

Names

SunbeamCorporation LtdSubjectHurd, David,active 1963SubjectPallo, Karl, 1896-1986 SubjectGwynn, Bob,active 1963SubjectMcEnnis, Jack,active 1963SubjectHawker, KennethGeorge, 1921-1991SubjectTorrance, Les,active 1963SubjectOrsini's(Wellington, N.Z.)Subject**Record types**PhotographsPortraits**Subjects**Men - NewZealandExecutivesConsolidation andmerger ofcorporations

IMAGE

Karl Pallo with executives of Sunbeam Corporation Ltd

[♥ Add to favourites](#)[🛒 Add to cart](#)[Send an enquiry](#)[See original record](#)**Date**

October 1963

Ref

PAColl-7962-7

Description

Sunbeam Corporation dinner at Orsini's restaurant, Cuba Street, Wellington, New Zealand. From left: unidentified man. Dave Hurd. Karl Pallo (inventor and manufacturer of

first petrol pumps, shearing gear, first electric wringers followed by first electric washing machines in New Zealand). Bob Gwynn (President of Sunbeam International). Jack McEnnis (secretary and board member of Sunbeam). Ken Hawker (works manager and board member of Sunbeam New Zealand Ltd). Les Torrance (sales manager of Sunbeam).

Karl Pallo established Pallo Engineering Ltd in Wellington in 1935. In 1962 he sold the business to Sunbeam Corporation Ltd.

Quantity: 1 b&w original photographic print(s).

Physical Description: Silver gelatin print, 20 x 13 cm

Access restrictions

Partly restricted - Please use surrogate in place of original

Part of

Hawker, M L (Mrs) :Photographs relating to Pallo Engineering Ltd

Format

1 b&w original photographic print(s), Photographs, Portraits, Silver gelatin print, 20 x 13 cm

See original record

Click to request to view this item, access digital version (if available),
and see more information.

Usage

Purchasing this Item

This item is available as a high resolution download. A request to buy an image can take up to 10 working days to approve. It will depend on copyright and how the image is going to be used.

If this item has multiple pages, or is several items attached to a single record, you can use [this form](#) to order your copy.

Using this Item

You can copy this item for personal use, share it, and post it on a blog or website. It cannot be used commercially without permission, please [ask us for advice](#). If reproducing this item, please maintain the integrity of the image (i.e. don't crop, recolour or overprint it), and ensure the following credit accompanies it:

Karl Pallo with executives of Sunbeam Corporation Ltd. Hawker, M L (Mrs)
:Photographs relating to Pallo Engineering Ltd. Ref: PAColl-7962-7. Alexander Turnbull
Library, Wellington, New Zealand. [/records/23199387](#)

More information can be found in our [terms of use](#).

Copyright

Unknown



[Karl Pallo with executives of
Sunbeam Corporation Ltd](#)

Add to cart

married Latvian-born Felicitas Maria Birnstein, the daughter of a factory director. The couple were to have two daughters and a son.

Pallo decided to manufacture an electric petrol pump of his own design, the 'Palometer', which was widely used at bowser stations and country stores. Of great precision and complexity, the pumps had an innovative dial that showed the amount of petrol delivered. They were pictured on some of the Shell Petroleum Company's New Zealand road maps. In September 1934 he again visited Australia, where he met with oil company representatives. The following January the newly registered Pallo Engineering Limited had 22 employees and by September 1935 there were 98 on the payroll. The first apprentice he took on was Dick Light, who later became a foreman. By 1937 six women were working in cog-making and parts assembly, occupying their own room at the works. That year a sports club for the apprentices and tennis courts were planned.

A strong advocate of technical education, Karl Pallo was a member of Wellington Technical College's Mechanical Engineers Advisory Committee for more than 20 years and manufacturers' representative on the Standards Council (1938-60); from 1958 to 1960 he was president of the New Zealand Manufacturing Engineers and Metal Trades' Federation. During the Second World War the company's production switched to munitions and the number of female staff greatly increased. In 1946, having established Die Castings Limited, Pallo set up a foundry at Bell Road, Gracefield, in the Hutt Valley industrial zone. This produced parts for his 'Pallo' electric washing machine, which featured a pump, safety wringer and agitator. In 1962 Karl Pallo sold his business to Sunbeam New Zealand. About 1970 he and his wife retired to Taupo, where he died on 7 October 1986, aged 90. He was survived by his wife and children.

Links and sources

Bibliography

Obit. Hutt News. 11 Nov. 1986: 20

Pallo, K. 'Reminiscences'. MS. Private ownership

'Pallo Engineering Limited'. Standard. 4 May 1939: 12

How to cite this page:

Hilda McDonnell. 'Pallo, Karl', Dictionary of New Zealand Biography, first published in 2000. Te Ara - the Encyclopedia of New Zealand, <https://teara.govt.nz/en/biographies/5p7/pallo-karl> (accessed 27 September 2022)

All text licensed under the Creative Commons Attribution-NonCommercial 3.0 New Zealand Licence (<http://creativecommons.org/licenses/by-nc/3.0/nz/deed.en>). Commercial re-use may be allowed on request. All non-text content is subject to specific conditions. © Crown Copyright.

40/35.

ALIENS APPEAL TRIBUNAL,

B2

19th August 1942.

TO/ The Honourable the Minister of Justice,
Wellington.

KARL PALLO. S. 40/35, and his wife
FELICITAS MARIA PALLO. AL. 21922.

We have refreshed our recollection of the cases of this husband and wife, and have considered the additional matter on the file subsequent to our report, in particular the valuable comments from Dr. Lochore of the Censorship Department. In the result, our recommendation is that the husband, Karl Pallo, be classified under Class B2, and that the wife, Felicitas Maria Pallo, be classified under Class B3.

We have not felt it necessary to see either of these aliens again.

The Commissioner of Police.

The Minister concurs.

B-L. Duncanson

Under-Secretary
2 SEP/1942

(sgd) J. H. Callan Chairman.

J. H. Callan

Blair H. Watson

Members.

Army Headquarters,

~~CONFIDENTIAL~~

New Zealand Military Forces,

P.O. Box 775,
Wellington C. I.,
30th August, 1944.

IN YOUR REPLY

CASE 786. PB. AH

please quote this number.

MEMORANDUM for:

THE DEPUTY DIRECTOR,
SECURITY INTELLIGENCE,
WELLINGTON.

CARL PALLO.

On 24/8/44 Captain COTTERILL, Assistant Adjutant, Trentham Military Camp, telephoned this Office advising that members of the M.T. Depot staff had reported that certain parts of a petrol pump which had been repaired were found to be stamped with the swastika. This matter had caused considerable comment as it was known that the Pallo Engineering Company Ltd. was under the control of an alien. The Camp Commandant had requested that S.I.B. should report on the matter.

Reference to our files showed that this matter had been fully investigated previously. The short facts are that when PALLO first commenced manufacturing pumps in New Zealand in 1932, he found that a distinguishing mark was required to indicate that parts of the petrol pumps had passed a test as to being airtight. A die was made in the form of a swastika and was in constant use in PALLO's factory for a number of years prior to the outbreak of war. Many hundreds of pumps, including the one installed at Trentham Military Camp, were manufactured under contract for the Shell Oil Company Limited.

As to PALLO himself, his case was, of course, carefully considered by the Aliens Tribunal and he was ultimately classified B.2. PALLO was shown to be doing engineering work of the highest standard, including munitions production, and it was evidently felt by the Alien Authorities that it was better that PALLO continue this work rather than be interned at the country's expense.

These facts were reported to Captain COTTERILL and also to Lieutenant-Colonel McHUGH, Camp Commandant. Captain COTTERILL undertook to advise the men responsible for the report and to assure them that their report was appreciated. No further action appears to be called for.

file
PF + cards for Karl PALLO and wife destroyed on 24.10.91. Main contents of PF to packet 22 in Strongroom. File 1/2/22 noted.

Investigator: 340.

Garricks
CAPTAIN,
CENTRAL DISTRICT S.I.B.

D. 40/35
Alien Enquiry Office,

Wellington,

13th August, 1942.

Report of Senior Detective P. Doyle, No. 1337, relative to
Karl Pallo- Class "B" alien.

Vide attached.

I beg to report that Pallo
is still employed on essential war work.

Nothing of a detrimental nature in regard to this man
has come under the notice of the Police since his case was
investigated by the Tribunal.

I would, however, respectfully draw attention to
the comments of the Censor appearing on the front of the file.

P. Doyle
Senior Detective

The Superintendent of Police,

Wellington.

*The Superintendent
Case reviewed by Tribunal
20/8/42.*



The Commissioner,
Referred for your information please.

[Signature]
Superintendent of Police.
22nd. August, 1942.



Publicly released under the NZSIS Declassification Policy



If any reply, please
quote this number :

~~XXX~~ S. 40/35

POLICE DEPARTMENT.

WELLINGTON, C. 1,

4th. August, 1942.

The Superintendent of Police,
WELLINGTON.

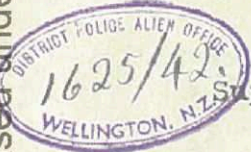
KARL PALLO.

Please arrange for a review of this case in
accordance with the terms of my memorandum S.40/864 of
the 20th July, 1942.

Previous papers and comments of the Censorship
Department are attached.

Senior Detective Doyle,
For attention please.

R. J. Cunningham
Commissioner of Police.



[Signature]
Superintendent of Police.
5th. August, 1942.

ALIENS' APPEAL TRIBUNAL.
WELLINGTON.

29th July 1944.

The Hon. the Minister in Charge of Aliens,
Wellington.

re Felicitas Maria Pello; Al.Reg. No. 21922.

This matter has been referred to this Tribunal under clause 29(b) of the Aliens' Emergency Regulations, 1940 (1940/273).

Mrs Pello has made application to be exempted from the provisions of clause 48 of the Regulations for the following reasons: Applicant resides with her husband, Karl Pello, at 49 Homewood Avenue, Karori, Wellington. Some years ago Karl Pello acquired a section of land at Waikanae, and towards the end of last year he built a cottage upon it. Applicant desires that the restrictions imposed by clause 48 should be raised so that she may accompany her husband and children to Waikanae for week ends and holidays.

We have considered the matter, and now beg to make the following recommendations:

That Mrs Pello be partially exempted from the provisions of clause 48 of the Regulations in so far as these prohibit her from travelling from her home to and from Waikanae without a permit, and that she be permitted to be absent from her home for the purpose of visiting Waikanae for periods not exceeding seventy-two hours on each of such visits.

John H. Salmon

Deputy-Chairmen.

Members.

W/ S. 40/35

NEW ZEALAND POLICE.

---00000---

27th July, 1942.

Name of Alien: Karl PALLO

The Controller of Censorship,
WELLINGTON.

The abovementioned person is to appear before an Aliens Authority at an early date with a view to his reclassification if necessary.

I shall be glad if you will advise me whether any additional information regarding the alien is held at your office.

S. H. Cummings
Commissioner of Police

The Commissioner of Police,
WELLINGTON.

1. ~~There is no record of this alien at this office.~~
2. Comments herewith.

J. W. Tamara
Controller of Censorship

4 18/42

Karl & Felicitas Pallas

~~These~~ aliens have very little overseas correspondence. For Karl Pallas nothing is noted at all, except in so far as he shares in his wife's family correspondence. Mrs Pallas corresponds with Mrs L.C. Rossiter, 20 Trevelth Rd., Lindfield, Sydney, a British friend apparently; she writes in almost perfect English and anglicizes her Christian name to "Felicity." The only point of interest derived from this correspondence was Mrs Pallas's friendship with Mrs Modiniak, the British-born wife of an "Aryan" Austrian whose loyalty has been somewhat questioned.

Two pre-war letters are held, written by Mrs Pallas to ~~German~~ relatives in Germany mentioned in her statement: Horst Bionakins, Badenstedterstrasse 5, Linden, Hannover, her brother; and Edith Thomas, 118 Nuremberg, Duisburg, her sister; both postmarked 29.7.39. The letter to her brother mentions money which is owed to "Uncle Adolf," apparently in Germany; it also discusses the immigration of Fränkel Alberts. (From the papers of H.C. Alberts, interned here, we know that he was making efforts to procure a permit for his sister in Stendal to enter N.Z. as a domestic servant in the Pallas household, but the negotiations broke down just before the outbreak of war.) — The letter to the sister again refers to the unpaid debt to "Uncle Adolf," and contains the passage:

"Now I would really like to know at long last whether in the parcel that you got from Hellenthal that time there were two pairs of heavy brown stockings that were meant for mother, I keep on asking and get no reply. I want to know, so please answer!"

The passage seems to show that when Dr Hellenthal, former German Consul, left for Germany about December 1937 on board the "Reliance," he took with him a parcel from Mrs Pallo for his sister Edith. The fact shows Mr Pallo's intimacy with the German Consul and nothing more. — Both these letters are purely personal and contain not the slightest political allusion. They are written in perfect German, with no suggestion of falsification.

Our only other record of aliens consists of two Red Cross messages. The first was an inward message in German language, from Mary Binstein, c/o German Women's Organization, District Office, Thorn, Poland (German-occupied); undated, it passed Geneva on 2.12.40 and passed through our office on 10.4.41. It read:—

"Mother, brother[s] and sister[s] in good health, cheerful spirits. Mother good position. Longing for you. Travels same channel. God protect you! Tenderest heartfelt greetings and wishes for blessing. Mother, brother[s] and sister[s]."
(The ambiguity in number arises from the word "Geschwister" which may mean one brother and one sister, or a number of each.) We have seen no answer to this message and presume that Mrs Pallo did not reply.

The other Red Cross message is the detained one now attached to the Police File, dated 6.2.41, from the same Mary Binstein, who has moved to Flat 14 in Holtkestrasse 4, "Golenhafer" ("Goth's Harbour," the new Nazi name for the Polish port of Gdynia), "West Prussia" (= Polish border). A translation appears on the Police File, but we should note ^{as before} that the words "brothers" and "sisters" are each capable of being translated in the singular (and as Mrs Pallas states that she has only one brother and one sister this would presumably be correct in her case). The material on the Police File has further shown that the translator's comments were incorrect in two particulars. For one thing, we stated that Mr Pallas claimed to be a Lithuanian; this was based on hearsay only from the former German Club and is clearly incorrect. For another thing, the reference to "families" is not intended for any relatives of Mr Pallas, but refers to the families of Mrs Pallas's brother and sister.

We would however emphasize one point in the comments that seems both correct and important. The statement "Every Baltic German welcome here" must refer to Mr Pallas and not to his wife. While it is true that the wife is a Baltic German, she was also until her marriage a German subject; and with a mother in the Deutsches Frauenwerk in occupied territory Mrs Pallas's acceptability in Nazi Germany is so much ~~less~~ beyond question that it would not find a place in the 25 words of a Red Cross message.

In our own words we would construe the thoughts of the writer of this message as follows:-

"Your mother, brother, sister and their children are all well and are confident of a German victory. Your brother has not been called up. Although your husband is not a Reich German, he will be welcome in Nazi Germany, like other Balts with German ancestry, associations, or background. There are excellent opportunities for engineers like him. The whole family should therefore return. Is your husband interned? Are you interned with him? Are you all well? May God bring you safely out of the enemy's hands! Mother."

We then construe the message as an invitation ^{to Pallas} to regard himself as a Reich German to be and to return to a victorious Greater Germany at the earliest possible moment. We would pass such a message if directed to a confessed Nazi, but not if directed to an alien whose political attitude was either obscure or unfixed, as is the case with Pallas. The message would have shown him a clear and not very difficult alternative to service in the British cause, and would have made him so much the more willing to desert as if we appeared to be the losing side.

This brings up the whole complicated

question of nationality in the Baltic area, and unfortunately we have no first-hand knowledge of it. The situation is approximately that as far eastward as St. Petersburg, Nijni Novgorod and the Volga, the Russian or Baltic aristocracy were before 1917 very largely of German ancestry, being descendants of the German Knights Order that conquered all this area in the 12th century. They were separated by a great gulf from the common people, the peasants, whether these were Polish, Ukrainians, Lithuanians, Latvian or Estonian, and before 1917 the landed gentry of all Eastern Russia had more in common with the Prussian Junkers, their own class, than they did had with the peasant population, or than the Junkers had with their Polish underlings. This aristocracy served Russia loyally in the Great War, until 1917; then most of them fled to Germany and became White Russians. Their service against Germany is not a very important factor, as can be seen from the fact that the Nazi ideologist, Alfred Rosenberg, is another Balt who served against Germany in the Great War.

From what little we know it appears most improbable that Palle is an Estonian of the peasant type. We are fairly sure that he has not been in any close contact with local Estonians.

of whom one [redacted] is in touch with the Estonian nationalist movement organized in U.S.A. The circumstances of his marriage point in the same direction. He chose his wife by correspondence and through the good office of mutual friends; the acquaintance arose from a visit which her parents paid to Estonia about 1923. This was no romantic marriage that cut across class distinctions: on the contrary, Pallas chose his wife on type, without personal acquaintance, precisely, one would say, because he knew that her character and family background ^{were} sufficiently similar to his own to make a successful match.

At the same time it is clear that the Pallas are not "Bulbs" of the Rosenberg type; otherwise they would have fled to Germany in 1917. We have no reason to doubt their word that they remained on the Russian side of the frontier, and this suggests that their landed interests were small, that they had little to lose in the Revolution, and that they really hoped for something good to come out of the Russian socialist experiment.

In national affinity there is a certain difference between husband and wife. We still think that Mrs Pallas ~~was~~ entirely German in outlook and sympathies (or at least was so at the outbreak of war). She states (and all her statements seem

to have a ring of truth) that her mother was in "Lithuania" (German name for "Lietuva"), Latvia, when last heard of. But this makes it all the more probable that the mother participated in Hitler's repatriation and resettlement of German Balts in German Poland in 1939-40; in other words, it confirms her Nazi sentiments. How little reliance can be placed on legal nationality status in such circumstances is shown by the fact that that this woman Mary Brinsken, whom Mr Palle states to be of "Russian nationality", is now a Nazi official.

Karl Palle on the other hand seems to have much less German national affinity. We can make no comment on his assertion that he is not very fluent at German, but it may well be that his family have become so assimilated to the Slav environment as to have almost forgotten their Teutonic past which they probably had. Even so, the purport of a ~~man~~ Karl's message that his Teutonic associations were sufficient for him to ally himself with Nazism is clear.

Some evidence of German affinities is given by the names of the Palle children, all born in New Zealand: Ingeborg Dreyer, Gerhard, Karen Christina. All the names have a feudal-aristocratic ring.

We thus construe both the correspondence and the statements on the file as indicating that both Mr and Mrs Pallo are "Balts" who have little in common with the indigenous peasant population, but are being to a landed gentry that was subject to strong Teutonic influences. These influences were much stronger in the case of the wife, but the husband too comes sufficiently within the definition of a "Baltic German" for him to be accepted in the Nazi ranks if he desires. Whether he does so desire is another question, and Mrs Pallo's failure to reply to her mother's Red Cross message may signify something more than prudence: she may have decided to remain in New Zealand. If her Nazi sympathies are still as strong as before the war, her husband's work for our cause might be expected to cause intolerable friction between husband and wife. It will be seen that these notes have not considered any other aspect of the case than aliens' European background.

35/9 JMcB/PC

~~SECRET~~

3rd. July, 1942

MEMORANDUM FOR:

Lieutenant T. P. McLean,
P.O. Box 775,
WELLINGTON.

[REDACTED] REF: 35/9 JMcB/PC.

It has been reported to me by a member of H.Q. S.I.B. staff that [REDACTED] is an employee of PALLO ENGINEERING LIMITED. It is said that [REDACTED] is on [REDACTED] terms with CARL PALLO. [REDACTED] lives with [REDACTED] who has been appointed as hostess at the American Club which is about to operate in the premises recently known as the Waldorf Restaurant. Mrs. ALLEN has a daughter, Miss J. ALLEN, who is employed in Navy Office.

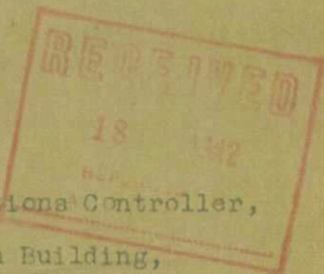
This information is passed to you as it may reveal a line of association of interest to this organisation.

WJ

MAJOR G.S.
DIRECTOR. SECURITY INTELLIGENCE.

COPY

3579



MINISTRY OF SUPPLY

Office of the Munitions Controller,
Railway Station Building,
WELLINGTON, C.1.

~~SECRET~~

13-3-42.

The Under-Secretary,
Department of Justice,
WELLINGTON, C.1.

KARL PALLO

Reference your J. 1940/50/45 of 10-3-42.

There has been no noticeable change in Pallo's attitude and the standard and output of his munitions work is entirely satisfactory. Meanwhile every precaution is taken along the lines you indicated during our conversations and as promised any matter considered unsatisfactory will be reported to you.

(sgd) G. CARTER, S/Ldr.

Munitions Controller.

Major Folkes,
Army Headquarters,
WELLINGTON, C.1.

For your information.

B. L. Dallam

Under-Secretary.
16/3/42



DEPARTMENT OF JUSTICE.

P. O. Box No. 20, Govt Bldgs. C. 1.
Telephone 41-145.

GM

OFFICE OF THE UNDER-SECRETARY OF JUSTICE.

Wellington. C. 1.

Reference: J. 1940/50/45

26th February, 1942

MEMORANDUM for

Major Folkes,
Army Headquarters,
WELLINGTON, C. 1.

KARL PALLO

I acknowledge the receipt of your memorandum of the 23rd February relating to the above.

It occurs to me that this man's office and his home should be searched. The Police have authority under the Regulations to do this and I think they should conduct their search in conjunction with your officers.

Probably the time has arrived when extensive raids should be organised to cover all Class B aliens. The details would be a matter for the Police and yourself, but I would be pleased to discuss the general objects and the names of those to be searched with yourself and the Commissioner of Police. Although the Police have authority to search the property of any alien it would be advisable to have Ministerial sanction before undertaking an organised raid of this nature. Consideration might also be given to the question of covering the whole of the Island Bay area instead of confining the search to Class B aliens only.

S. E. Lawrence
Under-Secretary.

35/9 KF/MB

23rd February, 1942

MEMORANDUM FOR:

B. I. Dallard, Esq.,
Under-Secretary,
Department of Justice,
WELLINGTON.

CARL PALLO - REF. 35/9 KF/MB

I enclose copy of a statement which I have obtained from MISS LILIAN KNOWLES and which contains two significant references, i.e. the fact of PALLO having a photograph of HITLER and the direct communication with CHRISTOPHER ALBERTS who is now interned and who was associated, or suspected of association, with JOSEPH FERSCHMANN.

Further enquiries are being made and I hope to communicate with you again in the course of a few days but if nothing further comes to light as a result of my investigations I consider that MISS KNOWLES' statement and the discovery of the rubber washer (upon which is impressed a Swastika) calls for a further interview with PALLO.

MS
MAJOR G. S.
DIRECTOR, SECURITY INTELLIGENCE

ENCL.

Army Headquarters,
New Zealand Military Forces,
Wellington C. 1,

IN YOUR REPLY

35/9 TM/PY

please quote this number.

MEMORANDUM FOR:

Major Kenneth Folkes,
Director, Security Intelligence,
Army Headquarters,
WELLINGTON

19th February, 1942.

CARL PALLO - REF. 35/9 TM/PY

I attach the original and one copy of a statement made by MISS LILIAN KNOWLES, a nurse employed by PALLO in the year 1939, in which she states positively that on one occasion while replacing a map in the Drawing room of PALLO'S house, she observed a small newspaper photograph of Hitler on the wall.

There is also a statement that PALLO on at least one occasion was in direct communication with CHRISTOPHER ALBERTS who is now interned and who was associated or suspected to be associated with JOSEPH FERSCHMANN, the Nazi Party's ^{Educator} ~~Agitator~~ in New Zealand.

The matter is in my opinion interesting and further enquiries are being made.

T. S. Lean
LIEUTENANT T.S.
SECURITY INTELLIGENCE.

35/9

Publicly released under the NZSIS Declassification Policy

William Clifford

Pallot

Nurse

Army Headquarters,
New Zealand Military Forces,
Wellington, C. I.,

IN YOUR REPLY

.....
please quote this number.

1/2/42

I, Lillian Knowles state to the best of my belief that I was employed at the home of Carl Palle, at Ramevau Avenue, Rarori.

I was in the home of the Palle's for three weeks in the year 1939 for the purpose of nursing the two Palle children who were suffering from measles. I am a nurse by profession.

The drawing-room of the Palle home is the first room on the right of the main passage from the front door and is a large, well furnished room. There are very few pictures on the walls, however, but over the one fireplace was pinned a small map of the Third Reich. One day I noticed that one of the drawing pins supporting the map had dropped down and as I was replacing this pin I noticed that there was a picture behind the map. I lifted the map to observe the picture and saw that the picture was a small newspaper reproduction of a photo of Adolf Hitler.

Publicly released under the NZSIS Declassification Policy

Army Headquarters,
New Zealand Military Forces,
Wellington, C. I.,

IN YOUR REPLY

.....
please quote this number.

1/2/42.
The map was about 12" by 9" and the photograph was about 6" by 4". I observed the photograph carefully and replaced the map. The map was in the same position throughout my stay with the Paltos but I did not look under it again.

One day a man rang phoned Mr. Palto with and I could tell by his accent that he was a foreigner. I took the message and Mrs Palto told me that the man would be Mr Albert. Mr Albert was seeking a position for his sister-in-law with the Paltos and one Sunday afternoon he called at the home, had afternoon tea and stayed for supper. He arrived about 2 o'clock and left about 8.30 pm. I was not present for part of the interview as I was taking the small Palto boy for a walk.

Mrs Palto informed me afterward that she did not know Albert previously but that he had recommended to her by a

Army Headquarters,
New Zealand Military Forces,

IN YOUR REPLY
1/2/42.
please quote this number.

Wellington, C. I.,
friend. ~~Alberts~~ ^{Alberts} ~~clamen~~ ^{clamen} ~~that~~ ^{that} his sister ~~was~~ ^{was} a charming, cultivated woman who was conversant with a number of languages. She was a clever musician and he wished her to obtain a position as ~~governess~~ ^{governess} governess to the Pallas children. This is all I ever heard of his woman. I do not know her name or if she ever obtained the position.

I liked both Mr and Mrs Pallas — Mr Pallas specially. I had the idea that they were pro Nazi and heard them discussing the Sudeten question.

On one occasion I heard Mr Pallas extolling the beauty of New Zealand.

When Mr Albert visited the Pallas on Sunday he commented

- ① That on one occasion Hitler had been shot in the arm and had been taken to Albert's Aunt's beer-garden in Potsdam. This occurrence was hushed up
- ② Albert asked Pallas to recommend him to a good dentist — and said "it would be just my luck to strike a bloody Jew". Pallas said that he went

Publicly released under the NZSIS Declassification Policy

Army Headquarters,
New Zealand Military Forces,
Wellington, C. I.,

IN YOUR REPLY 1/2/42. please quote this number.

to Dr. Pick and that he found him very good but that Mrs Pello did not care for him.

Afterward Pello observed that Hitler choose his men carefully and that Alberts had to be well qualified to be ^{able to be} sent from the country.

Recently I married Mrs Jones, the wife of the Minister of Defence. This was ^{July 2nd 1941} ~~December~~ I think. I often used to talk to Mr Jones and one day remarked about Mr Pello.

Mr Jones replied "He is a good fellow and is making munitions."

I said, "it seems rather strange for a Nazi to be doing this."

Mr Jones made no comment.

I have had his statement read to me and to the best of my belief it is an accurate record.

Lillian Knowles
Witness of signature.
A. M. Lipe

Publicly released under the NZSIS Declassification Policy

Aug. 21stNOTES OF INTERVIEW BETWEENWilliams and Gardner, Marton,andMajor Folkes, Lieutenant 22 and Sergeant 90.*Palmerston North, August 9*

The lengthiest examination of the interview concerned the relationship of KARL PALLO to PHYLLIS JOHNSTONE, his secretary. WILLIAMS did most of the talking. He claimed that JOHNSTONE was spiritually, if not in fact, in love with PALLO and that though she had left his employ she would still be tied to him by feelings of loyalty.

About 1932, when PALLO was married, JOHNSTONE left his employ for about eight months. Whether this was because of PALLO'S marriage or not, WILLIAMS could not definitely say. But he considered that JOHNSTONE, though in love with PALLO, had very likely refused to consider an illicit relationship with PALLO, if it had ever been advanced, and that, wanting the security of marriage, she had been disappointed to the extent of leaving his employ when PALLO chose another woman.

After her return to PALLO'S employment, JOHNSTONE'S attitude of affection towards PALLO did not change. She still used the habit of putting her arms around his neck and fondling him, and continued to do so in spite of PALLO'S protests, which might have been half-hearted, and his requests that she stop. WILLIAMS declared roundly that JOHNSTONE was not a woman of easy virtue; he knew of a wrestler (professional?) who had discovered that. Therefore he considered it reasonable to assume that she had not had congress with PALLO.

To a question asking whether or not JOHNSTONE'S feelings might have been hurt by PALLO having married another woman -- and hurt to the extent that she became a woman scorned -- both WILLIAMS and GARDNER gave definitely negative replies. They considered that she would still be loyal and that any examination of her would need to be ~~at~~ most careful. WILLIAMS said that he had once remarked to her that he had just about enough to put PALLO on the Island; JOHNSTONE replied that she certainly knew enough to put him there.

WILLIAMS said that PALLO'S treatment of ~~xx~~ wife was

"Continental"; that is to say, he used her as a chattel in the house, fit for the bearing of his children and for the smooth running of his household. In WILLIAMS' opinion, Mrs. PALLO was a fine woman, the possessor of charm and intelligence. In spite of her charms, however, PALLO had a wandering eye where women were concerned. With them, he used a great deal of charm. He could invest the smallest gesture with grace and it was a fact that he was successful. WILLIAMS related the story of how he was in Auckland with PALLO on a business visit; PALLO drove out to see a woman, an alien, whom he described as very intelligent. He left WILLIAMS in the car and remained with the woman for half an hour or so.

WILLIAMS detailed how, during the Centennial Exhibition at Wellington, he was with PALLO and Mrs. PALLO when they had words over some matter. Arrangements were made for Mrs. PALLO to meet PALLO at some part of the Exhibition during the afternoon. WILLIAMS drove her out; but instead of taking her direct to the Exhibition, he took her for a drive around Seatoun and in order, he said, to show her the Defence posts at Fort Dorset and Palmer Head.

WILLIAMS declared it unlikely that PALLO'S relationship with "DUTCHIE" HERFURT was immoral. WILLIAMS described HERFURT as unprepossessing although she was, at the same time, the possessor of a pleasing personality. During her return from Germany to New Zealand, HERFURT stayed with consular representatives in Singapore and Sumatra.

With Major FOLKES going very carefully into the question of the swastika marking, both GARDNER and WILLIAMS were insistent that the design would be PALLO'S own. They said that the mark would be designed in a die which would be transferred to another ~~impre~~ article which in turn would form the impression on the rubber valve; from the die it would be transferred to the other article in a positive manner, and from the article to the rubber in a negative manner. In effect, this would mean that though the impression on the valve shows a swastika the wrong way round, on the die it would be the swastika adopted by the Nazi Party as a symbol.

Just before leaving the office, it was suggested that

PALLO might have given orders for the marking and that he might not be responsible for the fact that the die showed the true Nazi swastika. But this was heavily discounted by GARDNER, a silent man, and a man not given to making loose statements; his explanation was that PALLO'S mind was so definitely Teutonic in cast that he concerned himself intimately with every detail of management. Consequently, in considering a distinguishing mark, he would see to it that what was done was done precisely to his wishes. WILLIAMS agreed.

The question then became the method of marking; and WILLIAMS and GARDNER both declared that they had ^{occasionally} marked the valves themselves. The method was to use a hammer to stamp the impression onto the valve. The rubber was cold when this was done, and a sharp blow was required to effect the marking.

Comparisons made by PALLO on the standards of workmanship here as against the standards in other countries were always as ~~low~~ between New Zealand and the Continent, with the preponderance on Germany. PALLO had expressed himself on the amount of sport in New Zealand, advancing it as a cause of inefficiency in workmanship. He said then that whereas in New Zealand everyone played sport on Saturdays and Sundays, in Germany they studied. Thereby, presumably, their efficiency was increased.

WILLIAMS detailed a story at some length referring to the visit to New Zealand (pre-war) by a Czech or some other national from a tin-mine establishment in (I think) Malaya. The mine had as chief electrical engineer WILLIAMS' brother, ROY. Apparently ROY WILLIAMS told the foreigner to call on his brother while in Wellington.

The foreigner visited Australia and New Zealand to inquire the possibilities of development of a patent for the manufacture of electrical equipment with which officers of mining dredges could ascertain the nature and content ~~of~~ of obstructions on the floor of pools being dredged. He contacted WILLIAMS and inquired the possibility of a consultation with PALLO in regard to the manufacture. WILLIAMS agreed, but diffidently, to arrange a meeting and to that end mentioned the matter to PALLO. He was diffident because it was a habit of PALLO'S to adopt a disagreeable attitude towards foreigners; this was in line with his habit of trying to disparage

persons with whom he was friendly or even intimate when discussing them with outsiders.

At any rate, PALLO showed no great enthusiasm for the meeting. WILLIAMS decided, however, to make the introduction and he arranged for the foreigner to come to the factory and to be introduced.

The foreigner appeared. WILLIAMS said to him, "I'll take you to PALLO." The foreigner replied, "That isn't necessary. I have already met him."

WILLIAMS asked questions. To them, the foreigner gave answers that he had been in the passage outside the factory room and had seen PALLO and had talked to him. The foreigner said that PALLO had shown no interest ~~in~~ in his design and apparently had refused to consider the question of its manufacture.

To WILLIAMS, PALLO later said that he did not want to be bothered with foreigners and he had no interest in them. WILLIAMS let the matter rest. But he asked himself many times afterwards why the foreigner and PALLO should get into conversation when they had never previously seen each other.

WILLIAMS and GARDNER both agreed, many times during the interview, that PALLO was a cultured and able man, with an exceptional breadth of interest. WILLIAMS said that he had had many conversations with PALLO on all sorts of topics and that PALLO had uniformly shown considerable knowledge of all sorts of subjects. WILLIAMS declared that for years he himself had greatly admired PALLO, not so much for his personality -- although on occasions he could be a man of great charm -- but because of his intelligence, the fact that he knew precisely what he wanted, and because, though WILLIAMS denied that PALLO'S engineering skill was particularly wide, he was, as an organiser, in the finest class.

"I daresay I still hero-worship him a little," WILLIAMS said.

WILLIAMS claimed that he was friendly with PALLO, so much so that some time before the war began, "You know, CARL, if ever there's another war between Germany and Britain, I might find it necessary to 'pot' you." PALLO smiled and said, "Yes, I daresay you might."

WILLIAMS reckoned that PALLO was not as skilled an engineer as he was supposed to be; and he claimed that if he (WILLIAMS) and GARDNER had not been members of the staff PALLO would not have found it possible to establish a business on anything like a sound ~~xxxx~~ footing. This was apparently because WILLIAMS and GARDNER formed the liaison between PALLO, a person not tolerant of inefficiency, and the New Zealand-born staff. WILLIAMS and GARDNER protected each from the other.

WILLIAMS said that PALLO in Australia was employed as technical adviser to the manager of the business; the manager was deemed inefficient by the home office and dismissed; and suspicion ~~was~~ naturally fell on the manager's minion.

PALLO therefore came to New Zealand and attempted to establish an office here for S.A.T.A.M., a French corporation with which he had been connected in Australia. and which was concerned in the manufacture of benzine pumps. The Corporation was suspicious of him and unwilling to make a deal. The benzine pumps exported by the corporation were the whole job, not portions of it. PALLO thereupon set to work and by a great deal of work drew up his own ~~new~~ design. It was on this article that the rubber valves bearing the swastika marking were first used.

Before the war, PALLO interested CHARLES BEGG and Co., in the manufacture of a washing machine called the "Princess." WILLIAMS declared that PALLO was adept at salesmanship and that it was because of his skill in selling an article of somewhat doubtful quality that he had made a success. When PALLO dismissed WILLIAMS ~~dismissed~~ from his staff, WILLIAMS was engaged in the production of an explanatory booklet for the washing machine; he made an arrangement with PALLO and continued for some weeks after his dismissal to work at the booklet. But to his knowledge, the booklet has not been produced.

Before the war, PALLO made a practice of keeping large numbers of clippings taken from all sorts of papers, including the local daily newspapers and trade journals. WILLIAMS saw at least one pile of these. He declares that Miss JOHNSTONE was chiefly responsible for keeping these clippings and that the pile he saw were in her charge.

PALLO read a great number of trade journals and initialled them "P" when he had finished them. He would assemble the magazines neatly into a pile on his desk and take them home ~~etc~~ with him to read; and "you could guarantee," said WILLIAMS, that ~~he~~ PALLO would read every single item in every single one of the magazines.

It seemed ~~suspicious~~ suspicious to WILLIAMS that PALLO took no interest in short wave radio. Oftentimes he declared that it was not worthwhile going to the bother of listening to the strange noises produced by short wave radio when everything that was heard over the short wave radio was easily available here, either from the New Zealand radio or from the Press. Once, when WILLIAMS had some station coming in clearly, he ~~at~~ rang PALLO on the telephone and invited him to listen. WILLIAMS did not know what the language was; but PALLO listened for some time, apparently with close attention, and then declared that he could not hear what was coming over. WILLIAMS was suspicious of this. He considers that PALLO would not have been so well-informed a man if he had not listened to overseas broadcasts -- that, in other words, PALLO'S information was always so up-to-date that it could not all have come either from his own head or from the Press.

An incidental item was that PALLO was a great eater.

WILLIAMS believes that the die casting of the swastika marking would be executed either by MAYER & KEEN, or by BOCK & SON.

~~CONFIDENTIAL~~**NEW ZEALAND POLICE.**Subject: KARL PALLO

100,000/1/41-14687

The Under-Secretary,
Department of Justice,
WELLINGTON.

This Department's file relating to the abovenamed alien is forwarded in accordance with the request contained in your memorandum of the 23rd instant. I shall be glad if you will return the file to this office at an early date.

J. Cummings
Commissioner of Police.
27.1.42

The Commissioner of Police,
WELLINGTON, C.1.

Your file is returned with thanks.

POLICE DEPARTMENT

- 4 FEB 1942

COMMISSIONER'S OFFICE

B. L. Dallan
Under-Secretary.
3/2/42

Publicly released under the NZSIS Declassification Policy

J. 1940/50/45

URGENT

~~SECRET~~

MEMORANDUM for

The Commissioner of Police,
WELLINGTON, C.1.

DEPARTMENT OF JUSTICE.

Wellington, C. 1.

23rd January, 1942.

Karl Pallo.

Will you please make available for my perusal
your file relating to the above-named alien.

POLICE DEPARTMENT

23 JAN 1942

COMMISSIONER'S OFFICE

B. L. Dallam,

Under-Secretary.



DEPARTMENT OF JUSTICE.

P. O. Box No. 20, Govt. Bldgs. C.I.
Telephone 41-145.

OFFICE OF THE UNDER-SECRETARY OF JUSTICE.

GM

Wellington, C.I.

Reference: J. 1940/50/45

14th October, 1941

MEMORANDUM for

The Commissioner of Police,
WELLINGTON, C.I.

KARL PALLO

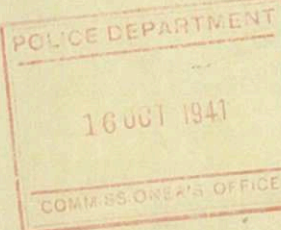
I have your memorandum of the 6th October.

The file may have been minuted to the members of the Appeal Tribunal as Aliens Authorities sitting together, and not as the Aliens Appeal Tribunal, but the Tribunal reported to the Minister as such. The point is, however, quite immaterial, as what is relevant is why it ever went at all either to the Authorities or to the Appeal Tribunal.

In the second paragraph of your memorandum you draw my attention to the statement in page 5 of my memorandum to Aliens Authorities of 7th May last relating to the Police asking Authorities to reopen cases of aliens where fresh information is available, but that statement must be read as a part of the whole paragraph, the effect of which is that the classification of aliens should not be regarded as static but as fluid. There is no objection by the Minister to the Police referring to Aliens Authorities anything which may throw any light on any matter properly within their jurisdiction, which is to report to the Minister and recommend classification. But nothing had occurred here which could have had any bearing on Pallo's classification as it related entirely to administrative action taken by the Department and the Minister. Had the Minister or the Department wished the benefit of the Tribunal's advice at this stage the matter would have been referred to the Tribunal either by the Minister or by myself. This is not, however, a matter for discussion with your Department: the Minister has advised the Tribunal that there is nothing at the moment in connection with Pallo which calls for any action on its part, and the Tribunal very properly acquiesces in that view.

In view of the disposition of responsibility under the Aliens Regulations I hesitate to comment on the final paragraph of your memorandum, but to clear any possible misunderstanding I feel I should point out that there is a vast difference between extra correspondence and needless correspondence to which I animadverted.

S. C. D. [Signature]
Under-Secretary.



Publicly released under the NZSIS Declassification Policy

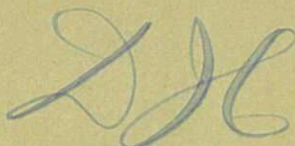
6th October, 1941.

The Under-Secretary,
Department of Justice,
WELLINGTON.

With reference to your memorandum of the 1st instant regarding Karl PALLO, I have to inform you that the file concerning this matter was referred to the members of the Tribunal not as an Appeal Tribunal but as members of the Alien Authorities in Wellington sitting jointly, which they have done in a number of cases.

I desire to draw your attention to page 5 of your memorandum to Aliens Authorities of the 7th May last in which you state, inter alia, "Then again the Police will from time to time ask Authorities to reopen the cases of aliens where fresh evidence has come to their knowledge rendering that course desirable."

I note that you state that my action has created a needless amount of correspondence. As to that I have no knowledge of what correspondence was involved outside this Department, but in my opinion, as Head of the Department responsible for the preservation of internal security, the creation of extra correspondence is immaterial where the interests of the State are involved.



Commissioner of Police.



DEPARTMENT OF JUSTICE

P. O. Box No. 20, Govt Bldgs.
Telephone 41-145.

OFFICE OF THE UNDER-SECRETARY OF JUSTICE

Wellington, C. 1.

1st October, 1941

Reference:

MEMORANDUM for

The Commissioner of Police,
WELLINGTON, C. 1

KARL PALLO

S.40/35

On the 15th August, 1941, I wrote you suggesting that it would be advisable to maintain close inquiries respecting Pallo's movements and associates as a precaution against enemy contacts.

The Aliens Appeal Tribunal, a few days ago, reported to the Minister, inter alia, that by minute dated the 13th September, 1941, you directed that the matter be referred to the Tribunal. The Minister is now inquiring why the Police file came to be minuted to the Appeal Tribunal. As the case was not under appeal the action has involved a needless amount of correspondence.

Under-Secretary.



NEW ZEALAND POLICE.

Subject: Karl PALLO - Inquiry as to associates.

100.000/1/41-14687

The Superintendent of Police,
WELLINGTON.

In a matter of this nature it is difficult to pursue any line of useful inquiry and under the present circumstances it does not appear that the inquiry can be carried further without Pallo being aware of it.

In view of the fact that his present circumstances are not in accord with those recommended by the Aliens Tribunal, and, keeping in mind the penultimate paragraph of the Under-Secretary's memorandum of the 15th ultimo, I consider that the Tribunal should be made aware of the present position. Senior Detective Doyle might accordingly refer the file to the Tribunal.

Commissioner of Police

17.9.41

Lopam Rapt
18.9.41

The Superintendent.

I submitted the file to the Tribunal as instructed, and understand that a full report has been forwarded to the Hon Minister by Mr Justice Callan.

Senior Detective

6-10-41

~~SECRET~~

NEW ZEALAND POLICE.

Subject: Karl PALLO - Inquiry as to associates.

100,000/1/41-24687

The Superintendent of Police,
WELLINGTON.Can any information be obtained as
this man's present associates?

Spinning
Commissioner of Police.
18.8.41

Chap Del
For inquiries please

112

Office Capt
19 8 41

Line Det Doyle

Line Det

19-8-41 letter

Const Smith
Doyle
19.8.41 Gen Del

Senior Detective Doyle,
Report herewith, please.

Rafinik
bansl 3693.

3.9.41.

The Inspector,

When Pallo and his wife appeared before the Aliens Appeal Tribunal last year, the members of that Tribunal expressed grave concern in regard to the danger of Pallo gaining information concerning the manufacture of munitions of war, which he might use to the detriment of this country's war effort, and it would appear from the disclosure now brought under notice that Pallo has become acquainted with matters pertaining to supplies of particular types of munitions, which he might readily disclose to the enemy should he find an avenue for doing so.

His wife is not above suspicion in regard to her political outlook, and given the opportunity, she might be tempted to betray the country which has given her refuge.

It is impossible to keep an accurate check on the conduct and movements of all aliens, particularly in regard to their intimate associates, but so far as we know, nothing has transpired in regard to Pallo which could be regarded as suspicious.

Druse
Senior Detective
8-9-41

8-SEP 1941

The Capt.
R.H. Carr
Asst. Insp. for Insps.
9-9-41

The Commissioner
In information. There is the suspicion that these people might prove deadly if a favourable opportunity presented itself, but to date no reliable information has been obtained to confirm this.

preparing
9/9/41

NEW ZEALAND POLICE.

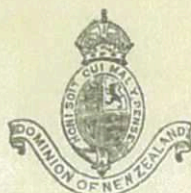
Police-station: Alien Enquiry Office, W'gtonDate: September 3rd., 1941.~~SECRET.~~REPORT of Constable P.A. Smith, No. 3693.relative to KARL PALLO.....Inquiry as to associates.....'Vide attached.'

I respectfully report that I have made discreet inquiry concerning the above-mentioned person, and have found that, as far as can be ascertained, he has not been guilty of any untoward conduct nor has he formed any associations with persons of doubtful integrity, since he came before the Aliens Tribunal in November last.

However, owing to the difficult nature of this inquiry, it is not possible to say that this is definitely so, and it is quite possible that Pallo may be engaged in some subversive activity which is not readily discernible in the ordinary course of inquiry, and it would seem that the safest method of obviating the possibility of confidential information going astray, would be to get at the source of the trouble by limiting the information given to Pallo.

P.A. Smith
Constable 3693.

Senior Detective Doyle,
Alien Enquiry Office,
WELLINGTON.

~~SECRET~~

DEPARTMENT OF JUSTICE.

P. O. Box No. 20, Govt Bldgs. C.1.
Telephone 41-145.

PBR

OFFICE OF THE UNDER-SECRETARY OF JUSTICE.

Wellington. C. 1.

Reference J. 1940/50/45

15th August, 1941.

MEMORANDUM forThe Commissioner of Police,
WELLINGTON, C.1.Karl Pallo - S. 40/35

You will recall that when the above-named alien was before the Aliens Tribunal, it was decided on account of his special technical knowledge that he might be permitted to be engaged in the manufacture of munitions, and it was arranged by the Minister of Justice with the Minister of Supply that precautions should be taken to ensure that such matters as the quantities of particular types of munitions and that complete specifications, in respect of which he might be engaged on the manufacture of parts, should not be disclosed to him.

I now find that through Pallo's technical experience he has had revealed to him more information in the above directions than was originally contemplated. According to Squadron Leader Carter, for whom he undertakes munition work, he is the best of the manufacturers from a technical point of view, and no doubts of disloyalty are entertained by Squadron Leader Carter.

In view of the information this alien now has, it would seem desirable that close inquiries be maintained respecting Pallo's movements and associates, to ensure as far as practicable that the information he has is not reaching enemy agents.

31 *[Signature]*
Under-Secretary.

~~SECRET~~

640/35.

DEPARTMENT OF JUSTICE.

Wellington. C. 1.

7th July, 1941.

MEMORANDUM for

The Commissioner of Police,
WELLINGTON, C.1.

I have to advise you that the classification of Felicitas Maria Pallo has been altered from Class D to Class B.

I return your secret file, which was forwarded to me by the Chairman of the Aliens Appeal Tribunal.

J. C. Dunning
Under-Secretary.

Encl:

copy on AL 21922,
Dispt
8/7/41. - 9 JUL 1941
COPY sent DISTRICT

EXTRACT from the evidence of DR. KEYS
(concerning Fuhrmann and Rump) taken
on 4th April 1941.

If I were asked to name sincere Nazi admirers whom I met at the German Club, I would first and foremost put Mrs. Pallo. She was the one who first proposed that the Horschweil song should be sung. She was very annoyed over the telephone when I refused to print the words in the circular. On the face of it, Mrs. Pallo was a domesticated person. That was not my impression of her; she and Miss Ernhardt were as thick as thieves as far as I could make out. I admit that Mrs. Pallo did quite a lot for the Club, but she was a difficult person to get on with, and I did not hit it with her too well.

Col. Weston.

Dr. Keys.

(Copy)

ALIENS APPEAL TRIBUNAL,
Wellington,
28th June 1941.

MEMORANDUM FOR:

The Under-Secretary of Justice,
WELLINGTON.

Karl Pallo and his wife Felicitas Maria
Pallo. File No. S. 40/35.

This Police file is forwarded herewith, in order that you and the Minister of Justice and the Minister of Supply should be aware of the additional matter which has been put upon it recently and is now at the top of the file. There are two items. First, a copy of an extract from the evidence given by Dr.A.C.Keys, Lecturer in Modern Languages at Victoria College, Wellington, during the investigation as to Fuhrmann and Rump. In these cases, fresh light was obtained on the happenings in the Wellington German Club shortly before the outbreak of war. This evidence incidentally confirmed the view which had previously been hinted at in evidence given before the Tribunal in Mrs.Pallo's case that Mrs.Pallo at that time exhibited herself as a Nazi sympathiser.

The other item is a report from the Censorship Department covering and commenting upon a Red Cross message from Mrs.Pallo's mother. I agree with the Censorship view that it is proper to infer that Mrs. Pallo's mother - Frau Birnstein - is herself a Nazi, and that may well apply to the whole Birnstein family. But I doubt very much whether the Censorship comments and inference as to Mr. Pallo are justified. It is certainly wrong to say that Pallo claimed to be a Lithuanian. He has always said that he was an Estonian. I do not myself read the translation of the Red Cross message or the word "families" therein as necessarily relating to the Pallo family at all. Further,

on looking at the particulars of Pallo's family, which emerged during our enquiry, I find it impossible to fit into what is already known the idea that any of them are now in Gotenhafen, the German name for the formerly Polish port of Gdynia.

You will no doubt see that the full file in due course goes back to the Police.

(Sgd) J. B. CALLAN J.

Chairman.



DOMINION OF NEW ZEALAND.

~~CONFIDENTIAL.~~

CEN. NO. 1048.

Memorandum for

CONTROLLER OF CENSORSHIP,
WELLINGTON, C.I.

4th June, 1941.

The Commissioner of Police,
WELLINGTON, C.I.

Red Cross message from Mary Birnstein, Moltke Str. 4,
Flat 14, Gotenhafen, West Prussia, to Karl Pallo
and Family, 49 Homewood Avenue, Karori, or C/o
Pallo Engineering Company, 96 Courtenay Place,
Wellington.

I attach, for your perusal, a Red Cross message
as above-described. The translation is as follows:-

"Mother, brothers and sisters, families well
and cheerful. (Brother has private work. Every
Baltic German welcome here. Great business
opportunities.) Are you all together and well?
God protect you! Mother.
(Sgd.) Mary Birnstein."

The translator's comments are as under:-

The sender is Mrs Pallo's mother. An earlier
Red Cross message dated 2.12.40, which passed through
this Office on 10.4.41, showed that Frau Birnstein
then had a good position in the Nazi Women's
Organization (Deutsches Fräuenwerte) in Obornik,
German occupied Poland. She has now moved to
Gotenhafen, as the Nazis now call the Polish port of
Gdynia.

Frau Birnstein is thus an active Nazi, and it has been
more or less accepted that Mrs Pallo too has pro-Nazi
sympathies. However, the attitude of Mr Pallo has been
less clear. He has claimed to be a Lithuanian, and
probably no conclusive evidence has been offered that he
belonged to the German minority in the Baltic area.
However, the reference to "families" shows that his
family is included in the welcome which is being
extended to "Baltic Germans" returning to the Reich,
and this is clear evidence of Mr Pallo's Teutonic
affinity.

It seems undesirable that such a nationalistic
message should be forwarded to the addressee.

Encl.

The Superintendent of Police,
WELLINGTON.

Please bring under the notice of the
Aliens Authority.

D. J. Cummings
Commissioner of Police.
6.6.41

J. M. Munn
Controller of Censorship.



Deutsches Rotes Kreuz

Präsident Auslandsdienst

Berlin SW 61, Blücherplatz 2

ANTRAG

an die *Agence Centrale des Prisonniers de Guerre*, Genf

— Internationales Komitee vom Roten Kreuz —

auf Nachrichtenvermittlung

REQUÊTE

de la Croix-Rouge Allemande, Présidence, Service Etranger

à l'Agence Centrale des Prisonniers de Guerre, Genève

— Comité International de la Croix-Rouge —

concernant la correspondance

Absender Mary Birnstein, Deutschland, Gotenhafen.

Expéditeur / Westpreussen/

..Moltke Str. 4 ..Wohn. 14. ..

bittet, an

prie de bien vouloir faire parvenir à

Familie Karl Pallo, New Zealand, Wellington

Empfänger Karori, 49 Homewood Avenue. " " " " " "

Destinataire

oder: Familie Karl-Pallo, New Zealand. " " "

Wellington Rallo- Ingeniering Ltd. 96 Cottenay Place.

folgendes zu übermitteln / *ce qui suit*:

(Höchstzahl 25 Worte!)

(25 mots au plus!)

Mutter, Geschwister, Familien gesund und munter.

Bruder hat Privatbeschäftigung. Jeder Balten-

deutsche hier willkommen. Erwerbsmöglichkeiten

gross. Seid Ihr alle beisammen und gesund?

Gott schütze Euch!

Mutter.

(Datum / date)

(Unterschrift / Signature)

3. Empfänger antwortet umseitig

Destinataire répond au verso

Mary Birnstien.

4. Antwort des Empfängers:
Réponse du destinataire:

(Höchstzahl 25 Worte!)
(25 mots au plus!)

Publicly released under the NZSIS Declassification Policy

Datum / date)

(Unterschrift)
(Signature)

May 9, 1941.

REPORT BY SGT. 90.

CARL PALLO.

I am informed by Mr. PERCY COYLE that in a conversation he had yesterday with Mr. HARDY STEWART, Barrister and Solicitor, New Zealand Insurance Company's Building, the topic of CARL PALLO, of the Pallo Engineering Co., was introduced. I have submitted a report on PALLO and his name was further introduced when SERGEANT 50 discovered that there are two members of the Communist Party employed in the PALLO works.

HARDY STEWART, it appears, is a director of the company. He told Mr COYLE that PALLO arrived in New Zealand in 1929 and started a business here. Before that he had lived in Australia for several years.

PALLO'S wife, according to STEWART, was born in Lithuania, or one of the three countries (ESTONIA, LATVIA, and LITHUANIA), which used to border RUSSIA. STEWART says that there is nothing suspicious about her.

PALLO, according to STEWART, "is a good chap who is doing a great job of work for the country." STEWART disbelieves entirely any suggestion that PALLO may be a suspicious character.

STEWART told Mr. COYLE that PALLO is aware that he has two or three Communists on his staff; and he is just awaiting a suitable opportunity to sack them. He has already sacked several operatives suspected of Communist leanings.

SUGGESTION:

STEWART apparently was definite in his championship of PALLO and he is even procuring a copy of PALLO'S birth certificate to satisfy Mr. COYLE. The fact remains, however, that I have seen PALLO at a meeting of the German Club. That was in 1938, before the war, and when RUSSIA and GERMANY were anything but friendly. I suggest that in that circumstance, a good Russian would have had nothing to do with the German club; and I suggest that STEWART'S evidence has no value. I am proceeding with inquiries.

April 21, 1941.

REPORT BY SGT. 90.

CARL PALLO.

At 1020 hours, I interviewed Lieutenant-Colonel BURGE, D.Q.M.G., with regard to the munitions manufactured by CARL PALLO, the German-born manufacturer reported by me, 18-4-41. Colonel BURGE, after taking a note of my name, referred me to the Staff Officer, Munitions Control, at the Railway Station. The officer proved to be Mr. R.P. AICKIN.

AICKIN told me that there had already been a considerable number of inquiries made into the PALLO case by various authorities, including the Police and the Minister of Justice. No action against him had been taken and in the meantime the Munitions Control, which is attached to the Ministry of Supply, had continued his appointment. One reason was that the quality of the goods produced by PALLO was of good class, another that the prices and delivery were right, and a third that in the conduct of his business PALLO was a model of discretion.

PALLO manufactures, according to AICKIN, parts of the Mills bomb and die-castings. So much concern had been manifested by the authorities in the likelihood that PALLO might try to pass on goods subsequently likely to prove dangerous to the Allied cause that the Munitions Control had instituted regular and, it was believed, efficient tests of the material he produced. The tests are conducted at regular intervals by the Dominion Laboratory. They have not so far proved positive in any form, but as a precaution they will be continued, presumably as long as PALLO is under contract to produce defence material.

AICKIN says that in some quarters a good deal of suspicion has been aroused because PALLO, a German, is

associated with the production of munitions. PALLO apparently is aware of the suspicion and to counteract it he conducts his factory in excellent fashion. No unauthorised visitors are allowed to visit the factory and the greatest care is taken by Pallo to keep the nature of the work secret.

AICKIN summed up his statement by declaring that though the Munitions Control maintained a constant watch on PALLO and on the goods he manufactured, it had not so far discovered anything of a suspicious nature. He believed that until action was taken by the police or the Minister of Justice in the matter, the Control would continue PALLO'S appointment.

Pallo's Wife.

AICKIN said he believed a good deal of the suspicion directed against PALLO arose from the fact that PALLO'S wife, according to report, had made statements supposed to be derogatory to the Allied cause. AICKIN could not ~~expify~~ amplify his statement with any particulars.

SUGGESTIONS:

In view of the importance of the work done by PALLO, I suggest that contact be established with the police to discover, if possible, details of PALLO'S private life and that from there investigations be made into the allegedly suspicion behaviour of his wife.

35/9
April 18, 1941.

REPORT BY SGT# 90

CARL PALLO*

Ref. File 44/5.

Sergeant 80 in File 44/5 reports having overheard a conversation at Oriental Bay between strangers who declared that CARL PALLO, of the Pallo Engineering Company, Courtenay Place, Wellington, was a first-class Quisling who passed himself off as a hundred per cent Britisher but who would do anything to help Germany.

How much conjecture and how much truth surrounds PALLO it is difficult to say. In the realm of conjecture, I have heard that his wife has freely decorated the home at 49 Homewood Avenue, Karori, with portraits of Hitler and that she is in the habit of giving the Fascist salute to whichever portrait happens to catch her eye. In the realm of conjecture, too, is the report, mentioned by Sergeant 80, that the first five hundred hand grenades produced by the PALLO factory for the defence authorities all failed to explode. Perhaps it would be possible to check the report with the defence department concerned.

No conjecture is the fact that before the war began PALLO was a member of the DEUTSCHES VEREIN, or German Club, in Wellington. He has, I understand, lived in New Zealand for about five years or so; but whether he is a German national, I cannot say. He made a good deal of money, I understand, through the manufacture of modern-type petrol bowlers about three years ago. I cannot say how long he has had a defence contract; but a member of his staff was granted exemption from armed service by the Armed Appeal Board at a recent sitting in Wellington.

SUGGESTION.

Though much of what is spoken against Pallo by the public may be pure alarmism, I suggest that in view of his association with the DEUTSCHES VEREIN and the rumours of his wife's attitude towards Hitler, -- rumours coming from a fairly sound source -- inquiries might reveal the facts.

CLASSIFICATION

S.40/35.

[Form No. 108.]

B



~~SECRET~~

NEW ZEALAND POLICE.

Subject: Karl PALLO - alien.

100,000/3/40-197831

The Superintendent of Police,
WELLINGTON.

I forward herewith a copy of
the finding of the Aliens Tribunal in
this case to be attached to his
registration file.

D. J. Cunningham
Commissioner of Police
12.11.40.

Const McRae

*Please attach finding to
Alien's file*

*W. J. O'Connell Capt
12.11.40*

The Superintendent

Attached please.

*W. J. O'Connell
Const. 13/11/40.*

The Superintendent,

This man is a
naturalised British subject and not of enemy
origin. He therefore is not registered
at this office as an Alien.

His wife
Felicita Maria, is of enemy origin and is
therefore registered here.

The finding has been
attached to the wife's file please.

W. J. O'Connell
Constable 2071.
13/11/40.

For the Commr

*W. J. O'Connell Capt
13.11.40*

Publicly released under the NZSIS Declassification Policy



~~SECRET~~

DEPARTMENT OF JUSTICE.

P. O. Box No. 20, Govt. Bldg. C. 1.
Telephone 41-145.

OFFICE OF THE UNDER-SECRETARY OF JUSTICE.

PBR

Wellington, C. 1.

8th November, 1940.

Reference:

MEMORANDUM for

The Commissioner of Police,
WELLINGTON, C. 1.

Karl Pallo - S. 40/35

I return herewith your secret file relating to
the above-named alien, together with two copies of the
Tribunal's report to the Minister.

B. O'Connell
Under-Secretary.

Encl:

*Seen
LJB*

ALIENS TRIBUNAL,

7th November, 1940.

TO/ The Honourable the Minister of Justice,
WELLINGTON.

Karl Palo.

S. 40/35

This case was referred to us by your Minute of the 27th of September last. At that time the Department of Industries & Commerce was anxious to procure some investigation of this alien because of the proposal to make use of his services in connection with munitions, and because two very contrary views of his loyalty and reliability had emerged. We spent the whole of the 30th of September, including the evening thereof, on an investigation of the case and the taking of evidence and sent you an interim report on that evening. It was obvious that a final recommendation could not be made until we had seen Mrs. Palo, and her state of health did not then permit her attendance. We have now had a further hearing attended by Mr. and Mrs. Palo and their solicitor, Mr. J. F. Stewart, and have since fully considered the case. We now submit the following report.

We direct your particular attention to the evidence of Mr. G.D. Stewart, which is to be found on p.12 of the typed evidence. We accept that evidence without reservation. You will observe that Mr. Stewart gave his evidence on oath in the presence of the alien and his solicitor, and was cross-examined by the solicitor. We are satisfied that in giving his evidence Mr. Stewart felt himself to be performing a public duty which he found painful to him personally; that his memory of the conversations with Palo is reliable, and that he was careful throughout to restrict himself to matter of the accuracy of which he could be quite sure. We are

unable to accept Mr. Pello's denials of the effects of Mr. Stewart's evidence, which will be found at p.7 and at the foot of p.9, and we emphatically reject the suggestion made by Mr. Pello that this witness Stewart was influenced by certain business motives to make such statements to the detriment of him (Pello). The fact that Pello made this suggestion is one of the items that compels us to form an unfavourable view of Pello generally.

We also reject the suggestion that the other witnesses against Pello were animated by private interest or gave their evidence in consequence of private business feuds. We accept them as honest and reliable witnesses.

Having regard to the circumstances under which it was obtained, we cannot attach any value to the Testimonial signed by the employees. For one thing, the situation of employees and their relationship with the master must adversely affect the value of anything of that kind.

We accept the witnesses Nisbet and Burn who gave evidence for Pello, as being honest and reliable. We think they have given a truthful account of their intercourse with Pello, and that he has created on them the impression that, in the matter of loyalty, he is quite reliable. In the course of our work we are continually coming across instances of cases in which the same alien has made entirely different impressions on different members of the public at different times. There may be many explanations for this. One explanation obviously is that the alien may regulate his conversation according to the audience in which he is speaking or the stage in the history of world affairs at which he is speaking. The evidence of Messrs Nisbet and Burn satisfies us that Pello has certain technical skill and knowledge capable of being very useful to New Zealand in the matter of munition making, and that he has put this skill and knowledge

at the disposal of the authorities unreservedly and helpfully.

Pallo is not a German; he is an Estonian. His country has, in effect, ceased to exist. He has long since ceased to have any connection with it, and there is no reason to fear that he would do harm to New Zealand from affection to an enemy country. We do not think he feels any patriotism to any country. We think that so long as it appears that we are probably to be the ultimate victors, he will continue to work helpfully in New Zealand's war effort. The danger we feel as to Pallo is this - He has no real feeling of patriotism to any country. His conversations with Stewart the auditor show that he entertains a dangerous admiration for the efficiency of the Totalitarian or dictatorship form of government, and that he rather despises democracy in its actual working in peace time as he has experienced it. When a man has no British blood in his veins and entertains these political views, we do not see how he can be relied upon to continue staunch and loyal if the war appears to be going badly against us. To a man like Pallo, with his history and his political views, a Hitler victory would be in no sense a disaster. He admires that form of government; he has admired a good deal that Hitler has done. Then there is the complication that his wife is at least half a German, and entertains considerable German sympathies; there can be no question about that. Her brother and sister are in Germany and, as she herself admits, it is probable that both her brother and her brother-in-law are members of the German fighting forces.

For all these reasons we are driven to the conclusion that if it appeared that we were in serious danger of losing this war, Pallo could not be relied upon. In our opinion, it would be contrary to the public interest that in a stage of the war such as that, he should either have in his possession accumulated secret knowledge or the power to hinder us and help the enemy.

We have endeavoured to express our views of the realities of this case. But we add that the probable reactions of the public cannot be left out of account, and that there is likely to be public uneasiness at the idea that a foreigner with a German wife has an intimate and trusted position in connection with munition making.

The terms of your Minute of the 27th September are wide. We have considered whether in this case we should endeavour to frame recommendations as to restrictions on Pello's occupation or employment under Regulation 50. We have come to the conclusion that to attempt this would be to attempt to advise, in detail, as to exactly how far and in what way he might safely be employed in connection with munitions. This we could not usefully do and should not attempt without a detailed knowledge and thorough understanding of the activities in which he now takes some part and of any further or ~~unconnected~~ activities and his intended part therein. We doubt if, even after much attention to these matters, we could understand them as well as they will be understood by the officers of the Department of Supply who have been giving attention to them for some considerable time. It seems to us therefore that we can be of more use by contenting ourselves with expressing our conclusions as to the character, sympathies, views and consequent reliability of Pello.

How far, having regard to possible public uneasiness, it is wise to employ in connection with munitions an alien with a wife of German origin raises in a new form a question of general policy which has cropped up at times in the course of our enquiries and which, it seems to us, it is for the Government to settle.

Apart from public uneasiness, which in many of these cases may be without real foundation, the real grounds for uneasiness in Pello's case have been indicated by us, and

if our judgment of Pello is accepted, it is for those who understand in detail the nature of what is being done and what is intended, to make use of our views of Pello in deciding what shall be done.

As to classification, our recommendation as to Pello is that he be included in Class B, that is - among persons recommended for internment in the event of a threat of invasion or enemy attack.

As to Mrs. Pello, our view of this lady is that she is not the ardent Nazi supporter which some items in the Police file would suggest. But she is a person of at least partly German origin and of some German sympathies, and she has the relatives in Germany who are mentioned in the report. She is a lady of intelligence and good education, and a linguist. If her husband became possessed of secrets of real value to the enemy, either as to our war effort or any deficiencies therein, a difficult situation would arise in the event of a threat of enemy invasion or enemy attack, even as to leaving Mrs. Pello at liberty. If her husband is not allowed to acquire such knowledge, we see no objection to her being classed in Class D, among persons whose internment not recommended at any stage. She has three young children and seems to be interested in her domestic life. A consideration of what her situation would be in certain events seems us to make it all the more necessary to be sure that Pello does not become possessed of information of real value to the enemy.

*The Comr
Classify the husband
as "B", the wife as "D"
H.R.M.
5.3.41.*

_____ }
Chairman
Members.

S. 40/35

ALIENS TRIBUNAL,
Wellington,

7th Novr. 1940.

MEMORANDUM for:

Detective Harding,
WELLINGTON.

KARL PALLO.

This Police file was forwarded by me to the
Attorney-General's Office today, together with the
further
^ recommendation of the Aliens Tribunal.

G. S. Russell

Secretary,
Aliens Tribunal.

H. Pallo, esq.

Sir, We the undersigned wish to state that you have our full co-operation and complete confidence in every respect.

23. Sept. 1940

Publicly released under the NZSIS Declassification

Robert White
James Lund
Thomas W. Stanton
James W. Heath.
Richard P. Leigh
W. Schaefer
G. H. Matthews
J. R. Kern.
Witchams.
C. A. M. Meyer.
A. Joubert.
L. F. Penney
H. King
E. Jones
P. Blarney.
J. S. Freese.
F. J. Joubert
J. Smith.
J. H. H. H. H.
R. H. H. H.
R. Williams

A Greenwell.
W. Steffensen
J. Benzoni
C. Gibson.
T. C. Warburton
S. Harris
H. Strutton
G. Satterly
L. Hickling?
R. Miles
H. Klauder.
D. E. Knight.
J. Morris.
F. Hietel
J. Bettany.
M. Lamwood.
D. Watson
R. Greig
L. J. E. Smith
L. J. E. Smith
W. A. Lumberton

E. Cassidy
L. Bloomfield
~~H. A. Bush~~
R. Ward
J. Morris
C. G. Berry
H. Allard
J. Simpson
Total Staff 55
3 absent

ALIENS TRIBUNAL.

KARL PALLO.

Further evidence heard at Wellington - 5th November 1940.

Counsel: Mr. J.F. Stewart for Mr. and Mrs. Pallo.

St. Boyle.

FRANCIS MARIA PALLO. I am the wife of Karl Pallo. I was married to him at Sydney on 11th February 1933. I am the mother of three children all born in N.Z. Their names are Ingeborg Dagmar, the eldest - a girl aged nearly 7; a boy aged 5, named Gerhard and a baby a month old, named Karen Christina. My maiden name was Birnstein. I was born in Libau, Latvia on 19th January 1908. My father and grandfather were nationals of Germany. My mother was of Russian nationality. I have one brother and one sister. My brother's name is Horst John; his age is 30. My sister is named Edith Elizabeth, aged 34. My brother lives in Hanover, in Germany; he is married to a German lady, and they have no family. He is a Sports Instructor by occupation. I have not heard from him for a long time - not since the beginning of the war, or for some time previous to that. I cannot say when I received my last letter from him. I do not know what he is doing now, as I have not heard from him for some time, but I suppose he is still keeping on with his job of instructor. I do not know if he is a Military reservist, but it is quite likely he is so liable. I know he did have to do some military training.

My sister's husband is a lawyer named Thomas; they live in Duisburg, Germany. I think he is aged 34, the same as my sister. I have not heard from my sister or her husband since the war started. I used to hear from them up to the start of the war. I suppose that Mr. Thomas did some military service in Germany, but I do not know anything about him. I just met him before my sister became engaged to him; I met him at Libau when they were on a trip.

My father is dead, and I do not know where mother is now living, but she had been living in Libau for a long time; she was born there. I have not heard from her since the war started. Up to the outbreak of war, mother used to write to me once or twice a month.

I was educated in Libau, and finished my education at the age of about 16. I was educated in German and in Russian, but of course we had to learn Lettish too, that being the language of the country. In our own family ^{circle,} ~~child~~ as a child we used to speak German and Russian amongst ourselves. After leaving school, I stayed at home and did household work. I did not have a job outside. I went to Germany for one year, ~~and~~ returned home. I left school at about 16 and went to Germany when I was 18. ~~During~~ those years, I was just helping my mother with household duties in our home. The place I went to in Germany was Aarls, a very small town; the nearest big centre to it was Kassel, not far from Hanover. I went there as a lady's help. It was not really a position, but I just wanted to go and learn household duties in someone else's home, under some other person's instruction. The people I went to in Germany were just strangers. He was an officer of Police. I did not know him before I went to Germany. I got the job there through an aunt of mine, who knew these people, and she recommended them to me. This aunt was a cousin of my mother. I just helped in the lady's house. This job was arranged for me before I left Latvia. I was not paid a salary and was more or less a daughter of the house. I remained with this family for just over a year. Before I went to Germany I knew the German language sufficiently well to converse in it. Latvia formed part of Russia at the time we lived there, and Russian was the language used by the people there, so we used that language in our house, but German as well at times, because my father was a German.

As a child, my mother would speak to me in either language. I remained in the family in Germany for just over a year, then I went home and remained there. I went to Esthonia in 1930/1 and stayed there for one year. I attended a school for Home Science. Then I returned home and remained there continuously until I left in 1932. My father was still living when I left home.

To Chairman.

I do not know exactly when my brother and sister went to Germany, but it could have been about 1929 or 1930. My sister went there first - about 1927 or 1928, and my brother much later because he was much younger. My sister was a dressmaker and she went to Berlin to a job, at the age of about 20 or 21. My brother followed when he was about 18 and he went to a Sports School in Berlin to be trained as an instructor in athletics and gymnastics. My sister and I went to Germany together. But I did not see anything of her during the time I was working in Germany. My brother was still at school when I returned home. He left for Germany after I returned home from there.

Latvia

Before I left/for Australia, I saw my brother and Sister at Xmas.time for a week or two, but I did not go to see them in Berlin or meet them at all while I was in Germany. My object in going to Australia was to get married to Mr. Pallo. I first met him in Australia and did not know him before that. We knew of each other only through letters and friends. The marriage was arranged through pictures, correspondence and friends, but I had been in correspondence with Mr.Pallo himself for a few months before the marriage. I came out to Australia in 1933 on a German passport because I was a German subject through my father. I

To Mr. Doyle.

arrived in Australia about January 1933 and was married at Sydney on 11th February 1933. I remained in Sydney for about a fortnight before leaving for N/Z. Mr. Pallo came over from N/Z to meet me. He had business in Sydney and

we arranged at the same time to meet. We arrived in N/Z about 28th February 1933. I joined the German Club about a month or two after my arrival. I did not know of the existence of the Club when I arrived in N/Z. I learnt of the Club through the German Consul Mr. Penseller. I did not report at the German Consulate on arriving here because I was really an Estonian subject through marriage, so I had nothing to do with the German Consulate. I met Mr. Penseller through having been a German subject before. I had heard of him before. Mr. Penseller is still in N/Z and lives at Tauranga. He was succeeded by Dr. Hellenthal as Consul, but I cannot give the date of this. I made the acquaintance of Dr Hellenthal and members of his staff I knew Miss Marie Erhard, who was a prominent member of the German Club.

To Chairman. I acquired my knowledge of English at school; it had always been a favourite subject of mine, and I was always quite keen on it.

To Mr. Doyle. I did visit the German Club, but not with Miss Erhard; she was not always there, as she was quite a busy person, but I met her at the Club at times. Sometimes we gave her a lift home in our car, and any others who lived on our side of the town; we lived at Karori. Miss Erhard also visited my home, but not very often perhaps once a month - quite irregularly. Sometimes her visits were in the evening and sometimes at week-ends; we did a lot of sewing together; that was really the object of her visits. I very seldom visited her at her apartment, although I did go there to see her a few times, but she had only a small room and she preferred to get out of it. She usually rang up to find out if it would be convenient for her to call at my place; she lived at Tinakori Road all the time I knew her - I mean she lived there up to the time she left with Dr Ramm. The visits to and from her place continued up to the time she left N/Z on the outbreak of war. I think that Dr Hellenthal visited us at our home only once, to return a call, that is all. I visited his home very seldom - perhaps two or three times during the whole time they were here.

I went once to an afternoon tea when only ladies were present, and once with my husband to a cocktail party, and I think that is all. The cocktail party was quite a big affair and included New Zealand citizens and other Consuls.

I was present at the German Club in November 1938 with Miss Erhard. It is correct that on that occasion it was suggested by Miss Erhard that we sing the German national anthem. I did not really myself second the proposal; we all agreed to it, as we saw no harm in it to sing the ^{national} song just as the French and Italian Clubs did. By "we" I mean the Committee, of which I was a member at the time. On this Committee there were our President (Professor Meyers), Mrs. Short, Mrs. McKinnon, a Mr. Rump and Mr. Fuhrmann, of Cuba St. and then a Miss Pascha, or some such name, Dr. Keys and Miss Erhard. I think that is all. The members of the Committee said they did not mind if they sang the song or not, but the majority of the Committee were in favour of it, and so we agreed to sing the song. This Committee meeting was held in the Club rooms. The proposal was put into effect the same evening. The discussion about the song took place at the general meeting of the Club; it was not at a special meeting. The song was discussed by the committee alone; we always met just before the ordinary Club gathering - half an hour before and this song incident was discussed at this early committee meeting. Miss Erhard told us that the Consul did not want to come to the Club because we did not sing the German anthem we wanted some new entertainment in the Club - some new fun - and we wanted the Consul to come along, so Miss Erhard brought us a message from the Consul that if we would just sing the song he would come, and so we saw no harm in doing that, and so we sang the song. Miss Erhard was acting really for the Consul; she brought the message from him, and then our Committee dealt with it. Then the same evening, almost immediately following this, the members of the Club assembled in the Club rooms - about 30 members came along.

MILES

PASCHE

(1358 Linton St. E.)

Well over half of the number would be British subjects, in fact nearly all of them. After they had assembled, as far as I remember we had our entertainment first and then at the end of it we sang the English national anthem "God Save the King" and then the German national anthem followed by the Horstewessel. The two together are counted as one song and they really go together although the music changes in the two songs and they have a different air. The Horstewessel is not another verse of the German national anthem; it is the practice to sing them both in succession without a break. I did not know Hitler's song at all, although I knew the national anthem. The British people present would not of course know the words of the German national anthem. There was not a Piano played to it, but there was a Mr. Ferschmann present, who played a zither accompaniment. I do not know the origin of the Horstewessel song, or anything about it, except that it is the Nazi song. On this evening, those who did not know the words just hummed the melody as it was played. I did not know the words of the Horstewessel song myself. When the Club assembled openly, it was just announced that we wished to sing our national anthem at the end, just as the other Clubs did, and this was just accepted as a decision of the Committee; no objection was raised by the Club members. We thought it a nice finish to sing the anthem at the end of our evening. The German Consul was not present that particular evening. I agree that a few of the British members did resign from the Club after this, but the rest of them stayed on. I cannot say how many did resign - that was part of the Secretary's job. I do not know exactly what reasons the members gave for resigning; all we knew was through the Secretary when he said that certain members had resigned from the Club. That is all. I did not hear any discussion at the time as to the reason for the resignations. I did not hear any members express themselves as being against the singing of the songs. I just heard that they had resigned.

I do not know exactly when Mr. Pallo was naturalised, but I daresay it was 19th July 1935 as you suggest. In November 1935 I made a declaration in order to acquire British nationality. I do not take a keen interest in German

affairs. Ever since my marriage I have more or less lost interest, not being German any more. I have taken no interest at all in the political situation in Germany. I am not interested in politics; I do not understand them.

I have not associated myself with any patriotic movements by Britishers in N/Z. I agree that some N/Z ladies have called on me at my home and asked me to join the Red Cross.

One lady who called saw that I had no help in the house and had 3 young children and she said she saw I ~~was~~ ^{had no} time to help in anything. I really meant to join the Red Cross and to do something, but when my third child arrived I found I could not. I have no domestic help in the house. I admit that some ladies have called at my house seeking subscriptions for patriotic purposes; sometimes I subscribed and at other times I did not have anything on hand to give them. It is not correct to say that instead of subscribing I slammed the door in their face. Whoever called, I would not do that.

My father was a director of a paper factory.

I remember an occasion at the German Club when there were some German sailors present. I did not attend any meetings at all in 1939. I was not even a member in that year. We did not have any trouble at the Club over the singing of the German National anthem. There were no German sailors present at the Club on the occasion we decided to sing the anthem. I remember some German sailors coming to the Club off cargo ships at times. The Club gatherings were held only every two weeks. I can remember sailors being there only on the one occasion, and there was no trouble then. I do not think we sang the song on that occasion. I think we sang the song only once, or perhaps twice.

To Mr. Weston.

To Mr. Collins.

That is all. I was not at the Club in 1939. By "sailors" I refer to such men as cook, baker and so on. They came to the Club to look for supper and entertainment. German ship officers were invited to attend, but I never met any of them at the Club, - perhaps a Lieutenant but no big officers.

To Chairman.

I feel that it would be nice for the British to win the war, because we now live here and have our home here. I think I would like the British to win, although this means the defeat of the nation~~xx~~ with whom my brother and sister are now living.

To Mr. Doyle.

A small group carried on the Club in 1939, although I do not know anything about it, because I was not interested in what they were doing. I do not know when the Club ceased to function, because I did not attend it for the last year or so, and did not pay my subscriptions. It is not true that it ceased to exist just after the singing of the Horstewessel song; A few of us on the Committee said we did not want to work on the Committee any more and we stayed away. What went on after that, I do not know, as I had ^{more} no/interest in the Club.

To Chairman.

I attended the Club up to the end of 1938, as they liked my plays and dramas, and I had lots of entertainment there. The plays did not involve many rehearsals, as we used to write the dialogue out on a sheet of paper and read it out on the stage. The rehearsals would be held at different homes in the evenings. I put on a Nativity play for Xmas. and we hired a Hall for it. I became interested in drama only in N/Z. For the last 4 years I have not had any domestic help in the house.

To Mr. Stewart.

I resigned from the Club with all the rest of the Committee. The bulk of the work of organising entertainments fell on Mrs. Short, Mrs. McKimmon and myself, and I became rather tired of it. The German songs were sung only once or twice to my knowledge. The Club did not split up over the song but really just over the entertainments.

Mr. Stewart submits :-

The only physical contact Mrs. Pallo had with Germany was for one year when she was approximately 18 years of age. Since Mrs. Pallo has been in N/Z, she has had 3 children in a period of seven years, and this entailed a fair amount of keeping close to her home; she has established a home here. Her children attend an English school. The only activity she has had that could possibly be suggested might be of a dangerous character was her activities in the German Club, which was purely a cultural and educational club like the French Club. I ask that the Tribunal make a recommendation as favourable as possible.

I was recently called down to the
KARL PALLO.
 Munitions Committee with regard to the manufacture of shells for Stokes Mortars. The metal when molten is injected under pressure into a die; this means a slab of steel in which the respective cavities are carved out. The dies are screwed into the machine, which closes them, and a pump injects the metal into dies. When the metal is injected, it solidifies. The metal is a zinc base alloy. The dies are made of soft steel. The machine then opens the dies and the casting is ejected. When the Mills bomb project was first mooted, the samples were hand-cast, and I proposed the process of die-casting, because it is so much faster and it cuts out many operations. As the Military authorities did not have sufficient information at that time that that metal could be used satisfactorily, it was left in ^{suspense} ~~delay~~, and communication established with the British Govt. and with Australia on the subject. After some time, when the information came to hand, the Military Authorities agreed to accept that metal and that process of manufacture, and later a contract was placed

with us. Then about six weeks ago the manufacture of sheels for Stokes Mortars was mooted, and, as a member of the Munitions Committee of the Manufacturers Association, a sample was brought to us, and I saw that the fuse part was mostly made all from brass. I then again suggested that certain parts be cast in the zinc base alloy, which would substantially increase our rate of productivity. The matter was left in abeyance for a time, but some 3 weeks ago I was called to the Munitions Control Office to examine drawings received from the British War Office forwarding a design which lent itself for die-casting. I ^{was} then told to look into the matter and to be prepared to tender when tenders were called for the contract. This new process enables holes to be cast in and allows for the insertion of different metals, and it entails exceptionally little machining afterwards. The thread has to be machined on afterwards. There are threads which can be cast on, but it does not require particular precision. This new method is now being used in England, so I have been told by Major Withell, the Chief Inspector of Ordinance. This new job will be of much bigger magnitude than my present munition job, but the degree of precision is the same in both.

ALIENS TRIBUNAL.

KARL PALLO.

Hearing:- 30th September, at Wellington.

Counsel:- J. F. Stewart.

XXD by Det. Harding. KARL PALLO. I was born in Esthonia on 17th February 1896. I was a Russian subject until the time of Esthonian independence. My parents remained Russian, but I elected to become an Esthonian and claim that I remained an Esthonian until I was naturalised in N/Z in 1935. Both my parents are now dead, but I have a brother in Russia, although I do not know much about him. My wife was born in Latvia, a German subject, but her father and grandfather had both been born in Russia. I married her in Sydney in 1933. We have two children, both born in N/Z. I know for sure that my father is dead. but my mother I do not know anything about; I have not heard from her for years. I was educated in Riga and at St. Petersburg. I was about 16 when I went to St. Petersburg. At the time, my parents were travelling between St. Petersburg and Riga. My father was an engineer by profession. I received some technical training in Riga and St Petersburg, and I have followed the engineering profession all through my life. I was in St Petersburg up to the year 1921, and then I went to Tallinn, Esthonia, where I stayed until 1924. Then I went to France and worked there until 1927, when I left for Australia, and reached Sydney by the end of 1927. I remained there until I came over to N/Z, where I arrived in February 1929. I was sent over here by the firm I was then working for. Since 1929 I have remained here. It is not correct that my wife was brought up in Berlin. She was in Germany only for some 18 months with relatives; that is what she told me; and she spent that period in Germany during her early life; I think she was aged 16 or 17 at the time she was there. She was born in 1908 and she married me at 25. She lived in Russia up to the time of

the Russian Revolution in 1917/18; then she went to live at Libau, Latvia, because her parents had settled there, and her father ran a factory there. She lived in Latvia all the time, with the exception of the 12 or 18 months she spent in Germany when she was young. This is my understanding as to my wife; she is 12 years younger than I am. I had known her mother, and when I thought of marrying and settling down I wrote to my wife's parents about it, and that is how we came to be married. I had known of my wife before I married her, but had not previously met her. I had met her parents in Esthonia and knew they had a daughter. As far as I know, my wife was about 16 years old at the period she was in Germany. But her parents lived in Libau all the time. Her father died there a year or two ago. She went to Germany just to see the country. I have myself only been in Germany on the occasion I passed from Esthonia to France, but I did not remain in Germany - my whole stay in that country ran to about three days only - and this was in 1924. I do not correspond with anyone in Germany, I do not know anyone in Germany. I believe that my wife ^{has} corresponded with her sister who lived in Germany. This sister is some two years older than my wife; she is married to a German, so I understand, but I cannot say how long he has been in Germany. I do not know him myself, and have never met him. I believe he has been in Germany for some years, and I assume he is of military service age. These are the only relatives my wife has in Germany. Her parents are still in Latvia, so I understand, but her father is dead. Her uncles live in Esthonia, and some others in Finland. Her brother in Germany was studying physical culture. I cannot say whether he has taken German nationality. The family has been a devoted one, and my wife has corresponded with her relatives quite extensively, through her mother, but not of late. I presume that her brother is of German nationality. Before the war, the position was such that ^{it paid} anyone who had come from

foreign lands to retain their foreign passports as by that means they did not have to pay taxes and enjoyed certain other privileges; it was to their advantage to retain their foreign passports. My wife did not acquire German nationality. Her father retained a German passport of the time, so that theoretically he was a German subject, whereas in practice her parents were born in Russia. Her grandfather was also ~~born~~^{born} in Russia. What I understand from my wife's statements to me is that both her father and grandfather were born in Russia. A family can retain their nationality in Russia for generations after generation. My wife's father and grandfather were nationals of Germany although born in Russia. The same thing extended to their children, if they had any while living in Russia. But all this has of course been changed since the Russian Revolution. I cannot say if my wife's sister or brother belongs to the National Socialist Party in Germany. The point has not been mentioned in letters as far as I know. I personally do not correspond much, and do not read my wife's letters at all. For one thing, my wife's sister's writing is very hard to read, and for another thing I have no interest in what she writes. As far as I know, my wife has never told me that her brother and sister in Germany belonged to the Nazi party. My wife has no interest in politics; she is just a girl who lives for her home and family. My wife does not know anything about politics and we have never discussed this subject between us. Since I arrived in Sydney in 1927, I have not returned to Europe, although I have left New Zealand on three or four occasions since ¹⁹²⁰~~1927~~, on business between Wellington and Sydney. I went over to Australia to deal with Oil Companies, who had paid officers in Melbourne and Sydney. The longest period I remained in Australia on these trips was some five weeks at one time. I was then working for a French firm (Satam & Co) and they sent me over to N/Z. I produce my original passport issued in 1924.

The branch of the French firm in N/Z was closed down, and I took over the agency early in 1930. I then handled the products of the Company.

I served in the Russian Army early in 1915, and it lasted up to early 1918, when the Army fell to pieces. I served as a technician, with the rank of Lieutenant. In 1915 I volunteered, and was posted to the Technical branch of the army, and I served with the Engineers in the construction of roads, bridges, railroads etc. Afterwards I served in the St.Petersburg district office as a technical officer dealing with countries making munitions etc. I served in the South-western front; the Russian Revolution broke out in March 1917, and I remained in the Army up to Decr. 1917. By that time there was an absolute disintegration; all the senior officers left the service, leaving juniors in possession. On the German advance in Jan. 1918, we fled. By March 1918 I was at the Austrian front. Then the remnants just floated back to the places they came from, and I returned to St.Petersburg. I was inclined towards the Revolution, otherwise I would have got out of Russia. All the younger people favoured the Revolution. On returning to St.Petersburg I was called up and served in the district Engineer's office there as a technician and liaison officer between ^{the various} departments who had been making munitions; it was a civil occupation. I left Russia eventually because I was so disappointed; I had always had an interest in making things, but now I saw nothing but destruction. My health had also broken down, and I saw no opportunity of recovering, so I decided to leave the country. I left it early in 1921.

I was not a member of the German Club in W'gton; I only visited it occasionally when I took my wife home from there; she belonged to the Club. I do not know when she joined it. I have never had sufficient interest in the matter to ask her. She speaks the German language.

I understand the German language myself, but I am not very fluent at it. Over the past 3 or 4 years I have followed the trend of affairs in Europe. I have been a student of social reforms, taking a general interest in the happenings in Europe. Having seen the collapse of the Russian Army, I naturally was drawn to think of the reason for it, and was keenly interested about doing something in life to help build it up, and to ensure my own future. I was a young man when the Empire collapsed, and I could not be satisfied with just lingering on in Russia at a dead end. During the last few years in N/Z, I have read of European affairs, but my interest in them became fleeting because I was more interested in the affairs of N/Z, the country I had chosen to live in, and seeing how things were shaping there. My interest in social reform did not cause me to make any particular study of the happenings in Europe. I just read what was available in print. In 1937, Mr. Muntz - Asst. British Trade Commissioner, with whom I was friendly and with whom I had been speaking about developments of industry in N/Z and Britain - drew my attention to a book printed by His Majesty's Printing Office in London, called "Economic Conditions in Germany after the close of 1936". He gave me that book to read; it was the only book which I actually read concerning the economic structure of Germany. I showed no further interest in what was happening in Germany. I had no interest in that country, and do not know it. I was more interested in what we were doing in N/Z; all my interests were centred on what was happening out here, so that I could contribute towards the well-being of N/Z. All my interests were centred on manufacturing only; this can be substantiated by the interests I have taken up. I joined the Manufacturers Association when I started work here. I was also asked to join the Mechanical Engineers Advisory Committee at the Wellington Technical College, and I co-operated with Mr. Ridley of the Educational Association. The Manufacturers Assi

appointed me as their representative Mechanical and Civil Engineer at the Sanitation Institute; all my efforts in N/Z have been devoted to building up industry.

In recent years I have had an absolutely open mind as to Germany. I read only what was printed in the book I have mentioned, which book was an official publication from London. I felt sorry for the countries attacked in this present war, because I myself had come from a small nation, and my sympathies were always with small nations treated harshly by big States. As to the annexation of Austria by Germany, I had no interest in Austria, and I cannot recollect now whether anything was said to me by anyone on the matter. But I might have said "Let them stew in their own juice", because I had no interest personally in Austria or the Austrians. As to the Sudetenland and Czecho-Slovakia, these in the last war were in Austria. I had a great regard for Czecho-Slovakia, for war prisoners of that nation worked under me, and I thought highly of their skill as workers. When Hitler seized this country, I did not discuss the matter at all, or justify Germany taking the country over, but personally my own feelings were immediately with the Czechs because of my great regard for them and because of the fact that they come from Slavonic stock. But if I ^{did} ~~had~~ discuss this matter with anyone, I would have favoured the Czecho-Slovakians because of my contact with them. As to the invasion of Poland, it came to me like a shock of horror; I could not understand or comprehend it, but I did not discuss the matter. I know Mr. Stewart of Barr Burgess & Stewart. I have no recollection that I in any way expressed myself to him as being in sympathy with the conquest policy of Hitler, or in sympathy with his actions or his policy. I have no recollection whatever of having spoken in such a way to Mr. Stewart. My only discussions with Mr. Stewart

have been on economic matters appertaining to ~~the~~ ^{my} firm, of which he is the auditor, and on matters on pure social movement in N/Z. As far as I can recollect, I have not discussed with him matters of Hitlerism, excepting questions of the Navy and Army. As to the Franco war, it was all strange and alien to me; I had never been in the country and I did not know the Spanish provinces. I have no recollection of having discussed the Spanish war with anyone. I have seen the horrors of civil war, and when I visualised the happenings in Spain, I did not want to think about it, let alone talk about it; I tried to forget it, and to get away from all my memories of civil war. If Mr. Stewart says I discussed Hitler and Franco with him, I cannot reply to that, because I have no recollection of such discussion. Lots of people, knowing I came from Europe, think I should be interested in events there, so they question me, and I might answer them just to get rid of the questioner. That is the true exposition of my position. I deny that I have ever made statements sympathetic with the Nazi regime or of any other movement of that description to Mr. Stewart or anyone else. I emphatically deny it. If Mr. Stewart says otherwise, he may have got an entirely wrong impression, or perhaps ^{is} interested by certain business motives to make such a statement to my detriment. I have been a great friend of Gordon Stewart the auditor; I have been guided by him as a financial expert in the affairs of my firm. I have discussed the position with him frankly as to what we want to do and how to do it. Since I engaged an Accountant or Secretary, my relations with Mr. Stewart have, for some reason unknown to me, become estranged, because he was continually nagging me and advocating that I should give more authority and power to the secretary Goddard. Mr.

Stewart definitely told me that the position of the firm would not improve until I gave Goddard more authority. He

also approached the Bank and told them that I was a one man show, and that the Bank should not make sufficient advances because the customers of the firm cannot rely on service, as if something happened to me they will be deprived of continuity of service for our commodities. This has been going on for a solid 2½ years until Goddard was appointed a Director and given full authority to look after the financial affairs of the Company, and he was also put in actual charge of the standard production of the factory. I was left only to the development work in the Drawing office of the firm. My position in the Company eventually became so acute that I could not get any reply or answer from my own office staff when I addressed them. If I wanted to get a letter typed, everyone said they were busy. If I wanted to enter the workshop and discuss manufacturing matters, everyone there told me they were busy with work Goddard had given them to do. I was ill last year with appendicitis. On my return from hospital, I discussed the affairs of the Company and Goddard gave me confirmation that the financial affairs of the Company were absolutely in good order and condition; that we had nothing to worry about. He said that ~~if I remained~~ ^{if I remained} ~~in the~~ in the Drawing office and not interfere with the workshop, everything would be quite alright in future. When Christmas approached, I asked Goddard as to our ability to pay the usual bonus to the staff. He said he would recommend a bonus, and it was paid. After I returned from my Christmas holiday, I received a call from the acting Bank Manager, who told me that Goddard had approached him for extra financial accommodation, which would increase our overdraft by £2000. I was absolutely amazed, because Goddard had no authority to approach the acting Bank Mgr for such special accommodation; it was a matter for our Board. Goddard had made the request to the Bank when the permanent Bank Mgr was away. I sent Goddard a telegram to come back to W'gton from his holiday,

but he refused to come or to give any assistance to clear up the matter; he said he would return to town only when his holidays were over. On his arrival, we held a Board meeting at which this matter was discussed. The Board consisted of Mr. Stewart the solicitor, Mr. Goddard and myself. Mr. Stewart the auditor was also present. It became apparent that Mr. Stewart the auditor and Mr. Goddard were absolutely hostile, and anything I suggested to improve the financial position met with their opposition. I then began to recollect the hints made to me by the Bank Manager as to whether I had full confidence in Goddard, and I wondered as to the purpose of these hints. Then I started to look into costs and importations, and I discovered that orders had been accepted at prices which did not pay for cost of material; materials delivered had not been invoiced up, and the collection of moneys had been left to stand over for twelve months. When I discovered these things, I told Mr. Stewart (Director and solicitor) about them. At the same time I received a visit from a representative of Beggs Ltd, who said that Goddard had approached Beggs' and had tried to discredit me in the eyes of that firm - also that Goddard had asked Beggs to close down on their debenture for £3000 from our Company. They could not understand the idea of a confidential and trusted official of the Company trying to run down the head of the firm. On the strength of this statement, made by Mr. Rendle of Beggs', questions were asked as to Goddard's position, and as a result it was said that he would resign from the firm. In this quarrel within the Company, the auditor Stewart sided with Goddard, and this may have led Mr. Stewart the auditor to say that I have expressed views (which I have not expressed) in admiration of Hitler. I most emphatically deny that I ever expressed any admiration of Hitler or his policy, or as to the Spanish war. I cannot remember whether I have made casual references on the matter. I say that Stewart's motive is a business one against me.

As to my wife's membership of the German Club, I have no recollection of my wife asking for certain German songs to be sung there one night, to the annoyance of English members. I had no interest in such things. I know that my wife put on some plays at the Club, but I know nothing of the song incident referred to, because I was never interested in the Club.

At the outbreak of war, I remember a business man warning me to be more discreet in my utterances. I remember a discussion last year with Mr. Berry, our draughtsman, about foreigners in N/Z and as to sympathy for the Labour Movement or against it. That was the extent of our discussions. In our expressions of sympathies for one kind of movement or another, Mr. Berry told me we had better not discuss such matters because they might be interpreted against me. Mr. Berry is still in our firm. The politics we discussed were purely local politics. The only literature I have read on European affairs is the book I have already mentioned, the British one written in 1936. I have not acquired any other book or literature on the subject, because I am not interested in the matter at all. Nothing of that kind circulated in my workshop; if it had, I expect I would have heard of it. But I have never circulated any such literature; I have never been in possession of any such literature, except the one book lent to me by Mr. Muntz. Any discussion I had was only from the Labour angle. I gave Mr. Muntz' book to Mr. Williams, one of my foremen, to read. Its title was "Economic conditions in Germany by the close of 1936". It was printed by His Majesty's printers in London, and it was compiled by a Trade Consul or His Majesty's Trade Mission in Germany; it was an official publication.

The invasion of Poland was a shock of horror to me. I have never suggested there was any justification for Hitler's action. What he did is not my own feeling or conviction in the matter. I did not express any opinion as

to the wisdom of England and France fighting ^{over} ~~for~~ Poland; the question was entirely out of my province. I was endeavouring to dwell on concrete facts, and my mind does not work in those channels. I believe in every man to his own job. It is not in my nature to meddle in affairs which do not concern me. I am a practical man dealing with facts, and I cannot express opinions of that nature which are entirely out of my interests or activities.

I have played golf occasionally, but not for the last twelve months. During a game, I would discuss the affairs of my Company - I seldom thought of anything else; the affairs of my Company were a whole-time job. My interests were confined to furthering the interests of our firm. I have never expressed any sympathetic views towards Germany; if anyone tries to say I have, he is utterly wrong and is making a most unjust and unfair statement. I do not know what the motive would be.

The date of my naturalisation was 1935.

XXD by Det.
Harding.

G. D. STEWART. Member of firm of Barr Burgess & Stewart, Public Accountants, Wellington. I have at times had conversations with Mr. Pállo as to Hitler and Nazism, - prior to the outbreak of the war I think, and leading up to the time of the seizure of Czecho-Slovakia. These conversations arose in the ordinary course of conversation between us, probably initiated as much by me as by Mr. Pállo. He did have definite sympathy for what the Totalitarian states were doing; he expressed it in arguing one form of government against another. We had quite a lot of friendly arguments on the subject, when he was always in favour of the Totalitarian methods as distinguished from the democratic system, although not necessarily primarily directed in that way. Quite often he would give me instances of what was being done in the Totalitarian States and really held it up as an example of what could be done; he was always opposed

to Bolshevism, and that had quite a considerable bearing on what he said. I think you could say he was opposed to Communism (I refer to the Russian regime of government). My recollection of discussions relating to the expansion of Germany is that Mr. Pallo held the view that the Germans would expand until they had incorporated all Germans back into the Reich, but that he did not expect them to go beyond that. I think this cropped up at about the time of the Czecho-Slovakia seizure. Czecho-Slovakia was discussed by us at about the time of the crisis and the Munich agreement and I think just before the agreement was signed (speaking now from memory). I have not had many political discussions with Pallo since, and none recently. I cannot say anything specific about Austria, but as to Czecho-Slovakia Mr. Pallo had not a high opinion of the Czech himself as an individual. I am as sure as I can be of this, although it is a good while ago. He was of opinion that it was highly desirable in the interests of the whole of Europe that Germany should take over the Sudetenland. That is my impression of our conversations. I do not think that Poland was ever the subject of conversation between us, but we did discuss the Spanish war. If I remember Pallo right, he said he could not understand it that in New Zealand we all seemed to be in favour of the opponents of Franco against the Nationalists. I was of opinion that a victory for Franco would be in the best interests of Spain. I think that is all I can say as to Germany's external politics. Pallo held up to my approval the totalitarian states that everything in ~~Germany~~ was regimented and orderly; it must have appealed to him, having an engineer's turn of mind, to have everything that way; that is what struck ~~me~~ ^{him} most forcibly about their methods - that everything was tidy and in order, and this was preferable to our present system. From memory, I cannot remember discussing Hitler in person with Pallo; it was more the discussion of different forms of government.

I remember once saying that in my view the big difference between the totalitarian regime and Democratic countries was the lack of religion attaching to their ideals, and Pallo then said that Germany was building up its own religion which I gathered to be a religion centred round Hitler. But Hitler's name was not actually brought into that conversation.

If it is suggested that I am giving information about Pallo from business motives, I say that - from a business point of view - giving this statement could only react to my detriment. As I see it, Mr. Pallo is a client of my firm - has been now for a number of years. He has this business and another (they are both clients of ours) and my giving evidence in his presence before this Tribunal cannot possibly benefit me. As to the scheme I earlier recommended or favoured, it would not benefit me or my firm. I have attended a number of Directors meetings; I would form my own conclusions about them, and would give ^{advice} ~~the~~ accordingly, but there would be no monetary gain to me from it. Besides auditing the books, we used to get out monthly control figures in collaboration with Mr. Goddard the Secretary, for the use of the Directors. In my position as

Auditor to the firm, I have not heard of any attitude taken up by the Bank Manager consequent upon something said by Mr. Goddard or myself, but no one particular individual could be blamed for this. I used to do the auditing myself at one stage. My partner does the financial side of the work, which is the more closely allied. My partner is therefore in more close touch with Mr. Pallo in the financial control work, but at one stage I used to do both classes of work myself. I had been working with Goddard on these figures, which he got from the factory, and on them I had based my workings. I had confidence in the figures he gave me over a number of years, and this confidence was proved.

because the figures worked out each year according to our estimates. However, a change was made in the system, and Mr. Goddard went off. Mr. Pallo discussed with me what was the minimum work we could do, so I quoted him for an ordinary audit - which is really equivalent to keeping an eye on the cash side of the business and preparing a Balance Sheet, but without doing any control work. I felt that, without Goddard there to get out information, there was not the basis for me to work on. My partner later came to be interested, because he did all the work for Beggs Ltd. and he asked me if I had any objection to him doing Pallo's work. I said it was alright by me. But the change made was not due to any personal matter between me and Pallo; it was due to a certain lack of confidence on my part in the ordinary regime of the Company. I have not known Goddard to under-estimate the price of any job while he was with the firm, but this does particular ~~subject~~

not say it could not have happened. I found him most accurate in his estimates of figures. In the returns got out monthly, his figures worked out remarkably well. I would not expect him to under-estimate. I gave up costing about 30th March, and Goddard left about May; he stayed on until he had brought down the March balance sheet.

XXD by Stewart.

The altered regime in the firm was due to having drastically to cut down costs. It was arranged for Mr. Nisbet to take the place of Goddard. Mr. Nisbet has been there quite a while now, almost daily. He is working in very well with the Banks and has been approved by the Company.

Any conversations I had with Pallo took place up to the time of the Munich agreement; that is substantially correct. There would have been conversations after Sept. 1938, but it is so hard now to remember exactly when our conversations took place. Mr. Pallo is an efficient business man, and he has advanced theories which you (Mr. Stewart, solicitor) and I did not agree with. At that

time I was very friendly with Pallo, and we used to play golf together. Pallo's main interest in life was his business; he is also a student of politics to some extent; he was in favour of the Totalitarian States principle of government, because he felt things could be done quicker and better in that way; that would no doubt have a considerable bearing with him.

He was an admirer of that form of government; we often had arguments on the matter - arguments of the type which would take place between men interested in these problems, similar to discussions between two men arguing about the two parties in N/Z - Labour and Nationalists.

In regard to Spain, Pallo was against Communists; he has always been against them.

I have never heard Pallo express anything disloyal against the British Empire; he has not said anything to lead me to think that he is against Great Britain; he gave me the impression that he thought other forms of government were superior to Britain's. I do not think I ever heard him say anything definitely against Britain as a country. I knew of the munition work being done by Pallo's Company; he told me that he had ^{been} out to Trentham early in the piece, at the invitation of the Government. I knew that the Govt. were unable to get certain tools, and that Pallo's Company made tools for the Govt. As far as I know, he performed that work well. I do not think that I saw the work myself; the order involved over £3000. I do not know that Pallo had been urging the Govt. to make munitions in N/Z. I do not know whether he mentioned that incident when he mentioned Trentham to me.

To Mr. Collins/

The £3000 Air Force job that Pallo got would probably have a time limit on it. I remember that there was some fairly considerable delay over the delivery of the order. Delivery had been promised some time before it was actually delivered; the delay ran to 6 weeks or 2 months, perhaps longer, but I am not really conversant with that matter and not competent to say. The cause of the delay was

due to certain adjustments having to be made to some of the tools, which had to pass a very rigid examination for the Air Force and, speaking from memory, some of them did not pass the test the first time. I do not know if anything else caused a delay, but delay in an engineering firm is not unusual; there is often substantial delay there. I do not suggest that the delay in the Air Force job was deliberate.

To Mr. Stewart:

Since the outbreak of war, there is great difficulty in getting delivery of materials. Further, special licenses had to be obtained for Air Force jobs, and special material got from Australia. Any suggestion of a deliberate delay never occurred to me.

LEONARD GARDINER. I was employed by Mr. Pallo's firm for a period from June 1932 until some 6 or 8 weeks ago, four years of which I served as Works Manager. I know the purpose of this Tribunal. I was in daily contact with Mr. Pallo while with his firm, and I had discussions with him on topics other than the works. Nothing much was brought up until about 1936, when he showed pro-Nazi views; they were quite good, too, because we were not then at war with Germany and, as he explained them, they were quite good. His views were very much in agreement with Hitler's efforts and endeavours; he was in agreement with both the internal and external policies of Germany. The discussions took place round about 1937 and onwards, but he has expressed his views since the war broke out. He referred to the annexation of the smaller States by Germany; he was in full agreement with it, so much so that he said it was absolutely essential for Germany and quite correct; he said the annexation was essential owing to Germany's small space and large population, and Germany's ability to make full and better use of the resources than the Austrian people themselves. This was not a long discussion, - just a short

one; he justified what Germany was doing. The entry of Poland was the time when Pallo said no more on the subject. He did not mention his views on Poland. His expression of views terminated some two days before the war broke out. He was quite in accord with Germany's external actions; he said she was justified in her international moves as well as in her internal actions.

In my capacity as Works Manager, I was concerned with production. I did not notice anything in particular in regard to production from the time war started. Had there been any delay, it would have been more my fault than Pallo's.

It did not appear that Pallo was trying to retard production. It was just the same throughout, as far as that goes.

I left the firm for many reasons. There was a point of personal contact about it. Some 2 years ago I realised I was not getting the satisfaction I should be getting out of the job, but I also realised I was getting experience I could not probably get elsewhere so well, and I had better stay on acquiring that experience until I felt like making a move. During this time I was keeping awake as to the possibilities. When the war started, I offered my services through the Minister of Supply and to go anywhere it was thought I could be suitably used. The decision to leave Pallo's firm was my own. I was not dismissed. But I think Mr. Pallo had in mind that I had served my purpose, and that the sooner we parted the better. I did not have, and do not now have, any personal enmity against Mr. Pallo.

To Chairman.

I am in a war effort job now, at General Motors under the leadership of Mr. E.J. Skelford of Schofields firm, Auckland. If the job is a success, my job will be permanent. If not, it will last only three months.

To Mr. Weston.

Mr. Pallo brought to the works a book similar to a library book which he offered to Mr. Williams. He read it and saw several passages which he pointed out to me. This was very much prior to the war starting.

To Mr. Stewart I did not read the book myself, but I had certain passages pointed out to me by Williams. I cannot remember the name of the book, as the incident happened prior to the war, but it was on Hitler's endeavours and aims, I know that much. Mr. Williams would know the title of the book. I fancy it had a red cover. I did not know that the book was a publication of the British Government; it may have been.

I was Workshops Manager for between 4 and 5 years. I was reduced in status about a fortnight before I left the firm, and then I resigned. My conversations with Mr. Pallo cropped up in the same way as any conversation would; we might have finished work and be getting ready to go home; Pallo might ask a question, and would get an answer to it; it was purely conversational matter. I have never heard Pallo say anything derogatory to the British Empire. I was in the Company's employ when the Air Force job was being done. Pallo put all his usual effort into this job. I was not ~~there~~^{present} at the time on the Mills bomb job. Pallo would do that. An engineer with tools to his hand cannot help doing a job; he will pick up his tools and go ahead with a job even if it comes back and hits him. I said this to Pallo only 3 weeks ago. He has the equipment there that should be working and earning money. A good engineer left with his equipment cannot help doing the job, if he is left to it; his fingers itch with the impulse to pick up his tools and make or adjust things. Every good engineer is like that. His eagerness to work will conquer his political views. Mr. Pallo did not tell me about the Air Force job; he did not confide in me. 3 years ago the ^{in the firm} personal feeling was much different than it is today; I include Mr. Pallo himself in this. When he originally started in Wellington, he came in with a system a little new to New Zealand, which made him disliked by several Wellington manufacturers he had dealings with. When I joined the Pallo Company I saw that his efforts were going to be beneficial to

New Zealand industry, and I did my best to overcome that feeling of repugnance or dislike the others had for Mr. Pallo. My feelings towards him were that he was something to be looked up to and aimed at. This was in 1932/5. But gradually Mr. Pallo did not "come up to scratch" in my estimation. I would far rather he had carried on in the way he had started. Mr. Pallo is Continental and his ways are a little different from those we were used to in some respects. At that time he seemed to be taking an interest in things he never did before, sport for instance. He had never been used to that before - work came first with him. But gradually he began to enter into sport in a British spirit. However, he dropped it and got back into his old rut. My interest in him began to fade then, and in 1936/7 I began to lose any interest I previously had on the job. His interest in sport ceased about 1938. I knew he was very ill last year; that may have had a bearing on his determination to play. Pallo attended the firm's annual picnic last year, and I think he took part in the sports; for two years he was generous to the staff in the way of bonuses.

I remember when Mr. Goddard left the firm. I remember when you (Mr. Stewart) called me in to see you in the office, and I agree that I then assured you of my full co-operation with the firm, but not with Pallo. Mr. Pallo ^{did} ~~just~~ not speak a word, he just sat there, and by the look in his eye I knew I was finished with him. You then asked me to get White and Williams to come forward, which I did, but I did not attend that interview. Two days prior to this (Saturday) Mr. Pallo and I had very definite words as to the position of things, and I told him I would stay on and see the job on hand into production - which would take from 4 to 6 weeks, but that from then on, I would be finished.

To Chairman.

At the time of the entry of Poland, he was definite that Germany was right in its policy of annexing countries. He said it was right for Germany as it was an exceptionally well cultured country, and that the things they were wanting had once belonged to them, and it was necessary for the well being of Germany that she should have them back. There was never was discussion between us as to Germany's expansion tactics bringing her into possible conflict with Britain or France. If we had had such a discussion, I would have remembered it.

To Mr. Collins.

I was at his home on a few occasions, four or five at the most, both in Tinakori Road and in Homewood Avenue, but international politics were not discussed at those places. I met Mrs. Pallo several times, but had no conversation with her about Hitler or Germany. Up to the time I left the factory, my relationship with the workers was very amiable. There was only one person who had antagonism towards me, and he was Frank Joslin, the storeman. I believe I was reduced in status following the statement I made on the Saturday morning (the day the first five Washers went out) to Mr. Pallo that when I had completed the job I was on, within 4 to 6 weeks, I was finishing up with his firm. Within an hour, he was up at the foreman's house, asking him if he would take on my job. I asked Pallo on the following Monday morning what would have been the position had the foreman (White) accepted my position, though of course I could not complain that Pallo sought to find another Works Manager to take my place when I went out. The feelings of the other workers were definitely not favourable to Mr. Pallo. I would rather not state the percentage.

To Mr. Stewart.

When I had my talk with Pallo on that Saturday morning, I anticipated being able to put in my resignation at the end of the four weeks. My written resignation gave 3 months notice, to date from the delivery of the washing machines.

"As previously discussed" in my resignation refers to the Saturday morning discussion I had had with Pallo, when I asked him for a definition of the position he had offered to White. Pallo was not apologetic but slightly perturbed and a bit sorry he had seen White about it. He told me on that Saturday morning that 3 months notice was necessary from me, that is why I mentioned that period in my resignation. I have no feelings now against Mr. Pallo. I did not offer my evidence - I was approached by the authorities to give it. I am only anxious to assist, whichever way it goes, to help the Tribunal to come to a decision.

KARL PALLO. I agree that I have imported a certain amount of German material but only after ascertaining that similar goods could not be imported from Empire sources. We would write to the British Trade Commissioner and ask to be put in contact with British manufacturers, and this can be substantiated by referring to our correspondence with the Commissioner and with the Customs Dept. In making these purchases, I was in touch with the German Consul only when I was in doubt as to the integrity of the firm concerned. On these occasions I made personal contact with the Consul. My representations to the Consulate were made through the Trade Counsellor; his name was Kessels.

I know Miss Ernard employed at the German Consulate. She has visited my home but only occasionally, more or less for the purpose of sewing clothes, as she had no sewing-machine of her own. As far as I know, there was no particular friendship between my wife and Miss Ernard, but she had a persistent nature and used to come to our place of her own volition; she had a habit of asking people to do things for her; she has gone back to Germany. There was no friendship between my wife and Miss Ernard; on the contrary, my wife and I disliked her, as she was a pushing sort of person. I cannot say whether Miss Ernard was

associated with the German Club at the same time as my wife was a member. I attended there only twice, to pick up my wife. As far as I know, Miss Ernard belonged to the French Club too; she lived in Tinakori Road and I lived at Karori. When I went to the German Club to get my wife, I used to go by car, but did not take Miss Ernard home. On occasions I might have taken her home, although I cannot recollect doing so.

To Mr. Stewart.

DOUGLAS W. McCLURG. I have known Mr. Pallo for 5 to 6 years, socially as well as in business. In business I have known him as a Director of his Company. I have also met him at my house at the Hutt, and have played golf with him at times. We have discussed political matters in regard to N.Z., as he knows I am concerned in the politics of this country. I have never heard him express any views with regard to Hitler. During the last 2 to 3 months when we have been together, we have certainly mentioned Hitler's name during our conversations, but he has never said anything in favour of Hitler. I was a director of the Pallo Engineering Coy, and during our talks there may have been mention of Hitler but Pallo said nothing in favour of him before the war broke out. He said nothing to show that he was at all inclined towards Hitler. I know Pallo's mind in regard to technical progress in Germany as to machinery and what the Germans could do in that way, but nothing political. I have never heard him express any anti-British sentiments; if he had expressed them, we would not have been working together. I knew he came from Russia and I knew that his wife was a German; I just understood she was a German. I have met her when she was out at my house. I have at the back of my mind that she was born in Poland, but I am not sure of it, neither do I know where she was educated or brought up. During 1923-1924 I travelled on the Continent, U.S.A. and Canada.

To Chairman. I do not remember discussing Hitler at all with Pallo.

To Det. Harding. I was a director of his Company and would see him 2 or 3 times a week, but latterly I have seen him once about every two months - sometimes in the Club at lunch time. My more frequent contacts with him ran up to some 3 years ago, when I ceased to be a director of the Company. My contacts with him have been casual since then, at irregular intervals. On the occasions I did see him then, we used to have a general discussion about the war; he has been at my house on Sunday afternoons at times. I have never heard it said that he approved of Hitlerism; I heard no suggestion of that at all. I never heard anything like that suggested at the works. As an Army officer, I would be quite prepared to take Pallo with me in the fighting line now. This is based on my own personal contact with him. I can only speak of my own personal contact with him, and would not believe anything to the contrary, and would put it down to heresy-hunting due to the fact that Pallo is a foreigner; there is a general trend at present in that way. There is a kind of feeling abroad that because a man is a foreigner, he ought to be shunned. I do not mean to say the feeling exists against Pallo personally. I think that any man from the Continent is included in this feeling. If anyone in frequent contact with Pallo says that he favoured Hitlerism, I can only say that I have been through his factory quite often, and never heard anything like that expressed to me about him. This was three years ago; I have not been in the factory lately.

A. C. RENDLE. I am a director of Charles Begg & Co. During the past 18 months my firm has had business relations with Pallo Engineering Ltd. I have seen Mr. Pallo very frequently particularly of late, but have had no political discussions with him. I may purposely have avoided them, but I have had nothing to do with him on that subject. I never heard him say anything which could be construed as of an anti-British

nature, or to make any statements pro-Hitler, with one exception. When France fell, I happened to be in his office and remarked on the matter; he passed a badly machined piece of work across to me and said "That is what has caused the downfall of France". The piece of machinery in question was of bad workmanship. I do not know what he meant but guess he meant that it was a bad piece of work on the part of France to get itself into that position. I am now a director of one of our Companies which Mr. Palo is managing; I know we are doing munition work, and I have full confidence in Mr. Palo's ability to carry out such work. My Company actually financed the machine which is carrying out the die-casting work, and the money for the machine is still owing to us. My firm are the last people to support anyone with anti-British feelings; it is a very old N/Z firm and very loyal. Mr. Eric Begg and my co-directors on many occasions have met Mr. Palo and discussed matters with him, and I am sure these men are very discerning. I have myself known Mr. Palo since Dec. 1938 when I met him in connection with Washing machines. At present his employees are very favourably disposed towards him. I have met a number of them, and one of the old ones (Stanton) is an old friend of mine. I was myself once in the mechanical business and I knew Stanton 15 or 16 years ago when I worked at the engineering trade and I know him to be a very good type of man, and he has always sworn by Palo. We have often discussed mechanical problems together, and he always swears by Palo, both as a man and as an employer. The young men in the firm speak well of Pallotoo, because he has helped them largely in their work; They have a good library of mechanical books at Palo's firm, and I think he is almost the ideal type of employer. My understanding of his nationality is that he is an Estonian, probably of Russian parentage. He has told me that he fought against the Germans in the last war. I do not know what happened

after that. I have never met Mrs. Pallo. The only time I heard her nationality discussed was when someone said in my hearing that she belonged to the German Club, but that did not convey much to me, as anyone might belong to the Club. I understand that Mrs. Pallo is half German and half Russian, or was born in one of the Baltic States I believe.

I was interviewed by the Dept. of Industries and Commerce recently and asked what were the staff's views, and I attended a meeting. Mr. Pallo was not present at

this meeting; the staff passed a unanimous opinion as far as Pallo was concerned. Mr. Bob White, shop foreman, addressed the men and told them why they had been called together; he spoke very eulogistically of Mr. Pallo and handed him a testimonial of the staff's loyalty and support. I believe that a Mr. Lund prepared this testimonial; I did not actually see it myself, but I saw it handed to Mr. Pallo. It was signed during that morning by all the members of the staff; the text was not typewritten, it looked as if the formal address part had been ^{hurriedly} omitted. It was not read out at the meeting. The testimonial card was about a foot or 1 inches long, and it had all the signatures of the employees on it. I saw it at the table in the mess-room of Pallo's workshop, on the day of the meeting I have referred to. This was after White had addressed the men and had asked Pallo to accept this testimonial of their loyalty. The testimonial was already prepared and signed before White addressed the men. I understand the testimonial had been prepared that same morning. The meeting was a meeting at which the staff repeated collectively something they had all signed individually earlier. I understood that there must have been some discussion among the staff that morning and they decided to see who was loyal to Pallo and who not. Mr. Lund got the testimonial prepared hurriedly and took it round amongst the staff. It looked to me as if the meeting I

attended was intended as a tangible evidence to Pallo that the whole staff was unanimous towards him. The document was not "inspired" by Pallo.

To Mr. Collins.

This meeting was held last Monday, and was not inspired by enquiries being made by the Dept. of Industries & Commerce. I do not think the staff themselves knew anything of that, but I think they felt that some under-hand work was going on by some other members of the staff. I believe that Lund and White inspired the meeting. Lund did not speak at it. Mr.

Pallo was called in and told what had transpired at the meeting. I heard the speeches. Mr. White spoke in most eugolistic terms of Mr. Pallo. White said that certain attacks had been made on Pallo and he named Gardiner and Goddard as responsible for them, but did not say where he got this information from. I gathered he had got it from other members of the staff. It is possible that White got his information from Black the Union Secretary. Mr. Black

suggested that Goddard had received the appointment as Secretary of the Company through his connection with Oil Companies. I could not quite understand it, because it was quite a new to me. It appears that Goddard was an employee of some Oil Company; Pallo was looking for a Secretary in the Company, and Goddard was recommended for the job. When he was made a Director I believe. At this meeting Mr. Black said that Goddard had ambitions towards controlling the Company, and that he influenced both Gardiner and Will to terminate their work with the Company. Most of Black's speech was made up of giving his very favourable impression of Pallo as an employer; he said he was very pleased to speak so well of an employer. Both Black and White stressed the point that they had never heard any anti-Pallo sentiments expressed by Pallo, and they implied that this was the nature of the attack against him. This attack had come from Goddard, from what Black said. I do not

where Black got his information from., but he intimated that Goddard had been the cause of the disruption in the Company. I would not say that he said Goddard had questioned Pallo's loyalty, but the gist of both the speeches was that doubts had been raised of Pallo's loyalty, that they were unfounded and that Pallo was a good employer, and so on. I did not think it strange that the Trade Union Secretary should say such things about Goddard and Gardiner; he showed much enthusiasm for the job he had on hand and I think he was inspired by the highest motives in making his speech, as he felt that Pallo was getting a rough deal. Black might have been going on information from other members of the staff, although I would not suggest he had got it from the other directors. The impression I got was that Black might have been in amongst the employees and got quite a lot of information in that way, but I do not think he went near the Directorate. I did not see Mr. Black before the meeting. I had never seen him in my life before. The meeting as a whole was not concerned with Pallo's nationality; it was more concerned with the loyalty of the staff towards him.

To Mr. Stewart. It was made clear at the meeting (during Pallo's absence) that the staff were free to say what they wished to say.

To Mr. Collins. I found out this morning that one employee (Miss Johnson) did not sign the testimonial; she is an office girl, but has since resigned. As far as I know, she was the only one on the staff who did not sign. I did not examine the list of those who signed, and I do not know how many are on the staff of the firm.

To Chairman. I do not know when or why Miss Johnson left the firm.

To Det. Harding. I understand that the shop foreman called the meeting, and I understood that he had called on Mr. Black to attend. Probably the shop foreman White knew that Black might influence the meeting. It was probably thought that if Black supported Pallo, it would give greater

strength to Pallo's case. White knew that Black supported Pallo, and so got him to come along to the meeting for that reason. I do not know if there had been any previous discussion between White and Black on the matter. I do not know if the men had any say in the preparation of the testimonial; all I know is that it was presented. As I understand it, White saw that the staff were becoming restless and disgruntled under the suspicions cast on Pallo. They had been told by Gardiner that the job might not last very long, and therefore they signed the testimonial to give some tangible support. At the time the testimonial was given, Gardiner had been away from the firm for some weeks, but I suppose they had been in touch with him meanwhile.

I met Mr. Pallo first in Dec. 1938, and I have seen him recently two or three times a week. For the first nine months I was in frequent touch with him in connection with the construction of Washing machines and, since then, I have seen him on an average of twice a week. I myself never heard any rumours concerning him, except from Goddard. Goddard never made any statements to me, but by suggestion or innuendo he suggested that Pallo was not altogether right; this innuendo he has made in conversation with me. I did not make any enquiries into the truth of it. I knew that Pallo was not of German origin and it did not concern me. If he had been a German, I should probably have enquired about it. As to his wife, it never occurred to me to make any enquiries about her. I did not hear much about Mrs Pallo until a few months ago, and I remember saying then that a woman's political opinions are usually dictated by her husband. I heard that Mrs. Pallo was half Russian and half Russian - I heard nothing more about her.

I have known Goddard ever since we approached the Pallo Company. It was through Mr. Gordon Stewart (the auditor for the Company) that we became associated with

Pallo's firm, and Stewart suggested that Pallo's was an ideal organisation to make Washing machines for our Company. It was in this way that we contacted Goddard. I cannot remember the date when Goddard made the suggestion or innuendo to me that Pallo might be anti-British. I did not take it at all seriously when he said it, because of my own knowledge of Pallo. Pallo never discussed politics with me, and he never suggested that he had Nazi sympathies. I thought myself that Goddard was probably a little biased; he always impressed me as being a narrow-minded type of man, not the worldly type. As to Mr. Stewart the auditor, I have a great admiration for him, but I think he has probably been coerced in this matter by Goddard; Stewart is very fond of Goddard. I do not think that either of them is capable of conscious dishonesty,

although there might be a suggestion that Goddard would like to have control of the Pallo Company. Personally, I do not like Goddard. I think he has rather a distorted outlook on things. I only know Gardiner through meeting him occasionally in the workshops. He seemed quite a good workman, but he did not have a very good control of staff; I think him quite honest, but I believe he might mistakenly put round stories about Pallo's loyalty. I think Gardiner's ability as a workman might have outweighed his judgment in that respect. Gardiner impressed me as a good workman, but he did not have the personality to control staff. It was Mr. Pallo who made the first move towards reducing Gardiner's status in the firm. Pallo told me he was disgracing Gardiner because the business did not warrant having a Works Manager.

I later saw Gardiner in the subordinate position, but it was done only from the point of view of economy, - that was the report of the matter as given to me. I know very well that the Company were experiencing very hard times through the added cost of this particular Washing Machine, - this was two months ago. I do not know that Gardiner's reduced

status was due to a difference of opinion with Pallo; that never occurred to me. If I were told it, I would not believe it, because I know of the difficulties the Company were facing; they could not afford to carry a Works Mgr at the time. I know the position was such that, to help Pallo's Company, we paid them for every 5 or 10 machines when we took delivery. I question whether the Washing machine business will pay Pallo after this year's balance sheet comes out. I will say however that since Gardiner and Williams have left the firm, production has increased. I think that speaks for itself. Supplies coming forward to us lead me to say this. I think the same number of staff are employed on these washing machines as before; the factory has been devoted exclusively to washing machines very few things besides - perhaps small die-castings for the subsidiary Company.

To Mr. Stewart.

ADAM BLACK. I am a Trades Union Secretary and the Secretary of the N/Z Amalgamated Engineers Union. I have known Mr Pallo since about 1933 and have had a good deal to do with him, contacting him more than any other employer because he was engaged in the production of petrol pumps. He had considerable difficulty in getting orders for a start. During my acquaintance with Pallo, I ~~may~~ might have briefly dealt with international political matters with him, but have never heard him express any pro-Nazi sentiments - just the reverse. He has never expressed the slightest anti-British feelings at any time. I am a member of the Munitions Committee, and if there were the slightest question of his disloyalty I would get on to it at once, as my object is to see that N/Z does its utmost in the war effort. I know he is doing his best to keep his factory going. He is engaged on the production of the centre piece of the Mills bomb which is being manufactured in Australia where it took the makers ten months to get into production

Mr. Pallo did the job within 24 days and the result of the Military authorities test was that it was a far superior job to the one turned out in Australia. If Mr. Pallo were interested in Nazism, he could have held up the job indefinitely. I have been in his factory very frequently and have never seen any German literature there. I have heard it said that Mr. Pallo had a Nazi swastika in his office and a photo of Hitler. I have been into his office repeatedly and have seen nothing of the kind there at any time.

XXD by Det. Harding. I knew Mr. Pallo through being Secretary of the Union.

Mr. Gardiner introduced me to him. Gardiner said that Pallo was the finest employer he had ever worked for.

There was a meeting called recently at Pallo's works, and I was present at it. I had a ring on the telephone from Mr. White the Works Foreman, asking me to attend. I did not then know the reason for the meeting. On arriving, I was told the reason for calling the meeting. I went into the place of meeting, and a Testimonial was shown to me - it was already signed at the time I saw it. I had nothing to do with its preparation. I did not know it was being organised. Prior to being invited to the meeting, I had not discussed Pallo with White or anyone else in the firm. But they knew that I knew Pallo intimately through getting him orders, and so on. That is the only reason I can think of why I was invited to attend the meeting. When I went to the meeting, I thought there might be some trouble brewing and I was anxious to know what White's opinion was, because he had been Works Mgr for some time. Through being connected with the Munitions Control Committee, I had heard certain things and doubts expressed about Pallo's attitude. I felt that if Pallo were of that turn of mind, I would wish put him on the Island immediately. I made enquiries in the Workshop from several men who had been in the works for some years. 2 weeks before the Workshops meeting, I had heard certain adverse rumours

of Pallo at the Munitions Control Committee. I sent for Pallo next morning and cross-questioned him about the rumours. I asked him where he stood in regard to the war, and told him I wanted him placed on the Island if he were hostile. He said that he was 100% behind the N/Z Govt. I asked about his wife. Then he told me the whole incidents right through. I am satisfied now that Goddard is determined to get Pallo out of the business. He told me that he had been under X-ray some six times, and during those periods Goddard was given practically full authority. He said that Goddard had assured him that the business was in a flourishing condition and it would be wise to give the men a bonus at Xmas.time. Pallo said that some time after Christmas, he had received a telephone message from the Bank requiring an explanation of having paid the bonus, in view of his financial condition. Pallo told me he then got into touch with Goddard - who was away on holiday - but that Goddard would not return to town until his holidays were over. Pallo then told me about Mr. Gardiner, and the reason he was put off - for having circulated poison round the works about him (Pallo), - and this has been verified since. I think that Goddard and Gardiner have wickedly circulated untruths about Pallo. Neither of them are honest, in my opinion. Goddard is the stronger of the two, and has exercised his influence over Gardiner. I do not know exactly what led up to Gardiner's dismissal. After Goddard came, Gardiner's whole attitude changed towards Pallo. Mr. O'Connell told me that before Gardiner left the firm, there had been sabotage at the works - O'Connell said that he could get his work done within 14 days, but could not ^{get} advice from Gardiner; he said that the work was being deliberately held up by certain members of the firm, for 3 months or more, - that work was falling back - that is why Gardiner was dismissed. I think I have had sufficient experience

with Pallo to form judgment whether he is honest or not. He assured me he was 100% British. He then went on to say how the slanders about him had originated. He told me definitely two things - (1) about the poisonous propaganda (2) that Gardiner had been dismissed because the work was going back. I have been acquainted with Pallo for some years. I had formed my impressions of him long before the time I sent for him to come and see me. I think by his attitude then ^{I could judge} whether he was loyal. I had heard nothing against him apart from the members of the staff. Once before I had been sent for to go to his works. Two Germans had been employed there - one sent by the Employment Division, and this man claimed to be a Metallurgical Chemist. Pallo was at that time producing goods where such a man would have been very valuable. There was some discussion in the shop about it. I sent for Pallo and told him about the two Germans. I suggested he dismiss them at once, and he did so the next morning. I know all the Engineers in the shop; they come under my Union. I know that Goddard and Gardiner are behind all this. Owing to certain reports given to me on the instructions of Mr. Pascoe, I have had access to the file (not the confidential report) but have not discussed it with people since then. The whole Police file was submitted to me on the Minister's instructions. I had the report given to me in Mr. Pascoe's office, but did not take it away from there. I was called in to read the file and asked my opinion on it, because it was known that I knew Mr. Pallo. No information, however, has gone from me about this file. I never discussed it with anyone else.

I admit that I addressed the meeting at Pallo works, and I told the men it was from Goddard and Gardiner that the hostility to Pallo was coming. Pallo had previously pointed this out to me, and I was able to put

it to the meeting. I had seen the Police file before I went to the meeting (about a week previously, I think). I do not know how it was that I was allowed to see the file. One of the members of the Munitions Control Committee had written that there was some doubt about Mr. Pallo. I thought at once this was a serious matter and that I would enquire into it, so I rang up Pallo the next morning. Then I reported to the Committee and said the correct thing to do was to have an investigation to clear up the matter. When I saw Pallo about it, he said he was quite willing to have such an investigation. I reported this back to the Munitions Control Committee, and suggested that investigations should take place immediately. Then Mr. Pascoe came to me and said the Minister suggested that I should have a look at the file, so I had a look at it as requested.

XXD by Det.Harding. I have not disclosed anything to anybody from the Police file. I do not know how Mr. Stewart would know I had seen it, except that it is conjecture on his part. I have never myself discussed the file with anyone. Only Mr. Pascoe was present in the room when I saw the file. Neither of us sent for Mr. Pallo. The matter was being investigated by me as a member of the Munitions Control Committee - there are twelve members on that Committee. Any one of the twelve has the right to ring up Pallo to come along and answer question and to test him out. Personally, I think that everyone these days has a responsibility in this matter, as well as the regular authorities, and I think I was justified in pursuing my own enquiries in the way I did.

To Mr. Weston. I ~~am~~ have the impression that the men went to the Police of their own accord.

To Det.Harding. I found Pallo was more honest than ~~any~~ any other employers I had dealt with. I did not have to rely on my interview with him to enable me to come here and give evidence today.

ROBERT WHITE. I have been approximately 8 years at the Pallo works, ⁱⁿ the capacity first as a machinist and turner, and now as Works ~~Manager~~ ^{foreman}. I have been Works Foreman for 4 to 5 years. Gardiner was my superior when he was there. During the time I have been at the works, I have never heard Mr. Pallo express any pro-Nazi views. I have seen no Nazi literature in the workshop. If I had, I would have thrown it out. I have never heard Mr. Pallo express any anti-British views, but on the contrary, ^{from} his statements to me Mr. Pallo is a 100% New Zealander, out to benefit the welfare of this country as far as industry goes. That is how it has always appeared to me. Since the war broke out, we have had to make some tool chests (61) for the Royal Air Force. I believe that when war broke out, a notice went in from our firm that we were open for war work, and just recently we have had an order to proceed with a unit of hand-grenades. We are in production of them now. Even before the order was given, Mr. Pallo had gone ahead with the job at his own risk. We had nearly completed a die at considerable cost and already had various equipment for the job prior to the firm being actually authorised to proceed with the work. Mr. Pallo's attitude towards war work has been that he is very keen to do it, and to get it done as soon as possible. As soon as we got final word about this present job, I put a staff on to it overtime, and they were on it until the job was completed. The factory has been giving out a more efficient output since I have been next to Pallo in charge, but I have no figures to absolutely prove it, but in my opinion the attitude of the workers towards work is that there is or there will be in the near future a definite speed-up in production. By "output" I mean better production per month over a period. Overtime is only worked in the tool-room, and the tool-room is the non-productive part of the factory, and the work there does not concern the actual production of the shop. Our month is gauged on 20 average

working days, and the staff has been the same; in fact, I think we are one or two men less, and some have been off work through sickness, which has tended to lower production. I think that the staff has the fullest confidence in Mr. Pallo as their employer, and always have had, and they have never regarded him other than a decent employer. A meeting of the staff was called for the other day, owing to rumours going round the shop and coming back from outside regarding Mr. Pallo's political opinions, and that he was a Nazi. It had got to such a state that the shop was getting upset through the rumours and a week ago today someone in the shop came up to me and said they had drawn up a vote of confidence in Mr. Pallo, and asked me to sign it, which I did. I was the first signature on it, as Works Mgr. I cannot remember the text of the document, except that it said the works had the fullest confidence in Mr. Pallo. On the face of it, the document did not say it concerned his loyalty to Britain. The question of confidence in him was brought about by the rumours ^{coming} ~~going~~ in; even his staff had lost confidence in him. I do not think there was anything in the document appertaining to his loyalty. I signed the testimonial and it went round the shop. From what I can gather, three others in the shop originated it. The same ones came to me and asked me to ring Mr. Black to come along to listen to the meeting, and I did so. I just asked Black to come along to the shop for about half an hour, I did not explain what for. He came. They asked me to contact Mr. Pallo -(at approx. 11.30 a.m) to come to the meeting. I asked him to come. Mr. Stewart and Mr. Rendle were also there but I did not arrange for their attendance. Mr. Nisbett also attended. Mr. Pallo was not present all the time - he went out of the room on Mr. Black's suggestion. I was asked to open the meeting, which I did. I explained what the position was, as to the vote of confidence, and I then gave the testimonial to Mr. Pallo. I know of the difficulties there

had been in the shop as regards Gardiner and Goddard. The foment first started in the factory after Goddard joined the firm. This discontent between Gardiner and Mr. Pallo, and between Goddard and Gardiner and Pallo seemed to increase from that time, and it became acute just before Goddard left. After that, the friction was continued by Gardiner; it did not help work being carried out. I thought that a lot of the talk was twaddle, 90% of it being due to spite. There appeared to be nothing in it to go on. The workers generally did not know that friction was going on between the Executive. Then rumours came back that Goddard and Gardiner were circulating the rumours. As to work, there were rumours that Mr. Pallo's ideas of the job were stupid, and these rumours were circulated to cause dissatisfaction. The meeting called concerned largely Pallo's loyalty to the British Empire. One remark passed ^{by} ~~me~~ me was that he had been called a Nazi, and that his wife had been a member of the German Club prior to the war. These were the type of rumours that came back to the shop, and I did not know of them myself. I also said at the meeting that it put us into the position that our job would be imperilled - that we might not get any Munition work, Pallo having that slur on him.

With me, Gardiner was just a workshop acquaintance; he was my superior while he was there. I got on with him fairly well, and we passed the ~~ix~~ day as best we could. I myself tried to be loyal to the man I was working for. Gardiner and I differed in our opinions at times. I have only recently been promoted to control the staff, and I cannot really say whether Gardiner was competent to judge the staff. I think he was fairly popular with the staff. Amongst the staff I do not think there was anyone really antagonistic to Gardiner. His work as a tradesman did not alter at all. As Manager in charge of staff, his efficiency did not advance at all. I would not say it had gone back either, but it had shown no improvement. He was put off

owing to his inability to get on with Mr. Pallo.

To Mr. Stewart. I have never heard Mr. Pallo make any anti-British statements. From what I know of him, it is my opinion that work will proceed happily in his factory, and will be efficiently turned out.

To Det. Harding. I was not aware of the Testimonial before I was asked to sign it, although there was a strong feeling in the shop that they wanted to pass a vote of confidence in Mr. Pallo. The same persons who brought the testimonial to me took it round the shop for other signatures. I believe one or two did not sign it, one a male and the other a female. I do not know the reason why they did not sign - they were not asked for their reasons. One of the persons who did not sign (Miss Johnson) is not there now; she left the firm of her own accord, I believe. I cannot give any reason for her leaving; she was on the office staff, with whom I have nothing to do. I have not heard that her leaving the firm had anything to do with her failure to sign the testimonial. The second person who did not sign is still with the firm; he is a fitter in the shop. Mr. Black spoke at the shop meeting and mentioned various things. They wanted Black to be present as the workers' representative; it was not suggested that he might have any personal knowledge of the matter. At this time, Goddard and Gardiner were behind the rumours. Black mentioned their names at the meeting. He mentioned the friction between Goddard and Pallo. In a way, the meeting expressed confidence in Pallo's loyalty. I connected Goddard and Gardiner with the rumours; it was beginning to become general knowledge. Black himself mentioned about the rupture between Goddard and the financial side of the firm, and Gardiner was brought in as a catspaw of Goddard. Black had ideas that they were behind the rumours. I am not clear whether Black in his speech said they were behind the rumours, although I myself thought

they were. Black did not say that Goddard and Gardiner had been to the Police. I know that a Mr. Stewart does the auditing for the firm, although I have never spoken to him. My opinion of Mr. Pallo's loyalty is that he is loyal to the Crown. I am an ex-Serviceman myself, and if I doubted his loyalty I would not be working for him, and would be one of the first to put him away. Two years ago I was offered another position, and recently had another job offered to me. I arrived from England about 1924. I was in the Imperial Army for 3½ years and saw active service. I am aged 45. I served with the First Battalion of the Middlesex regiment.

A. W. NISBETT. Secretary of the Wigton Manufacturers Association. I have known Mr. Pallo ever since I took up my duties, approximately 7 years ago. During the whole of that time, Mr. Pallo has been a member of the ^{or Executive} Council of the Association. During that time, I have seen a great deal of Mr. Pallo and have had discussions with him. He is one of the members of the Metal trade Committee of the Association, and I have seen a great deal of him in that connection. Prior to the war I used to ask his opinions on the political situation, because I knew he was a very deep thinker, and seeing he comes from the Continent I used to ask him about developments over there. He has never expressed pro-Nazi views to me; he has at times expressed very caustic opinions to me about what he considered false moves on the part of British politicians who were playing in ^{to} Nazi hands. I remember one incident in particular, at the time the Germans invaded Czecho-Slovakia when he expressed some caustic opinions about the unwisdom of Britain allowing Germany to break down the last barrier between Germany and the Black Sea. That is the only time I can recall him expressing a definite opinion on the matter. He has never done or said anything to indicate

that he has anti-British views. Very definitely on the contrary, he has been extraordinarily helpful to me personally and to the Metal Trade Committee in our endeavour to get munitions made in N/Z. I was with him on a deputation last November, when several members of the Engineering group of the Association were concerned at the failure of the Government to initiate a munitions programme in N/Z. I arranged a deputation to see Mr. Sullivan M.P. on the subject; he asked us to see Mr. Schmidt. The deputation consisted of Mr. E.W. Anderson, Managing Director of the National Electrical Coy, Mr. R. Burn of the Precision Engineering Co. Mr. Pallo and myself. Mr. Pallo placed the whole of his own resources and ^{those} ~~that~~ of his Company at the disposal of Govt. in the making of munitions. Prior to the deputation we had discussed the question as to what type of munition could be made in N/Z with the plant available, and Mr. Pallo's technical knowledge there was very helpful. When we went before Mr. Schmidt, we offered to tool up and make jigs and patterns, so that we could go into production over-night. Mr. Schmidt raised the question of expense in tooling up, and the deputation offered to stand the expense at no cost to the Govt. The only question of contingent liability raised was in regard to stocks of material, and the suggestion was made by Mr. Burn that if the offer were accepted and the firms were called upon to lay in big stocks, the Govt. should give some consideration to the question of tied up capital, as was done in Australia. But there was no suggestion of payment for the tooling up and the making of jigs. I know that Pallo is now making the centre-piece for a Mills bomb, as we felt we could do a better job than was being turned out by the makers in Australia. I produce a sample of this work. Mr. Pallo himself was solely responsible for this. I do not think there is anyone else in N/Z with the knowledge of die-casting to do this. Mr. Pallo was directly

responsible for this new model centre-piece - no one else had anything to do with it. In getting into munition production, there is a large number of difficulties to be got over, and for the last two months Mr. Pallo has drawn the attention of the Munitions Committee to numerous pitfalls and difficulties which could be avoided. Had he wished to obstruct munition production in N/Z in any way, he had only to keep his mouth shut and we would have fallen into those pitfalls and difficulties, but he drew our attention to them and so enabled us to avoid them - which does not seem to me to be consistent with disloyalty. During my fairly intimate contact with him over seven years, I have seen no indication of a lack of loyalty and, as an industrial advocate, I have a good deal of distrust against statements made against employers by ex-employees and, to that extent, I have some sympathy for Mr. Pallo.

ROBERT BURN. I am the main proprietor and director of the Precision Engineering Co. Ltd. I have known Mr. Pallo for ten or 12 years and during that time I have seen a fair amount of him. I have never heard him make any anti-British statements or express any pro-Nazi views. When we were together, it was mainly engineering problems we would discuss. I am a member of the Manufacturers Assn. In November last there was a discussion about munitions and a deputation was formed. I was one of the number. We went from Mr. Sullivan to see Mr. Schmidt, and Mr. Pallo was very helpful in this deputation. He has assisted me and other people with regard to the making of munitions. As Chairman of the Metal Trade group in Wellington, I have relied on Mr. Pallo as one of the few men in the country with practical experiences of work of that type. Each factory making munitions is more or less interlocked. If one factory slips, all the others slip to some extent. I have no doubt in my mind about Mr. Pallo carrying out his

part of the job he has on hand. I will go further - the job he has turned out has just left the others standing.

To Mr. Weston.

The man in the street regards the munition-maker as being capable of stopping the progress of manufacture, but in Mr. Pallo's case, he is making only one individual piece. It is examined by Govt. inspectors on the spot, so that any error on his part would be instantly found and checked at once. There could not possibly be any damage done to the country by a maker of munitions in such a position as that.

To Mr. Collins.

There is one firm in Auckland, another in Christchurch, and one other who could, I think make similar centre-pieces to the ones Pallo is making, but these other firms are not being used for the job. I agree that if anyone damaged a die-casting machine at Pallo's works, it would delay the process of making the parts, but only for the space of time it would take to put the tools on to the next machine - taking perhaps a day or two. We suggested as a precaution that the Govt. should always have two factories going, in case fire destroyed one, but this has not been done. I should say it is possible that the work done by Pallo's factory will expand. I doubt whether you could duplicate his plant in this country, owing to the high quality of the tools and the system by which it has been built up. It is a really modern production factory. I first met Pallo when he came to our plant to ask us to make certain parts for his pumps.

To Det. Harding.

Pallo's factory is one of the best here. I cannot say whether he is the sole proprietor of it; I understand there are a number of shareholders in his Company. From my contact with him, I know that his connection with Munition work is his personal effort. On every possible occasion, he has done his utmost to assist me and to encourage everybody to wake up to their responsibilities to produce munitions, and Mr. Pallo has been responsible with myself

in really starting what we have done now. This was started in November last. In the last war, I was connected with ~~the~~ aircraft production. I was born in England and came out here as a child. It has been a pleasure to me to have someone who will back me up in trying to get this country to do munition work. Mr. Pallo was the first one to come along and offer to help me when I got my first contract for 50,000 Mills bombs; we sat the whole evening planning it out. The efforts he has made right from the beginning have been to further the war effort rather than to retard it. The human factor comes into such a thing as this. One thing he warned me about - and which had not occurred to me - was not to have copies made of my plans, but to have photostats made.

To Mr. Stewart.

ERNEST HOWEY. For last 2 years I have been travelling to different engineering shops in the W'gton district examining work done by outside firms for the Govt. Railways. Pallo's Engineering Co. has done fitting and turning work for the Govt. During the period, I have met Mr. Pallo frequently, every time I have been in to his factory. I started going there in August 1938, and have been there at least two days a week. I finished examining Pallo's contracts in May 1940. I held the rank of Chief Petty Officer in the Navy in the last war, and no one would ever say anything against England in my hearing because, if they did, I would feel it was my place to immediately inform the Police. Pallo has never said anything anti-British to me; his talks with me have always been on engineering.

To Mr. Stewart.

THOMAS WILLIAM STANTON. I am an employee of Pallo Engineering Co. I have been there for approx. 18 months. During that period, I have seen no German literature in the factory. I have had talks with Pallo during that time. Once he came up to me after I had been working overtime for a few weeks and asked me whether, at my age, the work made me

tired. He has never made any anti-British statements to me. I have done some voluntary work for the Defence Dept. to assist them unofficially in checking drawings and helping them as much as possible in the design of gauges. I am a Scientific-instrument maker by trade. As an employee of Pallo's, I have no doubt in my mind as to his loyalty to the British Empire, and say he is loyal. Having two sons in the Service myself, I would not give him any support if I thought him anti-British. Mr. Rendle is an old workmate of mine; we have known each other for many years. I told Mr. Rendle of my conviction of Pallo's loyalty. I expressed it because of what two men in particular at the works said, viz. "There is only one place for him, that is the Island". It was Gardiner and Williams who said this, about 3 months ago. They repeated it to me many times. They knew my feelings in the matter and that I was 100% patriotic. I did not argue the point with Gardiner and Williams when they said this to me 8 or 9 times. I just looked upon them as being disgruntled, and did not enter into any argument with them over it. They added that he ought to be on the Island because he was definitely a Nazi. The only reason I can recollect them giving is that they said his office was smothered with pictures of Hitler - that is what they told me. But I had been in Pallo's office and it was not true at all. I never saw such a picture there. They did not say much more than what I have said. Personally I think that Gardiner was disgruntled because he had been reduced from Works Manager and was working on the next vice to me. He did not make the remarks until after he had been reduced. Williams' statement was, I think, made in support of Gardiner. I do not think Gardiner was popular with the men up to the time he left; he was not over-popular. I have not much to say against him, except that when things were tightened up a bit, Gardiner did not like it. There was really no feeling for or against him.

To Det. Harding. The statement that Pallo should be on the Island was made on seven or eight occasions by Gardiner and Williams, the reason being that he was a Nazi and had pictures of Hitler in his office. I did not contradict them when they said it, as I did not think it worth while arguing with them over it, because I knew the reason underlying their statement - viz. that a Major Withell was visiting me in the Works, also Mr. Rendle, a director of the firm. Major Withell is one of the chief Ordnance officers. I think what Gardiner and Williams said to me was said in the hope that I would repeat ^{it} ~~them~~ to Major Withell and Mr. Rendle. I know that Gardiner and Williams were interested in Major Withell and Rendle - hence their reason for telling me what they did, in the hope that I would repeat it to them. They did not know Rendle and Withell themselves and knew that I was in personal touch with them. I never had any quarrel myself with Williams and Gardiner. While Gardiner was there, I was under his control as Works Manager. I suggest that the reason for Williams and Gardiner saying what they did, was to induce me to bring it to the notice of the authorities. They would themselves know ^{that I knew} there were no such pictures of Hitler in Mr. Pallo's office. I am positively certain I know what the idea was in their minds in saying what they did to me. I also heard Goddard's name mentioned in the same connection, but I never spoke to Goddard about anything at all. What Gardiner and Williams said never had a ring of truth in it to me. I knew Pallo for about six months before the war broke out, and my knowledge of him was only as an employee.

To Chairman.

KARL PALLO resumes: I know that both Gardiner and Nisbett have said here today that I discussed Czecho-Slovakia with them, at the time Germany annexed it. In the face of what they say, I probably did have such discussions with them. I know that many people used to ask

me questions, seeing I had come from overseas, and they used to bore me terribly. In many cases I gave answers just to get rid of them. I want to forget the past and to build a new life; questions put to me bring the past back too vividly to my mind. I do not remember ever having expressed pro-Nazi views to Gardiner. As far as Gardiner is concerned, he is a person with whom I have never been in very close conversational relationship; he has never showed himself interested and has never been talkative on any subject at all. I tried to interest him in many things appertaining to the business, but whenever I raised any question he always tried to get me to impart my knowledge to him. Therefore we never had any discussions outside purely business matters. There was one individual with whom I discussed things more, namely Williams, who was talkative and inquisitive. Gardiner visited my home just twice - once on my return from Australia about 5 years ago, and the other time was August 1939 when I was about to enter Hospital for an operation. His visits then were exclusively for business reasons. I also interviewed Williams, White and Goddard at my home, so that I could make business arrangements for them to carry on the works during my absence.

SUBMISSIONS BY MR. STEWART.

The only evidence adduced against Mr. Pallo - apart from that of an employee - is that of Mr. Gordon Stewart the auditor, and I submit there was nothing in his evidence which could be possibly spelt as disloyalty. I submit it was nothing more than an ordinary political conversation, such as might easily arise between any two persons of similar education and ambitions. Mr. Stewart said in answer to me that at no time did Mr. Pallo make any anti-British or pro-Nazi statements; he merely referred to Mr. Pallo advocating the Totalitarian

type of Government. There was no mention of any particular country. Had Gardiner's evidence come from Stewart, I admit that I would feel fairly badly shaken in pressing the case. Secondly, we have Gardiner's evidence, but there again in cross-examination he admitted that Pallo had not said anything anti-British, and I submit that his evidence should be accepted by the Tribunal with reserve, in that (1) He is an employee who has since been dismissed. (2) There is the evidence before the Tribunal that Pallo and Gardiner were not on very friendly terms. On the other hand, we have people entirely independent of Pallo - Britishers - who have without exception stated that Pallo has neither expressed to them any pro-Nazi or anti-British sentiments, but further that by his actions he has endeavoured to facilitate in the defence of this country, - that his performance of the Air Force job must be put to his credit, also his performance in the present Munition manufacturing.

KARL PALLO resumes:

There might have been talk about the Czecho-Slovakian Legion participating in the revolution in Russia; if that had been asked of me, I certainly would have said that Czecho-Slovakia did not play fair with the White Russians, as they betrayed them in Siberia. But as far as Czecho-Slovakian tradesmen go, I have only admiration for them - also as to their music, culture, and such things. I purchased my most expensive die-casting machine from Czecho-Slovakia, after searching throughout the world for the one I wanted.

Mr. Stewart.

Pallo Engineering Co. started in 1929, paying £1500 by way of shares for the agency. £1500 capital was put into it.

Some 3 years later Pallo Engineering Ltd. was formed with a capital of £3000, later increased to £8000 - of which 5000 are preference shares. 2000 held by R.G. Buckleton, 3000

by Goddard, 200 by Rendle, 500 by myself, and 2000 preference shares are held by Pallo. The ordinary shares are held as to 1900 by Pallo, 600 by Goddard and 500 by myself. About a year ago, Buckleton desired to withdraw and placed a value of £4 on his shares. Both Goddard and myself were prepared to come in, and it was at this time that Goddard was raised to the Board. As to Die Castings Ltd. in which Chas. Begg & Co. Ltd. held 500 shares, Pallo Engineering Ltd. held the balance of the capital - some £4000. Beggs advanced £3000 for the purchase of the big die-casting machine. The total assets of Pallo Engineering Ltd. would be approximately £27,000 or £28,000, against which there is an overdraft of about £650. It has been built up to that over a period. But the actual cost of the assets would be far greater than £27,000. I mentioned this matter to Mr. Ashby, Manager of the Bank of New Zealand, who said that the Bank would be only too pleased to answer any enquiries as to the Bank's dealings with Mr. Pallo. I myself am directly interested to the extent of nearly £1000. I owe about £1500 on my shares, so I am interested in the continuation of the business.

EXTRACT FROM EVIDENCE GIVEN BY JOHANN JULIUSCHRISTOPH ALBERTS AT SOMES ISLAND ON 4th.OCTOBER 1940.

I had the chance for my sister Ilse to get a job in Wellington with Mr. Pallo, who wanted someone to look after his two little children. We discussed this thing one Sunday afternoon, and I did not hear from him for a long time. After I met him again, his wife - being German - seemed somewhat in favour of Hitler. I had been in many houses in this country and did not want my sister to be in a house where (although I cannot say definitely) this gentleman Pallo or his wife were favourable to Germany. That is why I did not bother about getting a permit for my sister to come out here. I dropped the arrangements for her coming about April 1939.

Mr. Collins.

What gave you the impression that Pallo and his wife were pro-Nazi or favourable to Germany?

Alberts:

I would say perhaps in favour of Germany. Because I once had a conversation with Pallo at his house, when I fixed up a job for him, and again once or twice later, and discussed the matter with Mrs.Pallo one night, and I got that impression. She was a keen friend of the Consul, so I thought. That was an utterly personal impression;I may be wrong.



NEW ZEALAND

ALIENS TRIBUNAL,
~~Judge's Chambers,~~

Wellington,
30th September, 1940.

TO/ The Honourable the Attorney-General,
WELLINGTON.

Karl Pallo. S. 40/35

This file, which was minuted to us by you on the 27th of September, is returned herewith. We have been engaged the whole of today and this evening taking evidence and listening to submissions. It is plain of course that the matter is one of urgency. We are going over to the Island tomorrow - Tuesday morning - and should be there for some days. The only conclusion we are in a position to announce before we go is that we see no objection to the employment of Mr. Pallo's Company or Companies and factory for the purpose which we understand is at present intended, namely the manufacture of a part of a Mills bomb. And we see no objection to Mr. Pallo continuing his intimate practical association with the work while that is done.

The file, however, and the evidence we have heard raises other questions upon which we ought to express an opinion, and this we are not ready to do at this late hour of the evening. The matter will be taken up again by us after our return from the Island. It may be necessary to wait the moment when Mrs. Pallo, who is about to be confined, is available to be examined before us.

McCallan J.
Chairman.

Rolling J.
Claude H. Weston } Members.

NEW ZEALAND POLICE.

[Police—100A.]

~~SECRET~~

Police-station: Wellington

Date: 28th. September, 194 0

REPORT of Detective Sergeant E.H. Compton, No. 2576

relative to Mr and Mrs. Karl Pallo (Vide Attached.)

I respectfully report having to-day interviewed Mr. Jasper Ernest Lewis Baldwin re the two above named and his signed statement in duplicate is attached hereto.

Publicly released under the NZSIS Declassification Policy

The Chief Detective,
Wellington.

E. H. Compton
Detective Sergeant 2576

The Inspector
Drury
20/9/40 G.W. Lef
The Commissioner
Greene
62
Pratt & Supp
51 OCT 1940

Del Howard
gale

110 Lambton Quay

Wellington

28th. September, 1940

Jasper Ernest Lewis Baldwin States:-

I am patent attorney

at above address. I am a married man residing at Espin Crescent Karori

I am a Justice of the Peace.

I have known Karl Palle for the past seven years. I have done business with him continually during that period and have probably known him a little longer.

I have known his wife and family quite intimately during the past four years.

They visit our house and we visit them, frequently.

We have had holidays together and we know each other very well. Mr. Palle has discussed his life with me from time to time, and from what he has told me he was born in Estonia in the Baltic. He came to New Zealand representing the firm of "Carbox". That is a French firm for the Manufacturing of Petrol Pumps.

He subsequently commenced business in New Zealand on his own account as a petrol pump manufacturer. He has a substantial engineering works in Courtenay Place.

From conversation with him I gathered that he fought in the last war for Russia against Germany and had to leave Russia because of his Bolshevie Anti-Bolshevick sympathies. When he left Russia he went to France and from there to Australia and then to New Zealand.

He discusses the war with me and I consider owing to my close friendship with him I know his views very well. I consider he is pro-British in his sentiments. I have never heard him make a pro Nazi statement of any kind.

Mrs. Palle I understand comes from Latvia but is of German parentage. Like her husband I know her very well. She does not discuss the International Situation much but what I have heard her say would indicate that she is pro-British. I remember her saying that Germany had

(2)

no right to go into Holland, Belgium and France and should have been content with their own country.

I would say that Mrs. Falley has little interest in politics and the International Situation or the war. She is more interested in her home and her husband and family.

She has never made any pro-Nazi statement in my hearing and I have never heard of her ever making any such statements.

Ph. Bacon

URGENT



If any reply, please
quote this number:

S.40/35.

~~SECRET~~

POLICE DEPARTMENT,
WELLINGTON C.1.

MEMORANDUM for

28th September, 1940.

The Superintendent of Police,
WELLINGTON.

Mr. and Mrs. Karl PALLO.

Please have Mr. Baldwin, Patent Attorney,
of 110 Lambton Quay, interviewed today and a state-
ment taken regarding his knowledge of Mr. and Mrs.
Karl Pallo, which is to include whether they have
made pro-Nazi statements to him.

THE CHIEF DETECTIVE

D. J. Cunningham
Commissioner of Police.

The Chief Detective,
Please see report
attached hereto.

C. H. Sampson
Detective Sergeant 2576
28/9/40

Let Lt. Sampson

James Young

*ok sent
21.9.40*

URGENT



NEW ZEALAND POLICE.

Subject: Summons for Karl PALLO and Felicitas Mario PALLO, 49 Homewood Avenue, Karori, to appear before the Aliens Tribunal at 10.30 a.m. on the 30.9.40.

100,000/3/40-19783

The Superintendent of Police,
WELLINGTON.

The Chief Detective,
WELLINGTON.

For service please.

Summonses served. Copies attached

O. J. Cunningham
Commissioner of Police.
27.9.40.

30-9-40.

S. B. Browne
Det. No. 2865.

The Chief Detective
For attention please
112, [Signature] Capt
27 9 40

The Inspector
P. Rye
Mr Rye 30/9/40
1057/40

S. B. Browne
Rye
27.9.40 Mr Rye

The Commissioner
for [Signature] [Signature]
1 OCT 1940

211

ALIENS TRIBUNAL,

27th September, 1940.

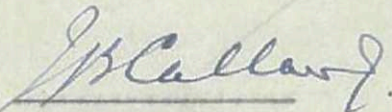
TO/ KARL PALLO,

49 Homewood Avenue,
Karori, Wellington.

Pursuant to its powers, the Aliens Tribunal requires you to attend before it at the Arbitration Court Building at 10.30 a.m. on Monday 30th September 1940.

If you so desire, you may have the assistance of a Barrister or Solicitor, or, with the leave of the Tribunal, of any other person.

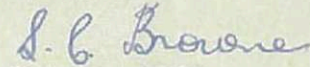
DATED at Wellington this 27th day of September 1940.



Chairman.

This is to certify that the original of this order was served by me on Karl Pallo at 5.15pm. on the 27th. Sept. 1940.

27th. Sept. 1940.


Det. No. 2865.

ALIENS TRIBUNAL,

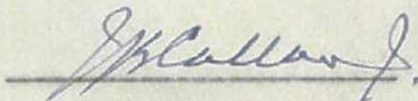
27th September, 1940.

TO/ FELICITAS MARIA PALLO,
49 Homewood Avenue,
Karori, Wellington.

Pursuant to its powers, the Aliens Tribunal requires you to attend before it at the Arbitration Court Building at 10.30 a.m. on Monday 30th September 1940.

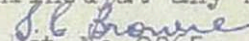
If you so desire, you may have the assistance of a Barrister or Solicitor, or, with the leave of the Tribunal, of any other person.

DATED at Wellington this 27th day of September 1940.


Chairman.

The Chief Detective,
WELLINGTON.

The original of this order was served by me on Karl Pallo, husband of the above named, at 5.15pm. on the 27th. Sept. 1940. Pallo stated that he was doubtful whether his wife would be able to attend as she was pregnant and due to be confined at any moment


Det. No. 2865.

MEMORANDUM for:

25th September, 1940.

The Hon. Minister of Supply

K. PALLO

The following gives the additional information gathered since I discussed the problem with you last week in company with Mr. Pascoe.

Mr. Pallo telephoned Mr. Pascoe last Sunday asking if he could see him; this was not possible but Mr. Pascoe saw Mr. Pallo first thing on Monday morning. Pallo stated that he was very concerned with the recent developments and the matter was on his mind to such an extent that it was affecting his work. Following a discussion in which Mr. Pallo expressed his loyalty, Mr. Pascoe asked him if the matter were referred to some such person as Mr. Justice Callan, whether or not Pallo would be prepared to meet his accusers and stand up to cross-examination. Mr. Pallo's reply was definitely in the affirmative.

Acting on your instructions Mr. Pascoe then contacted Mr. Adam Black and gave him the Police file to read. Mr. Pascoe then asked Mr. Black if after reading the file he still considered that Mr. Pallo was a loyal subject and Mr. Black's reply was in the affirmative. Mr. Black confirmed the information given to us previously that a few weeks ago he had asked Pallo to see him and after a discussion put the question direct to Pallo as to whether or not he was a loyal subject. Mr. Pallo's reply was in the affirmative and Mr. Black states that he is convinced of Pallo's sincerity.

Mr. C. A. Rendell of Charles Begg & Company saw Mr. Pascoe and myself on Monday and gave us his knowledge of the matter based on his association with Mr. Pallo during the war period. Mr. Rendell confirmed what Mr. Stewart had told us which was to the effect that in his opinion the information given to the Police by Messrs. Goddard, Gardner and Williams was probably made with the objective of putting Pallo out of the business so that these three persons could obtain control.

It appears to be fairly evident that towards the end of last year and during the early part of this year matters were not proceeding smoothly at the works and production was hampered considerably thereby. The statements of Rendell and Stewart infer that these difficulties were not due to Pallo but to the influences of Williams, Goddard and Gardner. This is confirmed according to a statement by Stewart to Mr. Pascoe that a leading worker named White has told him that when at this period he endeavoured to stimulate production he was told by one or more of the three persons referred to above to mind his own business. It is stated that other leading workers are prepared to support this information.

Since the visit we made to the works last week with Mr. Spidy it is evident that there has been much talk on the matter among the staff. A meeting was held on Monday at which all the members of the staff at work were present and a statement was signed by all the workers which is now in your possession. This statement expressed the loyalty of the workers to Pallo. I understand that Messrs. Black and Stewart were present at this meeting but that Pallo was absent. The whole affair is being discussed within and without the firm of Pallo Ltd., and, as far as we are able to judge, with sympathy towards Pallo.

Mr. Nisbet of the Wellington Manufacturers' Association has telephoned me and advised that in connection with the developments relating to the manufacture of munitions Pallo has probably been more active and given more real assistance than any other member of the Association.

Messrs. Stewart and Rendell have advised Mr. Pascoe that they propose to keep more in actual touch with the workers for the future than they have done in the past and both these men are emphatic in their opinion that Mr. Pallo's absence from the business would prejudice the operations of the company to a considerable extent. It is highly desirable that the question as to whether or not Pallo is to be retained in the business should be decided at the earliest moment.

With regard to the position of Mrs. Pallo no further information of a definite nature has been received but the opinion has been generally expressed in our discussions with the above-mentioned persons that for the future her activities both mental and physical are likely to be confined to the care of her children.



Secretary of Supply.

LJS/L

WELLINGTON,
24th. September, 1940.

The Hon. the Minister of Industries
and Commerce.

In connection with the enclosure Mr. Pascoe and I have made the further inquiries you suggested, and should be glad if you would permit us the opportunity of seeing you as early as possible today.



Secretary.

encl.

*The Secretary
Aliens Tribunal*

*I should be glad if you would
submit this file to the Tribunal for such
investigation and recommendation as
they believe will be helpful in relation
to the problems disclosed*

K. R. M.

27.9.40.

8/40/35

20 Comm

10/45 am

16-9-40

Gen R R W (Ino)

8/5

Cable and Telegraphic Address:
"Tradford, Wellington."

Codes used:
Bentley's
A.B.C., 5th Edition,
Western (Universal
and Editions).

TELEPHONE: 46-478.

LJS/L



DOMINION OF NEW ZEALAND.

MINISTRY OF SUPPLY.

140/35 [T. 380A.
IN YOUR REPLY PLEASE QUOTE

5th Floor, Government Life Insurance Building,
Customhouse Quay,
G.P.O. Box 1679. WELLINGTON, C. I, N.Z.

16th. September, 1940.

The Chief Commissioner of Police,
WELLINGTON.

Dear Mr. Cummings,

I am sending an officer with this note asking
if you will please send me over Pallo's confidential file. It is
necessary I have this in order to prepare a report for my Minister.

Yours faithfully,

J. L. Schmitt
Secretary of Supply.

*File handed to
Officer RDM
16/9/40.*

MEMO. for John McEwen

I think :-

① adopt para. (2) of
recommendations
herewith

② transfer Pallas's
interest to Public
Trustee as enemy
property

③ ~~at~~ ^{consider} whether Pallas can
be trusted with a

Office of the Minister of Justice. ^{job under}

50 pads/8/39-8619]

The new manager

AGG

please see
note
etc.



DOMINION OF NEW ZEALAND.

[T.—380A.

IN YOUR REPLY PLEASE QUOTE

MINISTRY OF SUPPLY.

5th Floor, Government Life Insurance Building,
Customhouse Quay,
G.P.O. Box 1679. WELLINGTON, C. I., N.Z.

20th. August, 1940.

MEMORANDUM for:-

The Hon. the Minister of Supply.

Karl Pallo.

The Committee you set up - Messrs. Pascoe, Spidy and myself - to go into this matter has given it consideration from all angles, and it would appear from the balance of evidence on the attached file that there is a danger in permitting Pallo to continue in charge of the Pallo Engineering Company's works.

The Committee suggests three alternatives for the consideration of the Government:-

- (1) That the Police intern Pallo and leave the remaining Directors of the Company to carry on the business;
- (2) That the Government declare the Company a controlled undertaking and appoint a Manager under the Supply Regulations;
- (3) That alternatively the Government refuse orders to the Company for the manufacture of munitions or parts thereof or for any Government work.

Factory Controller: W. Pascoe

Munitions Controller: Spidy

Secretary of Supply: J. Hunt

encl.

*Seen.
H.
3.9.40.*

Army Headquarters,
New Zealand Military Forces,
Wellington, C. I.,
August 1st 1940

IN YOUR REPLY

M.O 16/22/80

please quote this number.

Commissioner of Police .
Wellington .

Pallo.

The question of the firm of Pallo being given a munition contract is under consideration by Govt (Minister of Supply)

It has been reported from several sources that this man has very definite pro Nazi ideas and as such his firm would be suspect .

Flying Officer Heath Tel A.H.Q Subnumber 882 has evidence to produce . *als Major Eridge Army Headquarters.*

Buckleton (Son of Sir Henry Buckleton) left the firm ~~for~~ owing to Pallos political views ,it is stated.

Two other members of the firm have either left or or about to leave it for similar reasons.

This question is urgent .

*By S. M. Southall
Army Intelligence*

*an Schmidt
what is the
for me for the
98/24/9/40*

In response to your instructions by telephone late on Tuesday night that The Pallo Engineering Company be gazetted a "Controlled Undertaking" I attach an appropriate order which requires your signature as Minister of Supply.

Before you complete this order, however, there has to be found a suitable person to take charge of the Company's affairs, who must be named in the order. It is not going to be easy to find that person. However, before you sign this order your attention is directed to the following important considerations:-

- (1) Directors and shareholders other than Pallo are vitally concerned in this matter.
- (2) Pallo holds 3900 out of 8000 shares.
- (3) Loyal shareholders and directors who have given evidence to the Police about Pallo own a majority of the shares in the Company.
- (4) There is every reason to think that these people would resent the proposed action as they would no doubt expect to be allowed to manage their own Company if Pallo were out of the way.
- (5) The Company is in a rather unstable position financially and if the Government goes in to manage the works it will be taking over a doubtful undertaking and it may be obliged to advance finance and guarantee returns to all the shareholders including Pallo.
- (6) If Pallo is to be away from the undertaking as he should be in fairness to any one placed in charge of the works then he should be right away. You will quickly realise the dangers otherwise.
- (7) A much simpler method of dealing with this problem would be to intern Pallo whose interest in the Company would then be taken care of by the Public Trustee who would take over in trust Pallo's shares and who could get one or more of the other directors to join with him to call a meeting of shareholders who would then have to decide how they would continue to run the Company's works. This would provide for Pallo if profits were earned because they would be paid to the Public Trustee by the Company on his shares and be held for him.
- (8) If the method you have in mind were adopted, provision would have to be made to maintain Pallo, the Government also taking the financial responsibility for the whole undertaking.
- (9) You did not tell me whether it was the Government's intention to intern Pallo at the same time as you propose to declare the Company a "controlled undertaking". I presume this would be done as it may be dangerous to put him out of the business and let him be at large. Nobody would employ him.

Messrs. Pascoe and Spidy and I think that the alternative mentioned in (7) above is by far the wisest and safest method to follow. I shall be glad to discuss the matter further with you if you so desire before you make your final decision. I am sure you do not wish to victimise the remaining directors and shareholders because of Pallo's misdemeanours. The general effect of such action may have serious repercussions.



Handwritten notes at top right:
1. [unclear]
2. [unclear]
3. [unclear]
4. [unclear]
5. [unclear]
6. [unclear]
7. [unclear]
8. [unclear]
9. [unclear]
10. [unclear]
11. [unclear]
12. [unclear]
13. [unclear]
14. [unclear]
15. [unclear]
16. [unclear]
17. [unclear]
18. [unclear]
19. [unclear]
20. [unclear]
21. [unclear]
22. [unclear]
23. [unclear]
24. [unclear]
25. [unclear]
26. [unclear]
27. [unclear]
28. [unclear]
29. [unclear]
30. [unclear]
31. [unclear]
32. [unclear]
33. [unclear]
34. [unclear]
35. [unclear]
36. [unclear]
37. [unclear]
38. [unclear]
39. [unclear]
40. [unclear]
41. [unclear]
42. [unclear]
43. [unclear]
44. [unclear]
45. [unclear]
46. [unclear]
47. [unclear]
48. [unclear]
49. [unclear]
50. [unclear]
51. [unclear]
52. [unclear]
53. [unclear]
54. [unclear]
55. [unclear]
56. [unclear]
57. [unclear]
58. [unclear]
59. [unclear]
60. [unclear]
61. [unclear]
62. [unclear]
63. [unclear]
64. [unclear]
65. [unclear]
66. [unclear]
67. [unclear]
68. [unclear]
69. [unclear]
70. [unclear]
71. [unclear]
72. [unclear]
73. [unclear]
74. [unclear]
75. [unclear]
76. [unclear]
77. [unclear]
78. [unclear]
79. [unclear]
80. [unclear]
81. [unclear]
82. [unclear]
83. [unclear]
84. [unclear]
85. [unclear]
86. [unclear]
87. [unclear]
88. [unclear]
89. [unclear]
90. [unclear]
91. [unclear]
92. [unclear]
93. [unclear]
94. [unclear]
95. [unclear]
96. [unclear]
97. [unclear]
98. [unclear]
99. [unclear]
100. [unclear]

In response to your instructions by telephone late on Tuesday night that the Public Engineering Company be presented a "controlled undertaking" I attach an appropriate order which requires your signature as Minister of Supply.

Before you complete this order, however, there has to be found a suitable person to take charge of the Company's affairs, who must be named in the order. It is not going to be easy to find that person. However, before you sign this order your attention is directed to the following important considerations:-

(1) Directors and shareholders other than Pello are vitally concerned in this matter.

(2) Pello holds 3900 out of 8000 shares.

(3) Both shareholders and directors who have given evidence to the Police about Pello own a majority of the shares in the Company.

(4) There is every reason to think that these people would regard the "controlled undertaking" as they would no doubt expect to be allowed to manage their own Company if Pello were out of the way.

(5) The Company is in a rather unstable position financially and if the Government goes in to manage the works it will be taking over a doubtful undertaking and it may be difficult to advance finance and guarantee returns to all the shareholders including Pello.

(6) If Pello is to be away from the undertaking as he should be in fairness to any one placed in charge of the works there should be right away. You will quickly realize the dangers otherwise.

(7) A much simpler method of dealing with this problem would be to let Pello whose interest in the Company would then be taken care of by the Public Trustee who would take over the trust Pello's shares and who could get one or more of the other directors to join with him to call a meeting of shareholders who would then have to decide how they would control the Company's works. This would provide for Pello if profits were earned because they would be paid to the Public Trustee by the Company on his shares and be paid to him.

(8) If the method you have in mind were adopted, provision would have to be made to maintain Pello, the Government also taking the financial responsibility for the whole undertaking.

(9) You did not tell me whether it was the Government's intention to let Pello at the same time as you propose to declare the Company a "controlled undertaking". I presume this would be done as it may be dangerous to put him out of the business and let him be at large. Nobody would employ him.

These, Pascoe and Spiby and I think that the alternative (7) above is by far the wisest and safest method to follow. I am sure you do not wish to make your final decision. I am sure you do not wish to let the remaining directors and shareholders because of Pello's. The general effect of such action may have serious consequences.

Handwritten notes on right side:
Mr Pascoe
Minister's note
written report to Pello.
to be written today by
Minister to Pello

Handwritten signatures:
[Signature]
[Signature]

3.40/35.



NEW ZEALAND POLICE.

Subject: K. PALLO - reported as pro-Nazi.

100,000/3/40-19783]

The Superintendent of Police,
WELLINGTON.

Please have discreet inquiries made from Messrs. Goddard, Jack and Gardner as to their knowledge of Pallo, and why they left his employment. An early report is desired.

Dr. J. Cummings
Commissioner of Police.
30.7.40.

The Commissioner
James
My & Sup

-3 AUG 1940

Rt. Hon. Minister in Charge of Police.

Pallo is obviously not a loyal subject. His wife is definitely a strong Nazi supporter. It has come to my knowledge that she is offensive to ladies who call at her home collecting for patriotic purposes. On one occasion she was quite rude and stated she would give nothing to the Fund (I think it was the Red Cross Collector who had called), and closed the door on the caller.

D. J. Cummings

6/8/1940.

Commissioner of Police

Hon. D. G. Sullivan,
Minister of Industries
and Commerce.

Referred for your
consideration in
reference particularly as to
the suitability of Mr
Pallo being associated
with members,

FT

17. 8. 40,

Publicly released under the NZSIS Declassification Policy

NEW ZEALAND POLICE.

Detective Office,

Police-station: Wellington,Date: 2nd August, 1940

REPORT of Senior Detective P. Doyle, No. 1337

relative to Karl Pallo-alleged pro-Nazi.Vide attached.

I beg to report that in accordance with the Commissioner's instructions in his minute of the 30th ultimo, I have interviewed Messrs Goddard, Jack and Gardner and obtained their views in regard to Pallo, and the reasons for leaving his employment.

Mr C.B. Goddard is a qualified accountant with a good reputation in the business community of the city and was accountant to the Pallo Engineering Company, which terminated at the end of March last.

He left Pallo at his own request on account of the complete lack of confidence in his employer, due to the attitude which he took up early in January last regarding the future prospects of the company, and particularly in regard to Pallo's refusal to consider the manufacture of machinery work which was offering, also on any work such as new Defence work, his placing prices on quotation forms out of all proportion to the value of the job.

Pallo on a number of occasions had expressed very definite Nazi views to Mr Goddard, such as "Germany is entitled to everything she is getting". When Germany invaded Poland Pallo said, what fools the Allies are to consider going to the assistance of Poland, and in subsequent discussions with Mr Goddard on the 14 points for negotiation with Poland, the conversation became so heated that the war situation was not again discussed between them.

This brought matters to a head, and Goddard decided to leave the company about the 14th February last, and submitted his resignation to terminate his services at the end of March, but was requested by Pallo and the Wellington Branch manager of the Bank of New Zealand to take stock and bring down balance sheets, which he did, and left the company at the end of May last.

Mr Goddard expressed the opinion that Pallo's sympathies are with Germany, and that it would be unsafe to entrust him with war work in the nature of munition manufacture.

Mr Goddard asked me to obtain the views of others in this regard in case it might be suggested that he was prejudiced and referred me to Mr Stewart, Public accountant of the well known firm of Barr Burgess and Stewart, Public Accountants of Grey Street, auditors for the Pallo Engineering Company.

I saw Mr Stewart, who has been closely associated with the Pallo company for the past five years as auditor and he informed me that Pallo had a particularly capable staff, competent to manufacture munition supplies with the machinery available, which he considered was the most up to date of its kind in the Dominion.

Mr Stewart has no hesitation in stating that Pallo is definitely pro-Nazi and apart from his political views, he is an unscrupulous individual, who should not on any account be trusted with the manufacture of war material.

Publicly released under the NZSIS Declassification Policy

The Chief Detective,
Wellington.

Mr Stewart has had many discussions with Pallo in regard to the war particularly in regard to the invasion of Poland, and Pallo supported Hitler on every occasion, but latterly Pallo carefully avoids any reference to Germany, but nevertheless it is clear that he is a Nazi supporter, and in the event of an invasion of this country by Germany Pallo, according to Mr Stewart would be one of the first to greet the Germans.

Mr Stewart considers the machinery available in this concern admirably suited for the Government's requirements in the manufacture of munitions, and that it would be a calamity to miss the opportunity of taking advantage of its use, provided Pallo is removed from the control.

He has the greatest confidence in Goddard and the other members of the staff, particularly the works manager Gardner, and with Goddard supervising, if his services could be obtained, the company would be capable of producing war material equal to any produced elsewhere.

Leonard Gardner, the works manager has been with the company for 8 years, 4 of which he has been works foreman, and prior to that he had considerable English experience in tool making etc.

He informed me that Pallo was on a go slow policy since the war broke out, and instanced an order received from the Air Force for 61 sets of Air Force tools for plane assembly, and for which Pallo contracted to deliver at the end of December last, but delayed delivery till the end of March, without any apparent reason.

Gardner told me that he was fed up with Pallo's attitude and desired employment where his services could be utilised for the war effort, instead of making washing machines.

He referred to the apparent lack of interest by Pallo in the manufacture of any material which might be used for war purposes and referred to a consignment of special steel imported by Pallo in December last to the value of £500, suitable for tool manufacture but instead of making use of the steel for that purpose, Pallo had sold the full consignment in opposition to Gardner, although he Gardner pleaded with him to keep at least fifteen feet, but without success.

Gardner for these reasons tendered his resignation, and he is due to leave on the 29th instant. He regards Pallo as a Nazi supporter and mentioned that prior to the invasion of Poland, Pallo was in possession of Nazi literature, which he circulated in the workshop, but it is noticeable that Pallo of late refrains from discussing the war or the Nazi doctrine.

Mrs Pallo is known as a particularly active Nazi supporter even more pronounced than her husband.

I saw Mr D.G. Jack, draughtsman now in the employ of the Air Department, who was formerly employed in the same capacity by Pallo, and he informed me that he could not give particulars of a single incident in which Pallo expressed Nazi sympathies, but at the same time, he Jack knew that Pallo was a supporter of the Nazis.

He said it would be unfair for him to say anything detrimental to Pallo's interests as the latter had found him employment, when others refused to find him work, but at the same time, in the interests of this country, he would go so far as to say it would be unsafe to trust Pallo with the production of war material, knowing as he did where his sympathies lay.

He described Pallo as a domineering man, with no ability so far as getting the best out of his staff, and it was impossible to remain in his service on this account.

I interviewed Flying Officer Heath, who was unable to supply me with any information regarding Pallo, which I had not already obtained, and it appears that this Officer had learned from Gardner that Pallo had definite Nazi ideas, and this information he passed on to Major Erridge, Army Headquarters.

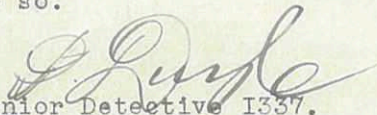
The Major has had no personal dealings with Pallo, and could only inform me of what he had learned from other persons.

I was unable to obtain any information of value from these sources.

In regard to Mr Buckleton, I learned from Goddard that Pallo and Buckleton had a quarrel at a Directors meeting in August 1938, terminating in the dismissal of Buckleton by Pallo from the Board of Directors. It appears that Buckleton's contention was that Pallo's mismanagement of the company was the cause of its financial position, and they each removed their coats and were prevented from taking part in a fight by the other Directors.

Goddard purchased 600 ordinary shares from Buckleton at £4 per share, with a cash payment of £600. Goddard is now endeavouring to dispose of the shares to Chas Begg and Co. on the basis that he gets no payment on the amount of £600, or in other words he is prepared to sacrifice the shares and lose his £600.

I have endeavoured to outline the true position of the company, and the political views of its managing director, Pallo, as conveyed to me by those whom I have interviewed, and it is the opinion of those best in a position to judge, that Pallo is most unsuitable to be entrusted with the very important work associated with the production of war munitions, and in fact it might be dangerous to do so.


Senior Detective I337.

URGENT

If any reply, please
quote this number:

S.40/35.

POLICE DEPARTMENT,
WELLINGTON C.1.

MEMORANDUM for

1st August, 1940.

The Superintendent of Police,
WELLINGTON.Pallo Engineering Company.

The following is copy of a memorandum
received from Army Headquarters, of even date:-

"The question of the firm of Pallo being given
a munition contract is under consideration by
Government (Minister of Supply).

It has been reported from several sources
that this man has very definite pro-Nazi ideas
and as such his firm would be suspect.

Flying Officer Heath Tel A.H.Q., Subnumber
882 has evidence to produce. Also Major Erridge,
Army Headquarters.

Buckleton (son of Sir Henry Buckleton) left
the firm owing to Pallo's political views, it is
stated.

Two other members of the firm have either
left or about to leave it for similar reasons.
This question is urgent."

A further memorandum from the Prime Minister's
Department is also attached. Previous papers re-
garding this matter were forwarded to your office on
the 30th ultimo.

Please have further inquiries made as indicated
in the attached memoranda, the matter to receive early
attention.

D. J. Bummerup
Commissioner of Police.

The Chief Clerk

P.P. by you on 31.7.40
For urgent attention please

62. J.D. Lopaia, Capt 8 40

Sam Lee Lloyd

Sam Lee Lloyd

Letter

1.8.40.



DOMINION OF NEW ZEALAND

IN YOUR REPLY PLEASE QUOTE

THIS NUMBER

IMPORTANT

~~SECRET~~ No. 873

ORGANIZATION FOR NATIONAL SECURITY,
PRIME MINISTER'S DEPARTMENT,
WELLINGTON, C.I.

MEMORANDUM for

1st. August, 1934

The Commissioner of Police,

WELLINGTON.

Pallo Engineering Company Ltd.

With reference to my discussions with Mr. Harding concerning the above Company, I enclose for your information a copy of a memorandum of the 31st. ultimo from the Secretary of Supply giving particulars of the division of the financial interest and the management of this Company.

Further advice has been received from the Ministry of Supply that a Mr. Douglas Jack, formerly a designing engineer with Pallo Ltd. resigned some few days ago to take up an appointment in the Air Department.

It is suggested that this gentleman might be interviewed by one of your officers and that in this way information might be obtained regarding the dissatisfaction and unrest which appears to exist in this Company.

It would be much appreciated if these enquiries could be made at the earliest possible date ^{forbidding to hide} when it is proposed to arrange discussions between yourself and representatives of the Ministry of Supply with a view to determining what action will be taken in regard to this undertaking.

W. S. Harcourt

Secretary, O.N.S.

C O P Y.

MINISTRY OF SUPPLY

5th Floor, Government Life Ins.
Building, Customhouse Quay,
WELLINGTON, C.I.
31st July, 1940.

MEMORANDUM for:

The Secretary,
Organization for National Security,
WELLINGTON.

Attention Mr. Shanahan.

The capital of the Pello Engineering Co. Ltd. is £8,000 and is held as follows:-

K. Pello	£3,900
R.G. Buckleton	2,000
J.F. Stewart	1,000
C.B. Goddard	900
O.R. Bendall	200
	£8,000

The present Directors are:-

Karl Pello, 49 Homewood Avenue Karori
James F. Stewart, 29 Fitzroy Street, Wadestown
Claud B. Goddard, 137 Barnard Street, Wellington.

From correspondence held by the Assistant Registrar of Companies, Wellington, it appears that an attempt is being made to push R.G. Buckleton, Esq., out of the company. In April, 1938, Buckleton wrote to the Registrar of Companies complaining that he had been deprived of a position on the Directorate and that he considered that this action was not in conformity with the Regulations governing the Company's operations. He had unsuccessfully endeavoured to obtain from the Secretary of the Company copies of the Company's Articles and Memoranda of Association.

He requested the Assistant Registrar of Companies to take action under the Companies Act, but was informed that the Department did not make a practice of doing this and suggested that he should institute his own legal proceedings. On the 5th April, 1939, Buckleton transferred all his ordinary shares amounting to 1,500 to other members of the Company as follows:-

K. Pello	400
J.F. Stewart	500
C.B. Goddard	600.

At the moment therefore Buckleton holds 2,000 preference shares in the Company out of a total of capital of £8,000.

Karl Pello is also a Director of Pello Limited, registered in 1930 and Alloy Steel Limited which is registered in Christchurch. No details have been obtained in regard to the Christchurch company. Pello Limited, although registered in 1930 whereas Pello Engineering Limited was registered in 1934, has a share capital of £3,000, £2,999 of which is held in the name of Pello Engineering Limited, K. Pello holding the remaining share.

It is obvious, therefore, that the shares in Pello Limited must have been taken over by Pello Engineering Limited some time after 1934.

The Directors of Pello Limited are:-

Karl Pello.
James F. Stewart,
C.B. Goddard.

If any further information in this connection is required, I shall be pleased to obtain same on receiving a request from you.

(sgd.) L.J. Schmitt
Secretary of supply.

S.40/35.

~~SECRET~~

NEW ZEALAND POLICE.

Subject: K. PALLO - reported as pro-Nazi.

100,000/3/40-19783]

The Superintendent of Police,
WELLINGTON.Please have this attended to by
a senior member of the Detective
staff.

D. J. Cummings
Commissioner of Police.
24.7.40.

The Inspector:-

As Pallo is both the Managing
Director and Chairman of the Directors
of this company we were unable to
comply with the instructions.

It would seem that Pallo is
quietly doing all in his power to
hamper the Government's war effort.

29-7-40:

[Signature]
Chief Detective:

The Commissioner
[Signature]
[Signature]

29 JUL 1940

Publicly released under the NZSIS Declassification Policy

For Mr Chief Detective
[Signature]
[Signature]
25-7-40

[Signature]
[Signature]
[Signature]
25.7.40

The Chief Detective
[Signature]
[Signature]
26/7/40

NEW ZEALAND POLICE.

Detective Office,
Police-station: Wellington,

Date: 27th July, 1940

REPORT of Detective Sergeant P. Doyle, No. 1337

relative to Karl Pallo and the Pallo Engineering Company.

Vide attached.

I beg to report that I find it impossible to comply with the instructions contained in the attached memorandum from the Secretary, Organization for National Security, owing to the fact that Pallo is the Managing Director and Chairman of Directors of the Pallo Engineering Company.

The company is a private one of £8000 capital, comprising 5000 preference shares of £1 fully paid, of which Pallo holds 2000, R. G. Buckleton 2000, J. F. Stewart 500, C. B. Goddard 300 and O. R. Bendall 200. Ordinary capital of £3000 of which Pallo holds 1900, C. B. Goddard 600 and J. F. Stewart 500.

A subsidiary company registered as Die Castings Ltd was formed in which Pallo holds 250 preference shares, and Charles Bagg and Co. 250. The ordinary shares in this company comprise 4500, of which the Pallo Engineering Co. hold 4000, Pallo 250 and Charles Bagg and Co. 250.

Pallo Ltd or Pallo Engineering Company was formed in 1934 as agents for Satam Proprietary, Paris, Pump manufacturers, and the subsidiary Company known as Die Castings Ltd was formed in August, 1939, to develop manufacture of pressure die castings. A large machine for copper base alloy casting was received in New Zealand early in March last, ex Stassfurt from the Dutch East Indies.

This machine has been installed three months, and so far no experimental work has been carried out on it.

Pallo is endeavouring to dispose of the steel specially imported for the manufacture of dies for use on the machine.

The machine is capable of manufacture of certain munition parts, and by the disposal of steel, the opportunity to utilise the machine would be lost.

In February last the Secretary to the company, Mr Goddard resigned through lack of confidence in Pallo's contribution to the company. He is still a director of the company under rights of shareholding.

J. F. Stewart of the legal firm of Hogg and Stewart and Mr Goddard are the only directors of Pallo Engineering, apart from Pallo.

Die Castings directors are Pallo, J. F. Stewart and C. A. Rendle as nominee for Chas Begg and Co. The latter having purchased the shares held by Goddard, whose resignation as a director was accepted at the last meeting of the directors.

The Senior draughtsman D. G. Jack has resigned, as also the works manager, L. Gardner, and the assembly foreman R. W. Williams has indicated his intention to resign, and it is probable the machine foreman will take a similar step.

Other members of the staff are seeking employment elsewhere, due to the actions of Pallo's changed attitude to the staff generally during the past nine months.

On a number of occasions, Pallo had placed orders for delivery of goods from Germany in preference to obtaining comparable articles from the United Kingdom sources, sometimes at higher landed cost.

A number of contacts with the German Consuls office were made when instituting the above purchases.

Due to the deflection of senior members of staff and to Pallo's attitude towards acceptance of work, there can only be one outcome sooner or later for the company.

Pallo's attitude appears to be one of passive resistance to any stepping up of production, and is quite possibly based on the assumption of a Nazi victory.

It is a recognised fact that Pallo's sympathies are with Germany in this war, and in this connection he is ably supported by his wife.


Detective Sergeant I337.



DOMINION OF NEW ZEALAND

IN YOUR REPLY PLEASE QUOTE

THIS NUMBER

12/3

~~SECRET~~ No. 827.

ORGANIZATION FOR NATIONAL SECURITY,
PRIME MINISTER'S DEPARTMENT,
WELLINGTON, C.I.

MEMORANDUM for

23rd. July, 1940.

The Commissioner of Police,

WELLINGTON.

(Copy to body of supply)

K. Pallo.

With reference to your minute of the 12th instant enclosing your secret file S.40/35, regarding the above, I have to inform you that I discussed with the Secretary of Supply and the Factory Controller the information made available as a result of your investigations and the following conclusions were arrived at : -

- (a) It is important that the precision manufacturing plant of Pallo Engineering Ltd. should continue to be available for the manufacture of tools, specialist machinery and equipment to meet either defence requirements or civil needs.
- (b) That Mr. Pallo is himself a skilled precision engineer and draftsman and it is desirable, if no undue embarrassment is likely to arise, that his services be utilized.
- (c) That in any case the factory organization and employees should be kept together as it is proposed to use this unit in the production of machine tools, grenades and other items of munitions which may subsequently be manufactured in New Zealand.

Mr. Schmitt stated that he had reason to believe that two employees of Pallo Engineering Ltd. had endeavoured to obtain an interview with the Minister of Industries and Commerce, the Hon. D. G. Sullivan, presumably in connection with Mr. Pallo. He was not aware, however, whether the interview had been granted by Mr. Sullivan. Both Mr. Schmitt and the Factory Controller, although

they had no concrete evidence of this, felt that there was some slight dissatisfaction inside the works, presumably because of the suspected Nazi leanings of Mr. Pallo, and that it was important that this should be dissipated as soon as possible. They agreed that probably the best way to dissipate this would be for the Police Department to interview the Managing Director and the Chairman of Directors of the Company, who it is understood are Wellington business men, and to make available to them in confidence the information which has been discovered by your officers. It would then be the responsibility of these gentlemen to ensure that the morale of the employees was conserved and that Mr. Pallo's services were employed to the best advantage without in any way prejudicing the output or the usefulness of this unit.

Under the recent amendments to the Supply Regulations power is given to appoint a controller of any industry but it is considered that it would be better if the management would themselves take such measures to reconstruct the organization of this unit rather than that a controller should be appointed for the purpose.

Both Mr. Schmitt and Mr. Pascoe were of the opinion that if this approach were made the position would be adequately met.

Ross Shannon

Secretary, O.N.S.

S.40/35.

**NEW ZEALAND POLICE.**

Subject: K. PALLO reported as pro-Nazi.

100,000/8/35-7821]

The Secretary,
Organization for National Security.
WELLINGTON.

File forwarded herewith for your
information. I draw attention to
paragraph 2 of Detective Browne's
report of the 16th February last.

D. J. Cummings
Commissioner of Police.
12.7.40.N

S.40/35.

~~SECRET~~

NEW ZEALAND POLICE.

Subject: K. PALLO reported as pro-Nazi.

100,000/8/39-7821

The Superintendent of Police,
WELLINGTON.

Previous papers concerning Fallo
are returned herewith. The information
regarding Smucer is dealt with
separately.

Stumming
Commissioner of Police.

29.6.40.

I he b hief D. elickin

S. W. P. Smith

S. W. P. Smith
2.7.40

Let Brown

*Anything further
known please?*

Brown

2.7.40

let let

The Chief Detective,

Wellington.

Report attached.

S. L. Browne

11-7-40.

Det.No.2865.

The Inspatry

Brown

11.7.40

let let

*The Commissioner
for information
J. W. P. Smith
12/7/40*

Publicly released under the NZSIS Declassification Policy

NEW ZEALAND POLICE.

[Police—100A.]

Detective Office, Wellington.
Police-station: Wellington.

Date: 11th. July 1940. , 194

REPORT of Detective Samuel Craig Browne , No. 2865

relative to Karl & Felicitas Maria Pallo - alleged pro-Nazi.

"Vide attached"

I respectfully report having interviewed Miss Tewsley of the Censorship Staff regarding this matter. She informed me that she had been one of the foundation members of the German Club in Wellington and had become acquainted with Mrs Pallo at the Club. She stated that she had formed the impression that Mrs Pallo was pro-Nazi from the conversations she had with her, although she could not now recollect any statements that Mrs Pallo had made. She also stated that she was one of the persons who had resigned from the Club on account of the proposal to sing the "Horst Wessel" and "Deutschland Uber Alles". Her information is similar to that supplied by Dr. Keys previously. Miss Tewsley stated that the matter had been freshly brought to her mind recently through a friend of her's who had stated that a third person had told her in conversation that Mrs Pallo was pro-Nazi. Miss Tewsley stated that unfortunately she could not give me the name of her friend who had mentioned the matter to her, and to whom the matter had been mentioned by some third party.

There is nothing new in the memorandum received from Central Military District regarding Pallo. When I made enquiries about this matter in February last I interviewed Mr. R. W. Williams of 117 Kelburn Parade concerning his knowledge of the Pallo's. Williams was then, and still is employed as a clerk in the Pallo Engineering Company. He informed me that he had not approached the Army Authorities in any way about the matter.

Publicly released under the NZSIS Declassification Policy

Chief Detective,
Wellington.

Williams stated that one evening recently he received a telephone call at his home from a man who stated that he was Lieutenant Molyneaux from the Army Department, and that he wished to ask Williams a few questions. Molyneaux indicated that he had been informed that Williams could give him some information regarding Karl Pallo. Williams stated that as he did not know who was speaking he would not discuss the matter on the telephone, and the following day he called at Central Military District Headquarters in Buckle Street where he saw Lieutenant Molyneaux, and was assured that Lieut. Molyneaux was the person who had telephoned him. Williams informed me that the information which he gave Lieutenant Molyneaux was the same as he had previously supplied to me, and which is embodied in the third page of my report of the 16th. February last.

Enquiries show that Pallo and his wife are now very guarded in their conversations and do not say anything to indicate that they are in any way pro-Nazi. As a matter of fact Pallo loudly professes to be strongly pro-British and anti-Hitler. He recently had occasion to reprimand one of his workmen for turning out some inferior work, and to him he said, "How do you expect us to win the war if you turn out work such as that? That is real fifth column work. You are helping Hitler when you turn out work like that".

S. G. Browne
Det. No. 2865.

S.40/35.

~~SECRET~~POLICE DEPARTMENT,
WELLINGTON C.1.MEMORANDUM for

2nd July, 1940.

The Superintendent of Police,
WELLINGTON.

With reference to previous correspondence regarding K. Palo who is alleged to be pro-Nazi, it has now been reported to this office that Miss Tewsley of the Censorship Staff, Wellington, has some useful information regarding Mrs. Palo.

Please have Miss Tewsley seen by the Detective who is at present making the inquiries.

*To Chief Detective
for attention please
(62) C. D. L. Paul Capt
2 7 40*

*Lt. Byrne
R. H. Jones
ld. lat
3.7.40*

J. H. Cunningham
Commissioner of Police.

NEW ZEALAND MILITARY FORCES.

(Form N.Z.—399.
(In pads of 100.)

In your reply

98/3.

Please quote this number.

HEADQUARTERS,

Central Military District,

Buckle Street,

WELLINGTON, C.3.

21st June, 1940. 19

MEMORANDUM for:

The Chief Detective,
Police Department,
WELLINGTON.

RE SUBVERSIVE STATEMENTS.

Reports have been received about the subversive statements of the following personnel:-

K. Pallo, 49 Homewood Avenue is reported by Mr. R.W. Williams, 117 Kelburn Parade to have strong Nazi tendencies and makes statements which tend to arouse indignation amongst his employees (Pallo Engineering Ltd.,).

Karl Smucar, 234 Adelaide Road Newtown is reported by an anonymous writer to be "most insulting towards the British Nation and is a very undesirable character." He is reported to have been in New Zealand for nine months.

[Signature]
Lieutenant,
General Staff,
CENTRAL MILITARY DISTRICT.

The Inspector:-

Although this memorandum is dated the 21st I did not receive it until this morning. K. Pallo has been reported on and the file forwarded to you on the 8-3-40: Smucar was also reported upon as an applicant for the Air Force and the file forwarded to you on the 3-6-40: I ask for the return of the files for further inquiries if necessary.

28-6-40:

[Signature]
Chief Detective:

*I by Commissioner
Refurn of files
desires please
28.6.40
5 Sub. Insp. for Insp.*



S. 40/35.

~~SECRET~~NEW ZEALAND POLICE.Subject: KARL and FELICITAS MARIA PALLO -

100,420/8/30-7221

The Superintendent of Police,
WELLINGTON.Please have Mrs Pallo interviewed
as to her failure to comply with the
Alien Control Emergency Regulations 1939.*D. Cummings*Commissioner of Police,
19-2-40.

The Inspector
Henry Jones
1.5.40

The Supr
J. Jones
2/3/40

The Commissioner
J. Lewis
8.3.40

Publicly released under the NZSIS Declassification Policy

The Insp
J. Jones
20 FEB 1940
181

for The Chief Det.
4 R Capt
2/2/40
20/2/40

Det. Jones
Henry Jones
21-2-40

The Chief Detective,
Wellington.

Report attached.

S. b. Browne

8-3-40.

Det.No.2865.

NEW ZEALAND POLICE.

[Police—100A.]

~~SECRET~~Detective Office,
Police-station : Wellington.

Date : 8th. March 1940 , 19

REPORT of Detective Samuel Craig Browne, , No. 2865

relative to Karl and Felicitas Maria Pallo.

"Vide attached"

I respectfully report having interviewed Felicitas Maria Pallo in accordance with the terms of the Commissioner's minute of the 19th. February 1940.

Mrs Pallo informed me that she was a German subject born in Latvia. She stated that her father and grandfather were both Nationals of Germany, and when she came to Australia in 1933 she travelled on a German passport. She explained that she acquired Estonian nationality by her marriage to her husband, and later acquired British nationality by naturalization. She stated that at the outbreak of war both she and her husband made enquiries concerning her obligations under the Alien Control Emergency Regulations 1939. She stated that she enquired at the Karori Police Station and was informed that she was not under any obligation to register as an alien, as she was a naturalized British subject. She also stated that her husband made enquiries at the Central Police Station and was similarly informed. In all probability they did not make it clear that Mrs Pallo was formerly a national of Germany. They probably stated that Mrs Pallo was born in Latvia, and later acquired Estonian nationality by marriage, so that the Police Officers who advised them were not fully aware of the position.

Mrs Pallo promised that she would call at the Central Police Station tomorrow, and register under the Alien Control Emergency Regulations. I have informed the Alien Registration officer accordingly.

S. C. Browne
Det. No. 2865.

Publicly released under the NZSIS Declassification Policy

The Chief Detective,
Wellington.



~~SECRET~~

NEW ZEALAND POLICE.

Subject: A.C. Keys, letter re alleged German activities in Wellington.

100,000/6/39-7821

The Superintendent of Police,
WELLINGTON.

Please have Mr Keys interviewed
by a member of the Detective Staff, with
reference to the information in the
attached letter.

D. J. Cunningham
Commissioner of Police.
15.1.40

THE CHIEF DETECTIVE

H. Klapp
INSPECTOR OF POLICE

*Sub
for
644*
INSPECTOR OF POLICE

16 JAN 1940

6d/185
Let Browne

*Brown
Tel bat*

17-1-40

The Chief Detective,
Wellington.

Report attached.

S. C. Browne

17-2-40

Det. No. 2865.

The Inspector

*Brown
Tel bat*

17-2-40

*For the Supt.
C. H. Capt
Sub. Supt for Supt
19-2-40
The Commissioner
J. M. J.
Box 17/1/40
181*

NEW ZEALAND POLICE.

[Police—100A.]

Detective Office, Wellington.
Police station: _____

Date: 16th. February 1940/19

REPORT of Detective Samuel Craig Browne, No. 2865

relative to Dr. A. C. Keys writes re alleged German activities
in Wellington."Vide attached"

I respectfully report having made enquiries concerning this matter, and in connection therewith I have to report the following:-

From 1936 to November 1938, Dr. A. C. Keys was the secretary of the German Club in Wellington. During that period a number of New Zealanders were members of the Club, mainly for the purpose of improving their knowledge of the German language. At a meeting of the Club one evening in November 1938, Miss Clara Anna Marie Else Ernard (then a member of the German Consul-General's staff) was present, and proposed that the members should sing the Nazi song "Horst Wessel", and the German National song, "Deutschland Uber Alles". Her proposal was seconded by a woman named Mrs Pallo. The proposal was objected to strongly by the British members of the Club, who at that time comprised about 90% of the Club members, and the result was that Dr. Keys and the other British members resigned.

Dr. Keys informed me that Mrs Pallo was a very close personal friend of Miss Ernard, and they were continually in each other's company. He is of the opinion that Mrs Pallo is definitely pro-Nazi in her view. He was unable to give any definite reason for his assumption, other than that he gained this impression from general conversation with her, and from the close friendship existing between her and Miss Ernard.

Mrs Pallo is identical with FELICITA MARIA PALLO (nee Bernstein), wife of KARL PALLO, of 59 Homewood Avenue, Karori.

Karl Pallo is principal shareholder.

Publicly released under the NZSIS Declassification Policy

✓ X
The Chief Detective,
Wellington.

✓ X
attached for P.F./Keys A.C.

in the firm of Fallo Engineering Ltd., 96 Courtenay Place, Wellington. His shareholding in the firm is valued at £3900. He is a member of the Wellington Manufacturers Association, and is also a member of a Defence Sub-Committee, which was set up under the Manufacturers Association to deal with stabilization of prices. His firm manufactures oil fuel machinery and equipment, and has supplied equipment of this type to the Defence Department. The firm has also supplied sets of tools for aircraft imported by the Defence Department from England. (It was found on the arrival of this aircraft that tools had not been sent by the manufacturers.)

✓ X Karl Fallo was born in Reval, Estonia on the 17th. February 1896, and first arrived in Sydney, New South Wales in November 1927 as representative of the French Firm of Satam Australian Pty. Ltd, a firm manufacturing and distributing oil fuel equipment (bowser pumps, etc.) Fallo was transferred by this firm to take charge of their operations in New Zealand, and arrived in New Zealand on the 12th. February 1929. The firm went into liquidation here, and Fallo commenced business on his own account, in conjunction with Buckleton and Co. (sons or nephews of Sir Henry Buckleton). In February 1933 Fallo applied for a permit for a Miss Felicitas Maria Bernstein to come to New Zealand. He was granted a permit, and met her in Sydney and was married to her on the 11th. February 1933 in Sydney. They returned to New Zealand on the "Marama" on the 28th. February 1933.

||| Fallo was naturalized as a British subject on the 19th. July 1935, and his wife made a declaration in order to acquire British Nationality in accordance with the provisions of the "British Nationality and Status of Aliens (in New Zealand) Amendment Act, 1934-5 on the 11th. November 1935.

✓ X In his statement to the Police concerning his application for naturalization Fallo stated that his wife was a German subject who was born in Latvia.

Enquiries show that Mrs Pallo was educated in Berlin, and lived there all her life before coming to New Zealand. Up to the outbreak of war she was most outspoken in her praise of Hitler and Nazism, and she and her husband were regarded as ardent Nazi supporters. Pallo was warned at the outbreak of war by one of his business acquaintances that if he did not "keep his mouth shut", he would find himself in serious trouble. He has evidently taken this warning to heart and has scrupulously refrained from any discussions on the war, in conversation with his business associates. His outspoken praise for Hitler and Nazism has acted to his detriment in that he has lost a lot of business and he and his wife have been socially ostracized.

Pallo's accountant Goddard is well known to me. He is a patriotic New Zealander, and has been much concerned about Pallo's definite pro-Nazi sympathies. He informed me that prior to the outbreak of war, he and Pallo had many arguments, and it was clear that Pallo was a rabid Nazi supporter. He stated that Pallo was loud in his praise of Hitler's policy, and particularly his foreign policy in regard to Austria; Czechoslovakia; and Poland. At the time of the Danzig question, Pallo said, "There is nothing in Hitler's fourteen points to which Poland cannot agree, and Hitler is justified in pursuing his present Policy in regard to Danzig". Goddard stated that Pallo had no definite political views so far as Germany was concerned prior to his marriage. Goddard knows Mrs Pallo personally, and is emphatic that she is a rabid Nazi supporter, and has communicated her views to her husband.

The other members of the directorate of Pallo and Co. are New Zealanders, and they are unanimously of the opinion that Pallo has no opportunity of doing anything detrimental to the best interests of the country insofar as his association with the conduct of the business is concerned. They state that Pallo is a weak-willed individual and a coward at heart, and has had

4
his pro-Nazi views forced on him by the dominating personality of his wife. They do not hold such views as far as Mrs Pallo is concerned. They are of the opinion that she is a woman of sufficient personality and ability to be dangerous if given the opportunity of doing so.

The Pallos have two children aged 6 years and five years respectively.

Enquiries show that all mail received at the Firm's office is personally opened by the accountant, and no personal correspondence is received there by Pallo. There is nothing to be gained, therefore by having a censorship imposed on mail received at the firm's address, but I have arranged with the Controller of Censorship to have censorship imposed on mail addressed to Pallo's private address at 59 Homewood Avenue, Karāri.

Forwarded for your information, please

S. G. Browne.
Det. No. 2865.

Eastbourne 245.



VICTORIA UNIVERSITY COLLEGE,
WELLINGTON, W. I.
N. Z.



(Bell P. 1.)

449 Muriwai Rd
Eastbourne.

Jan 13. 1940.

The Chief Commissioner of Police.
Wellington.

Dear Sir,

I regret that this letter is fundamentally a letter of denunciation. But in the present circumstances and especially since the Sternberg affair, I think we have to realise that we simply cannot be too careful.

For two years I was secretary of the German Club here in Wellington. When proposals came from two members that the German national songs (the Horst-Wessel, which is purely Nazi, and Deutschland über alles) should be sung at club-meetings, there came an inevitable rift. Practically the whole of the executive, including myself, resigned. This was in November 1938. The club did continue to function last year, but I refused to have anything more to do



VICTORIA UNIVERSITY COLLEGE,
WELLINGTON, N.Z.

with it.

The proposal I refer to was made by a woman who was then a secretary in the German consulate, and by another lady still resident in Wellington, who is of Russian or Estonian origin, and extremely pro-German. Her husband is a prominent engineer. For the present, I prefer not to mention names. It may well be that you already have the people concerned under surveillance. If not, I am at your service. I have also heard suspicious reports of at least two other German members of the German Club.

Incidentally, if my knowledge of French, German and Italian is ever of any use to your investigations, please regard me as entirely at your disposal.

Yours truly

(Dr.) A. C. Kemp

Lecturer in modern
languages.

Victoria University
College.

DEUTSCHER VEREIN WELLINGTON.

1937/38

37/10/11

DER VORSTAND BEEHRT SICH FOLGENDES PROGRAMM
FÜR DAS JAHR 1937 DARZULEGEN.

28 APRIL	THEATER STUECK	<u>Frau Fallo</u> und Frau Parsons.
11 MAI	(DIENSTAG)	Gesellschaftlicher Abend.
26 "	VORTRAG	Frau Hellenthal, Film und Theater in Deutschland.
8 JUNI	(DIENSTAG)	Herr und Frau Parsons.
23 "		Dr. Keys und Universitätsstudenten.
14 JULI	DEUTSCHES LIEBESKLEINODEN (unter Leitung von Frau Dr. Short).	
28 "		Herr McAlone und Studenten von Wellington College.
11 AUGUST		Abend unter Leitung von Fraulein Towsley.
25 "		Fraulein Hirst, Pharezyn, und Frau McKinnon.
8 SEPTEMBER	Dr. R. A. Lochore, VORTRAG	Albrecht Dürer
22 "		Fraulein Lieber und Pascho.
13 OKTOBER		Vortrag mit Lichtbildern, Herr Kossels.
27 "		Professor von Zedlitz.
10 NOVEMBER		Bunter Abend; <u>Frau Fallo</u> und Frau McKinnon.

7 Mai, 1937.

Mit Ausnahme der Abende vom 11. Mai und 8. Juni
(DIENSTAGS) finden alle Versammlungen des Vereins im Zimmer des
N.E.E.I. Evening Post Building, Mittwochs 8 Uhr Statt.

Der Konversationszirkel für Anfänger und anderen
unter Leitung von deutschsprachenden Mitgliedern beginnt um
7.30 Uhr. Die Jahresbeiträge sind so bald wie
möglich auszusenden. (Herrn K. Parnmann, 37 Lower Cuba St.,
zu bezahlen). Mitglieder, die ihre Jahresbeiträge für
1936 noch nicht bezahlt haben werden gebeten ihren Pflicht in
dieser Hinsicht nachzukommen.

A.G. KEYS.
Schriftführer.

Pkr 22

Officers: 1937.

Patron: Dr. Hellenthal.

Honorary Life Member: Mrs. W. Pensler.

President: Professor G.W. von Zedlitz ^{44-651.}Vice-Presidents: Professor F.F. Miles, Mrs. E.
McKinnon, Mrs. Bornholdt.Committee ^{51-173.} Mr. Ellis S. Parsons Mrs. Palle. ^{28-277.}
Mrs. E. Phärtzgen ^{42-513.} Mrs. U. Pensler.

Secretary: Dr. A.C. Key. 26-160

Treasurer: Mrs. K. Friemann.

Chairman: Mrs. B. Kump.

Pack 2 Mr. A.W. 50 Mainance Rd W.I.

Pallo Mr. K. 49 Homewood Ave. W. 3.

Mr. K.

Parsons Mr. E. 151 ~~St. John St. New Haven~~

Mr. E. 14A Salisbury Court Garden
Walden

Pasche Miss E. 138 Elizabeth St. E. 1.

2

Phillips Mr. C. 90 Mr. Ralston Jackson Ave.

Pharagyn Miss E. Antoin House

Boulcott St. C.I.

* Hope Miss 51 Garden St. W. 2.

Mr. F. 25 Moria St. E. 1.

Paterson Dr. W. G. Keldin Chambers

Verma C.I.

Mr. E. Pictor 63 Bell St. C.I.

Mr. H. B. Pictor 170 Campbell St. E. 2.

Mr. Pictor 18 Union St.

Miss " Lower Court

GERMAN CLUB

At the annual meeting of the German Club held recently at Wellington the following officers were elected:—

President, Professor F. E. Miles; vice-presidents, Mrs. Palle, Mrs. McKinnon; secretary, Dr. A. C. Keys; treasurer, Mr. K. Fuhrmann; librarian, Mr. Rump; committee, Misses Erhard, Z. Pasche, Hirst, Mrs. Short and Mr. Ferschmann.

Two flute quartets by Mozart were played by Mr. J. Rodgers (flute), Mr. G. Ayson (violin), Miss V. Wood (cello) and Dr. Keys (viola). Miss May Hyam gave two numbers, "Legende" by Weinmeyer, and "Elisabethe" by Jenkinson. The accompaniments were played by Dr. Keys.

GERMAN CLUB

Production Of Nativity Play

The German Club recently concluded its activities for the year with a successful nativity play. The two principal parts of Joseph and Mary were played by Mr. H. R. Calder and Mrs. K. Palle. The latter was responsible for the production, being assisted by Mrs. C. McKinnon.

The play was in three scenes, representing the arrival at Bethlehem, the appearance of the angel to the shepherds, and the Adoration. The singing of a Luther chorale by Miss Anne Gilpin as the angel and of "Hille Nacht" by Miss Irene Hirst were outstanding features.

At the conclusion of the play Professor von Zedlitz proposed a vote of thanks to Mrs. Palle, which was carried with acclamation.

the evening.

The House adjourned at 10.45 p.m.

GERMAN CLUB

The German Club recently terminated its activities for the year with a successful Nativity play produced before a crowded audience in the studio of the Wellington Repertory Theatre. The two principal parts of Joseph and Mary were played by Mr. H. R. Calder and Mrs. K. Palle, who was responsible for the very colourful production, ably seconded in this direction by Mrs. C. McKinnon. The play was in three scenes, representing the arrival at Bethlehem, the appearance of the angel to the shepherds, and the Adoration. The singing of a Luther chorale by Miss Anne Gilpin as the angel and of "Stille Nacht" by Miss Irene Hirst was an outstanding feature of the evening. Other parts were taken by Mr. and Mrs. E. Parsons, Mr. A. N. McAloon (shepherds), Mr. K. Fuhrmann, Professor F. E. Miles, and Dr. A. C. Keys (the three kings). The atmosphere of the play was considerably helped by a small string ensemble consisting of Miss R. Reid, Mr. I. J. Hills (violin), Messrs. E. C. Simpson (viola), and Mr. Brullsafer (cello). The music was scored and directed by Dr. Keys.

At the conclusion of the play the Christmas tree was lighted, and Professor von Zedlitz proposed a vote of thanks to Mrs. Palle for her splendid effort, which was carried with acclamation.

DEUTSCHER VEREIN, WELLINGTON.

10th October, 1938.

At the last meeting of the committee, the winding-up of the Club was discussed. In the opinion of the committee, the lack of active interest on the part of the majority of members makes this advisable. It has also been proposed to hold the Annual General Meeting at the end of the year, rather than at the beginning. This meeting will therefore be held on

WEDNESDAY, NOVEMBER 9th,

at the N.Z.E.I. rooms, "Evening Post" Buildings, Willis Street.

At this meeting the whole position of the Club will be reviewed and members will have an opportunity of expressing their views.

An amended programme for the remainder of the year follows:

- October 12. Play reading (Im Djuängel) under direction of Mrs. Fallo and Dr. Keys.
- October 26. Visit from the German Consul (Herr E. Ramm) and talk by Professor von Zedlitz and musical programme by Mr. Ferschmann.
(As this is an official visit from the Consul-General, the proceedings will close with the singing of the German and British national anthems).
- November 9. Annual General Meeting.
A play-reading by the Deutsches Lesekränzchen to follow.
- November 23. Christmas Evening.

A. C. KEYS,
Hon. Secretary,
Victoria University College, W.1.

Officers 1938.

President: Professor F. F. Miles

Vice Presidents: Mr. K. Paller

Mr. E. McKinnon

Committee

Miss Z. Pasche

Miss Irene Hirsch

Miss Exhard (Resigned)

Mr. Finkmann

Dr. Greta Shork.

Secretary: Dr. P. C. Key.

Treasurer: Mr. K. Finkmann

Librarian: Mr. Rump.

P1022

Pack Mr. A. W. 50 Salamanca Rd W. 1.
 Palla Mrs. K. 149 Homewood Ave. W. 3.

Parsons Mrs. E } 14A Dalubing Court
 Mrs E } Gardens Wallstown N.
 Pasche Mrs. E } 138 Elizabeth St E. 1.
 2 }

Pharazyn Mrs. E. Antoin House
 Boulcott St Ct.

Pulse Mr. F. 25 Moir St E. 1.
 Paterson Dr. W. G. Kelvin Chambers
 De race Ct.

Praeger Mrs. D. E. 63 Widd St N. 2.
 Peterson Mr. H. R. 180 Ouepu Rd E. 3.
 Posselt Mrs } 8 Anne St
 Mrs } Lower Hutt.

Phillips Mrs. H. Rona Rd.

Pkt. 22

G.P.O.Box 1300,

WELLINGTON.

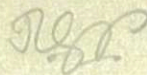
4.7.34.

Dear Mrs. Pallo,

The Executive of the German Club has instructed me to express to you, on behalf of the Club, their warm appreciation for your work in connection with the enjoyable entertainment last Wednesday evening.

With kind regards,

Yours very truly,



Hon. Secretary,
DEUTSCHER VEREIN,
WELLINGTON

Pkt. 22

P.O. Box 188,

WELLINGTON.

Wednesday, 3rd May, 1933

Mrs Pallo,
187 The Terrace,
WELLINGTON..

Ich beehre mich, Ihnen mitzuteilen, dass Sie auf der letzten Komiteesitzung zum Mitglied des Deutschen Vereins in Wellington gewählt wurden. Der entsprechende Antrag wurde gestellt von Herrn Konsul W. Penseler, und unterstützt von Professor G.W. von Zedlitz.

Der Jahresbeitrag beträgt 7/6 pro Person.

Die Vereinsabende finden an jedem zweiten und vierten Mittwoch im Monat statt.

Hochachtungsvoll.

(W.R. Boyle)

Schriftführer,
DEUTSCHER VEREIN, WGTN.