security electronics company has shown us evidence of his company's supplies of bugging and debugging equipment to HMGCC. Since, to the annoyance of commercial bug-makers, only small quantities are bought, the purpose would seem to be testing and comparison against the government's own devices.

The unit most involved in bugging work is the Diplomatic Telecommunications Maintenance Service (DTMS), which has offices in London as well as Hanslope Park. Together with MI5, DTMS was responsible for the bugging of Harold Wilson at Downing Street and Westminster - well-publicised by Chapman Pincher in the *Daily Express*. Also, DTMS took part in the massive bugging and tapping operations during the Rhodesia negotiations at Lancaster House.

It appears that personnel associated with DCS supplied *de-bugging* services on both these occasions. Private 'sweeping' was arranged for Wilson in 1975, and carried out by a team hired, directly or indirectly, from DCS. During the Lancaster House conference, it became obvious to both Joshua Nkomo and Robert Mugabe that they were under surveillance. 'Tiny' Rowland of Lomrho, who supported Nkomo's trip financially,

hired on his behalf a sweeping team from DCS. It is hard not to wonder about the value of assistance from firms so closely associated with the secret services themselves.

SENIOR GOVERNMENT OFFICIALS also flitted in and out of the DCS business. Pemberton himself mentioned two of them in an interview with the *Observer* business section in May 1973 (when he was modestly eager to publicise anti-bug capacity). They were John O'Connor OBE, formerly of the Home Office 'Communications Division', and Major-General Sir John Anderson, who retired as Assistant Chief of the Defence Staff for Signals in May 1972. Between 1974 and 1976 Anderson was a director of DCS, after which he went to Brussels as Director of NATO's Integrated Communications System Management Agency (NICSMA). 1976 was also the year in which Colonel Goss passed briefly through DCS en route to full-time work in the Cabinet Office. (Goss said this week that he 'wasn't prepared to discuss any government or military service'.)

All this suggests that 1976-77 marks the time when DCS was reduced to being a private concern of Colonel Pemberton's. The shares which Goss and Anderson had owned were transferred to Pemberton's two sons. But some training contracts seem to have been retained, together with arrangements to handle scrambling equipment made by a Swiss company called Gretag. Today, apart from confirming that DCS is still operative, Colonel Pemberton has little to say.

People like myself in this sort of business should be able to treat their affairs as confidential. I don't like these inquiries at all.

Roy Astley-Richards said he was 'not prepared to discuss anything' concerning work with DCS or the government. One ex-employee said: 'We did government work, yes. But that's none of your business.'

There is something remarkable in official tolerance of wholesale marketing of supposedly-secret intelligence expertise - especially when coupled with hysterical attacks on any public discussion of security operations. But, more seriously, 'commercial' involvement in providing security for unsavoury - and potentially unstable - regimes can involve Britain in foreign-policy disasters without anyone having taken real responsibility for their origins. Those who suffer from the attentions of British-trained 'covert entry specialists' or 'silent killers' cannot be expected to draw fine distinctions about private and public enterprise when the British parliament is quite unable to do so.

Recently (28 July 1978) the NS exposed the remarkable example of KMS Ltd (now Saladin Security Ltd) which was selling the government's own security experts back to it, sometimes even before their official service had terminated. The antecedents of KMS/Saladin are such as to make the firm a strange ally for any government department: during the Sixties some of its principals (strongly linked to the secret world) were involved with a full-scale war in the Yemen which was in flat opposition to declared British foreign policy. The question of just who was in charge then has never been resolved: an immediately contemporary, but related, problem is the question of who trained the Shah's much-hated SAVAK thugs. The Shah has said it was done in Britain. By the government? Or by the 'alter-native government' of the secret world?