



U.S. Department of Justice

Federal Bureau of Investigation

Washington, D.C. 20535

June 24, 2016

MR. GRANT F. SMITH  
IRMEP  
CALVERT STATION  
POST OFFICE BOX 32041  
WASHINGTON, DC 20007

Appeal No. MDRA 2012-00006  
FOIPA Number: 1165836-001  
Subject: MILCO INTERNATIONAL  
INCORPORATED/NUCLEAR  
TECHNOLOGY EXPORTS TO  
ISRAEL

Dear Mr. SMITH

The Department of Justice (DOJ) Office of Information Policy's advised you by letter dated January 20, 2012, that your appeal was referred to the DOJ's Department Review Committee (DRC). The DRC reviewed the classified information withheld by the FBI from your Freedom of Information Act (FOIA) request to determine whether the information should remain properly classified pursuant to Executive Order 13526.

As a result of our review of the appealed classified information and/or a determination by the DRC:

- All the previously withheld classified FBI information has been declassified.
- All the previously withheld classified FBI information may be disclosed.
- All the previously withheld classified FBI information is exempt from disclosure pursuant to subsection(s) of Title 5, United States Code, Section 552/552a.
- Portions of the declassified information are exempt from disclosure pursuant to subsection(s) of Title 5, United States Code, Section 552/552a. Deletions have been made to protect information which is exempt from disclosure, with the appropriate exemptions noted on the page next to the excision. When appropriate, a deleted page information sheet was inserted in the file to indicate where pages were withheld entirely. The exemptions used to withhold information are marked below and explained on the enclosed Explanation of Exemptions.

**Section 552**

**Section 552a**

(b)(1)

(b)(7)(A)

(d)(5)

(b)(2)

(b)(7)(B)

(j)(2)

(b)(3)

(b)(7)(C)

(k)(1)

(50 USU 3024 (i)(1))

(b)(7)(D)

(k)(2)

(b)(7)(E)

(k)(3)

(b)(7)(F)

(k)(4)

(b)(4)

(b)(8)

(k)(5)

(b)(5)

(b)(9)

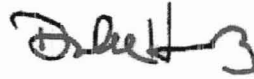
(k)(6)

(b)(6)

(k)(7)

59 pages were reviewed and 53 pages are being released.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Hardy", with a stylized flourish at the end.

David M. Hardy  
Section Chief  
Record/Information  
Dissemination Section  
Records Management Division

Enclosure

FEDERAL BUREAU OF INVESTIGATION  
FOI/PA  
DELETED PAGE INFORMATION SHEET  
FOI/PA# 1165836-1

Total Deleted Page(s) = 6

Page 49 ~ b6; b7C;

Page 50 ~ b6; b7C;

Page 51 ~ b6; b7C;

Page 52 ~ b6; b7C;

Page 53 ~ b6; b7C;

Page 54 ~ b6; b7C;

XXXXXXXXXXXXXXXXXXXXXXXXXXXX  
X Deleted Page(s) X  
X No Duplication Fee X  
X For this Page X  
XXXXXXXXXXXXXXXXXXXXXXXXXXXX

~~SECRET~~  
FEDERAL BUREAU OF INVESTIGATION  
IIIA REPORT 06/05/96

DATE: 08-16-2011  
CLASSIFIED BY 60322 uc lrp/plj/lsc  
REASON: 1.4 (C)  
DECLASSIFY ON: 08-16-2036

[Redacted]

b3  
b6  
b7C  
b7E

[Redacted]

\*\*\*\*\*

\*\*\*\*\*FILE INFORMATION\*\*\*\*\*

FILE-NO:

[Redacted]

[Redacted]

b3  
b6  
b7C  
b7E

OO: LOS ANGELES

[Redacted]

CASE-AGENT:

[Redacted]

SQUAD:

[Redacted]

OPENED: 08/17/92

CLOSED: 06/05/96

\*\*\*\*\*BIOGRAPHIC INFORMATION\*\*\*\*\*

[Large Redacted Area]

b3  
b6  
b7C  
b7E

FLOATING SERIAL

~~SECRET~~  
CLASSIFIED BY G-3  
DECLASSIFY BY X1

JUL 6 1996

[Redacted]

FEDERAL BUREAU OF INVESTIGATION  
IIIA REPORT 06/05/96

[Redacted]

\*\*\*\*\*INTELLIGENCE INFORMATION\*\*\*\*\*

[Redacted]

REASON: FBIPD ASSET REPORTING  
UNSPECIFIED CIVILIAN ORGANIZATION (CIV)

/ SUSPECTED

/ SUSPECTED

b3  
b6  
b7C  
b7E

~~SECRET~~  
~~CLASSIFIED BY G-3~~  
~~DECLASSIFY BY X1~~

FEDERAL BUREAU OF INVESTIGATION  
IIIA REPORT DATE: 06/05/96



b3  
b6  
b7C  
b7E

NO RELATIVES INFORMATION

\*\*\*\*\*ASSOCIATES\*\*\*\*\*

NAME	BIRTH-DT	ROLE	SUSP/ VERI PER-NO	ASC-NO
------	----------	------	----------------------	--------

[Redacted Table Content]				
--------------------------	--	--	--	--

b3  
b6  
b7C  
b7E

\*\*\*\*EDUCATION/OCCUPATION/MEMBERSHIP INFORMATION\*\*\*\*

[Redacted Table Content]				
--------------------------	--	--	--	--

b3  
b7E

~~SECRET~~  
CLASSIFIED BY G-3  
DECLASSIFY BY X1

FEDERAL BUREAU OF INVESTIGATION  
IIIA REPORT      DATE: 06/05/96

[Redacted]

b3  
b6  
b7C  
b7E

[Large Redacted Area]

b3  
b6  
b7C  
b7E

MILCO INTL AT TEL AVIV ISRAEL (T)

[Redacted]

(NO ADDRESS)  
(NO PHONE)  
PO-NO: 586951

b3  
b7E

[Large Redacted Area]

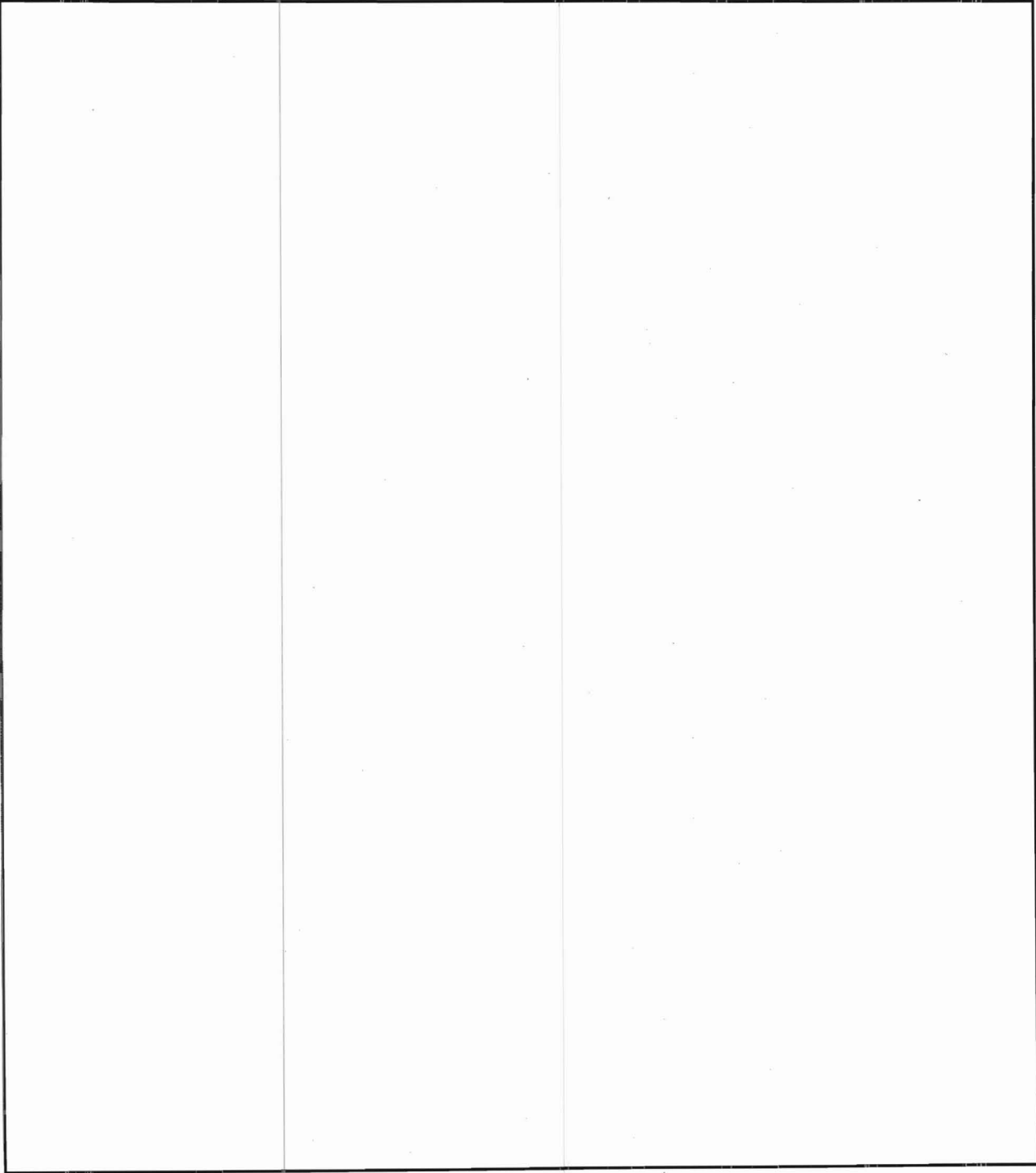
b3  
b6  
b7C  
b7E

~~SECRET~~  
~~CLASSIFIED BY G-3~~  
~~DECLASSIFY BY X1~~

FEDERAL BUREAU OF INVESTIGATION  
IIIA REPORT      DATE: 06/05/96



b3  
b6  
b7C  
b7E



b3  
b6  
b7C  
b7E

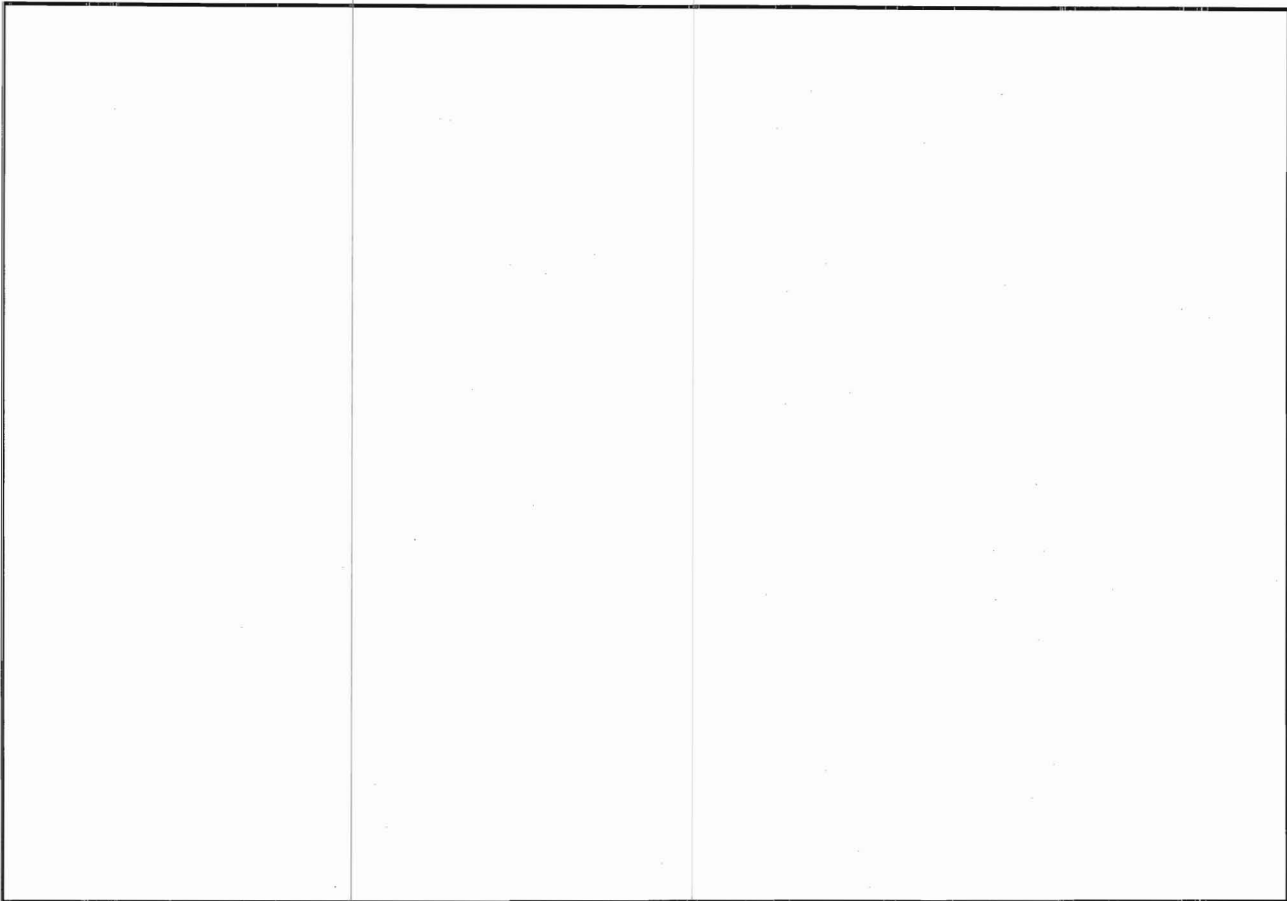
~~SECRET~~  
~~CLASSIFIED BY G-3~~  
~~DECLASSIFY BY X1~~



FEDERAL BUREAU OF INVESTIGATION  
IIIA REPORT      DATE: 06/05/96



b3  
b6  
b7C  
b7E



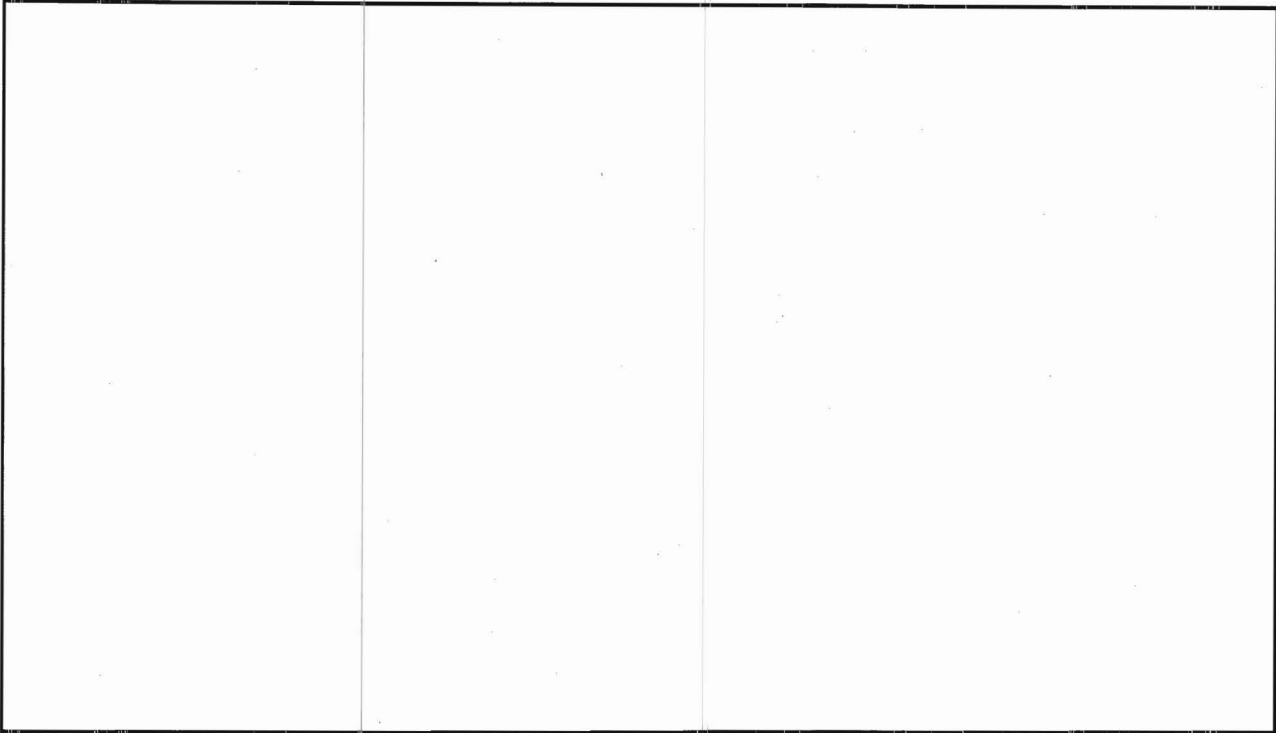
b3  
b6  
b7C  
b7E

~~SECRET~~  
~~CLASSIFIED BY G-3~~  
~~DECLASSIFY BY X1~~

FEDERAL BUREAU OF INVESTIGATION  
IIIA REPORT      DATE: 06/05/96



b3  
b6  
b7C  
b7E



b3  
b6  
b7C  
b7E

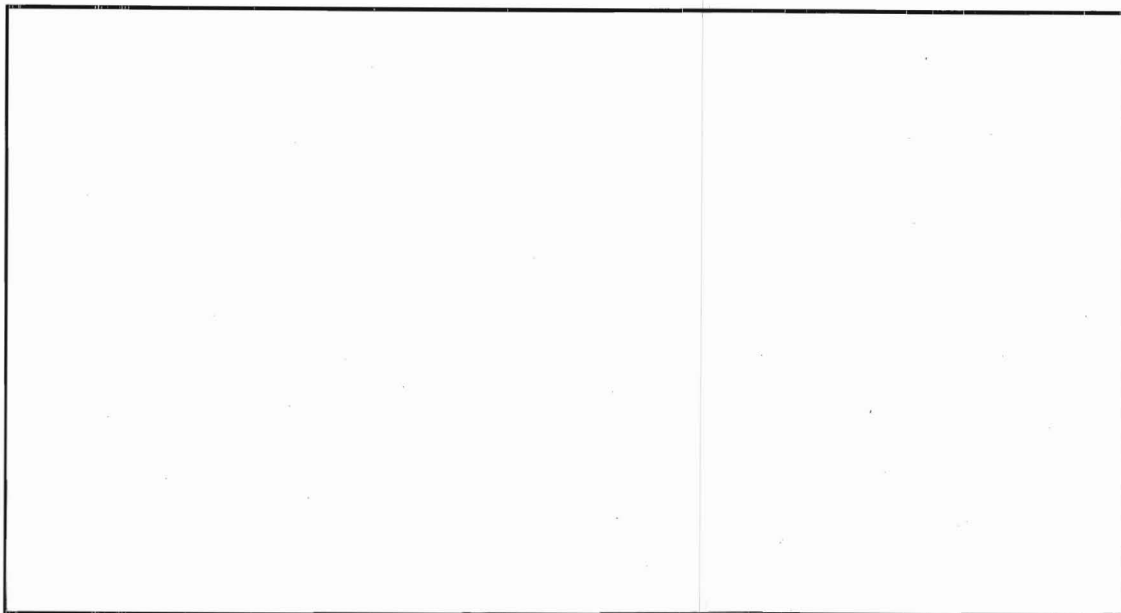
~~SECRET~~  
~~CLASSIFIED BY G-3~~  
~~DECLASSIFY ON X1~~

FEDERAL BUREAU OF INVESTIGATION  
IIIA REPORT      DATE: 06/05/96

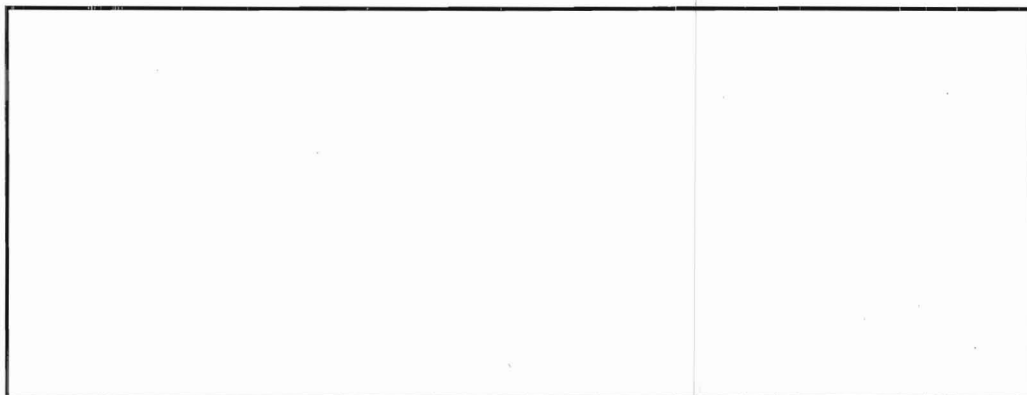


b3  
b6  
b7C  
b7E

\*\*\*\*\*CASE NARRATIVE\*\*\*\*\*



b3  
b6  
b7C  
b7E



b3  
b6  
b7C  
b7E

~~SECRET~~  
~~CLASSIFIED BY G-3~~  
~~DECLASSIFY BY X1~~

~~SECRET~~

FEDERAL BUREAU OF INVESTIGATION  
IIIA REPORT      DATE: 06/05/96



b3  
b6  
b7C  
b7E

\*\*\*DOCUMENT AND DOCUMENT NARRATIVE INFORMATION\*\*\*



b3  
b7E

~~SECRET~~  
~~CLASSIFIED BY 8-3~~  
~~DECLASSIFY BY X1~~

~~SECRET~~  
FEDERAL BUREAU OF INVESTIGATION  
IIIA EVENT REPORT 06/03/96

DATE: 08-16-2011  
CLASSIFIED BY 68322 uc lrp/plj/lsc  
REASON: 1.4 (2)  
DECLASSIFY ON: 08-16-2036

[Redacted]

DECLASSIFIED BY: NSICG J36J55T41  
ON 05-09-2016

b3  
b6  
b7C  
b7E

EVENT-NO: 1251976 FILE-NO: [Redacted]  
EVENT TYPE: TRANSACTION  
CATEGORY: TRANSACTION  
FROM: APPROX [Redacted]  
TO: APPROX [Redacted]

ASSOC-NO:

[Redacted] GIVER 756236  
[Redacted] <<<<

b3  
b6  
b7C  
b7E

[Redacted]

[Redacted]

b3  
b6  
b7C  
b7E

[Redacted]

b3  
b6  
b7C  
b7E

[Redacted]

SEARCHED  
SERIALIZED  
INDEXED  
FILED

JUN 6 1996

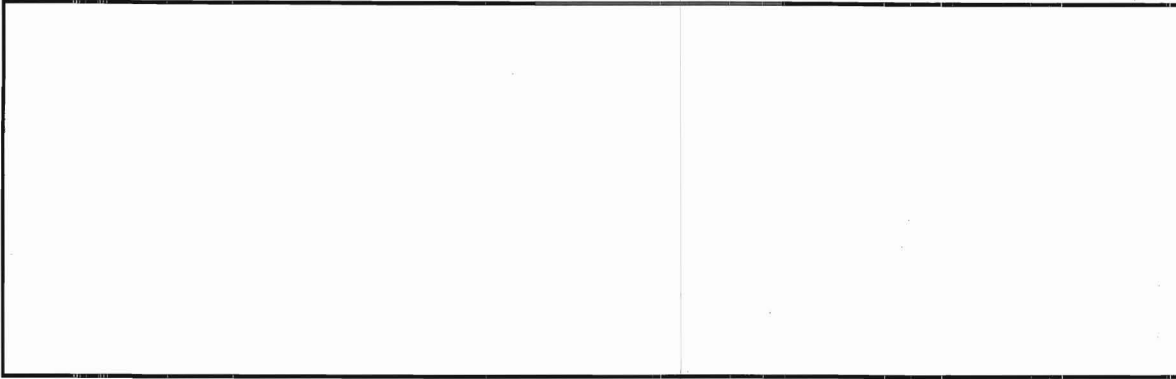
[Redacted]

**FLOATING SERIAL**  
~~SECRET~~  
CLASSIFIED BY G-3  
DECLASSIFY BY X1

FEDERAL BUREAU OF INVESTIGATION  
IIIA EVENT REPORT 06/03/96



b3  
b6  
b7C  
b7E



b3  
b6  
b7C  
b7E

-----  
\*\*\*\*END OF REPORT\*\*\*\*

~~SECRET~~  
~~CLASSIFIED BY G-3~~  
~~DECLASSIFY BY X1~~

0009 MRI 00022

RR RUCNFB FBILA

DE FBIPD #0001 1980043

ZNY SSSSS

R 160038Z JUL 92

FM FBI PORTLAND [redacted]

TO DIRECTOR FBI/ROUTINE/

FBI LOS ANGELES [redacted] /ROUTINE/

BT

~~SECRET~~

SECTION ONE OF FOUR SECTIONS

CITE: //3670//

PASS: SSA [redacted] LOS ANGELES.

SUBJECT: [redacted]

[redacted] OO:

LOS ANGELES.

THIS COMMUNICATION IS CLASSIFIED "SECRET" IN ITS  
~~ENTIRETY.~~

RE TELCALL BETWEEN SSA [redacted] AND SA [redacted]  
PORTLAND, 7/15/92.

**TELETYPE**

~~SECRET~~

*SECRET*  
*2/8, 5/15*  
*SECRET - 4/8, 6*  
*SECRET - 1/2, 3*  
*JK*

b3  
b7E

b6  
b7C

b3  
b6  
b7C  
b7E

*JR*

~~SECRET~~  
*Set up dual file*  
*JK 8/13/92*  
*8-17-92*

b6  
b7C

SEARCHED [initials] SERIALIZED [initials] FILED [initials]  
JUL 15 1992  
FBI—LOS ANGELES  
*JK*

b3  
b7E

THE PURPOSE OF THE FOLLOWING INFORMATION IS TO PROVIDE LOS ANGELES WITH BACKGROUND INFORMATION AND THE EXTENT OF SUBJECT'S ACTIVITIES THAT WAS PREVIOUSLY UNKNOWN. UPON PERUSING THIS INFORMATION, LOS ANGELES MAY TAKE ANY INVESTIGATIVE ACTION THAT IS DEEMED NECESSARY. THE THRUST OF THIS INFORMATION WILL PROBABLY APPEAR PROMINENTLY IN THE ELECTRONIC MEDIA WITHIN THE NEXT ONE OR TWO MONTHS, THEREBY NECESSITATING THIS INFORMATION BEING SENT TO LOS ANGELES VIA TELETYPE.

A SOURCE OF INFORMATION, RELIABLE, PROVIDED THE FOLLOWING INFORMATION ON 6/26/92 AND 7/9/92:

ASSET STATED THAT

[REDACTED]

[REDACTED] IS A

[REDACTED]

[REDACTED] AND IS PRESENTLY AN EXTREMELY SUCCESSFUL MOVIE

PRODUCER IN HOLLYWOOD.

[REDACTED]

[REDACTED]

[REDACTED]

?

b6  
b7C  
b7D



LAST YEAR [REDACTED] NEW REGENCY ENTERPRISES,

[REDACTED] TIME-WARNER, THE FRENCH PAY TV

COMPANY "CANAL PLUS", AND THE GERMAN MOVIE COMPANY "SCRIBA AND DEYHLE". [REDACTED]

[REDACTED]

[REDACTED] WARNER

BROTHERS. [REDACTED]

[REDACTED]

[REDACTED] FRIENDS WITH OLIVER STONE, SIDNEY

POLLACK, BARBRA STREISAND, TOM CRUISE, RICHARD DREYFUSS AND ROBERT DENIRO, AND HE CAN USUALLY BE FOUND AT ONE OF FOUR

LOCATIONS: [REDACTED]

[REDACTED]

[REDACTED] WEALTH IS CLOSE TO \$1 BILLION AND HE

IS CLOSE TO LABOR PARTY OFFICIALS IN ISRAEL, PARTICULARLY

b6  
b7C  
b7D

b6  
b7C  
b7D

[REDACTED] ALTHOUGH HE IS PRESENTLY KNOWN AS A MOVIE  
MOGUL, HE IS ALSO [REDACTED] HE

b3  
b6  
b7C  
b7D  
b7E

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] WERE HIGHLIGHTED A FEW  
YEARS AGO IN THE "JERUSALEM POST" AND THE "L.A. TIMES" DID A

[REDACTED] FEBRUARY, [REDACTED] NOTING THE ABOVE

*xxxx*

ARMS LINK. [REDACTED]

[REDACTED]

b3  
b6  
b7C  
b7D  
b7E

[REDACTED] INVOLVEMENT AS AN ARMS DEALER REVOLVES AROUND

HIS [REDACTED] WITH AN AMERICAN NAMED [REDACTED]

[REDACTED]

b3  
b6  
b7C  
b7D  
b7E

[REDACTED]

[REDACTED]

CORPORATE DOCUMENTS OF [REDACTED] COMPANY, MILCO

INTERNATIONAL (MILCO), BUTTRESSED BY INTERVIEWS WITH FORMER

MILCO DIRECTORS, PROVIDE STRONG EVIDENCE THAT [REDACTED]

[REDACTED]

b3  
b6  
b7C  
b7D  
b7E

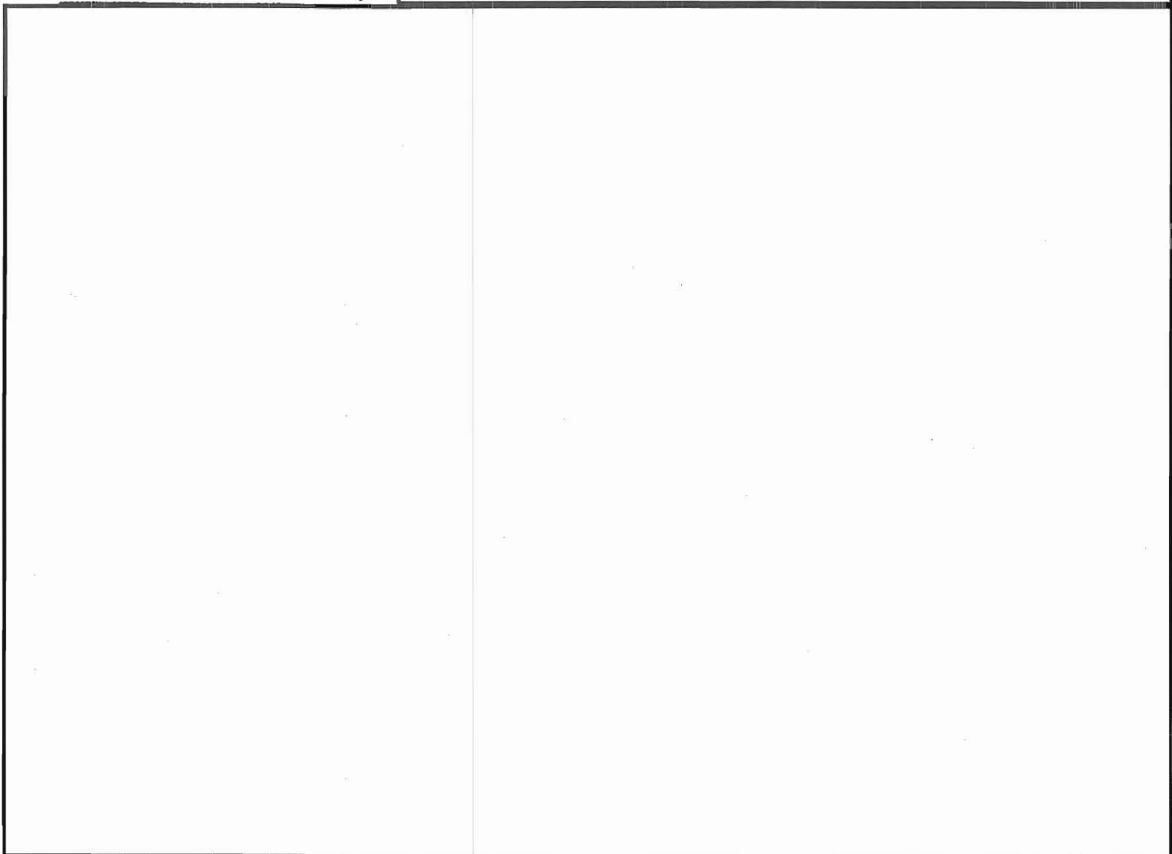
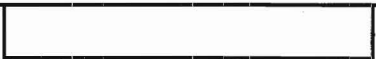
[REDACTED] INCLUDING AN

[REDACTED]

NNNN

#001

B1



b3  
b6  
b7C  
b7D  
b7E

0097 MRI 01962

RR RUCNFB FBILA

DE FBIPD #0005 1972336

ZNY SSSSS

R 152330Z JUL 92

FM FBI PORTLAND [redacted]

TO DIRECTOR FBI/ROUTINE/

FBI LOS ANGELES [redacted]/ROUTINE/

BT

S E C R E T

SECTION TWO OF FOUR SECTIONS

CITE: //3670//

PASS: SSA [redacted] LOS ANGELES.

SUBJECT: [redacted]

OO: [redacted]

LOS ANGELES.

TEXT CONTINUES:

ON 8/9/85, TWO WEEKS FROM THE TRIAL DATE OF [redacted] THE U.S. DEPARTMENT OF JUSTICE REQUESTED ISRAEL TO OBTAIN A SWORN STATEMENT FROM [redacted] ON

~~SECRET~~

b3  
b7E

b6  
b7C

b3  
b6  
b7C  
b7E

b6  
b7C

TELETYPE

~~SECRET~~

SEARCHED	SERIALIZED
SERIALIZED	FILED
JUL 15 1992	
[redacted] GELES	

b6  
b7C

SAME DATE, U.S. CUSTOMS SERVED A SUBPOENA ON [REDACTED]

[REDACTED] SEEKING ALL RECORDS RELATING TO BUSINESS DEALINGS

BETWEEN [REDACTED] ON THIS SAME DATE, [REDACTED]

DISAPPEARED AND A FEW DAYS LATER HE FAILED TO APPEAR FOR A  
MOTION HEARING. AS A RESULT, HIS BAIL WAS REVOKED AND A  
WARRANT WAS ISSUED FOR HIS ARREST. HE IS STILL A FUGITIVE,

b6  
b7C

b3  
b7E

[REDACTED]

ASSET STATED THAT HE LEARNED FROM TWO FORMER ASSOCIATES

b3  
b6  
b7C  
b7D  
b7E

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] AT ROCKWELL IN

CHARGE OF THE ISRAELI ACCOUNTS. [REDACTED]

[REDACTED]

b6  
b7C

[REDACTED]

[REDACTED]

THEN FOUNDED MILCO IN 1973 TO HANDLE THIS

ISRAELI BUSINESS.

[REDACTED]

[REDACTED]

b3  
b6  
b7C  
b7E

b3  
b7E

DURING 1980,

[REDACTED]

TO THE U.S. AIR FORCE

SCIENTIFIC ADVISORY BOARD (SAB).

[REDACTED]

b3  
b6  
b7C  
b7E

[REDACTED]

b3  
b7E

[REDACTED]

b6  
b7C  
b7D

[REDACTED] ALSO USED HIS CONTACTS ON THE SAB TO HELP MILCO.

HE WAS ABLE TO RECRUIT TWO [REDACTED]

[REDACTED]

WHO WERE ALSO SAB BOARD

523001

MEMBERS, TO JOIN MILCO'S BOARD OF DIRECTORS. THESE MEN ALSO INVESTED SOME OF THEIR OWN MONEY IN MILCO.

[REDACTED] WHO IS PRESENTLY RETIRED AND IS LIVING AT SALKUM,

WASHINGTON, HAD BEEN [REDACTED]

[REDACTED]



[REDACTED]

b6  
b7C  
b7D

[REDACTED]

LOS ALAMOS DURING THE BUILDING OF THE ATOMIC BOMB IN 1944-1945, AND HAD SERVED AS A BOMB DESIGNER [REDACTED]

b6  
b7C  
b7D

LAWRENCE LIVERMORE. [REDACTED] ALSO BEEN [REDACTED]

[REDACTED]

ON THE B-29 MISSIONS THAT DESTROYED HIROSHIMA AND

NAGASAKI, JAPAN. [REDACTED] NUCLEAR WEAPONS

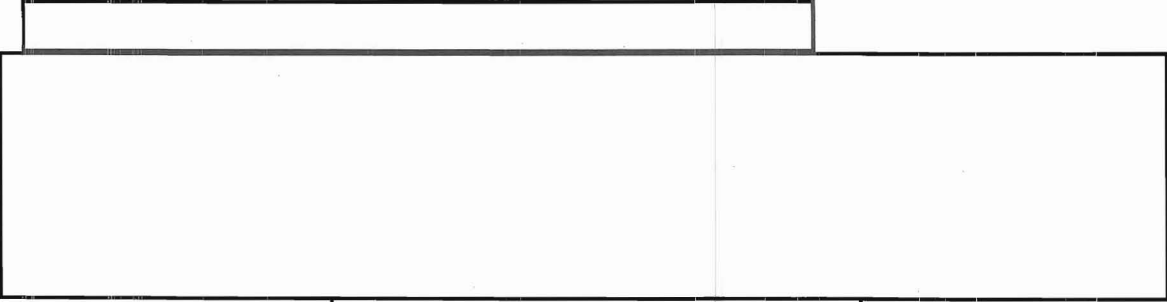
DESIGN CLEARANCES.

[REDACTED]

[REDACTED]

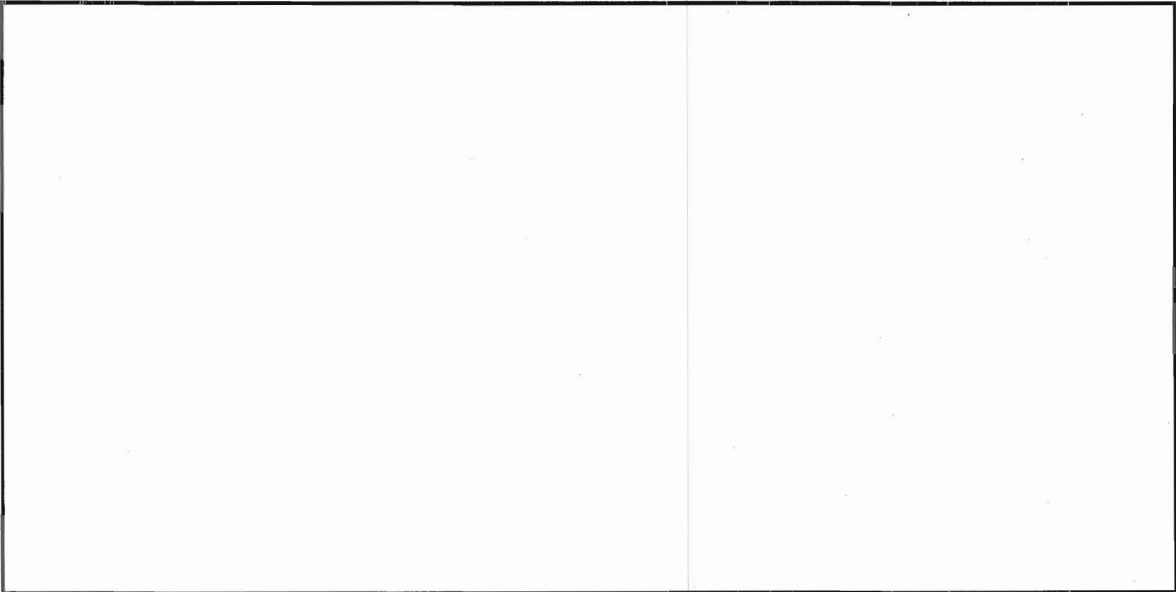
b3  
b6  
b7C  
b7D  
b7E

b3  
b7E



b6  
b7C

ULTIMATELY, [REDACTED] LARGE VOLUME OF  
THE ISRAELI BUSINESS AT MILCO AND WHETHER SOME OF THE  
EQUIPMENT BEING SOLD WAS SENSITIVE AND RELATED TO THE NUCLEAR  
WEAPONS FIELD.



b3  
b7E

BT

#0005

NNNN

0099 MRI 01972

RR RUCNFB FBILA

DE FBIPD #0006 1972351

ZNY SSSSS

R 152336Z JUL 92

FM FBI PORTLAND [redacted]

TO DIRECTOR FBI/ROUTINE/

FBI LOS ANGELES [redacted] /ROUTINE/

BT

S E C R E T

SECTION THREE OF FOUR SECTIONS

CITE: //3670//

PASS: SSA [redacted] LOS ANGELES.

SUBJECT: [redacted]

OO: [redacted]

LOS ANGELES.

TEXT CONTINUES: [redacted]

~~SECRET~~

b3  
b7E

b6  
b7C

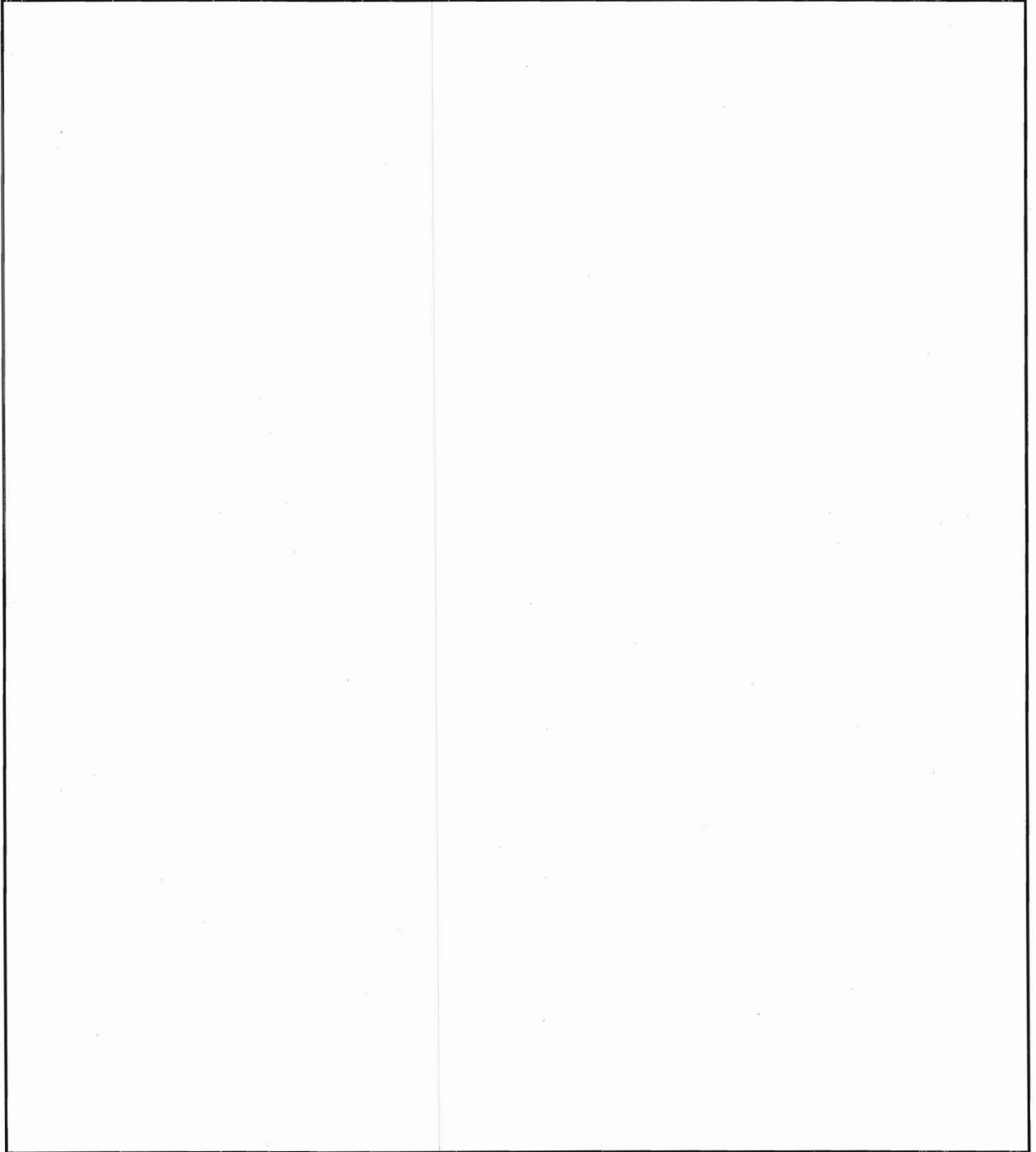
b3  
b7E

~~SECRET~~

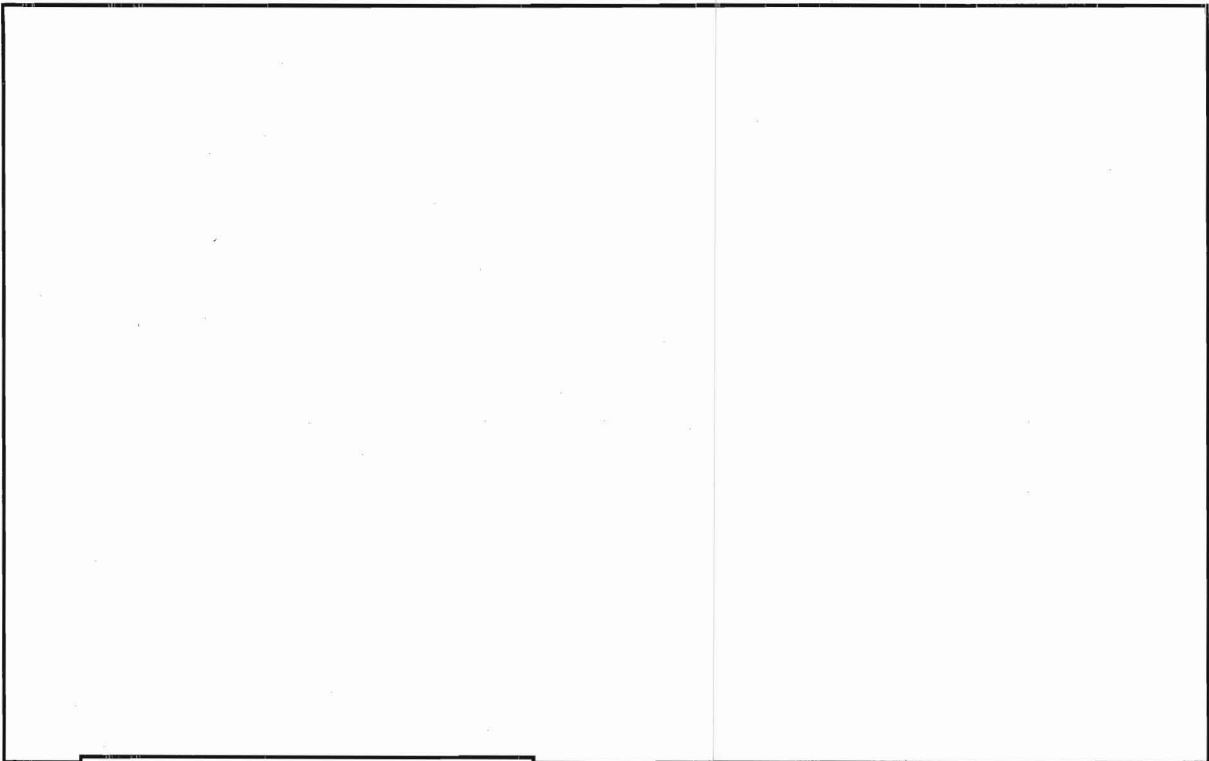
**TELETYPE**

SEARCHED _____	SERIALIZED _____
SERIALIZED _____	FILED _____
JUL 15 1992	
FBI—LOS ANGELES	

hl



b3  
b7E

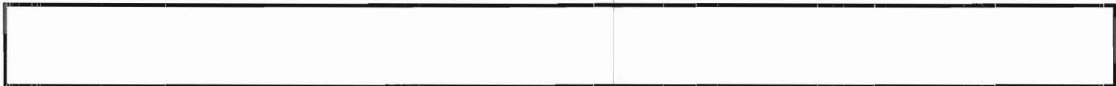


b3  
b7E

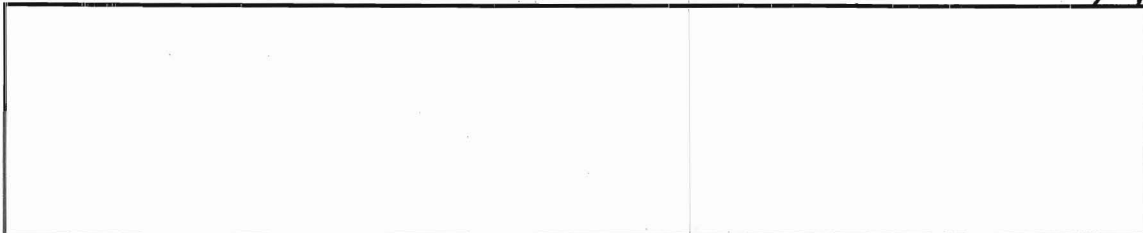
[REDACTED] AT THE TIME OF [REDACTED]

DISAPPEARANCE, THE U.S. DID NOT HAVE ANY RELIABLE INFORMATION THAT THE ISRAELIS WERE ENRICHING URANIUM VIA URANIUM HEXAFLUORIDE. THAT INFORMATION DID NOT SURFACE FOR ANOTHER YEAR UNTIL AN INDIVIDUAL NAMED [REDACTED] DETAILED DRAWINGS AND PHOTOGRAPHS OF DIMONA, ISRAEL'S NUCLEAR RESEARCH CENTER, TO THE "LONDON SUNDAY TIMES".

b3  
b6  
b7C  
b7E



THEM WITH ADEQUATE ANSWERS WHEN THEY REPEATEDLY ASKED IF PROPER LICENSES HAD BEEN OBTAINED AND, ON 7/24/82, THEY RESIGNED.



*FORMS  
check manual  
INDICES -*

b3  
b7E

DURING JANUARY, 1983, MILCO'S HUNTINGTON BEACH OFFICES WERE BURGLARIZED AND [REDACTED] FILED A REPORT WITH THE FBI.

DURING A SUBSEQUENT INTERVIEW, HE REVEALED [REDACTED]



THE FBI ADVISED THE U.S. CUSTOMS SERVICE OF THESE ACTIVITIES, AND DURING MAY, 1983, CUSTOMS REALIZED THAT THE "TUBES" WERE ACTUALLY THE MENTIONED HIGHLY-RESTRICTED KRYTRONS.

b6  
b7C  
b7D

DURING DECEMBER, 1984, AUSA [REDACTED] BEGAN PLEA BARGAINING NEGOTIATIONS WITH [REDACTED] REGARDING THE ILLEGAL SALES IN EFFORTS TO GET [REDACTED] TO PROVIDE THE GOVERNMENT WITH INFORMATION REGARDING [REDACTED] ILLEGAL ACTIVITIES. THESE NEGOTIATIONS FAILED, AND IN MAY, 1984, [REDACTED] WAS INDICTED ON 30 COUNTS OF SMUGGLING AND MAKING FALSE STATEMENTS, BASED ON

b6  
b7C

15 SHIPMENTS OF KRYTRONS TO ISRAEL. ALTHOUGH THERE WAS CONCERN THAT OTHER RESTRICTED MATERIALS HAD BEEN ILLEGALLY SHIPPED TO ISRAEL, [REDACTED]

[REDACTED]

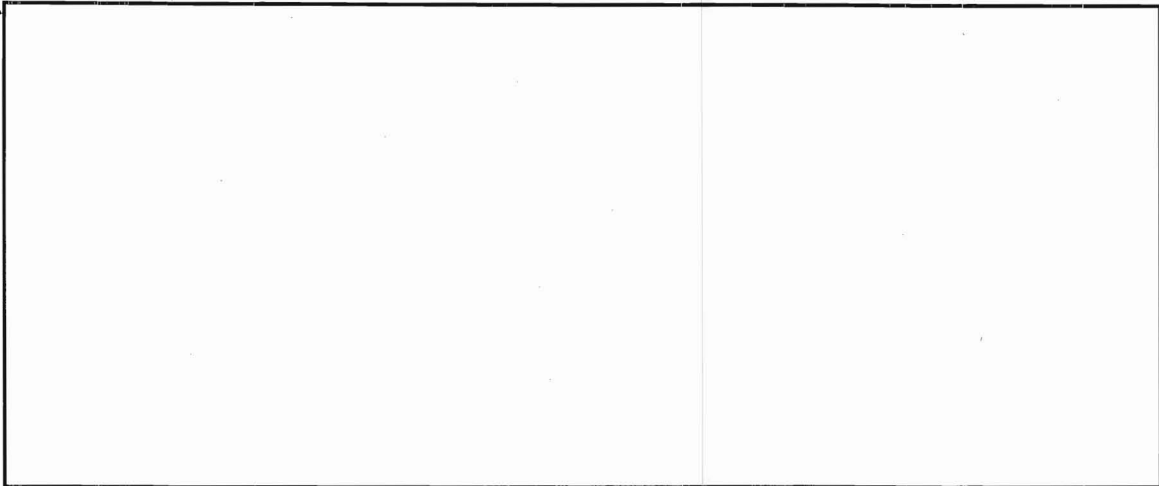
b3  
b7E

[REDACTED] WAS ALSO IDENTIFIED IN A PUBLISHED REPORT [REDACTED] FIVE SWISS BANK ACCOUNTS USED TO FUNNEL ARMS TO IRAN AND ANTI-COMMUNIST REBEL GROUPS AS PART OF THE IRAN-CONTRA INVESTIGATION.

b6  
b7C

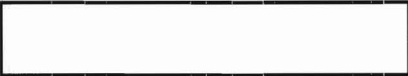
[REDACTED]

b3  
b7E



b3  
b7E

ON 4/6/79, THE CORE OF THE IRAQI NUCLEAR REACTOR AND OTHER REACTOR COMPONENTS WERE BLOW UP IN LA SEYNE-SUR-MER, NEAR TOULON, FRANCE, BY SABOTEURS. THIS REACTOR CORE WAS SCHEDULED TO BE SHIPPED TO IRAQ.

ON 6/14/80, YAHIA AL-MESHAD, AN EGYPTIAN NUCLEAR SCIENTIST WHO WAS WORKING WITH THE IRAQI ATOMIC ENERGY AGENCY, WAS ASSASSINATED IN HIS PARIS HOTEL.  ONE THEORY OF THIS ASSASSINATION WAS THAT AL-MESHAD HAD UNEXPECTEDLY RETURNED TO HIS ROOM, SURPRISING ISRAELI AGENTS WHO WERE RIFLING THROUGH HIS TECHNICAL PAPERS.

b3  
b7E

BT

#0006

NNNN



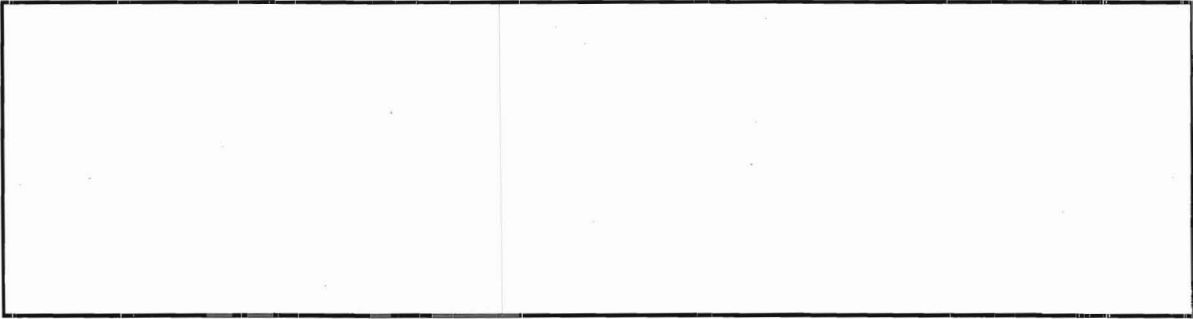
20

NNNN

#0007

BT

~~C BY G-31 DECL:OADR.~~



~~FACE TWO DE FBID 0007 S E C R E T~~

b3  
b7E

Memorandum

~~SECRET~~



To : SAC, LOS ANGELES [redacted] (P) Date 8/14/92

From : SA [redacted]

Subject : [redacted]

OO: LA

~~DATE: 08-17-2011  
CLASSIFIED BY: 60322 uc lrp/plj/lsc  
REASON: 1.4 (C)  
DECLASSIFY ON: 08-17-2036~~

b3  
b6  
b7C  
b7E

This communication is classified ~~SECRET~~ in its entirety.

Ref secure tel call of 8/14/92 between writer and SA [redacted]  
FBI Portland, and PD TEL dtd 7/16/92 captioned as above.

Writer contacted SA [redacted] re referenced tel on instant date.  
S [redacted] advised [redacted]

[redacted]  
According to SA [redacted]  
[redacted]

b3  
b6  
b7C  
b7E

*Red  
Held  
J*

The above is provided for information.

2) Los Angeles  
JME/jme

~~CLASSIFIED BY: 9933  
DECL: OADR~~

b3  
b7E

*Proctor  
8-17-92  
create  
Denial file  
maintain on  
Proctor  
8/14/92*

~~SECRET~~

[redacted]

SEARCHED [initials] FILED [initials]  
SERIALIZED [initials]  
AUG 14 1992  
FBI - LOS ANGELES

# Memorandum

~~SECRET~~



To : SAC, LOS ANGELES [redacted]

Date 8/17/92

From : TIS [redacted]

Subject: [redacted]

OO: LOS ANGELES

b3  
b6  
b7C  
b7E

This communication is ~~classified "SECRET"~~ in its entirety.

b7E

[redacted] A routine search of the [redacted] and the [redacted] regarding this matter was conducted on 08/17/92 with the following results:

[Large redacted area]

b3  
b6  
b7C  
b7E

①  
1

[redacted]

MAD/mad  
(2)

[Handwritten note: INFO]

b3  
b6  
b7C  
b7E

~~SECRET~~

SEARCHED	INDEXED
SERIALIZED	FILED
AUG 17 1992	
FBI - LOS ANGELES	
DEAD	

~~SECRET~~

~~SECRET~~

DECLASSIFIED BY 60322 uc lrp/plj/lsc  
ON 08-17-2011

~~SECRET~~

0091 MRI 01765  
PP RUCNFB FBILA  
DE FBIPD #0005 0562233  
ZNY SSSSS  
P 252226Z FEB 93  
FM FBI PORTLAND [REDACTED]  
TO DIRECTOR FBI/PRIORITY/  
FBI LOS ANGELES/PRIORITY/  
BT  
S E C R E T  
CITE: //3670//

b3  
b7E

SUBJECT: [REDACTED]  
[REDACTED] OO: LOS

b3  
b7E

ANGELES.

THIS ENTIRE COMMUNICATION IS CLASSIFIED "SECRET".  
RE PORTLAND TELETYPE TO THE BUREAU, DATED 7/16/92.  
ON 2/25/93, A SOURCE OF INFORMATION, RELIABLE, ADVISED AS  
FOLLOWS:

SOURCE STATED THAT PROBABLY DURING THE LATER PART OF NEXT  
WEEK, DURING AN NBC NIGHTLY NEWS BROADCAST, TOM BROKAW WOULD

[REDACTED]

FEB 25 1993  
[REDACTED]

b3  
b7E

TELETYPE

1-FILE COPY

1-AGENT COPY

~~SECRET~~  
SECRET

PAGE TWO DE FBIPD 0005 S ~~E C R E T~~

REVEAL THE BACKGROUND STORY OF [REDACTED]

b6  
b7C  
b7D

[REDACTED]

REFERENCED TELETYPE DETAILED HOW [REDACTED]

b6  
b7C  
b7D

[REDACTED] AMERICAN NAMED

[REDACTED] MILCO INTERNATIONAL

IN LOS ANGELES.

[REDACTED]

b3  
b7E

[REDACTED] WHO PRESENTLY RESIDES  
BETWEEN SAN JOSE AND MONTEREY, CALIFORNIA, WORKED AT LOS

b3  
b6  
b7C  
b7E

PAGE THREE DE FBIPD 0005 S ~~E~~ ~~S~~ ~~R~~ ~~E~~ T

ALOMOS DURING WORLD WAR II WHEN THE ATOMIC BOMB WAS BEING

DEVELOPED



b3  
b7E

PAGE FOUR DE FBIPD 0005 ~~SECRET~~

ADMINISTRATIVE: SOURCE OF INFORMATION IS [REDACTED]

b3  
b7E

[REDACTED] WHO HAS PROVIDED INFORMATION TO THIS  
AGENT IN THE PAST THAT HAS BEEN REPORTED TO AND UTILIZED BY  
FBIHQ.

~~C BY G-3, DECL: OADR.~~

BT

#0005

NNNN



OO: SAC,

~~SECRET~~ (U)

TO: LEGAT,

ALBANY  
ALBUQUERQUE  
ANCHORAGE  
ATLANTA  
BALTIMORE  
BIRMINGHAM  
BOSTON  
BUFFALO  
CHARLOTTE  
CHICAGO  
CINCINNATI  
CLEVELAND  
COLUMBIA  
DALLAS  
DENVER  
DETROIT  
EL PASO  
HONOLULU  
HOUSTON

INDIANAPOLIS  
JACKSON  
JACKSONVILLE  
KANSAS CITY  
KNOXVILLE  
LAS VEGAS  
LITTLE ROCK  
LOS ANGELES  
LOUISVILLE  
MEMPHIS  
MIAMI  
MILWAUKEE  
MINNEAPOLIS  
MOBILE  
NEWARK  
NEW HAVEN  
NEW ORLEANS  
NEW YORK CITY  
NORFOLK

OKLAHOMA CITY  
OMAHA  
PHILADELPHIA  
PHOENIX  
PITTSBURGH  
PORTLAND  
RICHMOND  
SACRAMENTO  
ST. LOUIS  
SALT LAKE CITY  
SAN ANTONIO  
SAN DIEGO  
SAN FRANCISCO  
SAN JUAN  
SEATTLE  
SPRINGFIELD  
TAMPA  
WASHINGTON  
METROPOLITAN  
FIELD  
QUANTICO

BANGKOK  
BERN  
BOGATA  
BONN  
BRIDGETOWN  
BRUSSELS  
CANBERRA  
HONG KONG  
LONDON  
MADRID  
MANILA  
MEXICO CITY  
MONTEVIDEO  
OTTAWA  
PANAMA CITY  
PARIS  
ROME  
TOKYO

ASAC, BROOKLYN-QUEENS (MRA)

RE:



OO: LA

b3  
b7E

For information Retention For appropriate Surep. by  
optional action  
The enclosed is for your information. If used in a future  
report, conceal all sources paraphrase contents.

Enclosed are corrected pages from report of SA  
dated.  
Remarks:

This ~~entire~~ communciation is classified SECRET.  
LA is requested to furnish a communication regarding  
the status of this pending matter to CI-2F Unit.

Enc.  
Bufile  
Urfile

~~Classified by: G-3~~  
~~Declassify on: OADR~~

~~SECRET~~ (U)



b3  
b7E

SERIALIZED  
FILED  
MAR 29 1993  
FBI - LOS ANGELES

FBI

TRANSMIT VIA:

- Teletype
- Facsimile
- AIRTEL

PRECEDENCE:

- Immediate
- Priority
- Routine

CLASSIFICATION:

- TOP SECRET
- SECRET
- CONFIDENTIAL
- UNCLAS E F T O
- UNCLAS

~~SECRET~~

Date 4/23/93

TO : DIRECTOR, FBI  
(ATT: INTD, CI-2F; SSA HOLSTAD)

FROM : SAC, PORTLAND [redacted]

SUBJECT : [redacted]

OO: LOS ANGELES

This ~~entire~~ communication is classified "SECRET".

Re: Portland teletype to the Bureau, dated 7/16/92 and telcall between SA [redacted] Portland, and SA [redacted] Los Angeles, 4/20/93.

The following is being provided by Portland for information purposes only.

Enclosed for Los Angeles is one videotaped copy of two installments of NBC Nightly News that highlights some of the information that was provided to the Bureau and Los Angeles in referenced teletype.

~~SECRET~~

Classified by: G-3

Declassify on: OADR

SEARCHED \_\_\_\_\_

INDEXED \_\_\_\_\_

SERIALIZED \_\_\_\_\_

FILED \_\_\_\_\_

3- Bureau  
(1- INTD, CI-3B)

2- Los Angeles

1- Portland

TWWW

(6) ~~SECRET~~

*2nd copy plus  
Video maintained  
NSTL  
Wanna  
SA*

[redacted]  
[redacted]

Approved: [Signature] Transmitted

(Number) (Time) Per \_\_\_\_\_

b3  
b7E

b6  
b7C

b3  
b6  
b7C  
b7E

DATE

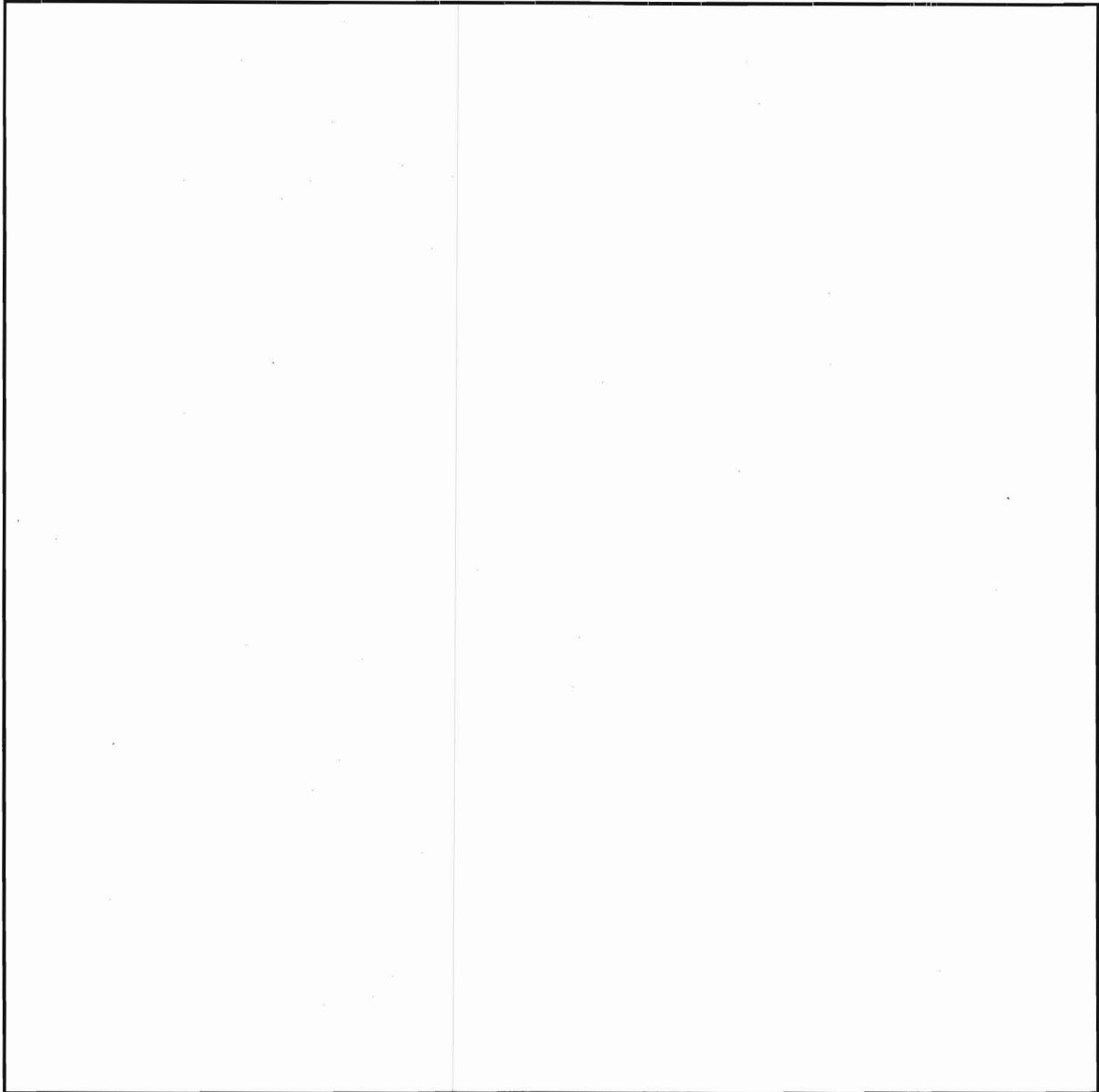
REVISION

INITIALS

2-6

~~SECRET~~

203-0



b3  
b7E

Inasmuch as Los Angeles has not initiated any investigative activity re subject, Portland will no longer query mentioned source re subject.

~~SECRET~~

2\*

TO:

OO: SAC,

~~SECRET~~

TO: LEGAT,

ALBANY  
ALBUQUERQUE  
ANCHORAGE  
ATLANTA  
BALTIMORE  
BIRMINGHAM  
BOSTON  
BUFFALO  
CHARLOTTE  
CHICAGO  
CINCINNATI  
CLEVELAND  
COLUMBIA  
DALLAS  
DENVER  
DETROIT  
EL PASO  
HONOLULU  
HOUSTON

INDIANAPOLIS  
JACKSON  
JACKSONVILLE  
KANSAS CITY  
KNOXVILLE  
LAS VEGAS  
LITTLE ROCK  
LOS ANGELES  
LOUISVILLE  
MEMPHIS  
MIAMI  
MILWAUKEE  
MINNEAPOLIS  
MOBILE  
NEWARK  
NEW HAVEN  
NEW ORLEANS  
NEW YORK CITY  
NORFOLK

OKLAHOMA CITY  
OMAHA  
PHILADELPHIA  
PHOENIX  
PITTSBURGH  
PORTLAND  
RICHMOND  
SACRAMENTO  
ST. LOUIS  
SALT LAKE CITY  
SAN ANTONIO  
SAN DIEGO  
SAN FRANCISCO  
SAN JUAN  
SEATTLE  
SPRINGFIELD  
TAMPA  
WASHINGTON  
METROPOLITAN  
FIELD  
QUANTICO

BANGKOK  
BERN  
BOGATA  
BONN  
BRIDGETOWN  
BRUSSELS  
CANBERRA  
HONG KONG  
LONDON  
MADRID  
MANILA  
MEXICO CITY  
MONTEVIDEO  
OTTAWA  
PANAMA CITY  
PARIS  
ROME  
TOKYO

ASAC, BROOKLYN-QUEENS (MRA)

11/30/93

RE:



OO: LA

b3  
b7E

X For information Retention For appropriate Surep. by  
optional action  
The enclosed is for your information. If used in a future  
report, conceal all sources paraphrase contents.

Enclosed are corrected pages from report of SA  
dated.

Remarks:

This ~~entire~~ communciation is classified ~~SECRET~~.  
LA is advised to provide an appropriate UCFN  
for captioned matter.

Enc.  
Bufile  
Urfile



~~Classified by: G-3~~  
~~Declassify on: OADR~~

~~SECRET~~



~~SECRET~~  
LOS ANGELES

DATE \_\_\_\_\_  
REVIEWED BY \_\_\_\_\_  
ENTRY YES  NO \_\_\_\_\_

IS ENTERED \_\_\_\_\_  
SERIAL(S) \_\_\_\_\_

SERIALIZED \_\_\_\_\_ FILED \_\_\_\_\_  
DEC 02 1993  
FBI -- LOS ANGELES

b3  
b7E

X  
X  
X  
X  
X

b3  
b7E

CASE NO: [REDACTED] MAIN-REF: R RACE: X SEX: X  
(X) CLASS: [REDACTED] INDEXED: 081792 NAME TYPE: A EVENT DATE: DOB:  
F8- MILCO INTERNATIONAL  
CASE NO: [REDACTED] MAIN-REF: R RACE: X SEX: X  
(X) CLASS: [REDACTED] INDEXED: 081792 NAME TYPE: EVENT DATE: DOB:  
<GO> - CONTINUE WITH TRANSACTION F10 - RETURN TO INDEX MENU  
F1 - REQUERY SHIFT-F10 - RETURN TO FOIMS MENU

4ÃŸ

NUM

ã 33

(09/19/94)

DATE: 08-17-2011  
CLASSIFIED BY: 60322 uc lrp/plj/lsc  
REASON: 1.4 (C)  
DECLASSIFY ON: 08-17-2036

~~SECRET~~

### FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 06/05/1996

To: LOS ANGELES

Attn: [Redacted]

From: LOS ANGELES  
NSD-3

Contact: [Redacted] extension 3701

Approved By: [Redacted]

Drafted By: [Redacted] mad

Case ID #: [Redacted]  
64A-LA-127602-D3 (Pending)

Title: [Redacted]

OO: LOS ANGELES

*Handwritten notes:*  
①  
C4  
FBI/OSD  
6/5/96  
①/17/92

b6  
b7C

b3  
b7E

~~(U)~~ Synopsis: Open source information pertaining to [Redacted] and [Redacted]

Classification: This Document is classified ~~SECRET~~ in its entirety unless otherwise marked.

~~(U)~~ Details: Attached are open source computer data base check results regarding news media stories about [Redacted] which were conducted for inclusion in this file. Additionally, [Redacted] entry in the Who's Who In America 1996 is included.

Open source information primarily concerns [Redacted]

~~(U)~~ [Redacted] Case Agent [Redacted] has requested that this matter be placed in a closed status at this time. ~~(S)~~

~~Classified by: 9933/NSD-3~~  
~~Declassify on: X-1~~

~~SECRET~~

SEARCHED

INDEXED

SERIALIZED

FILED

SEARCHED \_\_\_\_\_ INDEXED \_\_\_\_\_  
SERIALIZED \_\_\_\_\_ FILED \_\_\_\_\_  
JUN 18 1996  
FBI - LOS ANGELES

b6  
b7C

b6  
b7C

b6  
b7C

b3  
b7E

~~SECRET~~

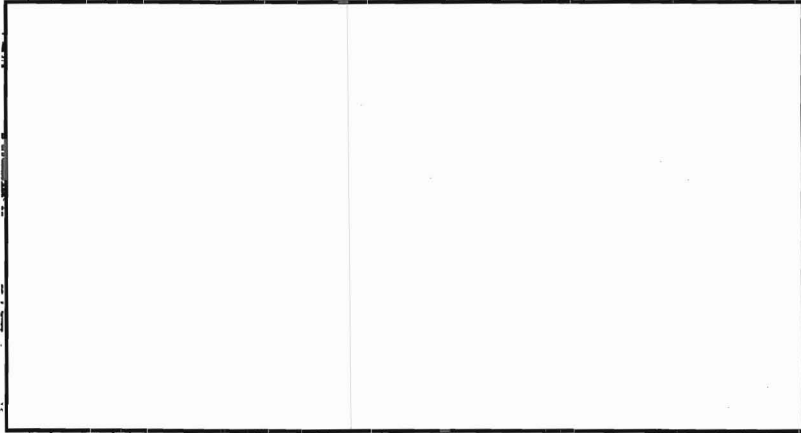
2



To: LOS ANGELES From: LOS ANGELES  
Re: [redacted] June 5, 1996

~~SECRET~~

b3  
b7E



b6  
b7c

1996 WHO'S WHO  
IN AMERICA

ALL INFORMATION CONTAINED  
HEREIN IS UNCLASSIFIED  
DATE 08-17-2011 BY 60322 uc lrp/plj/lsc



~~SECRET~~

~~SECRET~~

SEARCHED \_\_\_\_\_ INDEXED \_\_\_\_\_  
 SERIALIZED \_\_\_\_\_ FILED \_\_\_\_\_  
 JUN 03 1996

b6  
 b7C

~~DATE: 08-17-2018  
 CLASSIFIED BY 60328 uc/lrp/plj/lac  
 REASON: 1.4 (C)  
 DECLASSIFY ON: 08-17-2038~~

b3  
 b7E

DECLASSIFIED BY: NSICG J36J66741  
 ON 05-09-2016

THE NEW YORK TIMES, SATURDAY, MAY 18, 1985

# Israelis Deny Knowing of Export Ban for Device Usable in A-Bomb

By THOMAS L. FRIEDMAN

JERUSALEM, May 17 — Israel obtained the 800 electronic devices from the United States that can be used to set off nuclear bombs without knowing there were any restrictions on their export, according to the Israeli Defense Ministry and the man who owned the Israeli company that imported them. "Israel was not aware of any ban on purchasing those devices," a Defense Ministry spokesman, Nachman Shai, said of the components, which are known as krytrons. "It purchased the krytrons without knowledge of any restrictions."

"Israel is prepared to return all of the krytrons it has in stock to the United States," he said. "We are ready to provide the Americans with any information they need. We truly want to remove any suspicions concerning Israeli involvement in this matter."

### Spokesman's Explanation

The Defense Ministry's explanation was supported by Arnon Milchan, the industrialist turned movie producer who owned the private Israeli trading company that imported the krytrons for Israeli defense manufacturers working on Government contracts. Israeli military officials never discuss details regarding the design, manufacture, components and export of Israeli-made weapons systems, and any discussion of these matters is subject to military censorship.

In a telephone interview from his home in the Tel Aviv suburb of Herzliya, Mr. Milchan offered an explanation

of his connection with the krytrons and said neither he nor any of his companies had been involved in illegalities.

He said he owned a wide array of chemical, agricultural and electronics trading and manufacturing companies in Israel, all held under the umbrella of Milchan Brothers. Although this company carried his family name and is privately held by him, Mr. Milchan, 40 years old, said that for the last 12 years he had had no involvement in running Milchan Brothers, and that all of its subsidiary concerns, including Heli Trading, which was responsible for importing the krytrons, were run by his local Israeli managers.

Mr. Milchan has devoted himself in the last decade to producing movies, such as "Absence of Malice," a film about journalistic libel.

### 'I Have Never Heard This Name'

"The first time I heard the word 'krytrons' was last Thursday," Mr. Milchan said, referring to May 9. "I was in Paris and about to go to Israel because my aunt had died. A man from Newsweek called me and asked what I could tell him about krytrons?"

"I told him, 'I have never heard this name before.'"

"He said: 'What do you mean? There is a grand jury in the United States investigating you about this.'"

"I told him that I had just arrived from Los Angeles and had been staying at the Beverly Hills Hotel, so how could I be under investigation there?"

Mr. Milchan added, "I told him that maybe one of the 30 companies I own around the world was buying or selling

these things, but I have not been involved in these businesses for 12 years."

Mr. Milchan said that when he arrived in Israel on Sunday night, he turned on television only to hear his name mentioned on the news in connection with a Newsweek article asserting that he was "implicated in the case" of a purported effort to smuggle krytrons from the United States to Israel.

### 'Started to Find Out'

At that point, Mr. Milchan said, he "started to find out what is a krytron."

Israeli radio broadcasters have on occasion mistakenly referred to the devices as "Krypton" — the name of the planet on which the comic-book hero Superman was born, and from which green kryptonite, a rock that could render him powerless, originated.

"I found out," Mr. Milchan said, "that a krytron was a small little gizmo which anyone can go buy freely in the United States. You can use them for all kinds of things, including, incidentally, making cholent."

Cholent is a stew of beans, carrots, potatoes and beef that is a traditional Jewish dish prepared on Friday night for eating on the Sabbath. Mr. Milchan said that with a krytron timer a stove could be set to turn on automatically to heat up the cholent on the Sabbath, without anyone working to light the fire.

### Group of Small Companies

Mr. Milchan said that most of his companies in Israel were involved in agriculture-related businesses but that he had small companies that dealt in

aerospace, textiles, pharmaceuticals and fibers. Many of the companies are local agents for large international companies, he said. One of these small companies, Heli Trading, acted as an import broker for Israeli concerns seeking to acquire electronic components.

Heli Trading is managed for Mr. Milchan by Aryeh Amirav and Abe Kanyon. Acting as a purchasing agent for several Israeli military contractors, Heli wrote to Milco International Inc., Richard Kelly Smyth's trading consulting company in California, to obtain 15 orders of krytrons from 1979 to 1983. Mr. Smyth was indicted by a Federal grand jury in Los Angeles on Thursday on charges of illegally exporting krytrons to Israel.

### 15 Letters Cited

Mr. Milchan said: "If someone wanted to smuggle something, would he write to a company in the States in a formal correspondence 15 times for an export license? You smuggle once, you don't smuggle 15 times with an official letter asking for a license. Milco exported it with the wrong license. They used a general export license, and they should have used a specific license from the State Department."

Mr. Milchan said that all the krytrons were bought for the Defense Ministry and its contractors, but that only Heli Trading was involved in the actual purchases.

"The Government certainly was not involved in this," Mr. Milchan said. "Believe me, it was absolutely innocent."

OVER  
LARGEST  
ROOM



h.  
co, come in  
Manhattan  
le you from  
Kitchen.

683-2350

Painting  
Century



# Egyptians and Israelis Agree On Terms for Improving Ties

By JUDITH MILLER  
Special to The New York Times

CAIRO, May 17 — Egyptian and Israeli negotiators concluded three days of talks here today by agreeing to present to their Governments a package of measures intended to improve relations.

Israeli and Egyptian officials failed to agree on the fate of Taba, a 700-yard strip of beachfront land in Sinai that both sides claim.

Israeli negotiators argued that the issue should be submitted to nonbinding arbitration, whereas Egypt insisted that Taba's fate be decided by binding

proved trade and tourism relations exchanges, are to take effect before the Taba issue is resolved.

Egyptian and Israeli officials said that if Israel agreed to submit Taba to arbitration, Egypt would be willing to return its Ambassador to Tel Aviv, a key Israeli demand. Egypt withdrew its Ambassador in September 1982 after Egyptians were outraged by what was viewed here as Israeli complicity in the massacre of Palestinians in refugee camps in Lebanon, by Christian Phalangists after Israel's invasion of

# U.S. Asks Israel to Account for Nuclear Timing Devices

By JOHN M. GOSHKO, *The Washington Post*

WASHINGTON—The United States has asked to inspect Israel's secret nuclear installations to verify that American-made timing devices, apparently obtained by surreptitious means, were not used in making atomic weapons or re-exported to other countries, U.S. and diplomatic sources said Tuesday.

If Israel is unwilling to permit such an inspection, the United States wants Israeli officials to come up with an alternative means of accounting for the estimated 500 to 600 devices.

Washington also has called on Israel to return all such devices still in its possession because they were never licensed for export, the sources said.

The devices, tiny switches known as krytrons, provide the precise timing necessary for nuclear explosions. They also are used in oil exploration and medical equipment.

According to the sources, Israel has not replied yet to the formal requests made by the State Department. They added that the situation has potentially very sensitive implications for U.S.-Israeli relations because the Israeli government was aware that U.S. policy forbids overseas sales of krytrons unless they are subjected to strict case-by-case review and licensed by the State Department.

Earlier this week, it became known that a federal grand jury in Los Angeles is investigating whether the devices were smuggled out of the country in violation of U.S. law. Under the Atomic Energy Act and the Export Administration Act, violators could receive a maximum 20-year prison term if it is proven that the devices were exported for the national security advantage of a foreign country.

It has been widely assumed for years that Israel has the capability to make atomic weapons. However, U.S. officials have said that Israeli secrecy has prevented the United States from learning whether Israel possesses such weapons.

Israel's refusal to submit to international controls and inspection also has meant that, despite its close ties to the United States, it is barred by U.S. nuclear non-proliferation rules from obtaining devices like krytrons that could be used in nuclear weapons development.

On Sunday, the Israeli Defense

Ministry, reacting to news of the grand jury investigation, acknowledged that it obtained a number of krytrons between 1979 and 1983 and still has a large stockpile. The ministry said the devices were used only in conventional research and development and in testing equipment and that none have been sent to other countries.

Sources familiar with the Los Angeles investigation said it centers on an Israeli businessman, Arnon Milchan, who allegedly worked with a Los Angeles firm to obtain the krytrons from their American manufacturer and transfer them to Israel.

The sources stressed that they cannot tell whether the investigation will find that U.S. laws have been violated or that the Israeli government was involved in illegalities.

"Nevertheless," one source said, "it's clear on the face of things that the Israeli Defense Ministry knew that it was receiving restricted goods without having followed the prescribed rules."

"What remains to be seen is whether the Administration or Congress will make a major issue out of this incident when it's dealing with Israeli aid or whether the matter will be soft-pedaled in exchange for an Israeli act of contrition."

Milchan, whose name is spelled Milchen by some sources, is well known in Israel for involvement in a variety of enterprises ranging from film production to international arms sales.

The sources said that in 1979, he established a connection with a Los Angeles firm called Milco International, which primarily does business in aviation consulting but also engages through subsidiaries in other activities, including acting as a broker for export sales.

In a telephone interview Tuesday, Gretel Siler, who identified herself as corporate treasurer of Milco, said Milchan was not among the owners of the privately controlled firm. Instead, she said, he had an arrangement under which he and the firm shared in the profits from export sales that he arranged.


Siler confirmed that as part of this arrangement, Milchan began in 1979 to arrange purchases of krytrons from EG&G Inc., a high-technology company.

LEO'S STEREO

ASK US ABOUT OUR EXTENDED WARRANTY SERVICE!

---


NAME BRAND VIDEO CASSETTE RECORDER



REMOTE CONTROL MFG. SUG. LIST \$499.00 **278.00**

---


SANYO Beta Hi-Fi



VIDEO CASSETTE RECORDER STEREO PHONIC SOUND, BETA II & III COMPATIBLE 14 DAY/8 EVENT REMOTE CONTROL MFG. SUG. LIST \$799.95 **378.00**

---

NAME BRAND 19" COLOR TV



1 YR. PARTS & LABOR

ONLY **197.00**

---

NAME BRAND 13" COLOR TV

**168.00**

---

ANAHEIM (714) 522-8100	CULVER CITY/FOX HILLS (213) 390-7424	HAWTHORNE (213) 678-0364	ORANGE (714)
BALDWIN (805) 833-1023	DOWNEY (213) 363-5111	HUNTINGTON BEACH (714) 946-3670	PALMDALE (818)
CANOGA PARK (818) 969-2570	EL TORO (714) 770-7679	LAKELAND (213) 830-0833	RIVERSIDE (714)
COSTA MESA (714) 642-1020	HARDEN BR./ANAHEIM (714) 537-7600	MISSION VIEJO (714) 498-0360	SAN BERNARDINO (714)
COVINA (818) 967-4242		MONTEREY PARK (213) 261-2116	

M  
A  
Y

1

5

We've got a checkbook you can use like a credit card. It's called Equity Creditline. But unlike a credit card, it has a much you think. Remember, a \$50,000 home in 1960 can be worth as much as \$250,000 today. That's the amount Unlike a conventional you don't have to real

## COLUMN ONE

# A Mogul's Bankroll — and Past

■ Arnon Milchan has emerged as one of Hollywood's most powerful producers. His background is unusual: agribusiness and munitions.

By ELAINE DUTKA and ALAN CITRON  
TIMES STAFF WRITERS

In the controversial film "JFK," an Academy Award nominee for best picture, director Oliver Stone explores the shadowy machinations of a burgeoning military-industrial complex. It is a world with which the picture's executive producer, a jet-setting Israeli businessman named Arnon Milchan, has more than a passing acquaintance.

For decades, Milchan has successfully straddled two worlds—methodically carving out a position as one of Hollywood's most influential movie producers while continuing to manage an international web of companies in industries ranging from arms consulting to agribusiness.

Those dealings have nourished Milchan's movie career, providing him with the capital to get films off the ground, but they also have landed him in controversy. The 47-year-old producer—described in a 1989 Israeli newspaper story as "probably the country's largest armaments dealer"—has been linked to two international scandals.

The first, referred to as the South African Watergate, was a pro-apartheid propaganda campaign that shook that nation's government. The other concerned the shipment of devices, which could trigger nuclear explosions, to one of his Israeli companies.

Milchan has never faced charges of wrongdoing in connection with the cases, and such Ludlum-esque intrigue has not caused him any discernible problems in Hollywood. With a potential filmmaking bankroll of nearly \$1 billion and responsibility for nearly one-third of Warner Bros.' releases this year, he is regarded as moviedom's newest mogul.

"No doubt about it, if Arnon didn't exist, fewer films would be made," said director Sydney Pollack, who was briefly a partner of Milchan's in the mid-1970s.

Milchan won mainstream credibility in the late 1980s, when he produced the back-to-back hits "The War of the Roses" and "Pretty Woman."

But his real clout came in early 1991, when his Regency Enterprises hooked up with three entertainment giants—America's Time Warner, French pay-TV leader Canal Plus and a German movie and TV company, Scriba & Deyhle, for the largest American-European entertainment joint venture ever formed.

Under the agreement, Warner Bros. will market and distribute 40 movies from the partnership. Milchan also is starting a record label, giving rise to speculation that his empire-building is not over. Ask  
Please see MILCHAN, A26

## Aiming Toward Victory



USC's Harold Miner shoots over UCLA's Mitchell Butler during first-half action at the Sports Arena. Miner had 29 points to again lead the No. 13 Trojans past the No. 4 Bruins, 83-79. C1

## Pact Will Allow Milken to Keep \$125 Million

■ Litigation: Imprisoned financier's family to retain up to \$400 million in proposed settlement of 150 suits.

By VICTOR F. ZONANA  
TIMES STAFF WRITER

NEW YORK—Imprisoned financier Michael Milken will retain a personal fortune of at least \$125 million under the proposed settlement of more than 150 securities and other civil lawsuits filed over the collapse of Drexel Burnham Lambert Inc., Drexel attorneys said Thursday.

The sum does not include an estimated \$300 million to \$400 million that Milken's wife, children and brother will be permitted to keep, ensuring that the Milkens retain their status as one of the nation's wealthiest families.

Many observers of the financial scene were astounded that the man who has shouldered much of the blame for the rigged markets and speculative excesses of the 1980s—and the resulting financial handover in the 1990s—will emerge with a family fortune of perhaps half a billion dollars.

"It's the kind of thing that leaves you shaking your head," said Richard C. Leone, executive director of the 20th Century Fund, a public policy group, and a former managing director of the New York investment bank Dillon, Read & Co.

"We're supposed to severely punish people who do well for themselves by doing evil to others," he said. "That's part of the social contract."

Others took a more tolerant approach to the settlement of litigation that some legal experts say might otherwise have dragged into the next century.

"The moral algebra is very difficult," said financial historian and author Ron Chernow. "Do you assume that every dollar the Milkens amassed was ill-gotten? How do you assess the value of a 10-year prison sentence?"

Milken popularized the use of high-risk, high-yield securities when he headed the junk bond department at Drexel. In 1990, he  
Please see MILKEN, A19

## Dolphin Study Rejects Ban on Tuna Nets

By MICHAEL PARRISH  
TIMES STAFF WRITER

Training boat captains—not banning purse-seine nets—is the most practical way for tuna fishermen to protect dolphins in the Pacific, according to a four-year study released Thursday by the National Research Council.

The study, the most comprehensive government-sponsored analysis of the highly charged issue, found that no viable alternative exists to the nets, which resemble inverted umbrellas.

Environmentalists had hoped that the long-anticipated study would identify fishing methods that would protect dolphins while maintaining a healthy international tuna industry. Instead, the study  
Please see DOLPHINS, A22

## Drug Summit Leads to Only a Vague Pact

By DOUGLAS JEHL  
TIMES STAFF WRITER

SAN ANTONIO—President Bush and the leaders of six Latin American nations proclaimed a "new spirit of cooperation" in the war on drugs Thursday, but they disagreed publicly over how to proceed in an effort that they conceded is far from successful.

They also sought to reduce their reliance on Latin American armies to fight the war—a step that appeared to be a retreat from a three-year Bush Administration initiative.

The move came at the end of a two-day, seven-nation meeting here marked by blunt exchanges between Bush and Latin American leaders over whether the United States should do more to assist the anti-drug efforts.

The discord resulted in a watered-down pact, which Bush has dubbed the San Antonio Declaration. It was far less specific in outlining continuing anti-drug efforts than the Administration had hoped.

In one of the few points of agreement, the nations decided to form a delegation to travel to Europe and Japan to seek more worldwide cooperation, and—more important—economic support in the anti-drug efforts.

The leaders also agreed to step up efforts to restrict money-laundering in an accord that American officials said will require Colombia and other nations to pass new laws aimed at seizing drug profits.

And they agreed, without many specifics, to establish anti-drug training centers throughout the  
Please see DRUGS, A11

## Tax Plan Passes

■ Economy: Bush ag bill, which would raise elsewhere. A rival Re

By ART PINE, TIMES STAFF WRITER

WASHINGTON—The House Democratic alternative to the tax cuts, but the unusually leadership and virtually en

The Democratic measure adopted after the House vote to kill a rival Republican plan containing a streamlining of the economic stimulus package that Bush had asked great to pass by March 2 effort to combat the recession.

The Democrats' bill, which tures a tax credit for Americans financed by higher es on the rich, now goes Senate for consideration. The Finance Committee is used to begin work Tuesday similar, although smaller, package.

Bush, who was attending an en-nation drug meeting in Antonio, Tex., quickly issued a statement reiterating that "no question" that he will Democratic bill.

"Instead of voting to greater opportunities for Americans, [the House] voted the economy with a \$10 tax increase," Bush said, "to about \$93 billion in tax cuts on the rich that would be pay for tax cuts elsewhere.

The centerpiece of the cratic bill is a temporary tax of \$200 per person, or \$1 couple, for middle-income cans subject to Social withholding taxes. The would be available for only.

The measure would allow time home buyers to claim prary tax credit of up to and to use up to \$10,000 in ual retirement account; make down payments; permit IRA withdrawals for cal or educational expenses; deductions for interest on loans.

Please see TAX

## Buchanan Morality

By MICHAEL ROSS  
TIMES STAFF WRITER

ATLANTA—A funny happened to the "Buchanagades" on their way to They stopped being Mi and became Confederates.

Slow to catch fire in the Patrick J. Buchanan's bid the Republican presidential nation from George Bush he hitting its stride as the vative commentator rew the issues and the meta; uses to convey them to audience of Southerners.

In a sign of the shift, a highly publicized visit ea week to a family grave Mississippi, where a great father who owned slave fought for the Confederacy.

Pat Buchanan has discov

Vertical text on the far left edge of the page, likely a page number or publication information, oriented sideways.

Vertical text on the left side of the page, possibly a continuation of an advertisement or another column of text.

# THE COMPUTER SUPERSTORE

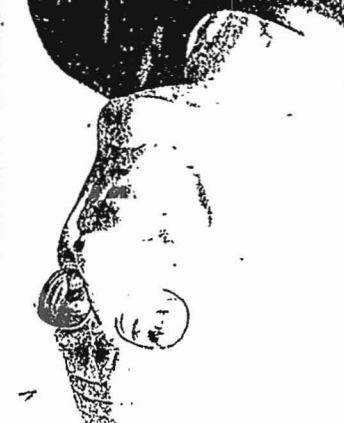
## COMPUTER USA

<b>4799</b> Super II	<b>4799</b> Super II	<b>4799</b> Super II	<b>4799</b> Super II
<b>4899</b> Super II	<b>4899</b> Super II	<b>4899</b> Super II	<b>4899</b> Super II
<b>4999</b> Super II	<b>4999</b> Super II	<b>4999</b> Super II	<b>4999</b> Super II
<b>3499</b> Super II	<b>3499</b> Super II	<b>3499</b> Super II	<b>3499</b> Super II
<b>3099</b> Super II	<b>3099</b> Super II	<b>3099</b> Super II	<b>3099</b> Super II
<b>3099</b> Super II	<b>3099</b> Super II	<b>3099</b> Super II	<b>3099</b> Super II
<b>2999</b> Super II	<b>2999</b> Super II	<b>2999</b> Super II	<b>2999</b> Super II
<b>12997</b> Super II	<b>12997</b> Super II	<b>12997</b> Super II	<b>12997</b> Super II
<b>2699</b> Super II	<b>2699</b> Super II	<b>2699</b> Super II	<b>2699</b> Super II
<b>2899</b> Super II	<b>2899</b> Super II	<b>2899</b> Super II	<b>2899</b> Super II
<b>2799</b> Super II	<b>2799</b> Super II	<b>2799</b> Super II	<b>2799</b> Super II
<b>1999</b> Super II	<b>1999</b> Super II	<b>1999</b> Super II	<b>1999</b> Super II
<b>2999</b> Super II	<b>2999</b> Super II	<b>2999</b> Super II	<b>2999</b> Super II
<b>7997</b> Super II	<b>7997</b> Super II	<b>7997</b> Super II	<b>7997</b> Super II
<b>16997</b> Super II	<b>16997</b> Super II	<b>16997</b> Super II	<b>16997</b> Super II

Address: 2190 W. Henderson Blvd., Torrance, CA 90503  
Phone: (310) 253-1155

**MILCHMAN'S High-Stakes Player**

Milchman, executive producer of "Jury" and "Only Women on the Beach," is making a high-stakes bet on a new project. He is betting on a project that is being developed by a Hollywood producer, which is being developed by a Hollywood producer, which is being developed by a Hollywood producer.



**Get 1 FREE!**  
Buy 2  
Game Cartridges

Offer good Friday 5 28 thru Sunday 5 1 only

Supplies limited so hurry in!

**LOW PRICES!**

LOS ANGELES TIMES