



Saturday, 24 May 2008

How our man in Moscow made a sprat of himself

For 30 years Ian Noel Clark's name has been a state secret. Since he was whisked out of Moscow in 1978 after becoming a serious KGB target, only sketchy details have emerged till now of one of New Zealand's strangest spy stories.

It was only when former ambassador Jim Weir published his Letters from Moscow book a decade later that the public learned the KGB had tried to blackmail a Kiwi diplomat.

The government refused to identify the diplomat, say why he was a KGB target or whether he continued working in senior levels of government.

Secret papers obtained by The Dominion Post have changed that. Today we can unravel one of New Zealand's weirdest spy stories.

At the time, though, it was deadly serious. It began in early 1977 when Mr Clark was sent to Moscow as trade commissioner, just as the Cold War was really on the boil.

The Soviet Union was plotting its ill-fated invasion of Afghanistan that led to a US\$8 trillion arms spend-up by the United States and ultimately to the breakup of the world's most powerful communist empire.

The KGB was in its heyday, embroiled in an often lethal spying war with the CIA and other Western intelligence services.

Tit-for-tat diplomatic expulsions were not unusual. Soviet ambassador Vsevolod Sofinsky was expelled from New Zealand for allegedly giving money to the Socialist Unity Party and Mr Clark's boss in Moscow, Mr Weir, was expelled in retaliation.

Mr Clark flew into Moscow with full diplomatic immunity and a brief to improve trade with Russia. His background was in economics and fisheries and he, his wife and young children arrived as New Zealand's "open" embassy was being upgraded to improve security.

His wife at the time, Karen, later became deputy solicitor-general for four years and is now a Queen's counsel in Wellington. She is now separated from her former husband and declined to talk about his dealings in Moscow.

The Cold War enemies were so suspicious of each other that Kiwi army sappers were deployed to check whether the embassy was free of Russian bugs.

Sensitive topics were rarely, if ever, discussed in the building. Staff went outside to talk.

A bugging device was discovered behind a vent in the embassy dining room after the building was cleared. It is in a secret museum in Wellington holding sensitive SIS mementos.

New Zealand was a small fish in the global espionage pond, but the KGB planned to catch a sprat with which to fry the big ones - the US and Britain. It wanted access to cipher equipment and codes used by New Zealand diplomats to share embassy and intelligence secrets with their allies.

The codes were espionage gold. If the KGB cracked them, it could gain access to classified information from the US.

So it was that 34-year-old Ian Clark became the sprat.

In spite of a generous living allowance, Mr Clark was looking for a sideline to boost his salary. The Russians were watching and they decided to exploit his greed

His plan was simple. He used roubles and his privileged status as a diplomat to buy large amounts of sought-after "D-coupons", which were used as currency in special diplomatic and duty-free stores to buy goods unavailable to ordinary Russians, such as stereos, televisions, other modern household appliances and even clothing.

It was illegal to profit from these items, but that's just what the KGB alleged it had caught Mr Clark doing, using a Kenyan student as a middleman. He later denied it to New Zealand's Security Intelligence Service.

In June and July 1977, Mr Clark smuggled nearly \$15,000 worth of roubles he bought in London into Russia. He initially lied about the amount when questioned by embassy officials and later gave a different figure to the SIS.

He used some of this money to buy from the embassy what he later said was at least \$30,000 worth of D-coupons, which he sold on at extremely favourable rates to people who had more roubles than they could legally take out of Russia.

Mr Clark was in effect trading in D-coupons and, though he was making handsome profits, he wanted more. He bought and sold four cars in spite of embassy rules allowing him to sell only two.

Eventually the KGB decided it had had enough. It secretly photographed Mr Clark allegedly involved in a deal in which a package wrapped in paper was exchanged with an agent. The KGB then confronted Mr Clark with a prepared newspaper article and photographs, which it said would run in the Communist Party newspaper Pravda.

Mr Clark was known by senior Foreign Affairs staff to have a "remarkable capacity for thinking he can bluff his way through" a crisis. At first he prevaricated. But when the KGB threatened to harm his young son unless he turned Soviet spy, he panicked and alerted the embassy.

In the basement of the embassy, Mr Weir was watching a film with the army sappers when he was passed a note saying, "Our friends have set up a case against Mr X to get access to the facilities."

Mr Weir recalls in his book that he knew immediately what the note meant and watched the rest of the movie in a daze.

The next day Mr Clark and his family were escorted to the airport to catch the first available flight.

They left in such a hurry that, in Mr Clark's apartment, embassy officials discovered two rare and valuable Russian icons that he would not have been allowed to take out of the country.

Mr Clark was debriefed and given a clearance. It is understood his bank accounts, which grew to include one in California, were never checked.

He went on to work in senior management roles in the Agriculture and Fisheries Ministry and is now semi-retired on a lifestyle block near Masterton, where we found him tending trees.

OUTED SPIES

2006: It is revealed that a Dunedin private investigator, Wayne Idour, was hired indirectly by religious sect the Exclusive Brethren, through another private investigator, to spy on senior Labour MPs as well as Prime Minister Helen Clark and her husband, Peter Davis.

2004: Two Israeli men are convicted of passport fraud for trying to use the identity of a man with cerebral palsy who would never be able to travel. Miss Clark accuses the men of being Israeli intelligence agents and suspends top-level ties with Israel. The Israeli Government never confirms or denies the men were Mossad agents, but later apologises to New Zealand.

1985: French agents bomb Greenpeace ship Rainbow Warrior in Waitemata harbour, intending to stop it leading a protest against nuclear testing at Mururoa Atoll. Greenpeace photographer Fernando Pereira is trapped on board and drowned. Agents Alain Mafart and Dominique Prieur are arrested, plead guilty to manslaughter and are sentenced to 10 years in jail. Amid extreme political pressure from France, they are transferred within a year to a French military base on Hao Atoll, and are soon back home.

1980: Prime Minister Rob Muldoon expelled Soviet ambassador Vsevelod Sofinsky for handing over \$10,000 to a Socialist Unity Party member. Seven years later, another Russian diplomat, Sergei Budnik, was told to leave the country by PM David Lange - also for alleged connections with the communist-linked SUP.

1974: Senior civil servant and economist William Sutch is arrested and accused of spying after being observed handing documents to KGB agents outside a Wellington public toilet. A year later he is acquitted on charges of betraying official secrets.

You may not copy, republish or distribute this page or the content from it without having obtained written permission from the copyright owner. To enquire about copyright clearances contact clearance@fairfaxnz.co.nz.