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D/Sec(NATO/UK)(C) Box 2

THE WALLACE CASE.

Report by Mr A G Rucker to Sir Michael Quinlan,
Permanent Under Secretary Ministry of Defence

FINAL COMPLETE VERSION

NOTE: This Version contains references to Labour Ministers and
comments by the author of this paper.

I. INTRODUCTION

Background

1(U). Between 1968 and 1975 Mr John Colin Wallace served as an
Assistant Information Officer, an Information Officer and finally as
a Senior Information Officer at Headquarters Northern Ireland Command
(HQNI). His duties embraced both normal Public Relations (PR) work
and what was referred to at the time as "Information Policy (IP)".
The extent to which IP involved Mr Wallace and his colleagues at HQNI
in arranging unattributable press briefings on sensitive matters and
in such further functions as "psychological operations (psyops)",
"black propaganda", "dirty tricks" or "disinformation" has become a
matter of contention. This issue is examined in this paper, as is
the organisation in which Mr Wallace worked, his reporting chain and
the extent of his discretion. (C) In late 1974 Mr Wallace was
suspected of having been responsible for a series of unauthorised
revels to the media and especially to Mr Robert Fisk, the Times
respondent in Northern Ireland; and he was consequently
ferred to Headquarters North West District at Preston, although
ime he was given a different explanation for his posting.

1 DELICATE SOURCE SECRET
DELIBERATE SOURCE SECRET

(U) Before he left Northern Ireland Mr Wallace was found to have left a RESTRICTED document about Information Policy at Mr Fisk's house, without any authority to do so. After the Attorney-General had decided that he should not be prosecuted, he was informed that he would be dismissed. He appealed to the Civil Service Appeal Board (CSAB), which rejected his appeal but concluded that he should be allowed to resign instead of being dismissed. After his resignation in 1975, he at first had difficulty in finding alternative employment; but in 1976 he was employed by Arun District Council as an Information and Liaison Officer. Mr Wallace married Miss [REDACTED] in August 1975: [REDACTED]. In 1980 Mr Wallace was charged with the murder of Mr Jonathan Lewis, with whose wife he had formed a sexual relationship; he was convicted of manslaughter in 1981 and served a 10 year prison sentence, from which he was released on parole in 1986.

2(U). Mr Wallace has made a number of allegations, the most serious of which may be summarised as follows:-

(a) Mr Wallace contends that he was unfairly required to resign and that his appeal was conducted unfairly, especially because MOD failed to disclose important information about the nature of his duties at HQNI.

(b) Whilst employed at HQNI, Mr Wallace claims to have been involved in a project known as "Clockwork Orange", which...
entailed the collection and unattributable publication of sensitive and in some respects untrue information designed to denigrate leaders of extremist organisations in Northern Ireland, certain Northern Ireland politicians and also certain British politicians.

(c) He alleges that the Security authorities, especially the Security Service and the RUC, deliberately failed, over a long period, to use information in their possession to stop homosexual assaults on children at the Kincora Boys' Home, Belfast; and that they subsequently covered up their failure to do so.

(d) Mr Wallace claims that he was unable to give information in his possession to the various Inquiries into the Kincora scandal, because MOD refused to give him any adequate assurance that he would not be prosecuted under the Official Secrets Act if he disclosed security classified information.

(e) Mr Wallace maintains that he was wrongfully convicted for manslaughter and claims that he may have been framed.

These and other allegations have been the subject of lengthy correspondence between Ministers (including the Prime Minister) and Mr Wallace, Captain Holroyd (a former Intelligence Officer who has a long and no less controversial case history of his own) and with a number of Members of Parliament (including Mr Michael Marshall,
Mr Teddy Taylor, Mr Ken Livingstone and Mr Tam Dalyell). Mr
Wallace's and Captain Holroyd's allegations have also been the
subject of a book by Mr Paul Foot ("Who Framed Colin Wallace?",

3(5). On 14 September 1989 the Cabinet Secretary held a meeting
with senior representatives of the MOD, NIO, Home Office and Security
Service to consider Mr Wallace's case. The meeting noted that it had
recently come to light that MOD's advice to Ministers in 1987 and
1988 had not taken account of certain material originating in 1975.
As a result a letter from the Prime Minister to the Chairman of the
Treasury and Civil Service Select Committee (TCSC) in 1987 had been
inaccurate in certain respects. It was agreed that the Defence
Secretary should be advised to minute the Prime Minister with the
background, proposing that a public statement should be made
correcting the inaccuracies contained in previous Ministerial
statements; and that this statement should be made as soon as the
Government could be confident that all new material relevant to the
case had been uncovered. The proposed statement should indicate that
the Government had passed all relevant new material to the Civil
Service Appeal Board (CSAB) with a request that it should consider
whether it would have affected Mr Wallace's appeal against dismissal
without compensation in 1975. Meanwhile, officials in each of the
Departments represented should now examine in detail all their files
relating to the case; with a view to uncovering any documentation
casting doubt on the accuracy of the Prime Minister's letter to the
Chairman of the TCSC, or of other Ministerial statements on the
Wallace case, or on the evidence put by the Government to the CSAB in
1975. This exercise was to be coordinated by MOD. The Defence Secretary minuted the Prime Minister accordingly on 25 September 1989. The Prime Minister noted his minute and commented that it would be better if the Government took no responsibility in things done under previous administrations.

Aim

4(C). The aim of this paper is to provide a narrative record of those events in the Wallace case which concerned MOD, NIO and the Security Agencies. It is based on a study of the relevant files which are still available; but it is not (at this stage) based on interviews with persons involved with the case at the relevant periods. It is not the aim of this paper to make any judgements about any future action that might be taken over this case. Nor does this paper seek to discuss Captain Holroyd’s allegations, except where they are directly related to the Wallace case.

Structure and Methodology

5(U). This paper is in eleven parts, as follows:

I Introduction (paragraphs 1-9);

II Mr Wallace’s appointment, promotion and duties at HQNI (paragraphs 10-40);

(C) III Mr Wallace’s posting from HQNI following leaks to the
DELICATE SOURCE SECRET

Press (Paragraphs 41-62);

IV The decision to dismiss Mr Wallace (paragraphs 63-96);

V Mr Wallace's appeal to the CSAB and his resignation in lieu of dismissal (paragraphs 97-128);

VI Subsequent events concerning Mr Wallace between 1976 and 1980 (paragraphs 129-147);

VII The control and demise of "IP" in 1975 and 1976 (paragraphs 148-164);

VIII The Terry Investigation on Kincora (paragraphs 165-229);

IX The Hughes Inquiry on Kincora (paragraphs 230-302);

X Allegations made by Mr Wallace from 1980 onwards (including his allegations about the "Clockwork Orange" project and the Kincora scandal) (paragraphs 303-358);

XI Ministerial statements about the Defence aspects of the Wallace case (paragraphs 359-399).

In accordance with the author's terms of reference, there are no Conclusions or Recommendations. Each part of the paper comprises a Narrative which is intended to be a factual record of the sequence of
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events as shown by documents found on MOD Files; and Comments, which
represent the views of the author only but which hopefully may be
helpful to the reader. Each paragraph is classified separately, the
classification being the author's view of the sensitivity of the
contents today rather than at the period referred to.

6(U). All the documents to which reference is made are listed in
footnotes: where the same document appears on several files, only
one reference is given. This is normally a MOD file, but sometimes
another Department's file reference is quoted. The Narrative is
intended to give a sufficiently full summary of the most important
documents to save the reader from having to refer to them directly:
but a small number of documents, which it is believed that the reader
would wish to study in full, are attached as Annexes. It should be
noted that many of the relevant MOD files have been destroyed, so
that the available documentation is quite limited: but, in the short
time allowed for this study, it has proved impossible to be certain
that every relevant file has been identified and others could well
come to notice subsequently. Because many of the events described
took place up to twenty years ago, some of the people involved were
subsequently promoted or given honours. It is felt that it could be
confusing to the reader to give them their later ranks and titles;
and the convention has therefore been adopted of referring to them
by the ranks and titles which they held at the time of the events
being described.

7(U). This paper is based mainly on papers found on MOD and HQNI
files. It does, however, take account of separate reports made by
DELICATE SOURCE SECRET

the NIO\textsuperscript{1} and the Security Service\textsuperscript{2}. The Home Office have considered separately\textsuperscript{3} Mr Wallace's trial, his conviction for manslaughter and his petitions for his case to be reviewed. They have taken account of the re-examination of Departmental files described in this paper. As they have found no evidence of any connection between his conviction and his work at HQNI or the Kincora affair, this paper does not cover Mr Wallace's allegations about his trial.

8(U). References are made to Labour Ministers (other than the Attorney General) in the following paragraphs:

Parallels 19, 26, 31, 35, 44(Footnote), 52, 57, 76, 77, 78, 133, 134 139, 140, 149, 150, 151, 152, 155, 162, 163.


\begin{enumerate}
\item NIO letters dated 31 October and 16 November 1989 and Narrative Summary of NIO Files dated 10 November 1989 (MOD File D/Sec(NATO/UK)(C)/Box 2).
\item Security Service letters reference PF 608951/KIOR/1 dated 20 October 1989 and reference PF 608951/LA dated 6 November, 10 November and 17 November 1989 (MOD File D/Sec(NATO/UK)(C)/Box 2).
\item Home Office letter reference SPL/89/4/3/7 dated 4 December 1989 (MOD File D/Sec(NATO/UK)(C)/Box 2 Part B, Enclosure 52).
\end{enumerate}
III LEAKS TO THE PRESS AND POSTING FROM HQNI

Narrative

Unauthorised Visit to the Republic

41. Mr Wallace came to notice in a less favourable way in October 1974. Having applied to accompany the British Parachute Jumping Team to an international competition, which was to have been held in Hungary but which was moved to Austria, he in fact went on holiday in Eire with (later Mrs Wallace), a . Because of this foolish action, about which he did not seem to have been honest, a Top Enclosure Card was placed on his files on 14 October 1974, requiring the Army Security Branch to be consulted about his posting, transfer or change of duties. Mr Stringer (Command Secretary HQNI) commented that he would not have recommended Mr Wallace for promotion because of his irresponsibility - although he understood that he was a good Information Officer.

Suspected Leaks

42. In late 1974 a series of newspaper articles were published


52. See for example, the Top Enclosure Card on Mr Wallace's Personal File 205912PP.6860.
DELICATE SOURCE SECRET

in the Province and in Great Britain which contained information which could only have been obtained from A-Protection of Method in Northern Ireland. In chronological order these leakages were as follows.\footnote{Report by the Security Service dated 9 December 1974, paragraphs 1 and 6, forwarded by the Director General of the Security Service to the NIO PUS and sent by the latter to the MOD PUS on 11 December 1974 (MOD File PUS 54/34 Part I Enclosure 4).}

(a) A report by Mr Robert Fisk in the Times of 14 August 1973 indicated that he had seen an example of the "blue card" issued to troops in Northern Ireland and instructing them in arrest procedures.

(b) During a protest to Mr Douglas-Home of the Times about the publication, it became plain that a CONFIDENTIAL signal sent by the CIO HQNI (Mr Broderick) to all units in Northern Ireland instructing them to be cautious in their dealings with Mr Fisk was in the possession of, or certainly known to, the Times.

(c) On 19 March 1974 Mr Fisk published an article in the Times stating that SAS units were operating in Northern Ireland.

(d) On 31 August, 2 and 3 September 1974 Mr Fisk published a series of articles stating that there was to be a large increase in the strength of the RUC reserve, the regular
DELICATE SOURCE SECRET

police in the province and the part-time UDR and a large reduction in the presence of the Army there. Government views on the timing of these announcements were also discussed in these articles. That they were based on a leaked CONFIDENTIAL NIO memorandum was confirmed by a direct quotation from this document in the Times Diary on 24 September 1974.

(e) The same Times Diary story reported that on 1 September a CONFIDENTIAL signal had been sent to all units in Northern Ireland asking that approaches made to them by Mr Fisk in the previous two days should be reported.

(f) There was information from a A-Protection of Method that Mr Fisk was aware on DATE that reports under this instruction had included the fact that on DATE F-Relevance Grounds

(g) The A-Protection of Method disclosed that on DATE Mr Fisk had told his girlfriend that "a friend of ours" had called at his home DATE and had given him photocopies of secret papers from Stormont Castle related to the Army’s activities during the Ulster Workers Council (UWC) strike. At the time DATE it was understood that Mr Fisk proposed to use these papers in the preparation of a book about the strike.
(h) The Times of 5 December 1974 contained a further article by Mr Fisk referring to an intelligence operation by the Army in Northern Ireland using a computer linked to observation posts beside main roads in Ulster.

43(S). Following the leakage described at subparagraph 42(d) above, (described as "Leakage No 1 in subsequent papers), Sir Frank Cooper wrote on 25 September 1974 to the Head of the Civil Service (Sir Douglas Allen) proposing that it should be investigated by the Security Service. This was agreed and the Security Service report was completed on 9 December 1974. Sir Frank Cooper sent it to Sir Michael Cary on 11 December. The report covered all the leakages referred to in paragraph 42 of this Paper. It is clear from the Security Service report that some of these leakages had already been investigated by HQNI, but the HQNI reports are no longer available. The conclusion of the Security Service was that Mr Wallace was probably the source for all the leakages that they had examined.

44(S). HQNI had investigated the "blue card" leakage and had apparently concluded that Mr Wallace was responsible; but, as the Security Service acknowledged, he could have had an acceptable explanation for his action. There was no hard evidence that Mr Wallace had told Mr Fisk about the CONFIDENTIAL signals and


55. Unreferenced letter of 11 December 1974 (See Note 49).
DELICATE SOURCE SECRET

reports following the "blue card" and "Leakage No 1" incidents, or given him copies of them; but he would have known about them and could have done so. Similarly, he could have told Mr Fisk about the SAS units in Northern Ireland, although HQNI had apparently concluded that that leakage probably occurred in England.56

45(5). It seems that HQNI had established that Mr Broderick and Mr Wallace had discussed the NIO draft statement about the police and the UDR build-up ("Leakage No 1") on 29 August 1974 and that both had felt quite strongly that the proposed Army force reductions should be announced simultaneously, (so as to avoid press allegations of deceit.

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56. MoD Sensitive Information

A defensive press brief was prepared, which was sent by Col [redacted] (MO4) to Brigadier Garrett on 2 January 1974, with an instruction (eminating from Lord Carrington) that in Northern Ireland it was to be held only by the CPRO (Mr Broderick) (Enclosure 102). However, the Cameron Report indicated that Mr Wallace had sight of it. The story appeared in The Times (from Mr Fisk) and in The Guardian on 19 March (Enclosures 107 and 108) on 19 March. A paper by Mr Mason (the incoming Defence Secretary) dated 28 March 1974 (Enclosure 120) is also relevant.
DELCATE SOURCE SECRET

about HMG’s intentions). They had gone to Stormont on 30 August to represent their views, but had been unsuccessful. Earlier on [DATE] Mr Wallace had telephoned Mr Fisk in Dublin; and on [DATE] he had visited him in his house, where he claimed Mr Fisk showed him a document which appeared to be the NIO draft. The following day Mr Fisk revealed [A-Protection of Method] his knowledge of the Army’s investigation of his activities (see subparagraph 42(f))

46(S). The significance of Mr Fisk’s disclosure [A-Protection of Method] about the delivery of "secret papers" on the UWC strike (see subparagraph 42(g)) was that Mr Wallace had apparently told HQNI that he had visited Mr Fisk at his home on the relevant day and had then discussed his projected book about the strike.

47(S). [A-Protection of Method] reported that Mr Fisk arranged meetings with Mr Wallace after [DATE] that Mr Wallace told him that he was close to a very big story; that they arranged to meet at a public house selected because it was some distance from HQNI; and that they met on [DATE] when Mr Fisk read Mr Wallace the text of his 5 December article about the computer-linked observation posts. Mr Wallace apparently later reported this meeting to his superiors and told them that Mr Fisk’s information about the computers had come from a Post Office source.

57. See sub-paragraph 59(a).

58. The information given in paragraphs 36–39 is all drawn from the December 1974 Security Service report (See Note 49).
DELICATE SOURCE SECRET

48(S). The report concluded:-

"It is of course possible that these several leakages of information were from a number of sources. But someone who figures as a common factor in all the incidents and must be considered a strong candidate as the principle source of FISK's unauthorised information and of Leakage No 1 in particular is Colin WALLACE, ...."

"... The evidence for WALLACE being a source of unauthorised disclosure to FISK is all circumstantial, although its cumulative weight is strong. For his involvement in some of the leakages to FISK WALLACE might be able to produce an explanation compatible with a generous view of his discretion as an Information Officer (as with the disclosure of the Blue Card). But the pattern of the relationship between him and FISK and, in particular, its clandestine elements, are very difficult to reconcile with innocence ..."

The report was supported by a detailed account of the intelligence derived from A-Protection of Method. The latter was returned to the and no copy was kept in MOD.

49(S). In an accompanying note59 the Security Service discussed three possible courses of action which might be taken, subject to the views of the Attorney-General. They saw two problems: -

"The evidence against WALLACE in its most significant parts derives from A-Protection of Method which severely limit its use for overt purposes"; and

"There can also be no certainty that FISK does not possess other sources in official circles whose identity is unknown".


60. December 1974 Security Service Report paragraph 1 (See Note 53).
One option was to leave Mr Wallace where he was and to continue the investigation: this was not recommended because of the risk that Mr Fisk would acquire even more delicate information, because obtaining directly incriminating evidence would take too long and because Protection of Method were needed elsewhere. A second option was to challenge Mr Wallace as being the source of Mr Fisk’s information: this course would be a logical next step but would have the disadvantages that due to the difficulty over Protection of Method and due to "the extent of the discretion allowed to WALLACE in the discharge of his duties ...." the outcome of such an interview could well be no satisfactory acknowledgement of his guilt; that if the papers on the UWC strike were still in Mr Fisk’s possession, the best hope of recovering them would be for a police officer to call on him with a search warrant and this could not safely be delayed until after Mr Wallace had been challenged; and that taking such action could lead to a situation in which the Attorney General would need to consider a possible prosecution under the Official Secrets Act of the Times correspondent in Northern Ireland. The third option was that MOD should move Mr Wallace from HQNI: it was recognised that this would deny him any opportunity of hearing why he was being removed and of stating his side of the case and that he would no doubt have his suspicions and voice them to Mr Fisk; but there was thought to be less likelihood of adverse publicity from this course, which

(See Note 53).

(See Note 53).
necessarily involved leaving Mr Fisk in possession of the so-called secret papers\(^{63}\). In an internal submission to Sir Frank Cooper Mr Waterfield had concluded\(^{64}\) that these documents would not now be seriously damaging to national security if used or published; and that MOD departmental action to post Mr Wallace forthwith from his present duties would therefore be the more prudent course.

Posting to HQ NW District

50(S). On 11 December Sir Frank Cooper wrote\(^{65}\) to Sir Michael Cary rejecting both the first and the second of the Security Service’s options. Mr Wallace could not be left where he was: and a confrontation with him could be unproductive and would certainly be messy. He had already been used by the Army for planting unattributable material and he had been regularly debriefed by HQNI Intelligence Officers in respect of information which he had gained from journalists in return. This situation not only provided Mr Wallace with a natural defence but could also place the Government in an embarrassing position in the event of a confrontation, whether or not this led to a prosecution. Sir Frank Cooper therefore favoured moving Mr Wallace from HQNI, even though this meant abandoning the classified material held by Mr Fisk on the UWC strike. The NIO

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\(^{63}\) December 1974 Security Service Report paragraph 2(iii). (See Note 53).

\(^{64}\) Loose minute from Mr Waterfield to Sir Frank Cooper dated 9 December 1974 (NIO File SEC 35/88/11).

\(^{65}\) Unreferenced letter from Sir Frank Cooper to Sir Michael Cary dated 11 December 1974 (MOD File PUS 54/34 Part I, Enclosure 4).
DELCIATE SOURCE SECRET

assessment was that no Cabinet papers were involved and that the most
that Mr Fisk could have got hold of were records of meetings between
Ministers and officials, between Ministers and members of the
Executive and between officials only about the progress of the strike
and the problems of military assistance to the civil authorities.
The risks of abandoning this classified material to Mr Fisk were not
judged to be overriding.

51(S). In the following few days Mr Waterfield saw, and asked the
Security Service to show Sir Michael Cary, some material (not on the
NIO file) which Mr Waterfield felt confirmed him in his belief that
Mr Wallace had acted "wrongly" rather than "mistrakenly"; that he had
been the sole source of material as distinct from gossip; and that
there was no other deliberate source in NIO of communications of
classified material. 66

52(S). On 17 December 1974 Sir Michael Cary held a meeting with
senior officials in NIO, the Security Service and MOD to discuss the
case. Sir Michael Cary recorded in a letter 67 to Sir Frank Cooper
that they had agreed that:-

"... We should now try to move Colin Wallace as soon as
possible into [a] post in North-West District which is at
present vacant. This can be represented quite fairly as a
sensible posting in career planning terms; although it is a
level transfer it is an independent command, and four years
in a Northern Ireland posting is long enough in all
conscience. To this end you [Sir Frank Cooper] will have an
early word with [Lt Gen Sir] Frank King [(the GOC)] and make

67. Letter from Sir Michael Cary to Sir Frank Cooper reference
PUS/74/1112 dated 17 December 1974 (MOD File PUS 54/34 Part I,
Enclosure 7).
DELICATE SOURCE SECRET

sure that he would be prepared, if necessary, to take a tough line on the need for the move, even to the extent of saying that he has lost confidence in Wallace in the light of his behaviour in recent weeks, which shows that he is suffering from stress, and that he is not prepared to take the risk of continuing Wallace in post at a time when developments, both on the military and on the political front, may put a very great strain on HQNI staff in general and PR staff in particular. You will also have a word with David MacDine [(the CIO)] to explain the action that is being put in hand, giving him as much, or as little, of the background as you think necessary. You and [Sir] Michael Hanley [(Security Service)] will also explain the position to the Attorney-General and get his agreement to the plan.

When all this had been cleared, Mr Chinneck (Deputy Chief of Public Relations (DCPR MOD) was to see Mr Wallace and try to persuade him to accept the move "as being a normal posting in his own interest". If he refused he would be told that the GOC was insisting on it. A minute of 18 December 1974\(^6\) records that the Defence Secretary (Mr Mason) was content with this course of action. A letter\(^\text{69}\) from Sir Frank Cooper dated 23 December 1974 recorded that the Attorney-General and the GOC had been consulted and Mr MacDine informed.

53(U). Mr Chinneck duly saw Mr Wallace on 24 December 1974. He reported\(^\text{70}\) to Sir Michael Cary that he had begun by explaining that:

"... the Department had decided in its own interests, and also in his own, that the time had come for him to be moved ....".

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68. Unreferenced Loose Minute from PS/Secretary of State to PS/PUS dated 18 December 1974 (MOD File PUS 54/34 Part I, Enclosure 8).


70. Unreferenced loose minute from DCPR to PS/PUS dated 24 December 1974 (MOD File PUS 54/34 Part I, Enclosure 12).
Mr Wallace said that he would have welcomed the move a year previously, but that he would now have great difficulty in accepting it. An aunt of his had terminal cancer and was not expected to live more than 12 months. Mr Chinneck then told him that:

"... The Department was determined to move him ... because they were concerned about his personal safety .... If he refused a move to GB, the Department would not be willing any longer to accept responsibility for his safety in Northern Ireland. If he was not willing to accept the move to NW District we should have no alternative but to ask for his resignation."

In reply to a question Mr Chinneck confirmed that Mr Wallace’s annual confidential reports had been satisfactory. Mr Wallace asked for an 8 to 12 months stay of execution, but this was refused.

Mr Wallace was invited to let Mr Chinneck know his decision early the following week.

54(U). On returning to HQNI, Mr Wallace twice saw the Chief of Staff at his own request. In a file note 71 Brigadier Garrett recorded that the first interview took place on 31 December (or perhaps 1 or 2 January). Mr Wallace had again asked if his posting could be postponed for 6-8 months. He had explained that he had been involved over the previous five years in a number of highly sensitive IP projects and in the last month or two the Press had hinted that he had been directly involved in some of them. If he was posted at short notice, the Press would conclude that he had in fact been

71. Loose Minute by COS HQNI dated 8 January 1975, no longer available on MOD files. A copy was found on the Security Service’s HQNI file and passed to MOD in October 1989. This is now filed at on MOD file D/GS Sec 66/13/1 Part F, Enclosure 36.
involved in them. Adverse publicity would accrue to the Army and he would be placed at considerable security risk. Brigadier Garrett explained that the posting was in his career interests: Intelligence and Security staffs believed his posting to be desirable because of the rumours circulating in the Press. He saw very little chance of getting the posting postponed by 6 months but would see if it could be delayed until late March or early April. Mr Wallace said that he would be reasonably happy with that.

Meanwhile, on 31 December Mr Waterfield had discussed the situation further with the Security Service. They noted that it would be necessary to take action to remove [REDACTED], Mr Wallace’s girlfriend, from E-Staff Designation and the Security Service took note [REDACTED]. The Security Service had also shown Mr Waterfield some further E-Transmission Method concerning leakages about the short supply of helicopters (owing to the lack of sufficient spare parts) and the use of other aircraft for photographic purposes. On 2 January Mr Waterfield, reflecting Sir Frank Cooper’s concern about delay, went to see Mr Geraghty, Mr Groves and Mr Bell (PS/PUS) at MOD. The GOC was now reported to be in favour of a “contained extension” for Mr Wallace’s tenure of his post at HQNI, since Mr Wallace knew of “at least two ‘discreditable actions of disinformation by the Army’, one relating to the UDA” and

72. File Note by Mr Waterfield (NIO File 35/88/11, Enclosure 74).

73. Loose Minute from DUS(CM) to PUS reference DCM 8/10 dated 3 January 19/5 (MOD File PUS 54/34 Part I, Enclosure 14). See also a file note by Mr Waterfield (NIO File 35/88/11, Enclosures 75–77).
DELICATE SOURCE SECRET

the GOC was anxious that Mr Wallace might reveal these. Mr Waterfield, however, argued for rapid action. Very delicate negotiations were in progress in Northern Ireland which could be sabotaged by premature disclosures. The NIO owed a report to No 10 on the leak enquiry. And there was moreover concern about the new leak (on helicopters\textsuperscript{74}).

56(U). Following a further meeting chaired by Sir Michael Cary, the Chief Information Officer (CIO) at HQNI (Mr McDine) was informed\textsuperscript{75} that the posting must take place in early February: if Mr Wallace refused, he should be offered 3 months paid leave and asked to leave the Civil Service. Mr Wallace was interviewed again\textsuperscript{76} by Brigadier Garrett on 7 January 1975, with Mr McDine present.

Mr Wallace repeated his concern about Press stories on sensitive IP work, expressing particular concern about the Times and the Guardian: he said that Mr Fisk was no friend of the Army and that he personally had very few contacts with him: certainly he had no power to influence him against running the stories. Brigadier Garrett suggested that, with his many contacts in the Press, Mr Wallace had

\textsuperscript{74}See paragraph 70, which refers to a later admission by Mr Wallace that he had given Mr Fisk information about helicopter spares. It is understood from the Security Service that their records show that HQNI had confirmed that the original document was classified SECRET (letter from the Security Service dated 20 October 1989 (see Note 42)).

\textsuperscript{75}Recorded in loose minute by COS HQNI dated 8 January 1975 (See Note 67). See also a note by Mr Waterfield (NIO File 35/88/11, Enclosure 80).

\textsuperscript{76}Loose minute from COS HQNI dated 8 January 1975. (See Note /1). Mr McDine signed at the bottom of the minute, saying that the record of the discussions in which he had taken part was correct.
DELICATE SOURCE SECRET

the power to prevent such stories being run. Mr Wallace refused the offer of an interview with the GOC. He later again expressed concern about his aunt to Mr McDine; and he was told that, if posted on detached duty, he would be entitled to some assisted travel back to the Province from HQ NW District.

57(U). A signal\(^{77}\) from the GOC to Sir Michael Cary and a loose minute\(^{78}\) from Mr Groves to Mr Geraghty recorded that Mr Wallace reluctantly accepted a posting on detached duty terms to HQ NW District from 5 February 1975. He would go on leave from the following weekend until 27 January, when his successor (Mr Winterford) would arrive in Lisburn for a "very short takeover". Mr Wallace would then depart to make personal arrangements for his transfer and would travel to England on 4 February. Mr Geraghty\(^{79}\) agreed that this was a reasonable solution and Mr Mason expressed\(^{80}\) his satisfaction. At the same time Mr Waterfield learned that\(^{81}\).

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77. NORIRELAND Signal 0914402 JAN 75 to MODUK (MOD File PUS 54/34 Part I, Enclosure 16).

78. Loose minute from CPR to DUS(CM) reference CPR/8 dated 8 January 1975 (MOD File PUS 54/34 Part I, Enclosure 17).

79. Loose minute from DUS(CM) to CPR reference DCM/8/10 dated 8 January 1975 (MOD File PUS 54/34 Part I, Enclosure 18).

80. Loose minute from PS/SofS to CPR reference MO22/5 dated 14 January 1975 (MOD File PUS 54/34 Part I, Enclosure 19).

81. File Note by Mr Waterfield (NIO File 35/88/11, Enclosure 81).
58(S). It sometimes happens that the Security authorities have evidence that an individual has committed a serious breach of security, but cannot confront him with this evidence because to do so would compromise A-Protection of Method. Such a situation is always unsatisfactory, because it is generally necessary to take some action to the individual's disadvantage without giving him any opportunity to explain his side of the story. This is the dilemma which arose over Mr Wallace, and the papers show that those who dealt with his case were fully aware of it. But they felt that they had no choice but to post him out of Northern Ireland as soon as possible.

59(S). Reading the papers on MOD files, 15 years later, it would seem that a disciplinary case against Mr Wallace would have been difficult to prove. The extent of the discretion which he might have been given would have added to the difficulty.

(a) If Mr Wallace had denied responsibility for "Leakage No 1" or for the CONFIDENTIAL signals leaks, it is hard to see how they could have been pinned on him: and it would seem that there was no evidence at all that he was responsible for the SAS leak. \(^{82}\)

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\(^{82}\)Mr Wallace later appeared to claim that "Leakage No 1" was from a NIO source ("Political and security implications .... relating to .... Kincora", page 8 (see Note 17)). On the other hand, in an article in the Daily Mirror on 9 April 1987 (MOD File D/GS Sec 66/13/1 Part D, Enclosure 8) Mr Foot, who had just
(b) He might well have had an acceptable explanation for the "blue card" leak: and perhaps even for "Leakage No 1" (if he had been forced to admit to it) - he might, for example, have said that he had believed that Mr Broderick had wished him to leak the story.

(c) It seems very likely that he was responsible for telling Mr Fisk about the computer-linked observation posts (but the information came from A-Protection of Method). At this distance of time, it is difficult to say whether this was incontestably a damaging breach of security or whether (if this leak could have been pinned on him) he might have attempted to argue that it was in the Army's interest to make it known.

(d) He would have had most difficulty in explaining his actions over the UWC strike "secret papers", if they could ever have been put to him. The evidence for thinking that he gave some papers to Mr Fisk seems strong (although again much of it emanated from A-Protection of Method).

(Footnote 82 continued from previous page) began to take an interest in Mr Wallace's case, reported that "Colin Wallace says he leaked plans by Rees, then Secretary of State for Northern Ireland, to set up a special community police force"; no doubt, if confronted with this apparent admission, Mr Wallace would say that Mr Foot had misreported him.
DELICATE SOURCE SECRET

But the problem over this incident was that no-one knew what these secret papers were. That Mr Fisk's book was a worry was confirmed in early January 1975, when Mr Fisk told the GOC that he believed that in the UWC strike the Army had "done a Curragh" and defied or mutinied against the Government. The book was published in 1975 and it may be that the NIO could say whether any parts of it appear to have been based on documents leaked from Stormont. It is, of course, quite possible that the "secret papers" were not classified SECRET and that they may not even have been all that damaging. That seems on the whole to have been Sir Frank Cooper's view.

60(s). While each of these incidents might thus have been open to some kind of explanation if taken in isolation, their cumulative weight was understandably judged to have been strong. Mr Wallace was not shown to be the only possible source for these leakages; and he might have had explanations for some of them (if he had ever admitted them). But, as the Security Service pointed out:--

"The pattern of the relationship between [Mr Wallace] and FISK and, in particular, its clandestine elements, are very difficult to reconcile with innocence".

Later events certainly seemed to confirm that assessment. It was, of course, Mr Wallace's job to have close relations with journalists, including Mr Fisk. But if he did give Mr Fisk the "Leakage No 1" document, the CONFIDENTIAL signals, "secret papers" about the UWC
strike and the computer-linked observation posts story, then he lied to his superiors about all these incidents. And he did nothing to rebut such suspicions when on 7 January he told Brigadier Garrett that Mr Fisk was no friend of the Army and that he personally had very few contacts with him. If Mr Wallace had been left to continue making unauthorised disclosures, he could have done serious damage at a critical time in Northern Irish affairs and might even have put lives at risk. The decision to move him compulsorily as quickly as possible looks clearly correct. Such a move need not have destroyed Mr Wallace's career, which he could have continued successfully in England.

61(C). It is a pity, however, that MOD files contain no analysis of Mr Wallace's motives in making this series of unauthorised disclosures to Mr Fisk (on the assumption that he did so). Was he under the misguided impression that he was acting in the interests of the Army? Was he trying to "blow the whistle" on activities which he found distasteful (in which case why did he not do so more effectively)? Was he perhaps trying to act on behalf of some Protestant group(s) (but it is hard to make his actions fit into that pattern)? Did Mr Fisk have some sort of hold over him? Or was it just - and perhaps this is the most likely explanation - that he was trying to present himself as being close to the centre of things, with access to all the best stories? It is now impossible to answer these questions. Nevertheless, whatever his motives, it was necessary that he should be moved - and moved quickly.

62(S). It was also difficult to give Mr Wallace any good reason
DELCATE SOURCE SECRET

for his hurried and compulsory posting. Even so, and while
recognising the difficulty in which this placed Mr Chinneck (DCPR),
it does seem most unfortunate that he should have had to tell Mr
Wallace that the reason for his move was that the Department could no
longer accept responsibility for his safety in Northern Ireland.
There is no indication on MOD files that he was considered to be at
serious risk (although HQNI did later say that his position had been
to a degree compromised). It is a great pity that some other
explanation could not have been given to him.
DELIBERATE SOURCE SECRET

IV. THE DECISION TO DISMISS MR WALLACE

Narrative

The Leak of the Study Day Document

63(S). After Mr Wallace had accepted his posting to HQ NW District, events took a serious turn for the worse. On 16 or 17 January Mr Waterfield was given some further intelligence by the Security Service. As he told Sir Frank Cooper, Mr Wallace appeared to have more than one girlfriend and to be less than honest with about certain other matters. There was also no trace of his dying aunt, so far as the Security Service were aware.

64(S). On 21 January 1975 Mr (Security Service) gave Major General Woodrow (Director of Army Security (DSy(Army))) a note saying that Mr Wallace was known to have told Mr Fisk on DATE that he was leaving Northern Ireland in February on promotion. Mr Fisk was leaving Belfast in April. Both promised to stay in touch and

On 31 January Mr

83. Loose Minute from Mr Waterfield to Sir Frank Cooper (NIO File 35/88/11, Enclosure 87).

84. Note handed by Mr (Security Service) to DSy(Army) on 21 January 1975 (MOD Security File A/BR/SI/2/393, Enclosure 13).
DELICATE SOURCE SECRET

(MS Officer) had told Major General Woodrow that Mr Wallace might be helping Mr. Fisk to write another article, as they planned to meet on DATE. The Security Service would try to frustrate such a plan. On 3 February Mr Officer advised Mr Waterfield (NIO) that a Protection of Method had reported that

[Redacted]

65(U). On 27 January 1975 Mr Wallace returned to HQNI to start his handover. The arrangements for the handover were later disputed, but there is no doubt that he handed over his PR duties to Mr Winterford on 30 January. That left his IP duties to be handed over to Lt Col Railton (as the functions were then to be split). (S). At DATE Col M (Col GS Int HQNI) was informed that the Security Service had learned that Mr Wallace [Redacted] to Mr Fisk. (U) Col M accordingly arranged with Mr McDine that Mr Wallace should hand over all his remaining papers and keys to Lt Col Railton that evening after a farewell party (attended by the press); and at 7pm he believed that this had been done. On 30


86. Letter from Mr Officer to Mr Waterfield dated 3 February 1975 (MOD Security File A/BR/51/2/393, Enclosure 19).

87. Letter from Mr Officer to Mr Waterfield (Note 86).

MOD Docs - annotation added by the HIA Inquiry

DELCIATE SOURCE SECRET
DELCIATE SOURCE SECRET

January Mr Wallace had signed an Official Secrets Act declaration, which stated (inter alia):

".... I .... understand that I must surrender any documents, etc referred to in Section 2(1) of the Act if I am transferred from one post to another, save such as have been issued to me for my personal retention".

66(S). On DATE 1975 the Security Service notified Army Security that a had revealed that Mr Wallace planned to deliver one (and possibly two) documents to Mr Fisk's cottage in Ireland on 4 February before he left for GB. Mr Fisk would not be there. It was decided that the RUC should intercept Mr Wallace and search him. In the event he delivered the document before the RUC reached the cottage; but the RUC recovered the document through a police wife who was a neighbour of Mr Fisk and held the key. It was found to be the script of an Information Policy/Public Relations presentation given at HQNI to a joint military and RUC audience during the Commander Land Forces' Study Day on 31 January 1975. The script was classified RESTRICTED and described ways in which the Army could take the propaganda initiative against the IRA. The need for quick reactions to incidents was


90. Letter from the Security Service to the Cabinet Office (Mr ) reference E-File Reference dated 6 November 1989 (MOD File D/Sec(NATO/UK)(C)/Box 2, Part II, Enclosure 3/1).

91. Attachment to a loose minute from CGS to PUS reference CGS 1180 dated 25 February 1975 (MOD File PUS 54/34 Part I, Enclosure 24/1) (ANNEX B to this Paper).
DELICATE SOURCE SECRET

emphasised, as was the value of "white propaganda":-

"Like the adverts, we publicise our good actions, but may not mention the harmful side effects. In other words, we do not publicise our bad stories".

The document contained no suggestion that disinformation techniques might be used. On the contrary, it said:-

"It is essential that whatever statements are issued to the Press are accurate. By building up a reputation for accurate reporting we maintain our own credibility and at the same time undermine the terrorists".

The document quoted "The mission laid down in CLF’s directive":-

"The Army, in close cooperation with NIO and the RUC, and in conjunction with military operations, is to implement a coordinated and aggressive information plan to destroy the will of the Provisional IRA and Protestant extremists to continue their campaigns".

Reference was made to four main targets in the IP Directive, including:-

"The denigration of extremist leadership (particularly the \( \text{PIRA} \) leadership)".

The document went on to say that this depended on:-

"... the effective use of good usable intelligence – that is information which will not compromise intelligence sources. This intelligence covers such things as personal rivalries, criminal involvement and connections, moral weaknesses, personal finances and in particular any hint of embezzlement or extortion".

After referring to legal contraints and political complications, it was made clear that such attacks could only be launched after authorisation at the monthly IP meetings at HQNI, the arrangements
for which were described briefly. The document concluded:—

"There is clearly a great deal more that can be done. But at last, after 5 years, we have a firm information policy agreed by Government. We have got, or will soon be getting, the staff and equipment necessary to carry it through. All we now have to do is to carry the Government along with us".

The references to the denigration of individuals were certainly controversial and the last sentence of the document might also have been so regarded. But otherwise, in the opinion of the author of this paper, the document was unexceptionable in the circumstances of the time. General Sir Peter Hunt (CGS) summarised it as being

"informal, pointed and challenging. It highlights the constraints to which we are necessarily subject, the lack of scruple of IRA propaganda and the need for swift and energetic reactions up and down the Army chain of command if we are not to be left behind in the propaganda race".

67(U). On 5 February 92 Mr Fisk returned to his cottage and was interviewed. He was very shaken. Asked if he had any other official documents, he said that he had not; recovering his composure, he said that he wished to consult his solicitor before making a statement. (S) On DATE after going to Dublin, Mr Fisk contacted 93 Mr Wallace. [redacted] A story Mr Fisk was writing at the time would not reveal that he had seen any Army documents.


DELICATE SOURCE SECRET

Investigation of the Leak

68(U). At 2.19pm on 6 February Mr Wallace was called\textsuperscript{\textperiodcentered} to the Deputy Commander’s office at HQ North West District, to be interviewed by the Police. In a subsequent note of an interview\textsuperscript{\textperiodcentered} with Mr Wallace on 11 February, Mr Groves has recorded that Mr Wallace denied to the police that he had put the document through Mr Fisk’s letter box. He explained that one of the policemen who had interviewed him had been a RUC officer and that he had felt that he could not reveal to the RUC the extent of the Army’s information policy activities (because of their alleged contacts with Protestant extremists).

69(U). On 7 February, while still in Dublin, Mr Fisk told\textsuperscript{\textperiodcentered} a British Press Officer, who happened to be in Dublin, that he had "a boatful of confidential papers": this was described as not being a confession but rather a "come and get me" approach. He was interviewed by the Head of Chancery in Dublin, but handed no papers over.

70(U). On 10 February Mr Wallace had gone to Wilton to be briefed

\textsuperscript{\textperiodcentered}Ibidem.

\textsuperscript{\textperiodcentered}Loose minute from CFR to PS/FUS reference CFR/8 dated 11 February 1975 (MOD File PUS 54/34 Part I, Enclosure 24).

\textsuperscript{\textperiodcentered}Loose minute from DSy(Army) reference A/BR/SI/2/393 to MA/VCGS dated 10 February 1975 (MOD Security File CPS/O/18371 Part I, Enclosure 23). See also the manuscript note at Enclosure 26 on MOD Security File A/BR/SI/2/393.
prior to taking up the post of SPRO NW District. Meanwhile the
decision had been taken to suspend him from duty while police
enquiries were continuing. GOC NW District therefore summoned him
back to Preston soon after his arrival at Wilton. On 11 February,
while passing through London, Mr Wallace asked to see Mr Groves. He
said that:

"... He was extremely worried about the situation in which
he found himself as a result of his activities in the
information policy field in Northern Ireland. He said that
he had over the last five years been drawn more and more
into these operations, of some of which he did not approve,
and that on at least one occasion his name had been linked
by the press with a rather more doubtful Army information
policy activity. He said he had attended his farewell party
in Belfast at the beginning of the month and that he had
become aware that a number of journalists including Fisk
were preparing to write stories linking his departure with
Army information policy activities in a way that would be
damaging to the Army. He had telephoned Fisk and had
arranged to drop some photographs into his house on Fisk’s
return from London. In view of the possibility of Fisk
writing a damaging story about Army information policy, he
decided to pass Fisk a copy of the presentation on
information policy which had been made to a joint audience
including the RUC. He thought that this would put the
matter more into context. When he arrived at Fisk’s house
Fisk was not in and he decided to put the document and the
photographs through the letter box."

Mr Wallace commented that the document was not classified, but then
agreed with Mr Groves that RESTRICTED was a classification. He
explained why he had lied to the police (see paragraph 68 above).
Mr Groves advised him to tell the police the truth at the first
opportunity. Mr Wallace then volunteered the information that he had
not passed any other classified documents to Mr Fisk, although he

97. See CPR’s loose minute to PS/PUS reference CPR/8 dated
11 February 1975 (MOD File PUS 54/34 Part I, Enclosure 24).

98. CPR’s loose minute to PS/PUS reference CPR/8 dated
11 February 1975 (MOD File PUS 54/34 Part I, Enclosure 24).
added that he had given Mr Fisk some information about the shortage of spares for helicopters in Northern Ireland. 99.

71(U). Later that day Mr Wallace admitted to the Lancashire Police that he had put the Study Day script through Mr Fisk’s letterbox; and he withdrew his earlier story about photographs. He added:-

"My handling of this incident may seem irregular. However, in the course of my job I frequently have to use unconventional methods to influence the press on some sorts of story of security forces activities. I have never given classified information or documents to any journalists except with prior clearance."

Mr Wallace’s Suspension from Duty

72(U). At 4.30pm that day Mr Wallace was interviewed by the Deputy Commander NW District and given a letter suspending him from duty forthwith, initially on full pay. A manuscript note on his Security File records that he had told the Deputy Commander that he was representing verbally and in a letter that he had been drawn into operations over the past 5 years of which he did not approve.

(C) Major General Woodrow had commented that:-

…([Col GS Int]) had been using him to plant information (this is for the propaganda machine to do).

99. See paragraph 55 and note 74.

100. Witness statement taken by Lancashire Police (NIO File 35/88/11).


DELICATE SOURCE SECRET

Later that day Major General Woodrow had rung Lt Col [redacted] (HQNI), who had said (inter alia):

"A lot of foolishness rather than viciousness".

That sentiment contrasted with the view of General Sir Peter Hunt (CGS), who had thought that Mr Wallace's action showed:

"A total lack of the human qualities of trustworthiness and discretion upon which relationships between colleagues depend".

Consideration of Disciplinary Action

73(S). On 21 March 1975 Sir Michael Cary held a meeting with senior officers and officials in MOD, NIO and the Security Service to review progress on the case. The meeting noted that Mr Wallace had been communicating with journalists from his office at HQ NW District and instructed to desist. He would be adopting the defence that his action was covered by the wide degree of discretion afforded to him by his superiors and he had given a number of examples of such

103. Loose minute from CGS to PUS reference CGS 1180 dated 25 February 1975 (MOD File PUS 54/34 Part I, Enclosure 24/1).

104. Record of a meeting held on 21 March 1975 reference MJVB/75/219/54/34 (MOD File PUS 54/34 Part I, Enclosure 28).

105. An unsigned note dated 21 March 1975 at Enclosure 27 on MOD File PUS 54/34 Part I presumably records the examples adduced by Mr Wallace in interviews with the Police.

One reference is to the planting of stories about UDA, IRA, UVF leaders, etc., to discredit them or
cases. The meeting recognised that there was a good deal of truth in
the examples he had adduced, although also some inaccuracies. The
most damaging related to an era in 1972/73 when there was general
support in Whitehall for positive steps to counter IRA propaganda:
information policy was now very much more closely controlled. It was
nevertheless agreed that it was unacceptable to continue to employ
Mr Wallace. The Department’s preference lay in the direction of a
successful prosecution, but that could not be guaranteed. Mr Sheldon
(Security Service) should liaise with HQNI with the aim of
establishing as firmly as possible the precise details of information
policy work which Mr Wallace might make public should he choose to do
so. He should then report the position to the Attorney-General.

74(U). During March 1975 Mr McDine told D/Inspector [REDACTED] (RUC)
that during his time as CIO HQNI Mr Wallace had not to his knowledge
been authorised to pass classified documents or the information
contained therein to Mr Fisk or any other media representative 106.

75(S). On 15 April 1975 Lt Gen Sir Frank King wrote 107 to

(Footnote 105 continued from previous page)

to make their organisations believe there was an
informe within their ranks: a manuscript note
probably contemporaneous) against this passage reads
"Element of truth". There is no direct reference to
"Clockwork Orange".

106. RUC witness statement signed by Mr McDine found on the
Assistant Secretary (Political)’s files at HQNI and
forwarded to MOD in August 1989 (now filed on MOD File
D/GS Sec/66/13/1 Part F at Enclosure 38).

107. Letter from GOC to PUS reference GOC 25 dated 15 April
1975 (MOD File PUS 54/34 Part I, Enclosure 35). The
title of the report is odd. (See Note 12).
DELICATE SOURCE SECRET

Sir Michael Cary enclosing the Cameron report entitled "Damage Assessment on disclosures of Information Policy made by Mr Colin Wallace following his suspension from duty in December of 1974" attached at ANNEX A (see Part II of this paper). In forwarding the report, the GOC said that on purely moral grounds there was a strong case for prosecution, but that the real crux of the matter turned on the question of Mr Wallace's discretion.

76(C). After further discussions at senior official level, Sir Michael Cary minute 108 the Secretary of State (Mr Mason) on 30 April 1975 saying that the police investigation had been completed and that the Attorney-General had initially decided not to prosecute but wished to know what action MOD would take in that event. The Department was clear that Mr Wallace must be dismissed: it no longer had any confidence in him and in any case his actions had been such as to make it necessary to deprive him of his NV clearance, which made him virtually unemployable. But because of the inability to use the E-Transmission Method, because the NV process was in itself covert, because Mr Wallace could argue about the degree of discretion afforded him and because of the damaging revelations he could make, the case would be by no means straightforward. Sir Michael Cary outlined the disciplinary charges which it was proposed to present and the appeal procedures that were available to Mr Wallace.

77(S). Sir Michael Cary then summarised the damage assessment (see

108. Loose Minute from PUS to SofS reference PUS/75/199/54/34 dated 30 April 1975 (MOD File PUS 54/34 Part I, Enclosure 46/1).
DELICATE SOURCE SECRET

paragraph 31) and attached some examples\textsuperscript{109} of episodes which Mr Wallace might publicise. Even if these episodes were publicised, the Department could live with the publicity. Mr Mason would however, wish to be assured that such activities had ceased; and to the best of MOD's knowledge and belief, such an assurance could be given. An Under Secretary had been appointed in the NIO with responsibility for overall direction and control of Information Services: and this would give the Army the political direction for its information policy for which it had pressed for some time. CGS would write to the GOC directing him that the Army Information Services in Northern Ireland were not to carry out "disinformation" activities and that, if any such activities were undertaken, the specific approval of NIO must be obtained through the new Under Secretary (Mr Leahy). It would be made clear that the PR organisation was in no way to be associated with the organisation of "psyops", "Information Policy" or "dirty tricks". It is understood from the NIO that these conclusions were also reported orally to Mr Rees\textsuperscript{110}.

78(S). On 9 May 1975 Mr Mason replied\textsuperscript{111}, agreeing that dismissal was the right course. But he wished to be very fully assured that "Psyops" and "Information Policy" activities, of the kind described

\textsuperscript{110}See a manuscript note from Sir Frank Cooper on Annex B to Enclosure 147 on NIO File 35/88/11

\textsuperscript{111}Personal minute from SoS to PUS reference MO 23/1 dated 9 May 1975 (MOD File PUS 54/34 Part I, Enclosure 51).
DELICATE SOURCE SECRET

in the attachment to Sir Michael Cary's minute\(^{112}\) had ceased. As he might personally have to give such assurances to Parliament, he asked that a close liaison should be set up between MOD and Mr Leahy so that he could be informed, and his approval sought, if any plans were made to undertake further activities of this sort. He attached importance to the PR organisation in no way being associated with the organisation of any such activities. The arrangements made to give effect to Mr Mason’s wishes, and to the similar wishes of the Secretary of State for Northern Ireland (Mr Rees), are described in Part VII of this paper.

Preference of Disciplinary Charges

79(U). On 13 May 1975 Sir Michael Cary learned\(^ {113}\) that the Attorney-General had decided not to prosecute. On the following day Mr Geraghty wrote\(^ {114}\) to Major General McQueen (GOC NW District), enclosing a letter to Mr Wallace preferring the following disciplinary changes:

"(a) After being ordered by Lt Col J D Railton, HQ Northern Ireland, on 31 January 1975 to give up documents in your care before your posting to NW District; you nevertheless intentionally retained an official document classified RESTRICTED, namely a draft of the Army Information Services presentation for the Commander Land Forces’ Study of 31 January 1975.

\(^{112}\) See Note 108-109.

\(^{113}\) Loose minute from PS/PUS to DUS(CM) and DUS(Army) reference MJVB/75/335/54/34 dated 13 May 1975 and letter from the Legal Secretary/Attorney-General to Sir Michael Cary reference 18/2/338 dated 14 May 1975 (MOD File PUS 54/34 Part I, Enclosures 51/1 and 53).

\(^{114}\) Letter from DUS(CM) to GOC NW District dated 14 May 1975 (MOD File PUS 54/34 Part I, Enclosure 57).
DELICATE SOURCE SECRET

(b) You subsequently improperly passed this classified document to a person not authorised to have access to it.

(c) You falsely stated to the investigating Police that you had not so retained and improperly disposed of the aforementioned document.

(d) After posting to the NW District, you continued to answer Press enquiries about Northern Ireland affairs after 6 February 1975 although you have been explicitly instructed by me on that date not to do so”.

Mr Wallace was given 7 working days to submit a written reply and was told that he could consult a friend, colleague or Staff Association representative.

80(U). On 20 May Major General McQueen replied115 saying that he had seen Mr Wallace on 19 May and given him the letter. He enclosed a copy of Mr Wallace’s reply contesting the charges and asking to present his case orally to someone fully conversant with Army information activities in Northern Ireland.

81(S). Meanwhile, on 2 May 1975 Mr Geraghty had minuted116 Sir Michael Cary saying that he had asked AUS(CM)(B) to consult further with the Treasury Solicitor about the propriety of asking the Secretary of State to issue a "National Security" certificate to an Industrial Tribunal, if Mr Wallace were to appeal to one. There was no

115. Letter from GOC NW District to DUS(CM) dated 20 May 1975 (MOD File PUS 54/34 Part I, Enclosure 58), enclosing a Letter from Mr Wallace to GOC NW District dated 20 May 1975 (attachment to Enclosure 58 on MOD File PUS 54/34 Part I).

116. Loose Minute from DUS(CM) to PUS reference DCM/8/10 dated 2 May 1975 (MOD File PUS 54/34 Part I, Enclosure 49).
precedent for the issue of such a certificate. A difficulty was that the Department was not charging, and probably would not be in a position to charge, Mr Wallace with being a threat to national security.

Mr Wallace's Reply to the Charges

82(U). Mr Groves saw Mr Wallace on 30 May 1975, in order to hear his reply to the charges against him. A record was made of this interview, agreed with Mr Wallace and incorporating his comments, together with some further representations which he later asked to have considered. Mr Wallace's main points were as follows:

(a) After referring to his role as "unattributable briefing officer" at the time of the Ulster Workers Council (UWC) strike in May 1974, Mr Wallace said that the appointment of Mr Cudlipp (previously of The Times) as Information Adviser to the Secretary of State for Northern Ireland had led to Mr Fisk waging a campaign against Mr Cudlipp based on leaks from the NIO.

(b) Towards the end of the summer of 1974 the Loyalists had told the Press that Mr Wallace was himself a participant in "black propaganda" operations against them. Later the IRA leadership had given Mr Fisk a copy of a document alleged to be Army black propaganda.

117. The final (corrected) version is at Enclosure 65 on MOD Secret Personal File 205912F.
(c) Mr Fisk had written a story based on a NIO confidential document. Mr Wallace had seen Mr Fisk's copy of this document and reported back to the Army.

(d) In January 1975 Mr Wallace had learned that a number of newspapers had begun to investigate rumours of black propaganda by the Army and himself but that these investigations had been dropped: the Sunday Times had heard that he had been removed from his post. A few journalists including Mr Fisk, who had been unable to attend Mr Wallace's farewell party, had invited him to a drink on 1 February. Mr Fisk was writing a book on the UWC strike and was the journalist whom he most feared regarding the possible exposure of Army and NIO IP operations. It became clear to Mr Wallace on 1 February that Mr Fisk knew of the workings of the IP Committee. On 2 February Mr Wallace heard from Mr Blundy (Sunday Times) that he too had been told that his posting was not voluntary. Mr Wallace had become worried about this and reported it to Mr McDine.

(e) Mr Wallace's main worry was about Mr Fisk who he believed had accepted the basis of IP policy laid down by

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118. Presumably this refers to the draft statement by the Secretary of State for Northern Ireland described as Leakage No 1 in the Security Services Report of 9 December 1974 (attachment to Enclosure 4 on MOD File PUS 54/34 Part I). That Report stated that Mr Wallace had told a HQNI investigation that he had visited Mr Fisk at his home on 22 September and was then shown a document which appeared to be the draft.
DELICATE SOURCE SECRET

HQNI, which he had explained to him on 1 February. But on 4 February:

"... to try to convince him, [Mr Wallace] had picked up some PR photographs and a copy of the script for the Study Day and called on Fisk. Fisk was out and Mr Wallace said that as he was due to sail from Ireland that evening he had decided to leave the document and to telephone from the office later. He made this call, one from the ferry and a third the following morning, all without success. He had learned later that Fisk was in Dublin".

83(U). Mr Wallace then went on to reply to the specific charges. On the first charge (retaining a RESTRICTED document after completing his handover), he disputed the timing of the handover and maintained that in any case it had not been completed because he still had to complete briefings for six feature articles and because it had been agreed that he would return at weekends to discuss IP matters with Lt Col Railton. On the second charge (improperly passing the document to an unauthorised person), he considered himself entitled to do so in order to counter the most serious threat of exposure of IP operations to have faced the Department. On the third charge (lying to the police), he said he could not discuss certain IP operations with the RUC. He had tried to obtain advice from HQNI and had made a full statement to the Lancashire Police after his interview with CPR. On the fourth charge (continuing to answer Press enquiries about Northern Ireland), he had only dealt with outstanding points and historical matters and after his suspension had told
DELICATE SOURCE SECRET

journalists that he was on leave and would contact them later.

84(U). Mr Wallace summarised the reasons for his actions as:

"Fisk with his good sources in Stormont and the RUC was a threat. If he, Wallace, had resigned and remained in Northern Ireland, he would have been at risk of being shot because his position with the Services had been compromised".

85(U). Mr Groves was left with the impression of a man who had been so mixed up in "background briefing" in the extraordinarily complex and suspicious atmosphere of Northern Ireland that he found himself unable to break away, although given the opportunity to do so. He also seemed to Mr Groves to have a very exaggerated idea of his own importance in the Ulster context.

HQNI Comments on Mr Wallace's Statement

86(U). HQNI commented on Mr Wallace's statement to CPR. They accepted that, certainly by the Summer of 1974, the Press were aware of Mr Wallace's personal involvement in IP and that his position could therefore be said to have been to a degree compromised: his own actions had, however, contributed to this. They were adamant that the handover was completed on 31 January, when Mr Wallace had been given every opportunity to hand over to Lt Col Railton any IP documents which he might still have in his possession. Mr Wallace

119. Loose minute from CPR to DUS(CM) reference CPR/8 dated 3 June 1975 (MOD File PUS 54/34 Part I, Enclosure 64).

did not mention the Study Day document when he spoke to 
Lt Col Railton from the ferry on 4 February. He was certainly not 
given any licence by HQNI to continue IP activities with the Press.

The Decision to Dismiss Mr Wallace

87(U). On 20 June 1975 PS/PUS told Mr Geraghty that 
Sir Michael Cary had decided, after reading Mr Wallace’s 
representations and the HQNI comments, that he should be dismissed. 
On 23 June Mr Geraghty advised that:

"(i) Charges (a) and (b) are proved. Charges (c) and (d) 
should not be proceeded with, since on these Mr Wallace’s 
explanations, though they do not by any means dispose of the 
charges, raise points which would need further enquiry 
before a final decision would be justified. In the light of 
(ii) below, this further enquiry is not essential.

(ii) The punishment should be dismissal. It is true that 
the document in question was no more than "Restricted", and 
it cannot be claimed that its improper disclosure presented 
a grave threat to national security. Nevertheless it is 
clear that Mr Wallace retained the document deliberately 
when he knew that he should have included it in his 
handover, that he has no acceptable explanation for his 
action in improperly passing it to Fisk and that he 
deliberately avoided telling his superior officers of what 
he had done, whereas if his intentions had been honourable 
he could not have failed to inform Col Railton as a normal 
part of his handover. This premeditated breach of trust on 
the part of an official in a responsible post merits 
dismissal."

121. Loose minute from PS/PUS to DUS(CM) reference 
MJVB/75/429/54/34 dated 20 June 1974 (MOD File PUS 54/34, 
Enclosure 73).

122. Loose minute from DUS(CM) to PS/PUS reference 
DCM/8/10 dated 23 June 1975 (MOD File PUS 54/34, 
Enclosure 74).
DELCATE SOURCE SECRET

88(U). On 25 June Major General McQueen was asked to give Mr Wallace a letter from Mr Geraghty informing him that the first two charges against him had been held to be proved and that it had been decided that he should be dismissed. He was told of his right of appeal to the Civil Service Appeal Board and that meanwhile he would be suspended without pay.

89(U). Some time afterwards, Mr Wallace alleged that senior RUC officers who took a close interest in his case later "admitted" that in their opinion he had been "fitted up by his own people".

Comment

90(U). Mr Wallace seems to have behaved with extraordinary foolishness. Whatever explanation he might have offered for making the earlier unauthorised disclosures whilst holding his post at HQNI, he could have no possible justification for giving a sensitive (albeit only RESTRICTED) document to a journalist, without authority, after handing over his HQNI duties. (His attempts to argue that he had not handed over his duties over carry no conviction at all). Nor was this all: despite having been suspended and instructed not to talk to journalists about Northern Irish affairs, he continued to do


124. Letter from DUS(CM) to Mr Wallace dated 25 Jun 1975 (attached to Enclosure 77 on MOD File PUS 54/34 Part I).

125. Letter from Mr Wallace to Lord Trefgarne dated 23 April 1986 (MOD File D/GS Sec/66/13/1 Part C, Enclosure 2/1).
DELICATE SOURCE SECRET

so: whilst in the end he was given the benefit of the doubt on that point, that was only because it had already been decided to dismiss him on the first two charges.

91(U). Once again, MOD files contain no attempt to analyse Mr Wallace's motives for his actions. One charitable explanation is that, having felt himself to be at the centre of the Army's affairs in Northern Ireland, he just could not accept that those days were over. Mr Groves made the pertinent comment that Mr Wallace seemed to have a very exaggerated idea of his own importance in the Ulster context. Perhaps that would also explain why he thought himself entitled to retain not just the Study Day paper but also, if his statements many years later are to be believed, a number of other sensitive papers which he either wrote himself or to which he contributed.

92(U). Another charitable explanation for his behaviour, and one on which he laid considerable emphasis in his reply to the disciplinary charges, is that he was concerned for his own safety if he continued to be publicly associated with the spreading of "black propaganda". If he had been seriously concerned about this - and that would not have been unreasonable after his disturbing interview with Mr Chinneck - he could have asked his superiors to give him greater protection: but he certainly should not have acted as he did on his own authority.

93(U). Some explanation on those lines would be consistent with the comment of Lt Col [redacted] (HQNI) "a lot of foolishness rather than
DELICATE SOURCE SECRET

viciousness"); and might suggest, especially in view of his earlier excellent record, that some penalty short of dismissal could have been awarded. Any other explanation would seem more consistent with the views of the CGS ("a total lack of the human qualities of trustworthiness and discretion upon which relationships between colleagues depend"); and in that case dismissal was the right course of action. It is noteworthy that (with the one exception of Mr Broderick) none of his superiors at HQNI, who had previously regarded him so highly, spoke up in his favour; and that may suggest that they all felt that he had been disloyal rather than foolish.

94(S). Had the Study Day document leak been one isolated incident, it seems possible that Mr Wallace would have suffered some lesser disciplinary penalty. But, quite reasonably, the Department treated this incident as the tip of the iceberg. It was because of the totality of his actions in 1974 and in early 1975 that Mr Wallace was to be dismissed.

95(S). It is, of course, fair to argue that Mr Wallace’s unjustified leak of the Study Day document went a long way to confirm that he was also responsible for the earlier leakages. And, of course, A-Protection of Method information that Mr Fisk had asked Mr Wallace to give him also told heavily against him. So did Mr Wallace’s apparent His admission that he gave Mr Fisk SECRET information about helicopter spares told against him too - and it is perhaps
DELICATE SOURCE SECRET

rather surprising that he was not charged with this formally. Nevertheless, only the Study Day document leak was put to him, and so he had no opportunity to reply to these other allegations.

96(U). In all the circumstances the decision to dismiss Mr Wallace does not seem to have been unfair. (C) However, the secretive way in which his case had to be handled, the Department’s apparent reluctance to acknowledge the real nature of his duties at HONI and the subsequent conduct of his appeal to the CSAB undoubtedly left him with the feeling that he had not been treated fairly.