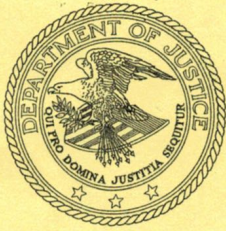


Exhibit 16



Office of the Attorney General
Washington, D. C. 20530

April 22, 1976

MEMORANDUM FOR THE PRESIDENT

The purpose of this memorandum is to set forth my views on two issues -- (1) whether the jurisdiction of the Joint Atomic Energy Committee is exclusive and (2) whether the statute of limitations has run on any possible criminal offenses arising out of the discrepancy in nuclear materials at the Nuclear Materials and Equipment Company (NUMEC) -- and to attach a brief memorandum summarizing the FBI's role in this matter.

I. Jurisdiction of the Joint Atomic Energy Committee.

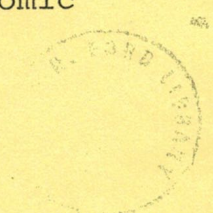
Section 202 of the Atomic Energy Act, 24 U.S.C. 2252, which defines the authority of the Atomic Energy Commission, provides in pertinent part:

"* * * All bills, resolutions, and other matters in the Senate or the House of Representatives relating primarily to the Commission or to the development, use, or control of atomic energy shall be referred to the Joint Committee."1/

Nothing in this text indicates that this referral is exclusive, and that other Committees may not consider those matters if they also come within their jurisdiction.

During the debate of the Atomic Energy Act of 1954 on the floor of the House there was a colloquy in which Congressman Yates expressed the view that with respect to legislative proposals the jurisdiction of the Joint Committee is exclusive. 100 Cong. Rec. 11667-11668. In our view, however, this statement is insufficient to give to the text of the statute a significant feature which it does not in fact contain, particularly in light of the subsequent legislative practice.

1/ This section is derived from section 15 of the Atomic Energy Act of 1946.



The House and Senate rules do not contain any provision which would give the Joint Committee on Atomic Energy exclusive jurisdiction. The Senate Rules merely reprint without comment the provisions of the Atomic Energy Act relating to the Joint Committee. 42 U.S.C. 2251-2257; see Senate Manual paras. 565-571. The House Rules give only a short digest of those statutory provisions. Manual and Rules of the House of Representatives, § 983a. Moreover, at least one House committee is specifically accorded jurisdiction over a matter which comes within the Joint Committee's authority as well. The House Committee on Interior and Insular Affairs is given special oversight functions "with respect to all programs affecting . . . nonmilitary nuclear energy and research and development, including the disposal of nuclear waste." Manual and Rules of the House of Representatives, § 679, 693.

A study covering the practice of the first fifteen years of the Joint Committee indicates that it repeatedly had to share jurisdiction with other committees on matters involving the development, use or control of atomic energy.^{2/} For example, in the case of nuclear powered merchant vessels, the Joint Committee had to share jurisdiction with the Senate Committee on Commerce, and the House Committee on Merchant Marine.^{3/} Recently, the Subcommittee on Energy and Power of the House Committee on Interstate and Foreign Commerce considered instances of alleged misuse of radioactive materials, a subject which unquestionably comes within the jurisdiction of the Joint Committee on Atomic Energy.

We conclude that it cannot plausibly be asserted that the jurisdiction of the Joint Committee is exclusive.

There are, however, other features distinguishing the Joint Committee from other committees of Congress, so that the executive branch could justify an unwillingness to furnish sensitive information to committees other than the Joint Committee. Under 42 U.S.C. 2256, the Joint Committee "may classify information originating within the Committee in accordance with standards used generally by the executive branch

^{2/} See Green and Rosenthal, The Joint Committee on Atomic Energy: A Study in Fusion of Governmental Power (1961), pp. 262-274.

^{3/} Id. pp. 270-271

for classifying Restricted Data or defense information." The effect of such classification is at the very least to enable the Act's provision on the protection of Restricted Data to become applicable -- and possibly to enable the invocation of other criminal statutes as well.

Under 42 U.S.C. 2255 the Joint Committee is authorized to permit its members, employees and consultants to carry firearms while in the discharge of their official duties; and under 42 U.S.C. 2257 it is authorized to direct such security safeguards as it deems appropriate. We are advised that by virtue of these provisions the Joint Committee has an extremely secure recordkeeping system.

These special features would obviously justify Presidential willingness to provide information to this Committee which might be withheld from others.

II. Possible Violation of Criminal Statutes.

The Federal Bureau of Investigation conducted one criminal investigation which related to NUMEC. That investigation involved a possible violation of the Foreign Agents Registration Act by the president of NUMEC for acts occurring in 1956-66. The Criminal Division advised the Bureau in September, 1966 that these acts did not constitute a violation of the Act and the investigation was closed. The five-year statute of limitations which applies to this Act has since expired.

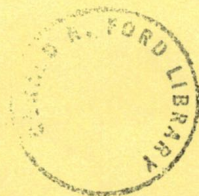
The FBI did not conduct an investigation into the alleged discrepancy in nuclear materials at NUMEC because it was advised by the AEC that any loss likely was attributable to inadequate accounting procedures and that there was no evidence or suspicion of a violation of law. Since no investigation was undertaken, the Department of Justice cannot state that there is no evidence which would support a criminal charge. The facts available with respect to this matter indicate that the following criminal statutes may be involved:

42 U.S.C. 2077 - Unauthorized dealings in special nuclear material

42 U.S.C. 2273 - Violation of Atomic Energy Act generally, or of agency regulations

42 U.S.C. 2275 - Receipt of Restricted Data

42 U.S.C. 2276 - Tampering with Restricted Data



42 U.S.C. 2277 - Disclosure of Restricted Data

18 U.S.C. 832-834 - Transportation of dangerous articles

18 U.S.C. 793-794 - Espionage: gathering or transmittal of defense information

18 U.S.C. 3 - Accessory after the fact

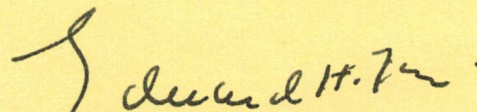
18 U.S.C. 4 - Misprision of felony

18 U.S.C. 371 - Conspiracy to commit offense

The Statute of Limitations for the above-enumerated offenses is five years (18 U.S.C. 3282) except for violation of 42 U.S.C. 2274-76, for which it is ten years (42 U.S.C. 2278). Furthermore, if concealment of the substantive offense is continuing, the statute of limitations would not bar a prosecution under 18 U.S.C. 3 (accessory after the fact), 4 (misprision of felony) and 371 (conspiracy).

Because the statute of limitations may not have run with respect to any offenses that may be involved and because of the responsibility to consider whether any dismissal or other disciplinary proceedings may be appropriate with respect to any persons presently employed as federal officials who may have participated in or concealed any offense, I believe it necessary to conduct an investigation. Section 2271 of the Atomic Energy Act provides that "the Federal Bureau of Investigation of the Department of Justice shall investigate all alleged or suspected criminal violations" of the Act.

A brief summary of the FBI's file on this matter is attached.


Attorney General





SECRET
UNITED STATES DEPARTMENT OF JUSTICE

FEDERAL BUREAU OF INVESTIGATION

WASHINGTON, D.C. 20535

April 22, 1976

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED EXCEPT
WHERE SHOWN OTHERWISE.

11-10-86
Classified by 1629 RFP/long
Declassify on: OADR

(DR)

[REDACTED]

ATOMIC ENERGY ACT

[REDACTED]

(DR)

[REDACTED]

The first investigation was prompted by the Atomic Energy Commission (AEC) advising this Bureau in 1965 that the Nuclear Materials Equipment Corporation (NUMEC), an AEC subcontractor in Apollo, Pennsylvania, was negotiating with the Government of Israel to establish a joint company in Israel to be known as Israeli NUMEC Isotopes and Radiation Enterprises (ISORAD), Limited. The firm was to engage in the irradiation of citrus fruit.

(DR)

[REDACTED]

The results of this investigation were furnished to the Justice Department.

(DR)

[REDACTED]

In February, 1966, the AEC advised there were indications that NUMEC was lax in the management of nuclear materials. Since April, 1957, AEC had made extensive internal technical checks at NUMEC and had reported the situation to the Joint Committee on Atomic Energy (JCAE). The Joint Committee was told by AEC on February 14, 1966, that in the absence of evidence or suspicion of a violation of the law, AEC had determined that inquiry by the FBI was not then warranted. u

~~SECRET~~

Classified by 6019
Exempt from GDS, Category 3
Date of Declassification Indefinite

PORTIONS EXEMPTED
E.O. 12356, Sec. 1.3 (2) (4) (5)
FBI letter, 11/19/86

DECLASSIFIED

NLF MR 87-4, #10
DAD, NARS Date 12/2/86

NATIONAL SECURITY INFORMATION
Unauthorized Disclosure
Subject to Criminal Sanctions

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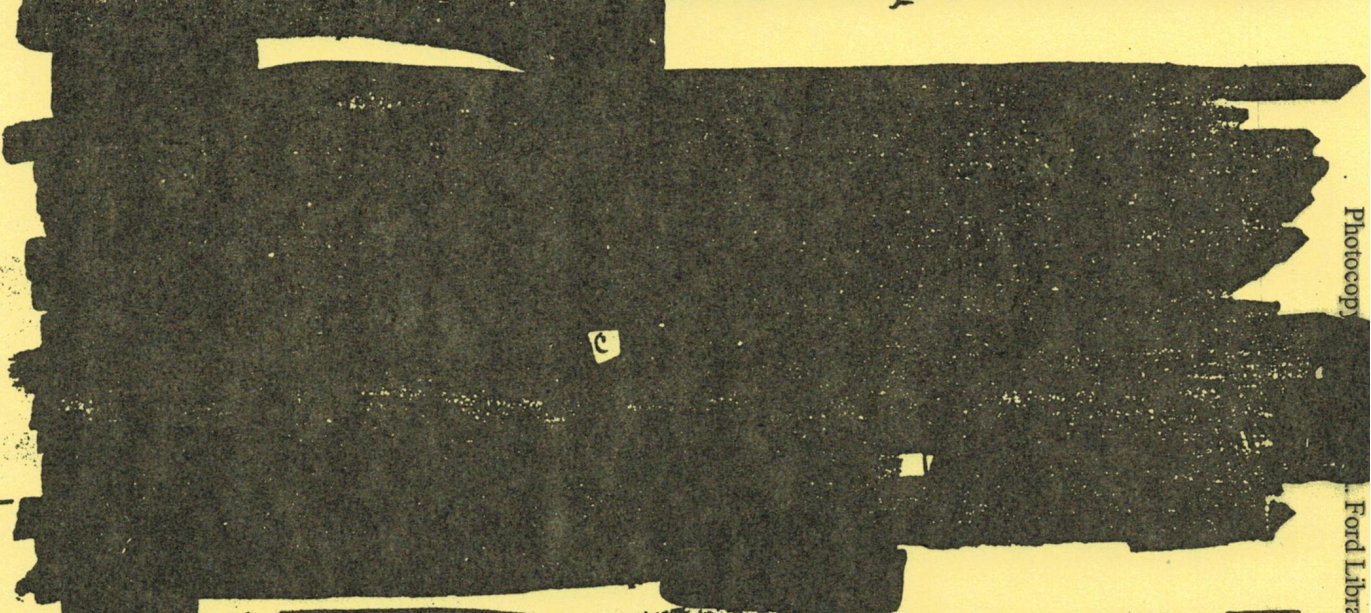
(DR)

According to AEC, NUMEC received 1,012 kilograms of uranium-235 from AEC to process into fuel elements for nuclear reactors for space propulsion. This subcontract was completed on October, 31, 1964. In April, 1965, an AEC inventory indicated a loss, fixed by a later AEC check in November, 1965, at 61 kilograms valued at \$764,000. In addition, a survey of the plant's operations since 1957 revealed that NUMEC had experienced a total cumulative loss on all AEC subcontracts of 178 kilograms, all but 61 of which AEC considered properly accounted for by normal processing losses. AEC was unable to say unequivocally that theft or diversion of the 61 kilograms had not taken place, but AEC believed that NUMEC consistently underestimated its processing losses and that the loss of the 61 kilograms charged to the latest subcontract actually reported an accumulation of losses over an 8-year period. AEC pointed out, however, that because the NUMEC records system was not then so set up, no determination could be made as to when the various losses occurred or whether material provided for the latest subcontract was used, knowingly or inadvertently, to offset losses on other contracts.

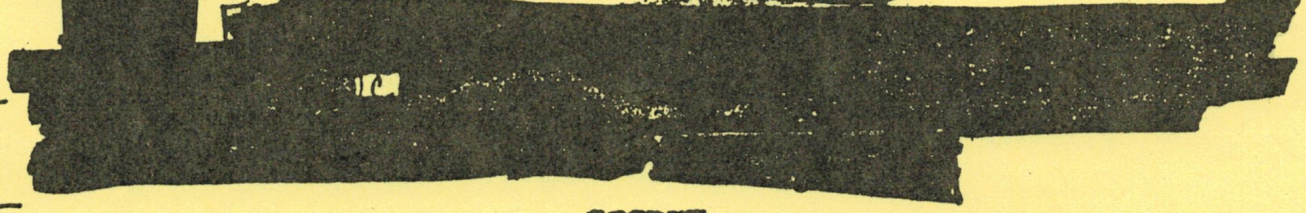
AEC advised that there would be no financial loss to the Government as NUMEC had agreed to pay for the 61 kilograms. In addition, NUMEC had developed a better system for controlling nuclear materials and an improvement was also expected due to NUMEC's hiring of a former AEC official. AEC advised, however, that prior to making more penetrating checks into NUMEC's operations, it was felt the FBI should be consulted to determine whether the FBI desired to assume investigation of the matter. u

The FBI advised AEC on March 1, 1966, that the FBI had given full consideration to this matter and that under the circumstances presented by AEC, the FBI did not intend to assume any investigative responsibility; however, it was requested that AEC advise the FBI of any further developments coming to its attention concerning this matter which would indicate there had been a violation within FBI jurisdiction. u

(DR)



(DR)



(DR)



Photocopy
Ford Library

(DR)

[REDACTED]

[REDACTED]

Photocopy from Gerald R. Ford Library

AEC subsequently advised that no further action was being taken by AEC.

(DR)

[REDACTED]

(DR)

By letter dated April 13, 1969, the Department of Justice advised that based on the results of the FBI investigation conducted to date, the facts of the matter were not such as to warrant action [REDACTED]

(DR)

Exhibit 17

~~CONFIDENTIAL~~

Legal Counsel to Mr. Adams Memo
Re: JOINT COMMITTEE ON ATOMIC ENERGY
REQUEST FOR BRIEFING CONCERNING
DIVERSION OF NUCLEAR MATERIALS

Mr. Murphy advised that Senator Baker would like a detailed briefing by appropriate Bureau personnel concerning the FBI's investigation into this matter.

(b)(1)(4)(b) (c) Bureau indices reflects a case [redacted] b7c/3
[redacted] AEA, 00: Pittsburg Bufile
117-2564" which appears to deal in part with the situation
discussed by Mr. Murphy.

Mr. Murphy advised that Senator Baker would like a briefing concerning this matter in his office on March 17, 1976, at 11:00 a.m.

RECOMMENDATION:

That the Intelligence Division make a determination as to whether a briefing for the Senator concerning this matter is proper. If a briefing is offered, it will be given with the concurrence of the Office of Legislative Affairs, Department of Justice.

[Handwritten initials]

*TWV
4/2/76*

[Handwritten mark]

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~~CONFIDENTIAL~~

UNITED STATES GOVERNMENT

Memorandum

TO : Mr. J. B. Adams

CONFIDENTIAL

DATE: 3/9/76

FROM : Legal Counsel *JAM*

SUBJECT: JOINT COMMITTEE ON ATOMIC ENERGY
REQUEST FOR BRIEFING CONCERNING
DIVERSION OF NUCLEAR MATERIALS

- Assoc. Dir. _____
- Dep. AD Adm. _____
- Dep. AD Inv. _____
- Asst. Dir.:
- Admin. _____
- Comp. Syst. _____
- Ext. Affairs _____
- Files & Com. _____
- Gen. Inv. _____
- Ident. _____
- Inspection _____
- Intell. _____
- Laboratory _____
- Legal Coun. _____
- Plan. & Eval. _____
- Spec. Inv. _____
- Training _____
- Telephone Rm. _____
- Director Sec'y _____

By letter dated February 24, 1976, Senator Howard H. Baker, chairman of captioned committee requested Attorney General Levi make available appropriate personnel to brief the Senator concerning the "alleged diversion of nuclear material from Nuclear Materials and Equipment Corporation (NUMAC) (sic) located at Apollo, Pennsylvania." A copy of the letter is attached.

This request was forwarded to the FBI by the Department of Justice.

Senator Baker's letter did not set forth sufficient details to enable the FBI to properly respond to the Senator's request.

On March 8, 1976, Mr. George F. Murphy, Staff Director, Joint Committee on Atomic Energy, was contacted by a representative of the Office of Congressional Affairs. Mr. Murphy advised that Senator Baker's letter to the Attorney General had been purposely vague, and that he would like to discuss the matter in greater detail at his office.

b7c/1 On March 9, 1976, SA [redacted] met with Mr. Murphy who advised that sometime around the period beginning in 1965 there were allegations that there were nuclear diversions from the Nuclear Materials and Equipment Corporation [redacted]

[redacted] Mr. Murphy further added that during this period, NUMEC had some financial difficulties, and at one point suddenly paid approximately \$800,000.00 owed to the United States Government.

ENCLOSURE
Enclosure

Classified by 5668 SLV
Declassify on: OADR 5/9/75

20 MAR CONTINUED - OVER

- 1 - Mr. Leavitt - Enclosure
- 1 - Mr. Mintz - Enclosure
- 1 - Mr. Mignosa - Enclosure
- [redacted] Enclosure
- [redacted] Enclosure

NOT RECORDED

191 MAR 16 1976

CONFIDENTIAL

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
EXCEPT WHERE SHOWN
OTHERWISE

Class. & Ext. By SP1/GSK/RB6
Reason - FCIM II, 1-2.4.2
Date of Review 3/9/96
217822
b7c/1

(b)(1)(4)(b)

5668
OP2

117-2564-

[redacted]

b7c/1 Doc 575

Exhibit 18

Memorandum

- Assoc. Dir. _____
- Dep. AD Adm. _____
- Dep. AD Inv. _____
- Asst. Dir.:
- Adm. Servs. _____
- Crim. Inv. _____
- Ident. _____
- Intell. _____
- Lab. _____
- Legal Coun. _____
- Plan. & Insp. _____
- Rec. Mgmt. _____
- Tech. Servs. _____
- Training _____
- Public Affs. Off. _____
- Telephone Rm. _____
- Director's Sec'y _____

TO : The Director

DATE: 12/7/78

FROM : Legal Counsel *JCF*

SUBJECT: [REDACTED]

(b)(1)(d)(b)
(c) (b)(1)(7)(A)

PURPOSE: To report telephonic conversation with Departmental Attorney John L. Martin regarding captioned matter.

SYNOPSIS AND DETAILS: As you know, NUMEC is the code word for the FBI investigation into an alleged diversion of special nuclear material from the Nuclear Material Equipment Corporation. This case has been the subject of congressional inquiry and media coverage.

Departmental Attorney John L. Martin, Criminal Division, telephonically contacted Inspector James C. Farrington this morning upon referral from Section Chief Sebastian Mignosa of the Criminal Investigative Division. Mr. Martin advised that he is heading a three-man Task Force organized by the Criminal Division pertaining to allegations of cover-ups by Governmental agencies in the NUMEC Case. Specifically, according to Mr. Martin, they are attempting to determine if there is any individual agency in the Government which knew about a possible violation of the Atomic Energy Act and did nothing about it.

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 6/18/82 BY SP-1 BAK/REB

[REDACTED] 117-23644

[REDACTED] 2 DEC 27 1978

JCF:mls (7)

Classified by *566 XSD/...*
Declassify on: OADR *5/14/85*

(b)(1)(4)(b)
(b)(1)(7)(A)

- 1 - Mr. Adams
- 1 - Mr. McDermott
- 1 - Mr. Moore
- 1 - Mr. Bassett
- 1 - Mr. Cregar
- 1 - Mr. Mingo

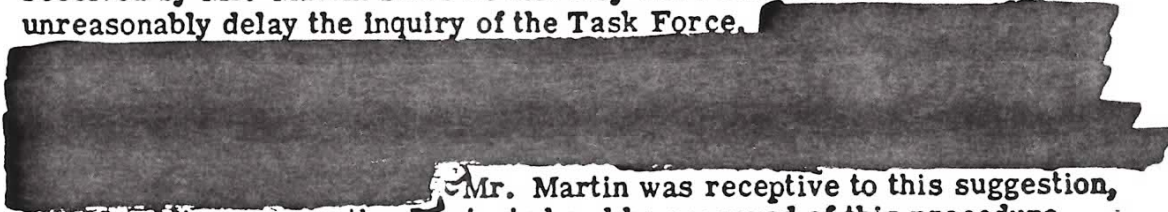
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Buy U.S. Savings Bonds Regularly by Payroll Savings Plan
Document 672

~~CONFIDENTIAL~~

**Memorandum Legal Counsel for The Director
Re: DEPARTMENTAL TASK FORCE**

Inspector Farrington explored with Mr. Martin various ways in which we could accommodate him, pointing out our long-standing policy of making our files available in lieu of having other agencies disclosing reports furnished them from the FBI. None of the options were favorably received by Mr. Martin since he felt they were too burdensome and would unreasonably delay the inquiry of the Task Force.



(b)(7)(4)(b)

Mr. Martin was receptive to this suggestion, and Mr. Mignosa was then contacted and he approved of this procedure and advised that he could have it implemented. Inspector Farrington recontacted Mr. Martin and advised that in an effort to be as fully cooperative as possible we could set in motion the procedure previously discussed with him. (u)

RECOMMENDATION:

For information.

APPROVED: <i>[Signature]</i>	Adm. Serv. _____	Legal Coun. <i>m/jf</i>
Director _____	Crim. Inv. <i>m/58m</i>	Plan. & Insp. _____
Assoc. Dir. _____	Ident. _____	Rec. Mgnt. _____
Dep. AD <i>[Signature]</i>	Intell. _____	Tech. Servs. _____
Dep. AD Inv. _____	Laboratory _____	Training _____
		Public Affs. Off. _____

~~CONFIDENTIAL~~

Exhibit 19



Washington, D.C. 20505

31 August 2015

Mr. Grant F. Smith
Director of Research
Institute for Research: Middle Eastern Policy
Calvert Station
P.O. Box 32041
Washington, D.C. 20007

Re: [Reference: F-2010-01210|1:15-cv-00224]

Dear Mr. Smith

This letter is in response to your Freedom of Information Act (FOIA) request for records “relating to uranium diversion from the Nuclear Materials and Equipment Corporation (NUMEC) to Israel”. We processed your request in accordance with the FOIA, 5 U.S.C. § 552, as amended, and the CIA Information Act, 50 U.S.C. § 431, as amended.

We completed a thorough search for records responsive to your request and located seventeen documents, (17). Sixteen documents can be released in segregable form with redactions made on the basis of FOIA exemption(s) (b)(1) and/or (b)(3). In addition, it has been determined that one (1) document must be denied in its entirety on the basis of FOIA exemptions(b)(1) and (b)(3).

Exemption (b)(3) pertains to Section 6 of the Central Intelligence Agency Act of 1949, as amended, 50 U.S.C. Sec. 3507 (formerly codified at 50 U.S.C. Sec. 403g), noted as exemption (b)(3)CIAAct on the enclosed documents, and/or Section 102A(i)(1) of the National Security Act of 1947, as amended, 50 U.S.C. 3024 (formerly codified at 50 U.S.C. 403-1(i)(1)), noted as exemption (b)(3)NatSecAct on the enclosed documents.

Because the above-referenced request is a subject of pending litigation in federal court, in accordance with Agency regulations as set forth at Section 1900.42 of Title 32 of the Code of Federal Regulations, you are not entitled to appeal this determination administratively.

Sincerely,

A handwritten signature in cursive script that reads "Michael Lavergne".

Michael Lavergne
Information and Privacy Coordinator

APPROVED FOR RELEASE - CIA
INFO DATE: 25-Aug-2015

~~SENSITIVE~~

Executive Registry
77-2003/2

(b)(3) CIAAct

[Redacted]

6 August 1977

MEMORANDUM FOR THE RECORD

SUBJECT: Briefing of Senator John Glenn,
Democrat, Ohio, on the NUMEC Case

1. Background. Senator Glenn's office had been in dialogue with the Agency via OLC for several weeks on the question of the NUMEC diversion issue. The Agency had initially steered Senator Glenn toward discussing his questions with the FBI and ERDA. After the Senator had completed this action he decided that he wanted to discuss this issue further with CIA. As a result OLC, with the A/DDCI's approval, had arranged for Mr. Shackley, ADDO, to brief Senator Glenn on CIA's knowledge of the NUMEC diversion issue. As a result on 5 August 1977 Mr. Shackley, accompanied by [Redacted] PCS, and [Redacted] OLC, met with Senator Glenn at his office. The Senator had Mr. Leonard Weiss present at the meeting.

(b)(3) CIAAct

(b)(3) NSC

(b)(3) CIAAct

2. Briefing. The meeting started with Senator Glenn outlining the nature of his interest in the NUMEC case. As a result Mr. Shackley drew on the talking paper outline which is attached in order to make his presentation on the NUMEC diversion issue. After Mr. Shackley's presentation was completed there was a lengthy question and answer session. The key questions that emerged from this meeting and the essence of the answers are outlined below.

[Large Redacted Block]

(b)(3) CIAAct

[Redacted]

(b)(1)
(b)(3) NatSecAct
EO 13526 3.3(b)(6)>25Yrs
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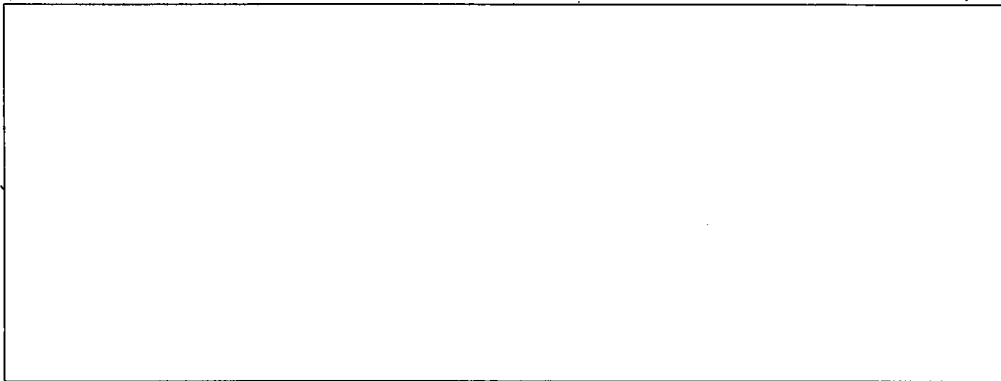
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APPROVED FOR RELEASE - CIA
INFO DATE: 25-Aug-2015

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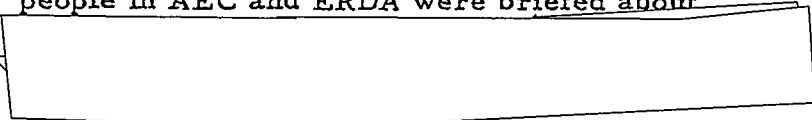
-2-

(b)(1)
(b)(3) NatSecAct
EO 13526 3.3(b)(6)>25Yrs
25X1



c. Question: To what level of the U. S. Government did knowledge and/or speculation about NUMEC activity go?

Answer: The record reveals that Presidents, Attorney Generals, Directors of FBI and key people in AEC and ERDA were briefed about

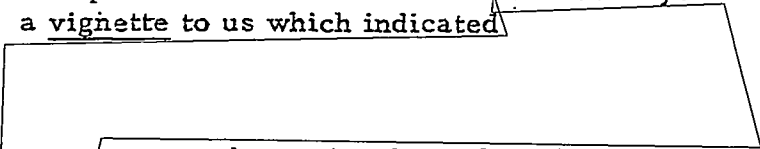


25X1

(b)(1)
(b)(3) NatSecAct
EO 13526 3.3(b)(6)>25Yrs

d. Question: What came back down from the top of the Government to CIA?

Answer: The record shows that when President Ford was briefed by DCI Bush on the NUMEC issue in the 21 to-28 April 1976 time frame, President Ford directed Attorney General Levy to have the FBI reinstitute its investigation of NUMEC. In this context it was pointed out that Mr. Duckett had relayed a vignette to us which indicated



It was then pointed out that clarification of this point could only really come from those who were direct participants in the events at the time.

(b)(3) NatSecAct
EO 13526 3.3(b)(6)>25Yrs
(b)(1)

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APPROVED FOR RELEASE - CIA
INFO DATE: 25-Aug-2015

e. Question: Has President Carter been briefed on NUMEC?

Answer: Yes. The record indicates that DCI Bush gave President-elect Carter information on the NUMEC issue in the period around 19 November 1976. Senator Glenn was also advised that we were aware that Dr. Jessica Tuchman had been working on preparing a briefing for Dr. Brzezinski on the NUMEC issue in recent days. It was pointed out that in our discussion with Dr. Tuchman we had been led to understand that this briefing would also be made available to President Carter. It was stressed, however, that authoritative answers on this type of a question could best be obtained from direct contact with the White House.

f. Question: Are there any conclusions outlined in any CIA documents that state that diversions actually occurred?

Answer: Mr. Shackley and [redacted] both stated that they had not seen any single document which flatly stated that a diversion had occurred. In this context the whole process of deductive reasoning and the difficulties of establishing a counterintelligence type of case which would lead to a flat conclusion that a diversion had occurred was again repeated. At the same time it was stated that new documents might be uncovered as we searched our files which would alter this conclusion.

(b)(3) NSC
(b)(3) CIAAct

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APPROVED FOR RELEASE - CIA
INFO DATE: 25-Aug-2015

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-4-

(b)(1)
(b)(3) NatSecAct
EO 13526 3.3(b)(6)>25Yrs

[Redacted]

Answer: Mr. Weiss was told that we were not aware of such a file and repeated essentially the answer which was provided to question f.

h. Question: If a poll were to be taken of CIA officers who were involved in the NUMEC matter, would the conclusion be that the materials had been diverted?

Answer: We are not able to estimate what a poll would reveal. [Redacted] then pointed out how the question had initially been raised as to whether a diversion had occurred. In short, all of the old ground was plowed once again with the conclusion being that we knew of no flat conclusion that said diversion had occurred.

(b)(3) NSC
(b)(3) CIAAct

i. Question: Why keep the investigation of NUMEC alive if there was no evidence of diversion? What does [Redacted] think about this issue?

(b)(3) NSC
(b)(3) CIAAct

Answer: [Redacted] outlined his views on what type of steps needed to be taken to establish whether a diversion had or had not occurred. In this context Mr. Shackley made the point that [Redacted] had been part of an institutional process at CIA which had resulted in the diversion questions being raised. It was stressed that this was not something that [Redacted] had done alone. It was also pointed out that [Redacted] was not a disaffected employee who was on a crusade. Senator Glenn indicated that he understood these points but simply wanted to obtain a better feel for why the Agency had felt compelled to press for an investigation of [Redacted] NUMEC.

(b)(3) NSC
(b)(3) CIAAct

(b)(3) NSC
(b)(3) CIAAct

(b)(3) NSC
(b)(3) CIAAct

(b)(1)
(b)(3) CIAAct
EO 13526 3.3(b)(6)>25Yrs

~~SENSITIVE~~
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APPROVED FOR RELEASE - CIA
INFO DATE: 25-Aug-2015

j. Question: Are there bad connections between the FBI and CIA on NUMEC?

Answer: No. The point was stressed that CIA and the FBI simply took difference approaches to the basic question. On the one hand CIA was trying to obtain information which would clarify an intelligence estimate. On the other hand the FBI was looking for material that could be used in a criminal case.

k. Question: Was there an answer to Director Helms' 1968 letter to Attorney General Clark?

Answer: The record had thus far not uncovered a written response from Attorney General Clark to DCI Helms' 2 April 1968 letter to the Attorney General. It was stressed, however, that the written record did show that there was a 3 September 1969 letter from FBI Director Hoover to Mr. Helms in which the bottom line was the statement that the FBI was discontinuing its active investigation [redacted]

l. Question: Did the answer address Director Helms' implicit suggestion that there might be diversion?

Answer: No.

m. Question: Is Carl Duckett still with the CIA?

Answer: No. Mr. Duckett has retired but is still living in the Washington area.

(p)(1)
(p)(3) NatSecAct
EO 13526 3.3(b)(6)>25Yrs

~~SENSITIVE~~
~~SECRET~~

APPROVED FOR RELEASE - CIA
INFO DATE: 25-Aug-2015

~~SENSITIVE~~

-6-

(b)(1)
(b)(3) NatSecAct
EO 13526 3.3(b)(6)>25Yrs

n. Question: What did Jim Angleton have to do with the NUMEC matter?

25X1
(b)(3) NSC

Answer: Mr. Angleton was the Chief of the CI Staff

[redacted] As a result [redacted] had worked for Mr. Angleton. In view of this situation Mr. Angleton had obviously been aware of and interested in [redacted] activities.

(b)(3) CIAAct

The point was made that such activities obviously focused on NUMEC [redacted]

(b)(3) NSC

(b)(1)
(b)(3) NatSecAct
EO 13526 3.3(b)(6)>25Yrs
25X1

o. Question: Was there any U.S. involvement in the diversion [redacted]

(b)(1)
(b)(3) NatSecAct
EO 13526 3.3(b)(6)>25Yrs
25X1

Answer: No. Senator Glenn was then given a brief review [redacted]

p. Question: What was the substance of the "cocktail conversation" [redacted]

[redacted] with NUMEC's help.

(b)(1)
(b)(3) NatSecAct
EO 13526 3.3(b)(6)>25Yrs
25X1

Answer: The point was made that CIA could not really comment on this question, because we had no firm way of correlating this event to anything that was in our files.

q. Question: Does the CIA have concerns similar to those about NUMEC about any other U.S. plants that are handling nuclear materials?

Answer: No.

(b)(1)
(b)(3) NatSecAct
EO 13526 3.3(b)(6)>25Yrs
25X1

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APPROVED FOR RELEASE - CIA
INFO DATE: 25-Aug-2015

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-7-

r. Question: Is NUMEC still considered an active case for CIA?

Answer: No. It was stressed, however, that if CIA [redacted] which would shed light on the possibility that NUMEC had diverted materials to Israel, this intelligence would be made available to the Justice Department and the FBI.

s. Question: Is there no current investigative or other activity going on in the U.S. or Israel [redacted]

Answer: This question could most properly be put to the FBI.

t. Question: Were others in NUMEC [redacted]

[Large redacted area]

u. Question: Would CIA's technical people differ with ERDA on the figures of materials possibly diverted?

Answer: This question had never been formally put to the scientific people at CIA insofar as Mr. Shackley or [redacted] could ascertain from the files. It was stated, however,

(b)(3) NSC

(b)(3) CIAAct

(b)(1)
(b)(3) NatSecAct
EO 13526 3.3(b)(6)>25Yrs
25X1

(b)(1)
(b)(3) CIAAct
EO 13526 3.3(b)(6)>25Yrs

(b)(1)
(b)(3) CIAAct
(b)(3) NatSecAct
EO 13526 3.3(b)(6)>25Yrs

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(b)(3) NatSecAct
EO 13526 3.3(b)(6)>25Yrs
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APPROVED FOR RELEASE - CIA
INFO DATE: 25-Aug-2015

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that one had the impression from listening to general conversations that had taken place with our scientific personnel, that it was clear that they understood the MUF concepts that ERDA had been talking about.

v. Question: What was done after President Ford directed that the investigation of NUMEC be reopened?

Answer: The FBI had reopened its investigation. It was stated that CIA did not know the status of this investigation.

w. Question: Was or is there any evidence of a concerted conspiracy to divert nuclear materials from the U. S. to Israel?

Answer: CIA had no hard facts which pertained to this question.

x. Question: Is the CIA aware of any conspiracies to sabotage U. S. nuclear installations?

Answer: No.

y. Question: Was there any electronic surveillance used in the U. S. [redacted] or others involved in NUMEC?

Answer: This was a question that should be put to the FBI.

z. Question: Did the FBI investigation of NUMEC not focus on possible diversion?

Answer: This was a question that should be put to the FBI. It was pointed out that available documents indicate that the FBI investigation of NUMEC [redacted]

(b)(1)
(b)(3) CIAAct
(b)(3) NatSecAct
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EO 13526 3.3(b)(6)>25Yrs

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INFO DATE: 25-Aug-2015

aa. Question: Have there been changes in the nature of the background investigations that are being conducted on managers and others associated with licensed plants handling nuclear materials as a result of the NUMEC affair?

(b)(1)
(b)(3) NatSecAct
EO 13526 3.3(b)(6)>25Yrs

Answer: This is a question which is beyond CIA's competence to comment on. It was suggested that this issue might best be discussed with ERDA.



Answer: No. The previous explanations on this point were repeated once again.

cc. Question: Would the CIA reach such a conclusion?

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(b)(3) NatSecAct
EO 13526 3.3(b)(6)>25Yrs

Answer: Previous answers to this question were repeated once again.

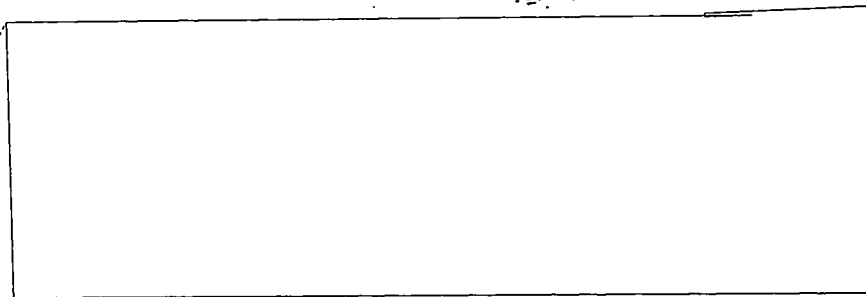
dd. Question: Why did the CIA continue to brief Presidents on NUMEC?



(b)(1)
(b)(3) NatSecAct
EO 13526 3.3(b)(6)>25Yrs

Answer: CIA continued to brief Presidents on [redacted] how this might relate to NUMEC.

25X1



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(b)(3) NatSecAct
EO 13526 3.3(b)(6)>25Yrs
25X1

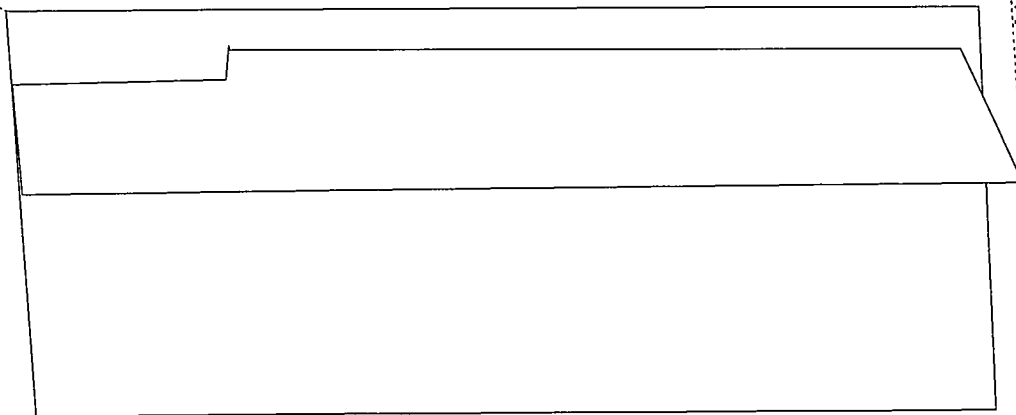
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- 10 -

ff. Question: Is the next step for Senator Glenn to go and seek a White House decision on what should be done now? Should everyone involved in the NUMEC affair (or concerned about MUF) get together to make some decisions?

Answer: It was suggested that the Senator might want to discuss this question with someone like Dr. Brzezinski rather than CIA.

(b)(1)
 (b)(3) NatSecAct
 EO 13526 3.3(b)(6)>25Yrs



25X1

3. Comment. Senator Glenn appreciated the receipt of the data that was covered in paragraph 2. At the conclusion of the meeting one was clearly left with the impression that Senator Glenn was considering pursuing a more-detailed investigation into the NUMEC diversion issue via a Senate Hearing.

Theodore G. Shackley,
 Theodore G. Shackley
 Associate Deputy Director for Operations

Attachment:
 Talking Paper Outline

Distribution:
 1 - DCI w/att
 1 - A/DDCI w/att
 1 - DDO w/att
 1 - OLC w/att
 1 - C/SIA w/att
 1 - SA/DO/O (extract) w/att

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APPROVED FOR RELEASE - CIA
INFO DATE: 25-Aug-2015

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Executive Registry

77-2003/1

(b)(3) CIAAct

6 August 1977

MEMORANDUM FOR THE RECORD

(b)(3) CIAAct

SUBJECT: Briefing of Congressman Mike McCormack,
Democrat, Washington, on the NUMEC Case

(b)(3) CIAAct

1. Background. On 5 August 1977, in response to a request which had been previously levied on CIA via the office of the OLC. Mr. Shackley, ADDO, [redacted] PCS, and [redacted] OLC, visited Congressman McCormack's office. After an initial exchange of pleasantries Congressman McCormack indicated that he was interested in obtaining a clarification of the relationship between CIA and the NUMEC diversion issue. Congressman McCormack indicated that questions had been generated in his mind concerning linkage between CIA and NUMEC based on what he had read about the material unaccounted for issue in the press and what he had heard of ERDA's explanation of the whole MUF question. Mr. Shackley indicated that the Agency would attempt to answer Congressman McCormack's questions to the best of our ability.

(b)(3) NSC

2. Briefing. In essence the attached briefing outline was used in order to give Congressman McCormack a brief overview type presentation on the key issues that were involved in CIA's interest in the NUMEC case. After the Congressman had listened to Mr. Shackley's presentation he posed a number of questions. These questions and the essence of the answers to them are recorded as follows:

a. Question: Was anyone in the U. S. Government involved in the NUMEC affair (possible diversion)?

[redacted] (b)(3) CIAAct

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APPROVED FOR RELEASE - CIA
INFO DATE: 25-Aug-2015

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Answer: There is no evidence available in the material currently in CIA's possession which would indicate that there was any kind of an official policy to facilitate diversion of nuclear materials to Israel.

b. Question: As a hypothetical question only (Mr. McCormack stressed this): If President Johnson had directed that a diversion of nuclear materials occur, would the CIA have known about it?

Answer: It would appear that this is a question that should be put to those who were direct participants in the events of the time. In short, this would be the type of a question that Mr. Helms or Mr. Duckett could best comment on.

c. Question: Suppose CIA Director Helms and FBI Director Hoover had stumbled on information suggesting a possible diversion authorized at the highest level of the U. S. Government? What then?

Answer: This is a hypothetical question. In short, the answer could best be obtained by talking to someone like Mr. Helms.

d. Question: To CIA's knowledge, has any nuclear material at any U. S. site at any time been stolen or diverted?

Answer: CIA is not in any possession of any hard intelligence [redacted] which would show that any nuclear material at any U. S. site had been stolen or diverted.

e. Question: Is there any evidence that CIA has of thefts of nuclear materials planned to occur in the U. S. (terrorist, etc.)? Do terrorists abroad think about and/or plan such thefts?

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APPROVED FOR RELEASE - CIA
INFO DATE: 25-Aug-2013

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-3-

(b)(1)
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Answer: CIA

[Redacted]

On the issue of do terrorists abroad think about such possibilities, it was indicated that we have no reason to believe that occasional thoughts are not devoted to such plans. On the other hand, the translation of conceptual ideas into actual operations is a different matter.

(b)(1)
(b)(3) NatSecAct
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[Redacted]

25X1

f. Question: Is there anything else on nuclear MUF not contained in the ERDA/NRC report that Mr. McCormack should know about?

Answer: No.

[Redacted]

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25X1

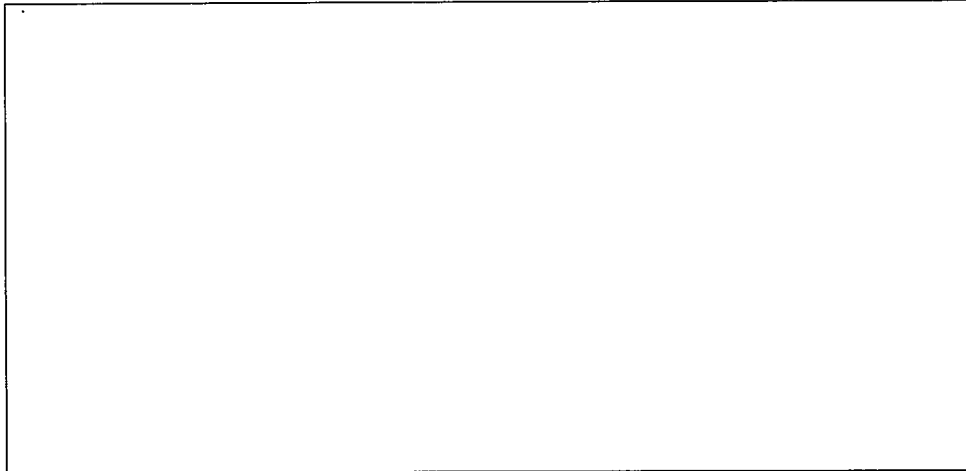
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INFO DATE: 25-Aug-2015

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-4-



3. Comment. At the completion of the paragraph 2 discussion, Congressman McCormack thanked the CIA representatives for the information which had been passed to him. The Congressman also indicated that he wanted to keep a dialogue going with CIA in order that there could be a free exchange of views and ideas between the Congress and the Agency.

~~Theodore G. Shackley~~

Theodore G. Shackley
Associate Deputy Director for Operations

Attachment:

Talking Paper Outline

Distribution:

- 1 - DCI w/att
- 1 - A/DDCI w/att
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- 1 - OLC w/att
- 1 - C/SIA w/att
- 1 - SA/DO/O (extract) w/o att

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TO	NAME AND ADDRESS	DATE	INITIALS
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<p>FOR YOUR EVENTUAL BACKGROUND USE IF SENATOR BAKER ASKS TO, SEE YOU AFTER HE TALKS TO ATTY GENERAL.</p> <p>IF YOU FIND IT IS NECESSARY TO GIVE SEN. BAKER A PAPER ON THE CASE, DD/S&T WILL PREPARE SOMETHING APPROPRIATE.</p>			
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*9 Aug 76
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(b)(3) CIAAct



11 MAR 1976

DDS&T-1290/76

MEMORANDUM FOR: Director of Central Intelligence
FROM : Carl E. Duckett
Deputy Director for Science and Technology
SUBJECT : Nuclear Materials and Equipment
Corporation (NUMEC)

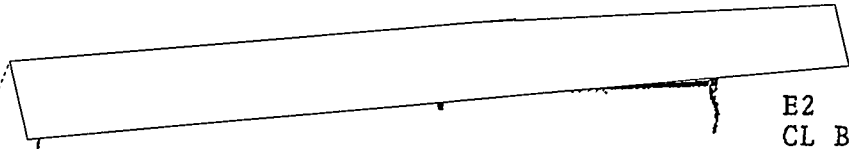
(b)(3) NSC
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1. The attached memorandum dated 9 March 1972 summarizes the NUMEC case. It was written by [redacted] who originated CIA action on this case and who is available to answer any further questions you may have.

2. Since the Agency was looking at this case from the point of view of obtaining information on the nuclear intelligence capability of a foreign government we did not make a concentrated effort to follow this case from the standpoint of its domestic implications subsequent to the time of the attached memorandum.

3. It is our understanding that Mr. Helms brought the intelligence aspects of this case to the attention of Presidents Johnson and Nixon as well as Attorney General Clark, Director of the FBI, Mr. Hoover, Secretaries of State Rusk and Rogers, Deputy Secretary of Defense Rush, General Manager of the AEC Brown, the Joint Committee on Atomic Energy, and the Special Assistant for National Security Affairs, Mr. Kissinger.

4. The matter was again brought up recently in your discussions with The Joint Committee on Atomic Energy. The DDS&T also briefed the Commissioners of The Nuclear Regulatory Commission on NUMEC. The ADD/S&T and [redacted] also discussed the matter at some length with Mr. Murphy, Staff Director of The Joint Committee, on 5 March 1976.



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(b)(3) CIAAct

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SUBJECT: Nuclear Materials and Equipment
Corporation (NUMEC)

5. The following information outlines Agency efforts to persuade the FBI to undertake an investigation of Shapiro and NUMEC and to keep track of its activities in this regard.

a. On 2 April 1968 Mr. Helms sent a letter to the Attorney General urging that the FBI initiate a discreet intelligence investigation of Dr. Shapiro. Mr. Hoover had suggested this course of action.

b. On 23 April 1968 the Attorney General called Mr. Helms to say that he had directed the FBI to investigate.

c. On 3 September 1969 Mr. Hoover sent Mr. Helms a letter stating that the AEC doesn't contemplate any further action on the case at that time. Mr. Hoover said that the Director of Security, AEC, had asked Shapiro whether he had passed classified information to any foreign government. Shapiro replied that he had not. Apparently no mention was made of the passage of nuclear material to a foreign government. Mr. Hoover further stated that the FBI was discontinuing any further active investigation of the case.

d. On 13 October 1969 Mr. Helms sent a memorandum to Hoover, FBI, urging him to conduct audio surveillance of Shapiro since it appeared that Shapiro planned to emigrate to Israel.

e. On 17 October 1969 Mr. Hoover sent a memorandum to Mr. Helms stating that he had reviewed the Shapiro matter and Mr. Helms should take the matter up with the Attorney General. This was not done.

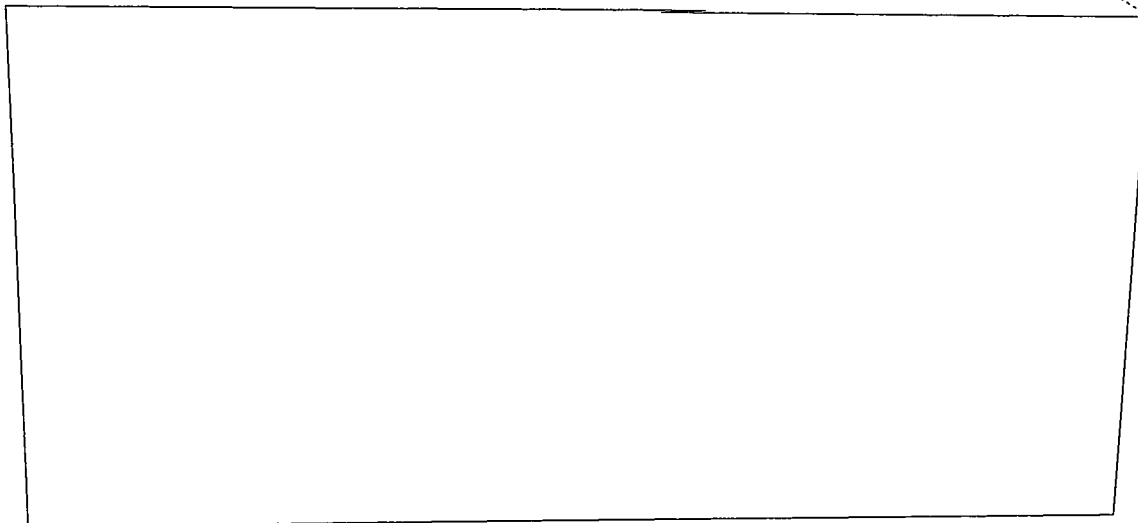
f. On 4 October 1970 the CIA asked the FBI if they had any further information on Shapiro's activities. On 3 February 1971 the FBI sent a response to CIA based on the 1970 request. One FBI report was received from the October 1970 request that was germane to the problem. The report indicated Shapiro had requested from an official of the Kawecki Berylco Company to be brought up to date on a sensitive AEC project two weeks after he joined the company. There was no further FBI reporting on the case after that.

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SUBJECT: Nuclear Materials and Equipment
Corporation (NUMEC)

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(b)(3) NatSecAct
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25X1



7. Our files in the NUMEC case consist for the most part of data received from the AEC and the FBI. A number of FBI reports were received and we presume these reports included all the substantive data collected by the FBI through February 1971 though we have no assurance of that fact. The AEC information consists of only a few documents on the results of their investigation of the NUMEC case. No investigative reports are in our file.

for  Carl E. Duckett

(b)(3) NSC
(b)(6)

Attachment:
As stated

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9 March 1972

MEMORANDUM FOR THE RECORD

SUBJECT: Possible Diversion of Weapons Grade Nuclear
Materials to Israel by Officials of the Nuclear
Materials and Equipment Corporation (NUMEC)

1. From 1947 until the Atomic Energy Act of 1954 all special nuclear material was owned by the United States Government and with certain exceptions was held by the AEC and its cost type contractors operating Government owned and/or controlled facilities. The Act of 1954 was designed to widen participation in the use of atomic energy. While the material was still owned by the U.S., it was more widely held by Government contractors and by licensees who were not Government contractors. Legislation in 1964 made private ownership of special nuclear material permissible. The 1954 Act authorized the AEC to regulate the use of these materials and to guard against loss or diversion. In setting up regulations to enforce the control of material, the Commission concluded that the physical protection and accountability controls which licensees as prudent businessmen would maintain over special nuclear material because of its intrinsic value and their responsibility for its loss or damage and the severe criminal penalties provided by AEC's governing legislation would adequately protect the national interest from the standpoint of unlawful diversion. In 1955 a policy was adopted along these lines by the AEC. In May 1966, the AEC concluded that a change toward tighter controls was in order and the Commission amended their regulations on 25 January 1967.

2. In 1957 Dr. Zalman Mordechai Shapiro left Westinghouse and established a firm called Nuclear Materials and Equipment Corporation (NUMEC) in Apollo, Pennsylvania. Instrumental in the financing of the new firm was a Pittsburgh industrialist named David L. Lowenthal, a long-time, close, personal friend of Shapiro. Lowenthal fought in Israel as a volunteer in 1948

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3. NUMEC owned and operated a uranium processing facility at Apollo, Pennsylvania. It first received material under lease arrangement in December 1957 and received its first material as an AEC contractor in December 1957. From the start up through 31 December 1966 NUMEC received 21,750 kg of U 235 and shipped 19,865 kg U 235 reporting losses of about 260 kg or about 1.2% of total receipts. Starting about 1960 the AEC began a continuing, but in the opinion of the Comptroller General of the United States ineffective, campaign to get NUMEC to implement adequate control of the material in its plant. This matter came to a head in November 1965 when the AEC made a detailed survey to determine total losses since start up and to attempt to explain the "unexpectedly" high U 235 loss on the WANL contract (Westinghouse). The survey established the loss from 1957 until 31 October 1965 as 178 kg U 235. Of this total, 84.2 kg was estimated by the survey team to have been lost through known loss mechanisms (NOL) and the remaining amount of 93.8 kg was categorized as MUF. MUF is defined as usually the result of uncertainties in measurements, unknown losses and undetected errors in records. In 1964, a fire occurred in the vault containing nuclear materials at NUMEC, which effectively destroyed records of the input and output of material. The fire occurred during a strike when the plant was shut down. The AEC report on the November 1965 survey presented the view that while it could not be stated with certainty that diversion did not take place, the survey team found no evidence to support the possibility of diversion. The Comptroller General found that because of the condition of NUMEC's records, they were unable to state an opinion on the disposition of the MUF but had no reason to question the AEC conclusion with regard to diversion. The Comptroller had been asked to investigate this situation by an alarmed Joint Committee of the Congress on Atomic Energy on 7 September 1966. The Comptroller General's report to the Congress stated: "Notwithstanding extensive reviews of NUMEC's operations neither the AEC nor NUMEC have been able to identify with a high degree of certainty the specific causes of WANL material loss."

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4. During the period August 1958 to October 1965, NUMEC shipped some 425 kg of U-235 overseas to various parts of the world under some 28 different contracts. The AEC report states the following: "Quantities in individual shipments, domestic as well as foreign, are not confirmed independently by the AEC. Such actions have been outside the scope of the present AEC system of control of nuclear material. Instead, reliance has been placed on a technical review of the shipper's internal controls and independently developed receivers data. The validity of this approach is of course largely dependent on the integrity of the shipper and the receiver."

The facts developed to date pertinent to such a possible diversion follow:

- (1) Dr. Shapiro was a consultant to the Israeli AE program in 1960 or earlier. Sometime prior to 1964, Dr. Shapiro allowed an Israeli scientist to work for nine months to a year at the NUMEC plant.

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(b)(3) NatSecAct
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(b)(3) NatSecAct
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(b)(1)
(b)(3) NatSecAct
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(4) Following the June 1967 war, Dr. Shapiro

[Redacted]

This is
said to have included an aerial tour of the
Suez Canal area by the IDF Air Force;

[Redacted]

[Large Redacted Area]

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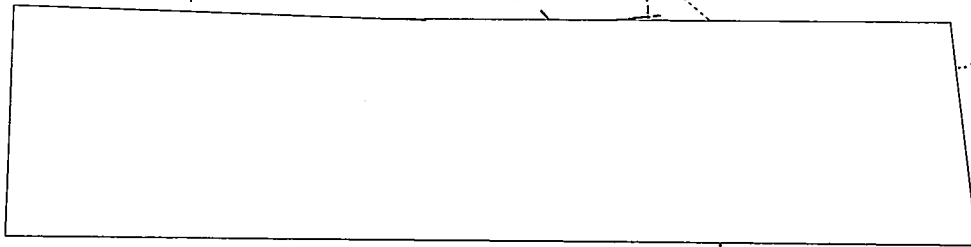
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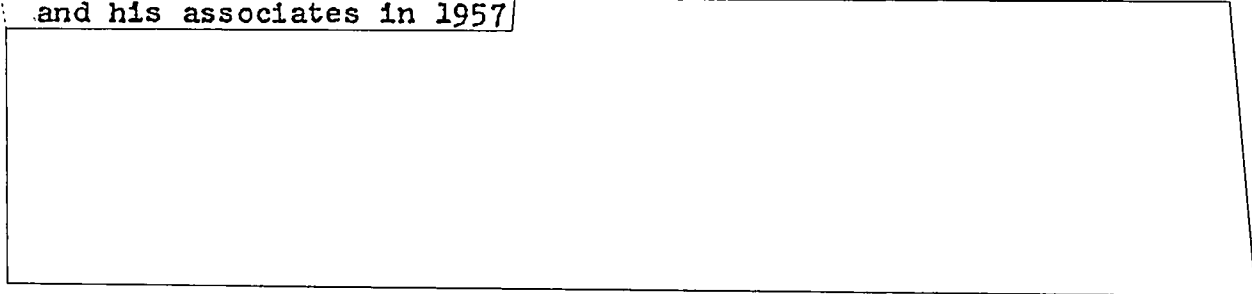
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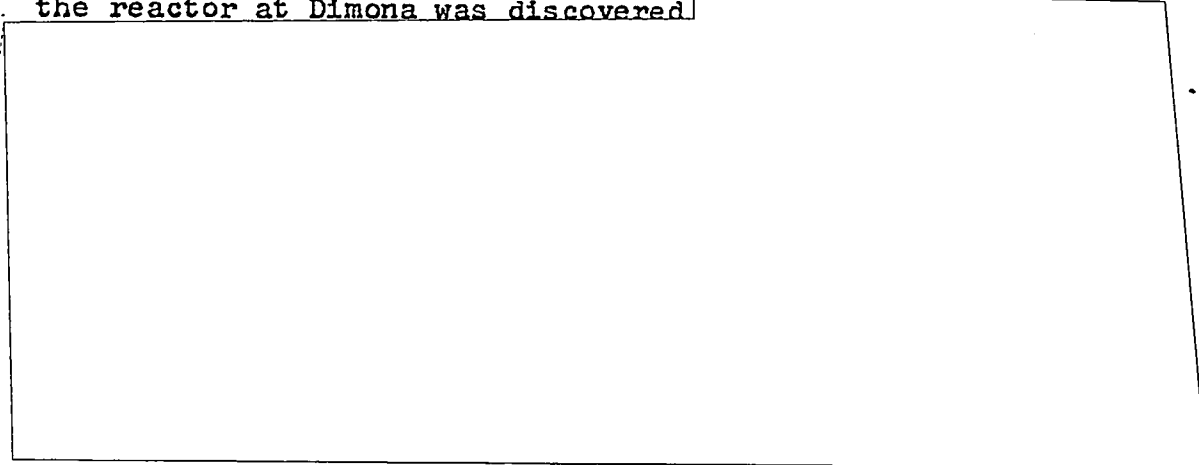
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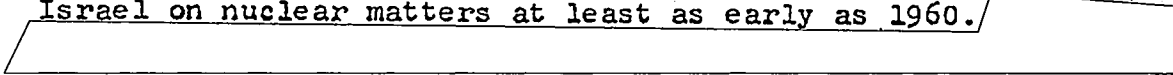
6. On the basis of the foregoing it must be assumed for the purpose of U.S. national security that diversion of special nuclear materials to Israel by Dr. Shapiro and his associates is a distinct possibility. Such a diversion might be evolutionary or revolutionary. NUMEC was formed by Dr. Shapiro and his associates in 1957



7. On the other hand, it is possible that the idea of diversion didn't occur until much later when the existence of the reactor at Dimona was discovered



8. Dr. Shapiro was a consultant to the Government of Israel on nuclear matters at least as early as 1960.



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(b)(3) NatSecAct

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[redacted] It is interesting in this connection to quote from the AEC investigation of 1966 when the AEC team requested NUMEC production control and process engineering records on the WANL and other contracts: "All efforts in this direction were negated when it was learned that many of the requested records had been inadvertently destroyed by supervisory personnel during a 'clean-up' campaign at the time of an employee strike, January 1 to February 25, 1964." (This was in addition to the fire mentioned in paragraph 3 above.)

9. To the best of our knowledge, the strike which gave supervisory personnel free run of the facility pinpoints the time at which the material could have been most easily diverted to Israel and the time at which evidence of such a diversion could best be covered up. Given the state of affairs at NUMEC from 1957 on, a diversion could have occurred at any time, but the period January - February 1964 is certainly the most suspect. With regard to the material itself, it could have been shipped in less than critical lots of say twenty pounds per lot. Lead coated or nickel plated, it would present no radiation hazard and could have easily gone by diplomatic pouch or Israeli merchant ship or even El Al Airlines. Transportation of diverted material to Israel would have been a simple matter.

10. In September 1969 CIA was informed by the FBI that Shapiro had been interviewed by AEC officials on 14 August 1969. On the basis of information developed during the interview, particularly Shapiro's statement that he had never furnished classified information to unauthorized persons, the AEC has advised that it does not contemplate further action on this matter. The FBI informed CIA that while they had developed information clearly pointing to Shapiro's pronounced pro-Israeli sympathies and close contacts with Israeli officials [redacted]

the FBI believed that further investigation would be unlikely to produce any facts leading to conviction and therefore were terminating their active investigation. It should be noted that the AEC meeting with Shapiro was not coordinated with CIA although the AEC was well aware of CIA's interest in the affair. CIA attempts to persuade the FBI to continue the

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(b)(3) NatSecAct

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investigation proved fruitless.

11. In June 1970 Shapiro resigned from NUMEC and took a position as Vice President for Research and Development with Kawecki Berylco Company in Temple, Pa.

[REDACTED]

In July 1971 Shapiro left Kawecki Berylco and took a position as executive assistant to Westinghouse breeder reactor divisions' general manager. To quote Nucleonics Week of 8 July 1971, "At Westinghouse he'll be giving guidance and advice on the Fast Flux Test Facility project and breeders, with special concentration on fuel."

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(b)(3) NatSecAct
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~~EYES ONLY~~

(b)(1)
(b)(3) NatSecAct
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25X1

26 July 1976

MEMORANDUM FOR: Director of Central Intelligence
FROM : [redacted] (b)(3) CIAAct
(b)(3) NSC
VIA : Deputy Director of Central Intelligence
SUBJECT : The NUMEC Case (b)(1)
(b)(3) NatSecAct
EO 13526 3.3(b)(6)>25Yrs

1. The FBI has completed its passive background review of the case. Their preliminary finding is that while a diversion of nuclear material could have occurred there is no solid evidence that a diversion did occur. They recognized at the beginning that their review of the same material as reviewed by the AEC and the GAO was unlikely to turn up new evidence but hold it to be an essential preliminary step in their investigation.

2. The FBI is now preparing to initiate an active investigation of the case. They have authority from the FBI Associate Director, Mr. Adams, to conduct a no-holds-barred investigation [redacted] One of their early interviewees will be Dr. Charles Reichardt, a former AEC official.

3. Special Agent [redacted] the investigation team (b)(6) Per FBI leader, informs me that the team feels strongly a need for (b)(7)(c) a briefing on [redacted] nuclear energy technical matters, and what we know about NUMEC in order that they have a proper perspective about this case. While the FBI team has some technical background they are not specialists in nuclear energy and know nothing about foreign nuclear energy programs. They have had no hard objective briefing on the possibility of a diversion and related evidence and they understandably feel uneasy at confronting possible hostile witnesses without a proper background surrounding the case.

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~~EYES ONLY~~

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(b)(3) NatSecAct
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SUBJECT: The NUMEC Case

4. Therefore I would like to recommend that [redacted]

[redacted] Office of Scientific
Intelligence and I brief the five man FBI team during the
week of 2 August 1976. I believe that this can be done in
a manner that will prepare the FBI agents for their
investigation [redacted]

(b)(3) NSC

At the same time care will be taken at the briefing to
[redacted] in any criminal indictment
resulting from that investigation.

5. While your instructions to me were to cooperate
with the FBI in their investigation, I believe that your
review of the status of the case and approval to proceed
with the briefing is prudent.

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[redacted]

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ROUTING AND RECORD SHEET

SUBJECT: (Optional)

(b)(3) CIAAct

NUMEC

(b)(3) CIAAct

FROM:

ADDO

EXTENSION

NO.

DATE

20 December 1977

Spec #
3009
26009

TO: (Officer designation, room number, and building)

DATE

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1.

C/SIA

2.

(b)(3) CIAAct

3.

4.

5.

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15.

1. On 20 December 1977 Mr. Ahearne of DOE called to ask if we had briefed Mr. Henry Meyers of Representative Udall's staff on our views of NUMEC. After checking with [redacted] the ADDO confirmed that Mr. Meyers had sat in the Agency's briefing of Representative Udall on Israeli nuclear matters and how NUMEC had come on the Agency's radar screen.

2. Mr. Ahearne also asked about our legal staff's views on how to handle third agency documents. Mr. Ahearne was told that Mr. Cary, OLC, would be in touch with Mr. Peter Brush of DOE on this issue.

TGShackley

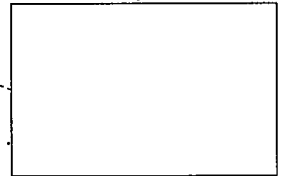
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APPROVED FOR RELEASE - CIA
INFO DATE: 25-Aug-2015

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(b)(3) CIAAct



ERDA

26 August 1977

MEMORANDUM FOR THE RECORD

SUBJECT: Briefing of Representative
Morris K. Udall, Democrat, Arizona
on the NUMEC Case

(b)(3) NSC
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(b)(3) NSC
(b)(3) CIAAct

1. Background. Representative Udall's office made arrangements via OLC to receive a background briefing on CIA's knowledge of the key issues involved in the NUMEC diversion case. As a result on 23 August 1977 Mr. Shackley, ADDO, [redacted] OLC and [redacted] PCS Staff, met with Representative Udall at his office. Also in attendance was Mr. Henry Myers, Special Consultant Nuclear Energy, House Committee on Internal Insular Affairs.

2. Briefing. Representative Udall opened the meeting by stating that he would appreciate whatever information CIA could give him which would put into perspective the Agency's knowledge of what were the key questions that were involved in the allegations that a diversion of nuclear materials had occurred from the NUMEC plant at Apollo, Pennsylvania. Mr. Udall indicated that he had become interested in the NUMEC situation as a result of recent press commentaries on this matter as well as data which was available to him from his membership in various congressional committees. Mr. Shackley responded to Mr. Udall by suggesting that we give him a brief overview presentation in which we would outline the nature of CIA's knowledge of the NUMEC situation. This proposal was agreeable to Representative Udall, therefore, Mr. Shackley drew on the attached talking paper outline in order to make his presentation on the NUMEC diversion issue. After Mr. Shackley had sketched out his views on the NUMEC situation, there was a question and answer session in which there was a free-flow of information between Representative Udall, Mr. Myers and the CIA representatives. The key questions

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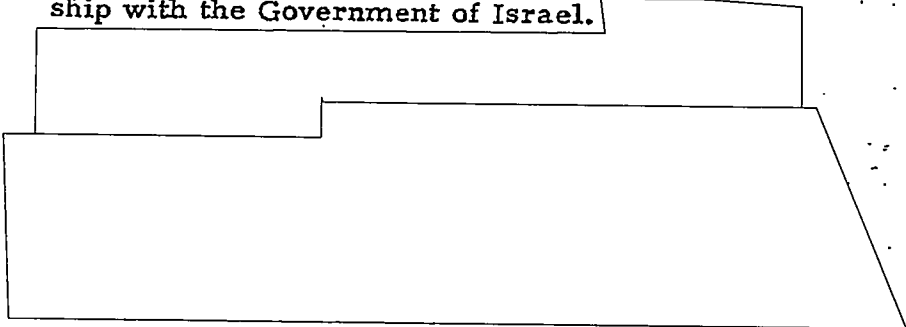
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that emerged during this portion of the meeting and the essence of the CIA's answers to them are outlined below:
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a. Question. Did CIA interview Mr. Shapiro, the principal NUMEC Corporation officer?

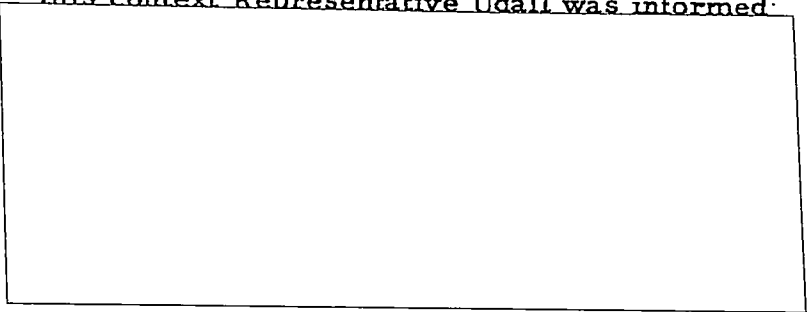
Answer. No. The point was made that CIA had asked the Justice Department in April 1968 to investigate Mr. Shapiro in order to establish the nature and extent of his relationship with the Government of Israel.



b. Question. Was Mr. Shapiro interviewed by the FBI?

Answer. The Agency has no knowledge of any direct debriefing of Mr. Shapiro by the FBI. It was indicated that this question should really be answered by the FBI. In this context Representative Udall was informed

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c. Question. Is it possible that President Johnson, who was known to be a friend of Israel, could have encouraged the flow of nuclear materials to the Israelis?

Answer. There is no information in the CIA files which are currently available to us which would indicate that President Johnson had ever undertaken any action which would have resulted in a diversion of nuclear materials to Israel. In this connection Representative Udall was told of the vignette which Messrs Shacklev and [redacted] had learned

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[redacted]

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[redacted] It was stressed to Mr. Udall that this story had been told to Mr. Duckett by Mr. Helms. There is nothing in writing in CIA files concerning such an event. It was suggested that this aspect of the problem could only be pursued by Mr. Udall discussing the matter with those who might have a first-hand knowledge of the events which transpired in the period around 1968.

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d. Question. If a diversion of nuclear materials had been authorized by the policy levels of the United States Government, how could this effort have been carried out?

Answer. In the initial response to this question it was noted that Mr. Udall was posing a hypothetical question. As a result it was stated that there was no real answer to the question. [redacted] did indicate, however, that the nature of the nuclear material which was at NUMEC would have

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made it possible for someone to smuggle this material out of the United States [redacted]

[redacted] In this connection Mr. Shackley stated that he and [redacted] had been told a story by Mr. Duckett that at least one visitor to the NUMEC plant had said that security procedures at the installation were so lax [redacted]

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[redacted] It was also pointed out to Representative Udall that NUMEC had a contract for sending irradiation equipment to Israel, [redacted]

[redacted]

[redacted]

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h. Question. Is there an official CIA report on the NUMEC diversion issue?

Answer. Mr. Helms, as DCI, wrote a letter to Attorney General Ramsey Clark in April 1968 in which he asked for an investigation of Mr. Shapiro in terms of his relationship with the Government of Israel. It was pointed out, however, that in one paragraph of this letter there was a reference to material unaccounted for at the NUMEC plant. It was also stressed that CIA had never obtained any hard intelligence [redacted] which clearly linked NUMEC to the subsequent production of uranium-based nuclear weapons by Israel.

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i. Question. What is CIA doing now on the NUMEC matter?

Answer. The Agency is not involved in any investigation of NUMEC. The point was made that on 9 May 1977 the Agency had once again briefed the FBI on CIA's

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At that point the FBI had told CIA that they were still conducting an investigation of the NUMEC Corporation. It was stressed, however, that CIA did not know at this point in time whether this investigation had been completed or not.

3. Comment. Representative Udall stated that he had found the 23 August meeting very useful. In this context Representative Udall made the point that he would be discussing the NUMEC diversion issue with the FBI on 23 August. At the completion of his conversation with the FBI, Representative Udall indicated that he might want to return to CIA to pursue additional questions.

(b)(6)

Theodore G. Shackley
Associate Deputy Director for Operations

Attachment:
Talking Paper Outline

Distribution:
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1 - OLC w/att
1 - C/SIA w/att

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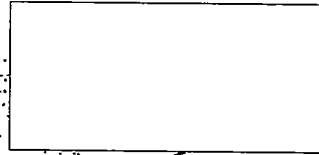
THE DIRECTOR OF CENTRAL INTELLIGENCE

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WASHINGTON, D.C. 20505

Office of Legislative Counsel

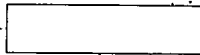
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OLC:



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Honorable Daniel K. Inouye, Chairman
Select Committee on Intelligence
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

Thank you for your letter (Q#1042) to the Director of 7 December requesting information relating to the alleged diversion of enriched uranium to the government of Israel in the mid-1960's.

In order to expedite your review of this matter, [redacted] of my staff will contact the interested members of your staff in the very near future.

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Sincerely,

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George L. Cary
Legislative Counsel

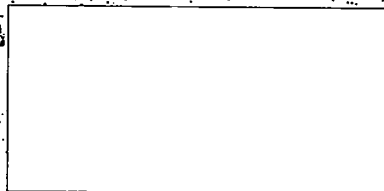
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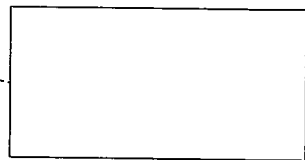
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The Director
Central Intelligence Agency

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Washington, D. C. 20505



22 DEC 1977

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Honorable Daniel K. Inouye
Chairman
Select Committee on Intelligence
United States Senate

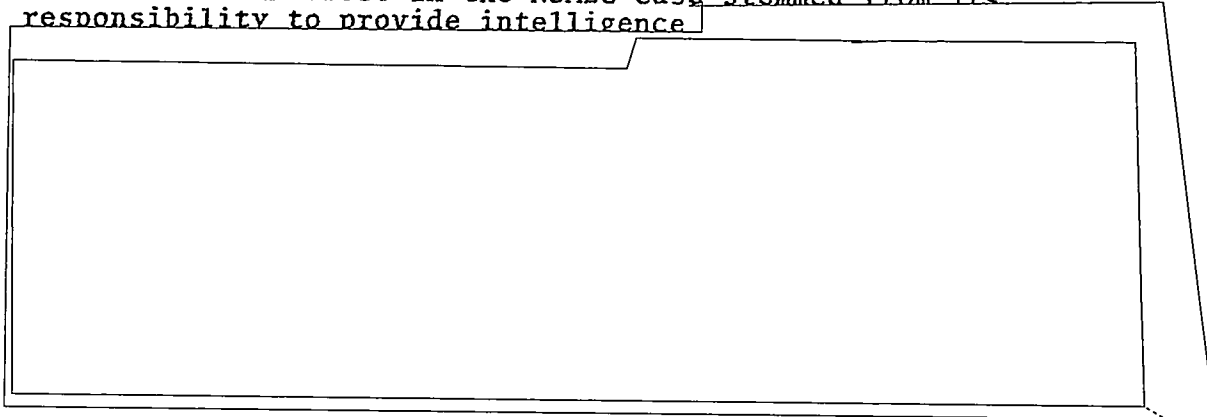
Dear Mr. Chairman:

1. This is in response to your query of 7 December 1977 (Q#1042) relating to news media allegations of diversion of enriched uranium to Israel by the Nuclear Materials and Equipment Corporation (NUMEC).

2. The paragraphs below summarize the issue as we understand it and recount the limited CIA role in the matter. The Agency was not involved in the investigations of the alleged diversion, but our summary of related events may provide you with background that will be helpful. You might also find it useful for a senior official of this Agency to brief you and the Committee in more detail.

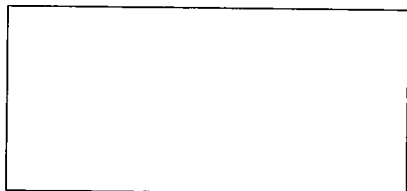
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3. CIA interest in the NUMEC case stemmed from its responsibility to provide intelligence



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[redacted] significance when
it became known that NUMEC was unable to account for a
significant amount of enriched U-235, [redacted]
[redacted]

4. It was in light of the foregoing, [redacted]
[redacted]

that the DCI requested in April 1968 that the FBI conduct an investigation in order to establish the nature and extent of NUMEC President Shapiro's relationship with the Government of Israel. That investigation was conducted, and terminated in August 1969.

5. During 1976 the Joint Committee on Atomic Energy renewed its interest in the NUMEC case and brought the matter to the attention of President Ford. Attorney General Levi then directed a second FBI investigation into the loss of material. In both investigations, CIA cooperated fully with the FBI. The matter also has been discussed with the AEC, ERDA and NRC, and was brought to the attention of the highest officials in the Departments of State and Defense and the National Security Council.

6. In addition to the JCAE interest in 1976, since the spring of 1977 there has been Congressional concern about the NUMEC diversion case. As a result, Agency officials were called upon to brief [redacted]

[redacted] Those briefed by CIA are Senator Glenn and Congressmen Udall and McCormack. In August 1977, Mr. Miller, Staff Director of the SSCI, also was briefed. Particularly focused on the NUMEC issue are Congressman Dingell, whose staff assistants were briefed in extensive detail, and the General Accounting Office whose investigation is in part supporting Congressman Dingell.

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7. The NUMEC case has raised unusual press attention which has touched upon sensitive intelligence sources and methods. I am citing this development to Mr. Staats and Congressman Dingell whose staffs have been in a dialogue with us and others on the issue.

8. Please let me know if we can provide you with further background on this issue and whether you would like a briefing.

Yours sincerely,

/s/ Stansfield Turner

STANSFIELD TURNER

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APPROVED FOR RELEASE - CIA INFO
DATE: 25-Aug-2015

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DCI Letter To: Honorable Daniel K. Inouye
Chairman
Select Committee on Intelligence
United States Senate

CONCUR:

Theodore G. Shackley

20 DEC 1977

~~/~~ Deputy Director for Operations

Date

DDO/C/SIA

[Redacted]

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(20 Dec)

[Redacted]

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3 May 1977

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MEMORANDUM FOR: Deputy Director of Central Intelligence

FROM: Theodore G. Shackley
Associate Deputy Director for Operations

SUBJECT: Proposed Briefing of the FBI on NUMEC
Related Nuclear Diversion Information

1. In response to your request we have reviewed our files and have found that CIA and the FBI have maintained an active exchange on the NUMEC nuclear diversion case since 1968. In short, CIA has provided the Bureau with all information and leads considered germane to the domestic nature of the FBI investigation. The record shows, however, [Redacted]

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[Large Redacted Block]

2. An all source briefing was provided to FBI personnel on 10 August 1976 and is reported on in the attached Memorandum for the Record, Subject: "The NUMEC Case," dated 11 August 1976. (See

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[Redacted]

WARNING: NO DISSEMINATION
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Attachment A.) As a result of this briefing the FBI had, in essence, all the data then known to CIA.

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3.

[Redacted]

We have attached a "Talking Paper" which outlines these points. (See Attachment B.) It is recommended that the data contained in Attachment B be relayed to the FBI at an early date.

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[Redacted]

(b)(6)

Theodore G. Shackley

Attachments: As stated

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11 August 1976

MEMORANDUM FOR THE RECORD

SUBJECT: The NUMEC Case

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(b)(7)(c)
(b)(6) Per FBI

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1. On 10 August from 1000 until 1300 the five member FBI team from the Washington Field Office met with CIA to discuss the case. The FBI attendees were [redacted] Homer Schweppe, Joseph E. Scully. The CIA personnel were [redacted] OSI, [redacted] ODDS and [redacted]

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2. The meeting, which took place at the request of the FBI, was for the purpose of giving the investigative team a general background briefing [redacted] and providing a technical tutorial on nuclear matters.

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3. [redacted] opened the meeting by noting [redacted] that the FBI should be very cautious with our material. [redacted] asked for and received from the FBI an assurance that any formal report from the FBI to the Department of Justice which incorporated CIA information would be coordinated with CIA in order to insure that our information was properly classified.

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4. [redacted] then proceeded to describe the various technical routes leading from uranium ore to either plutonium or weapons grade U-235. After laying this groundwork he proceeded to describe in general terms the historical development [redacted]

His discussion while comprehensive was cautious; circumspect, low key, and did not get into sources and methods except in the most indirect ways. His remarks closely followed the argumentation outlined in the nuclear proliferation estimate, [redacted]

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5. This led into a general discussion in which several of the FBI agents were quite vocal. Their statements and the questions which they asked gave the CIA participants a fairly complete view of what the field level FBI thinking was at this stage of the investigation.

6. It was immediately apparent that during the review of the ERDA (formerly AEC) documents pertaining to NUMEC that the FBI agents had had considerable discussion with various ERDA personnel who were present during the period of the NUMEC difficulties and that as a result of these discussions the agents had formulated various theories vis a vis any diversion. The two theories which were reiterated at some length were as follows:

[Redacted]

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B) The working conditions at NUMEC were incredibly primitive, thus the losses during manufacturing operations are probably understated. Since these losses were estimated rather than measured the actual amount of missing material on top of the manufacturing losses is probably smaller than stated in the AEC and GAO report. In order for any sizeable amount of material to have been diverted NUMEC would have had to be incredibly efficient with lower than normal manufacturing losses and this would have not been possible with such a primitive plant.

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(b)(3) CIAAct

[Redacted] pointed out that this argument rested on the accuracy of both the NUMEC and the AEC records and noted that the NUMEC records had been destroyed by fire. At the end of the discussion the FBI agreed that sufficient material [Redacted]

[Redacted]

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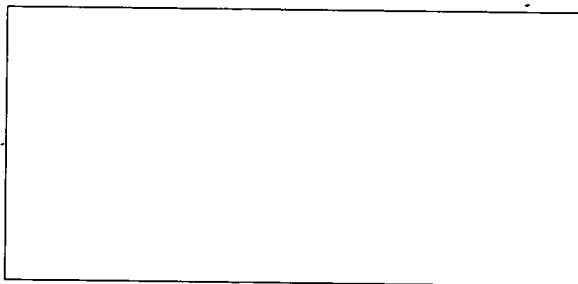
7. The FBI agents in advancing the foregoing arguments against a diversion evidenced considerable frustration. They had covered so far the same ground as had the AEC and the GA but some ten years later. They to date have gotten no further than the earlier investigations did. They cannot get at the NUMEC financial records [redacted]

[redacted] without a subpoena and they lack sufficient evidence of a diversion to obtain one.

8. Sensing this frustration early in the discussion the CIA participants did not engage in any polemics or spirited argument but presented their evidence, information, and views on a very low key basis throughout.

9. Turning to the future of the investigation we all agreed that some key witness would have to be found who would present the true facts in the case. The FBI indicated that since the statute of limitations had run out and no one with anything to hide would willingly submit to a polygraph this was a long shot. They also indicated that even if they came up with a case it was extremely unlikely that Justice and State would allow it to come to trial. Nevertheless they have been instructed to investigate and they plan now to continue their program of interviewing persons with possible knowledge. They are also concerned that word of their activity will find its way into the press. In sum they feel that they have been given a job to do with none of the tools necessary to do it.

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3 February 1978

MEMORANDUM FOR THE RECORD

SUBJECT: Meeting with the NRC

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(b)(3) NSC

1. On 2 February, the ADDO briefed officials of the Nuclear Regulatory Commission at their request, on the CIA role and position relating to the NUMEC case. The briefing was based upon the attached outline. The purpose of the meeting, NRC attendees, and follow-up action are noted in the Spot Report to the DCI, also attached [redacted] and [redacted] accompanied the ADDO.

2. The first briefing session was attended by Chairman Hendrie, Commissioner Kennedy and three other NRC officials.

a. After the ADDO's initial remarks the NRC officers read the attached Talking Paper and were invited to ask questions. Commissioner Kennedy noted the reference in the Talking Paper [redacted] with the alleged NUMEC diversion" which he characterized as far from saying that a diversion had occurred. We agreed with his assessment, confirmed that there was no legal evidence of diversion from NUMEC. [redacted]

[redacted] which prompted CIA interest in the nuclear material missing from NUMEC.

b. Chairman Hendrie asked whether the precise timing of the NUMEC MUF was known. Mr. Kennedy said that MUF had been going on for some time but that the NUMEC bookkeeping system postponed its discovery. [redacted] said that the expiration of the WANL contract and resulting accounting led to its discovery. Mr. Hendrie concluded, as a result of this discussion, that the time frame of the MUF -- mid '60's -- was compatible with the time phasing expressed in the Talking Paper.

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c. Mr. Patterson asked if CIA had asked for the FBI reports on Shapiro. He was told that this would have been inappropriate but that we did have a continuing dialogue with the FBI during the course of its investigation.

Snyder

d. We were asked by Dr. Schnieder (ph) whether CIA had examined the MUF problem at facilities other than NUMEC. The answer was in the negative which led to our reiteration of the factors that caused CIA to become interested in [redacted]

[redacted] and our request for an investigation.

3. The second briefing was attended by Commissioners Gilinsky and Bradford, Executive Director Gossick and several other NRC officials. The same procedure was followed in this briefing, and below summarizes issues or questions and our response.

a. Asked if CIA had requested former DCI Helms' views on the NUMEC case, we said that, instead, we had relied upon a reconstruction of events based upon our files. The ADDO noted that as a frequent witness before the Congress he was adverse to rehearsing testimony with other potential witnesses.

b. Mr. Gossick asked for an explanation of the term "evidence" as we view it. In this context, the ADDO cited the deductive analysis that led to CIA's interest in NUMEC, making clear that the total picture did not constitute legal evidence. Mr. Gossick returned to the subject near the end of the briefing and asked what CIA would say if confronted with the question: "Do you have evidence of diversion?" Our response was that we would say that there is no hard evidence, but a series of events and facts led to our intelligence conclusion that a diversion was a likely possibility.

c. In response to a question, we said that no other MUF had been brought to CIA's attention and that

[redacted] we said that export controls would appear to have precluded this route.

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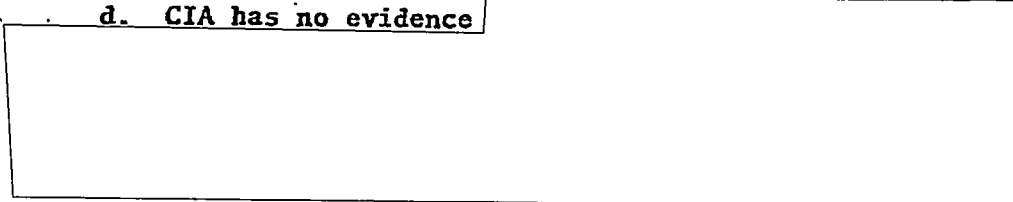
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d. CIA has no evidence



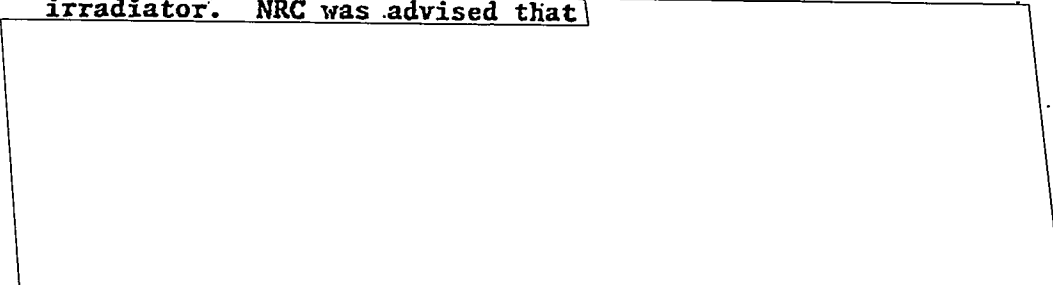
f. What is the objective of the current FBI investigation relating to NUMEC? We don't know.

g. The NRC said that while it could now state it had been briefed by CIA, there apparently is other intelligence that should be made available to them. Would DIA have the same basic material as CIA? Is the intelligence data brought together in one place? We responded by citing the community estimative process and noted the 1974 estimate on nuclear proliferation, adding that DIA may have produced a Departmental assessment of Israeli nuclear development.

h. Asked what major unknown existed with regard to the alleged diversion, we stated that no one had told us positively that such a diversion occurred.

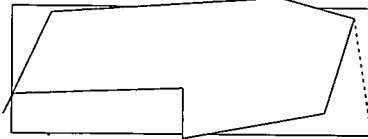
i. Does CIA have any specific suggestions regarding nuclear safeguards? No. We noted that we are not concerned with domestic facilities.

j. We were asked to comment on the NUMEC manufactured irradiator. NRC was advised that



4. Mr. Gilinsky's post-meeting approach to the ADDO is cited in the Spot Report.

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(b)(3) NSC

Attachments:
As Stated

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28 FEB 1978

MEMORANDUM FOR: Director of Central Intelligence

FROM : Lyle L. Miller, Acting Legislative Counsel

SUBJECT : Article by Thomas O'Toole "CIA Repeats Fears on Missing Uranium" 28 February 1978
Washington Post

(b)(3) CIAAct

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(b)(3) NatSecAct

(b)(3) CIAAct

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1. Action Requested: None, for your information only.

2. Background: The attached article refers to a CIA briefing of the Nuclear Regulatory Commission reportedly held on 6 February 1978 concerning the alleged disappearance of uranium from the nuclear facility in Apollo, Pennsylvania. According to the article, the briefer reported the Agency's suspicions that the uranium may have been diverted to Israel. The author notes the briefing was classified Secret and does not reveal the source of his information. Mr. Thomas McTiernan, who serves in an Inspector General capacity at NRC, was contacted and confirmed that this was not an official NRC release. He presumes this story came from someone in the NRC and is attempting to determine who gave the information and will advise the DDO.

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3. The ADDO, Ted Shackley,

the Agency developed no conclusive hard evidence to substantiate these suspicions. Attached is a copy of Mr. Shackley's Memorandum for the Record, the talking points paper, and a listing of the NRC attendees.

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4.

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5. Recommendation: The DDO will confer with the NRC to preclude any discussions of the CIA position on NUMEC with the press in the future.

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Lyle L. Miller

Attachments

Distribution:

Orig - Adse

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OLC 28 Feb 78

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CIA Repeats Fears on Missing Uranium



JOSEPH M. HENDRIE
...fold of suspicions involving Israel

By Thomas O'Toole
Washington Post Staff Writer

The Central Intelligence Agency has repeated its fears that uranium that disappeared 12 years ago from a factory in Pennsylvania may have been diverted to Israel to make nuclear weapons.

On Feb. 6, unnamed officials from the CIA briefed officials of the Nuclear Regulatory Commission and said there were still strong suspicions inside the CIA that weapons-grade uranium had been smuggled to Israel more than 10 years ago. The briefing was the second in two years given the NRC by the CIA in which these suspicions were voiced.

Sources said the CIA briefers repeated last Feb. 6 the same suspicions that different briefers had mentioned two years ago about the missing uranium. Basically, the CIA suspected a connection because 1206 pounds of uranium disappeared from a factory in Apollo, Pa., about the same time the CIA felt Israel had developed nuclear weapons.

Emphasizing that the CIA suspicions were not an official CIA view, sources said there were some people inside the agency who thought there were strong links between the missing uranium and Israel's acquisition of weapons and others who believed there were no links at all.

"At no time has it been alleged that the CIA believed uranium had been

stolen and moved to Israel," one source insisted. "The CIA said this two years ago and they reaffirmed this belief at the briefing on Feb. 6."

Precisely what the CIA told the NRC in this year's briefing and the one two years ago still lies under a heavy shroud of secrecy. The CIA refuses all press requests for information on the missing uranium. The NRC officials, briefed by the CIA later, all calls on the briefings back to the CIA.

Despite the secrecy, sources said yesterday that NRC officials had come away from the second briefing unconvinced that the missing uranium had been smuggled to Israel. Sources said the CIA suspicions are "still based on circumstantial evidence and no more."

Some of the information given by the CIA in its briefings to NRC is classified "secret." How the CIA came to suspect that the missing uranium wound up in Israel is classified "top secret," meaning that the NRC was also told the CIA's opinion on how Israel acquired nuclear weapons in the last 10 years.

The only thing revealed publicly yesterday is that the CIA on Feb. 6 briefed a new raft of NRC officials, including Chairman Joseph Hendrie and executive operations director Lee V. Goslick, who had been left out of the first briefing two years ago for unknown reasons.

Testifying before the House subcommittee on energy and the environment, Goslick said one reason he said

a year ago that there was "no evidence" of a diversion is that he had not attended the CIA briefing two years ago.

"I have since recognized that I did not properly answer that question," Goslick said. "I was asked for my personal assurance, which I could not give since I had not attended the CIA briefing given the Nuclear Regulatory Commission in February, 1972."

Rep. Mervyn D. Udall (D-Ariz.), chairman of the House subcommittee, criticized Goslick and the three NRC Commissioners present at yesterday's hearing for not being "completely candid and frank" about whether they had "evidence, no evidence, or no conclusive evidence" that a diversion of uranium had happened.

"I get the feeling you are protecting nuclear power interests," Udall said. "That you are worried that nuclear power might get hurt in all this."

The President's Schedule

The president's announced appointments today:

- 1:15 a.m.—National security adviser.
- 1:45 a.m.—Commissioner Robert Frank Moore.
- 2 a.m.—Rep. Walter Flowers (D-Ala.).
- 2:15 a.m.—Announcement of secondary and secondary education proposals.
- 11:15 a.m.—Sen. Charles Burdick (D-M.D.).
- 11:20 a.m.—Vice President Mondale, CIA Director Harold Brown, National Security Adviser Zalmay Matteris and Gen. Maxwell Taylor.
- 11:35 a.m.—Sen. J. Bennett Johnston (D-La.).
- 1 a.m.—Sen. Robert Morgan (D-La.) and Gov. James Hunt Jr., of North Carolina.
- 7:30 a.m.—Reading with speeches.

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NRC --- TALKING PAPER OUTLINE FOR

2 FEBRUARY 1978

1. PROLOGUE

A. NO SCIENTIST.

B. NOT A FIRST-HAND PARTICIPANT.

C. SUPERVISING RESEARCH OF DOCUMENTS ON

NUMEC.

1) SUPPORT TO DDCI - 15 APRIL 1977

2) PREPARE FOR CONGRESSIONAL

INQUIRIES.

3) NOT ALL RECORDS AVAILABLE WHEN

WE STARTED IN APRIL 1977.

(A) ARCHIVES SEARCHED

(B) NO MEMOS WRITTEN.

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2. BRIEFING BACKGROUND

A. NATIONAL LEVEL INTELLIGENCE ESTIMATE - *69 draft*

[Redacted]

B. PROCESS OF DEDUCTIVE REASONING TO FIND

OUT HOW URANIUM OBTAINED.

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EO 13526 3.3(b)(6)>25Yrs

3. RESULTS OF DEDUCTIVE ANALYSIS

A. NUMEC

B. SHAPIRO

C. CENTRIFUGE

D. [Redacted]

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4. KEY ISSUES

A. NO INVESTIGATION OF NUMEC BY CIA

B. NO DIVERSION BY CIA

C. NO HARD EVIDENCE.

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5. BRIEFINGS OF OTHER

- A. PRESIDENT
- B. CONGRESS
- C. JUSTICE/FBI
- D. ERDA.

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SPOT REPORT

DDO/es



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SUBJECT: NMEC: Meeting with the NRC

DATE: 3 February 1978

REFERENCE: None

DESCRIPTION: FYI

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1. On 2 February, the ADDO briefed officials of the Nuclear Regulatory Commission on the NMEC case. The briefing was at the request of Chairman Hendry for the stated purpose of ensuring that key NRC officers were aware of the CIA role and position relating to NMEC as the NRC responds to Congressman Udall's current inquiry into the matter.

2. In attendance at the briefing, in addition to the Chairman, were Commissioners Kennedy, Galinsky and Bradford; Executive Director Gossick; and representatives of the offices of the NRC General Counsel, Inspector General, and Nuclear Security and Safeguards. The briefing was in two consecutive sessions to obviate the need for a tape recording of the briefing required when a quorum of the Commissioners are present.

3. The ADDO's presentation followed the outline used in several similar briefings and explained the deductive analysis that led to the CIA interest in a possible diversion. Stressed were the facts that there was no investigation of NMEC by CIA, no diversion by CIA, and no hard evidence that the Israeli supply of enriched uranium came from the NMEC facility. The NRC attendees were then permitted to read the attached brief Talking Paper which was retrieved from them. Of particular concern to the Commissioners was the question of what constitutes evidence of diversion and whether the CIA could take the position that a diversion in fact occurred. The answer was in the negative and it was explained again that

[redacted] to the missing material from NMEC.

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4. The Commissioners and other NRC attendees appeared satisfied with the presentation and the responses to their questions. After the briefing, Commissioner Galinsky said that he would like to prepare a brief statement on the issue of "evidence" of diversion for presentation to Congressman Udall as one coordinated with the CIA. While expressing some reluctance to become involved in the current Udall-NRC confrontation, we agreed to look at the statement and seek DCI guidance on the proper CIA posture in this regard.

DCI'S RECOMMENDATIONS FOR DDO ACTION:

WARNING NOTICE
SENSITIVE INTELLIGENCE SOURCES

REPORT

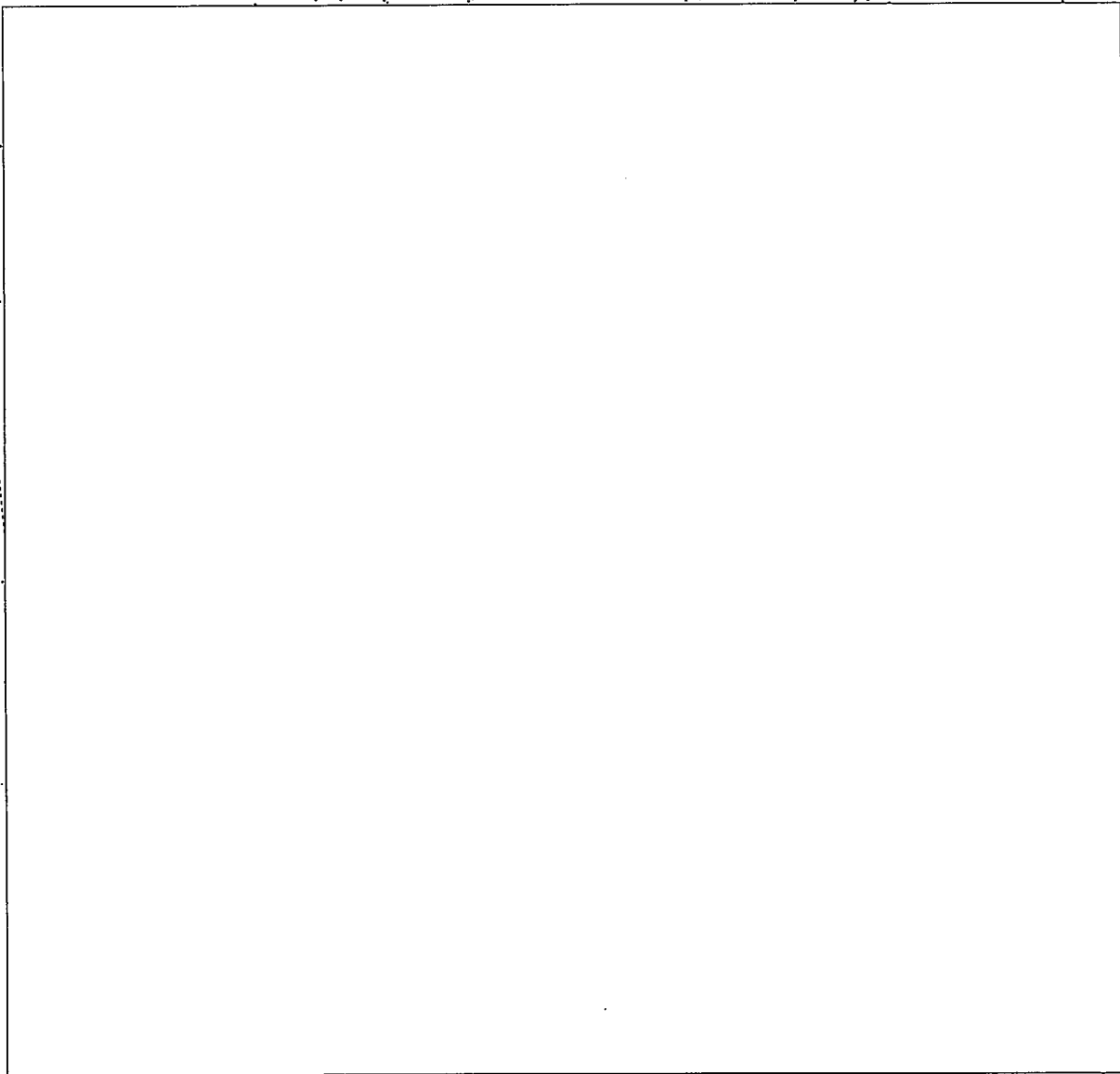
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NRC --- TALKING PAPER FOR

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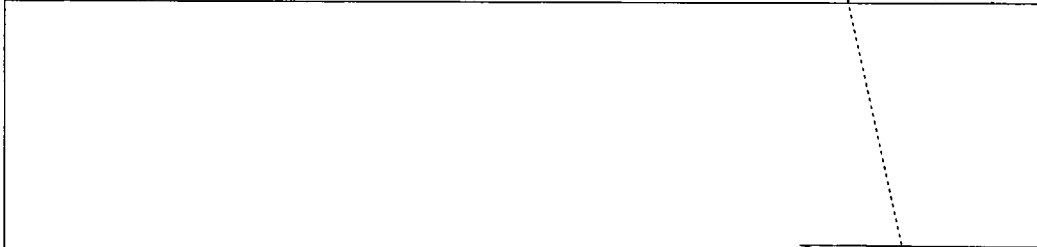
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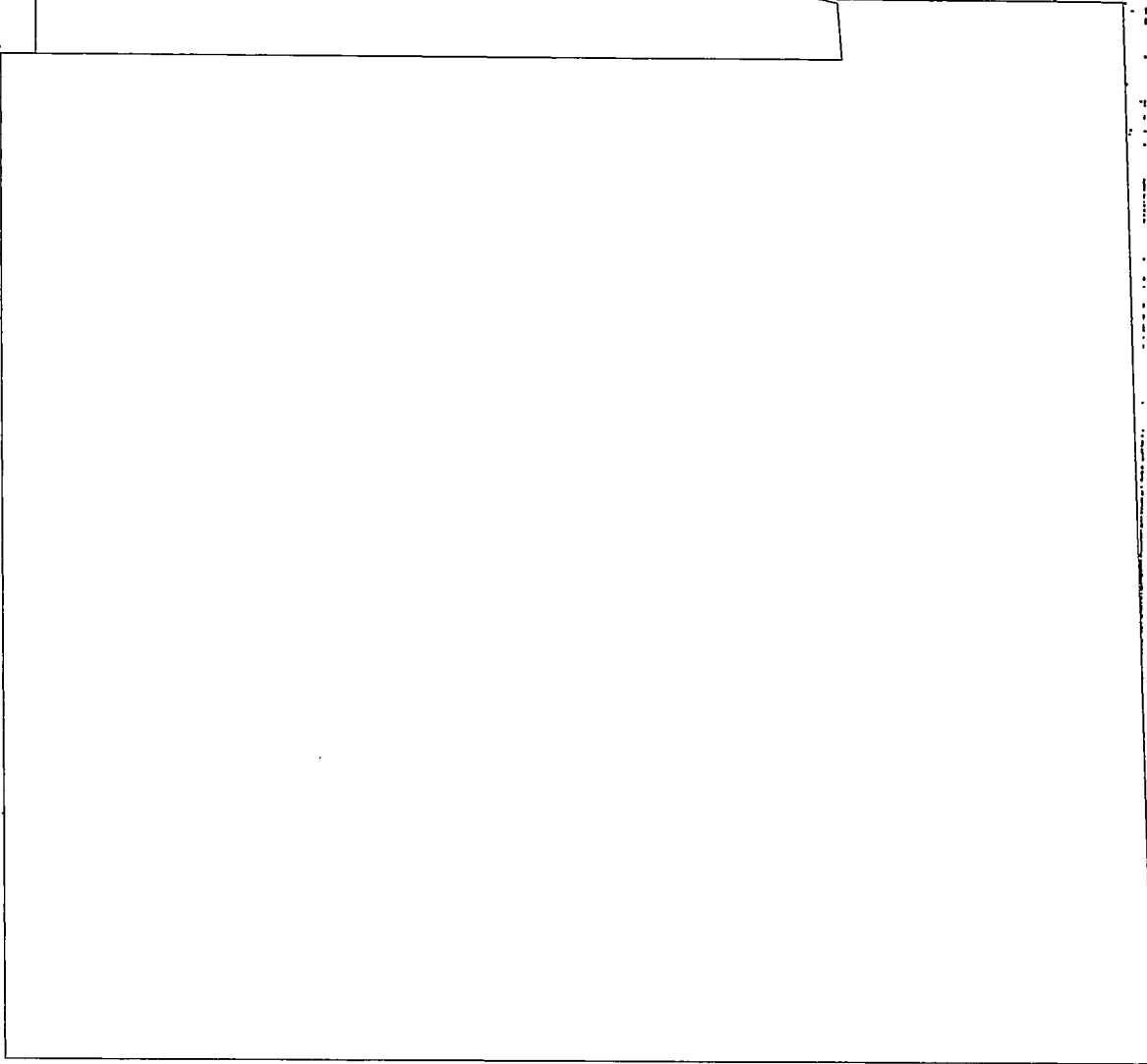
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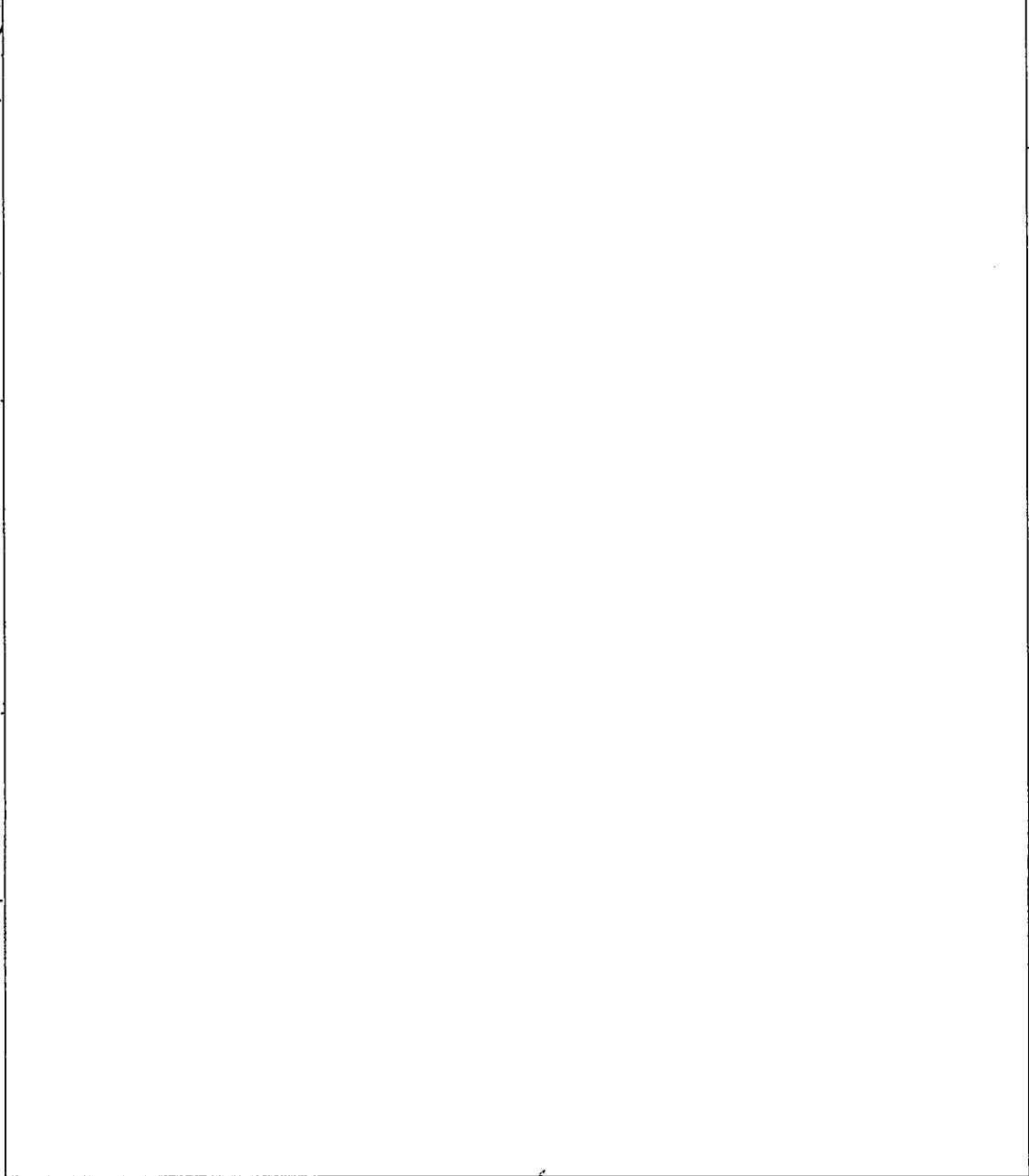


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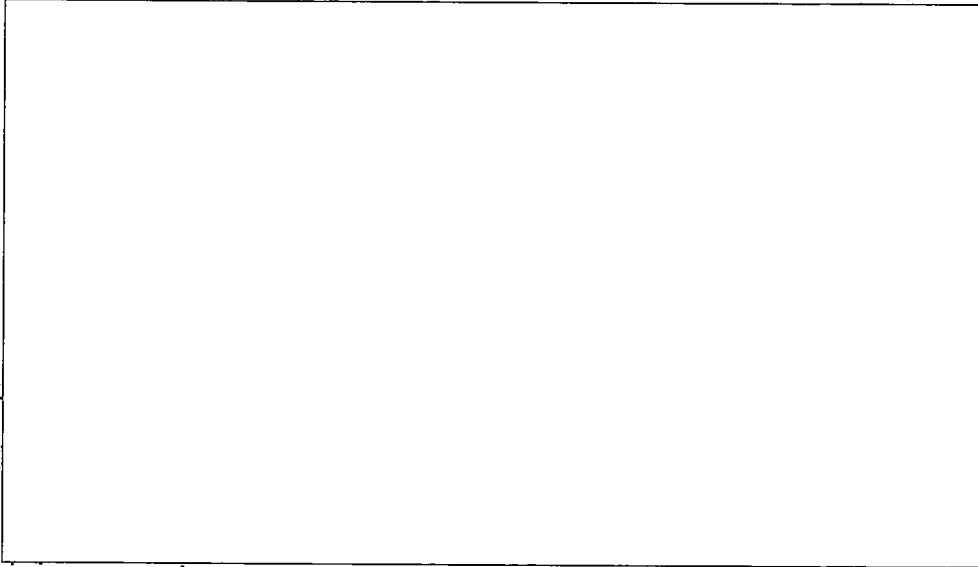
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UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

February 3, 1978

[Redacted]
CIA Headquarters

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[Redacted]
[Redacted]

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Per our telephone conversation of today, February 3, 1978 following is a list of attendees at Thursday's meeting.

BRIEFING #1

Chairman Joseph Hendrie
Commissioner Richard Kennedy
Bernard Snyder
William Dory
Kenneth Pedersen

BRIEFING #2

Commissioner Victor Gilinsky
Commissioner Peter Bradford
Lee V. Gossick
Clifford Smith
Howard Shapar
Ernst Volgenau
John Davis
Norman Haller
Robert Burnett
James Power
Tom Carter
James Shea

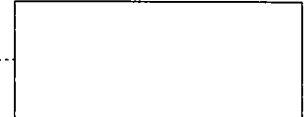
Jo Ann Kundman

Jo Ann Kundman
Office of Policy Evaluation
U.S. Nuclear Regulatory Commission
1717 H Street, N.W.
Washington, D.C. 20555

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3 August 1977

- 8 AUG 1977

MEMORANDUM FOR THE RECORD

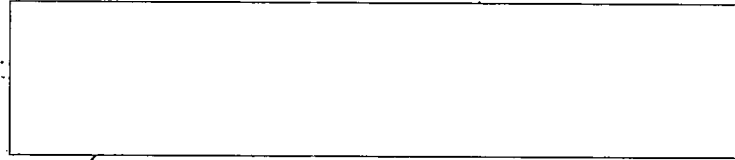
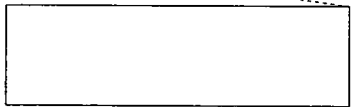
SUBJECT: The NUMEC Case - Discussion with Staff
Members of the House Energy Committee
and Mr. Carl Duckett, Retired CIA Employee

1. Background. On 2 August 1977, in response to a request which Congressman Dingell (D. Michigan) had levied on Mr. Lyle Miller, OLC, a meeting was held in the office of the ADDO in order to discuss CIA's knowledge of the NUMEC diversion issue. The meeting started at 0910 hours and lasted until 1100 hours. The participants in this session were Mr. Duckett, the former DDS&T and now retired employee, [redacted] OLC; Mr. Frank M. Potter, Counsel and Staff Director of the Subcommittee on Energy and Power of the House Committee on Interstate and Foreign Commerce; Mr. Peter D. Stockton, Research Assistant of the Subcommittee on Energy and Power of the House Committee on Interstate and Foreign Commerce, and Mr. Shackley, ADDO.

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2. Committee Interests. At the start of the 2 August meeting Mr. Shackley stated that the Agency was currently in the process of consolidating its records in order to be able to answer those questions relative to the NUMEC diversion case which we assumed would be put to us by various Congressional committees that were currently looking at the issues of nuclear materials that are unaccounted for. In this context Mr. Shackley said that he was neither a scientist nor a first-hand participant in the events which had unfolded in the period 1968 to 1977 relative to the NUMEC case. It was pointed out that Mr. Shackley's role in this matter was one of providing supervision to the people who were conducting the research on the Agency's involvement in the NUMEC case. Additionally, it was made clear that

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Mr. Shackley had provided staff support to Mr. Knoche when he was the DDCI and was discussing the NUMEC case in selected Washington councils in the May 1977 time frame. The Congressional staff members were also informed that the file material which had been collected to date revealed various gaps in CIA's records in that not all of the conversations which had been carried out by senior CIA officials on the NUMEC question had been recorded. At that juncture Mr. Duckett chimed in to say that he personally had been a participant in several key discussions around Washington on the NUMEC issue on which he had written no memoranda for the record, therefore, he could understand the frustrations that were being encountered by Mr. Shackley and his associates in their attempts to fully reconstruct the events which had transpired during the time frame 1968 to 1977 relative to the NUMEC diversion issue. In this context Mr. Shackley asked if the Congressional Staffers could facilitate our research effort by clearly identifying to us their areas of interest insofar as CIA was of concern to them relative to the NUMEC case. The Staff Members, particularly Mr. Potter, responded by saying that they were interested in two points. The first of these was whether CIA had conducted an investigation into the diversion of nuclear materials by NUMEC. The Staff Members' second line of inquiry focused on whether CIA, as an institution, had been involved in the diversion.

3. Discussion. The Congressional Staff Members were clearly interested in hearing first-hand from Mr. Duckett his recollection of the events surrounding the NUMEC case and his role in such activities. As a result the first order of business became the Staff Members' debriefing of Mr. Duckett about his recollections. The entire session was free-flowing and ranged simultaneously over a number of different issues. What follows, therefore, is a distillation of the key points that emerged from the 2 August session. The key issues that were discussed in this meeting can be identified as follows:

a. CIA Interest in the NUMEC Diversion Issue.

According to Mr. Duckett, CIA had been concerned about the nuclear weapons proliferation issue for a number of years [redacted]

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[Redacted]

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As a result CIA began to look at information which was available to it concerning the possible diversion of uranium materials from NUMEC. Mr. Duckett stated that as he recalled the situation, approximately 178 kilograms of uranium were missing from NUMEC.

[Redacted]

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Mr. Duckett then went on to point out

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When Mr. Duckett was questioned closely on this point by both Mr. Shackley and the Congressional Staffers, he said that his most telling point in this hypothesis was the fact

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[Redacted]

This produced the response that Mr. Duckett could not recall the exact details of why he had reached this conclusion. He did state, however, that [Redacted] could clarify this point. Subsequent discussions with [Redacted] revealed that what Mr. Duckett appeared to be referring to

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b. CIA Investigation into NUMEC Diversion. Mr. Duckett told the Congressional Staffers that he knew of no CIA investigation into the NUMEC diversion issue. His point was that CIA was the recipient of FBI and AEC material on the alleged diversion and this data influenced the CIA estimating process on the key issue of did Israel have a nuclear weapons system. Mr. Shackley confirmed to the Congressional Staffers that the records did not show that CIA had conducted any kind of an investigation in the United States concerning the NUMEC diversion. Mr. Shackley did stress, however, that Mr. Helms, as DCI, had written to the Attorney General in 1968 in order to ask that an investigation be initiated by the Justice Department into the possibilities that the diversion of nuclear materials from NUMEC had taken place. The Congressional Staffers were also advised that CIA was constantly [redacted]

[redacted]

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c. CIA Involvement in a Diversion Operation. Mr. Duckett told the Congressional Staffers that he could say with certainty that CIA, as an institution, had not been involved in any kind of a nuclear materials diversion operation. In this context Mr. Duckett stressed that he was Mr. Helms' principal action officer on the question of nuclear proliferation, and as such would have known had a diversion operation been mounted by the Agency. In underscoring this latter point Mr. Duckett stated that Mr. Helms had told him, at an unrecalled date, but possibly in 1968, [redacted]

[redacted]

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This instruction resulted from a briefing which Mr. Helms had apparently given President Johnson

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[REDACTED]

Mr. Duckett indicated that to the best of his knowledge there were no memoranda written on this meeting. In response to specific questions from the Congressional Staffers, Mr. Duckett stated that he knew of no U. S. Government policy to facilitate the diversion of nuclear materials to Israel.

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[REDACTED]

This latter statement launched Mr. Duckett into the recounting of a story which focused on Mr. George Murphy, Staff Director of the Joint Committee on Atomic Energy, who visited the NUMEC plant in Apollo, Pennsylvania on a Sunday. This visit persuaded Mr. Murphy that anyone,

[REDACTED]

After Mr. Duckett finished recounting this vignette Mr. Shackley made the point that the records of the Agency substantiated Mr. Duckett's contention that the Organization was not involved in any way in a diversion operation which might have resulted in nuclear materials going to Israel.

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d. CIA Liaison with Department of Justice and the FBI. The Congressional Staffers asked if CIA had been in dialogue with the Justice Department and the FBI on the NUMEC diversion question. Mr. Duckett stated that he recalled that Mr. Helms, DCI, had been in contact with both the Justice Department and the FBI on the question of the NUMEC diversion problem. Mr. Duckett said that he could no longer recall the dates of this dialogue. Mr. Shackley stated that the records indicate that Mr. Helms had sent a letter to Attorney General Ramsey Clark on the NUMEC case in April 1968 suggesting that an investigation be conducted into a possible diversion. The point was also made by Mr. Shackley that the records indicate that the FBI did

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launch an investigation in 1968 but terminated it in 1969. In October 1969, however, Mr. Helms was in contact with FBI Director Hoover in order to urge that the investigation be reopened. The Congressional Staffers asked if an FBI investigation was still in progress and were advised by Mr. Shackley that we did not know the status of the most current FBI investigation into the NUMEC case. In this context the Congressional Staffers were informed that CIA had most recently discussed the NUMEC case with the FBI in the April/May 1977 time frame.

e. CIA Briefing of the Nuclear Regulatory Commission.

Mr. Duckett was asked by the Congressional Staffers if he had ever briefed the NRC on the NUMEC case and/or Israeli weapons capability. This produced the response that Mr. Duckett recalled briefing the NRC in the February 1976 time frame. The Congressional Staffers asked if Mr. Duckett could recall who was present at this briefing. The response was that Mr. Duckett could only remember that the meeting had consisted of NRC staff personnel. In this context he also made reference to the fact that he had subsequently been told by the Counsel for the NRC that they had too many people at this briefing. [Comment: A post-meeting review of the data contained in this sub-paragraph with [redacted] on 2 August reveals that he recalls that Mr. Duckett had informed him after the NRC briefing that Mr. William Anders, Chairman of the NRC, was the gentleman who had indicated in the post-meeting conversation that there had been too many people at the briefing.]

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f. Identification of Individuals who might Provide First-Hand Data on the NUMEC Diversion Situation. The Congressional Staff Members asked several times who might be able to provide them with first-hand knowledge of what kind of investigations were conducted in the past into the NUMEC diversion case. In response to these

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questions Mr. Duckett recommended that the Committee Staff talk to Mr. George Murphy, former Staff Director of the Joint Committee on Atomic Energy, and Mr. Richard Kennedy, Commissioner of the NRC.

g. Transportation for Nuclear Materials which Might Have Been Diverted. Mr. Duckett was asked if he had any insights into how diverted nuclear materials could have been transported out of the United States in the period prior to 1968. This produced the response that Mr. Duckett had no first-hand knowledge on this topic.

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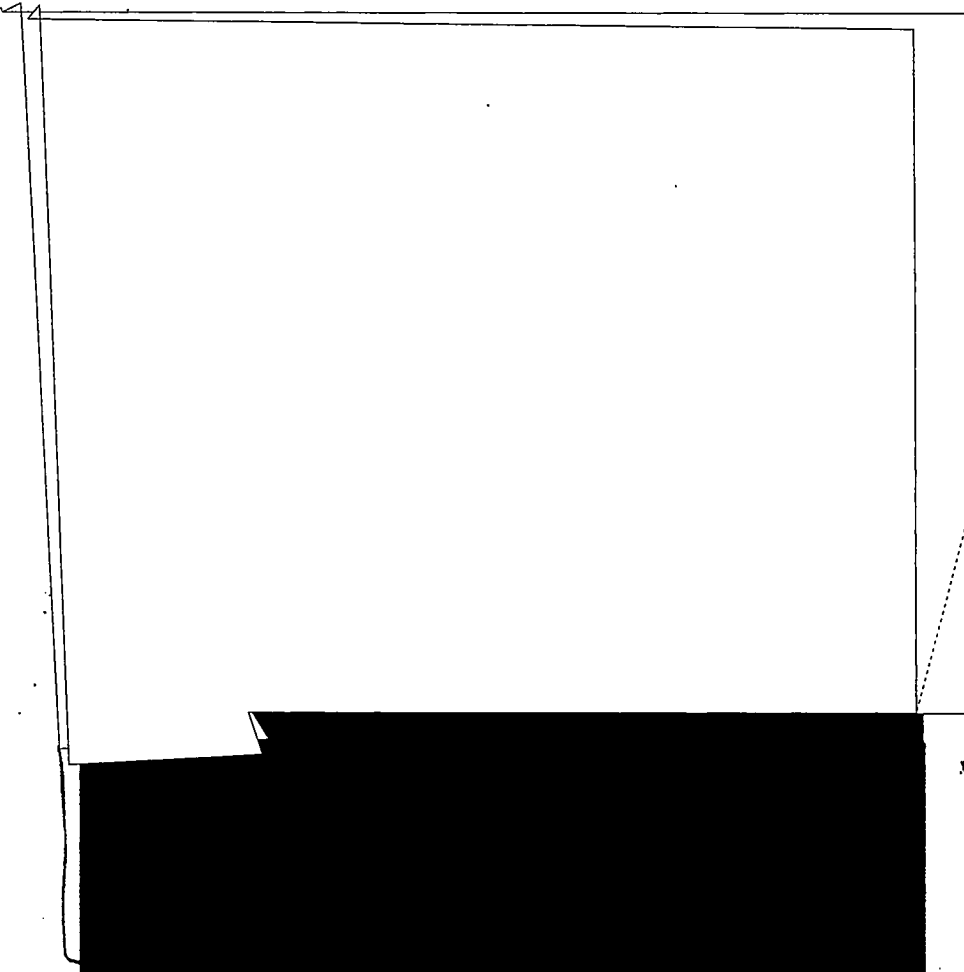
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1. Other Nuclear Diversions from U.S. Sources.

The Congressional Staffers asked if CIA had played any role

[Redacted] Mr. 25X1

Duckett stated that this was an item that he had discussed with Mr. Richard Kennedy, and he knew that it was a matter that had also been reviewed by Mr. Helms or others with Senator Baker. Mr. Shackley

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EO 13526 3.3(b)(6)>25Yrs

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(b)(3) NatSecAct
EO 13526 3.3(b)(6)>25Yrs

stated that the CIA records indicate that there was an exchange of correspondence in March 1976 between Senator Baker and CIA on the NUMEC diversion. Mr. Shackley made the point, however, that the records which we had seen to date did not indicate that CIA had been in any way involved

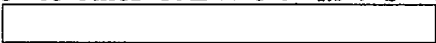
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(b)(3) NatSecAct
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n. CIA's Capability to Currently Detect Nuclear Diversions. The Congressional Staffers asked if CIA currently had a capability to detect nuclear diversions from the United States to other countries. Mr. Shackley responded by saying



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- 11 -

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[REDACTED]

25X1

[Comment: It is clear that the Congressional Staffers are looking for ways of developing safe-guards on the nuclear diversion issue and may return to this question at a later date for a clearer identification of

[REDACTED]

25X1

25X1

Mr. Duckett stated that he was not aware of any such dialogue. Mr. Shackley stated that he had not run across any material thus far in the files which would indicate that there had been a dialogue

In this context Mr. Shackley told the Congressional Staffers that reports concerning the availability of enriched uranium were constantly appearing in one intelligence channel or another, and as a result we would need more specifics in order to sort out what particular report or rumor they were referring to. [Comment: In the post-meeting review session on 2 August,

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[REDACTED]

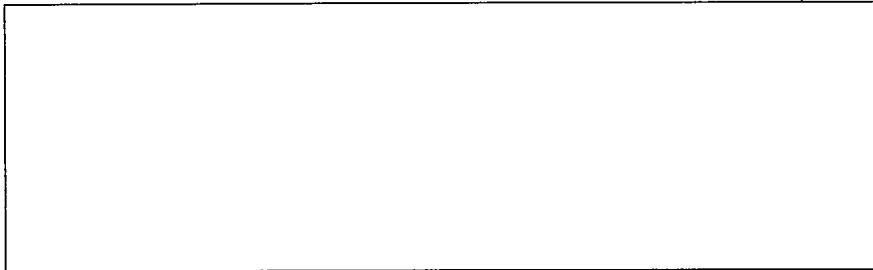
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(b)(3) NatSecAct
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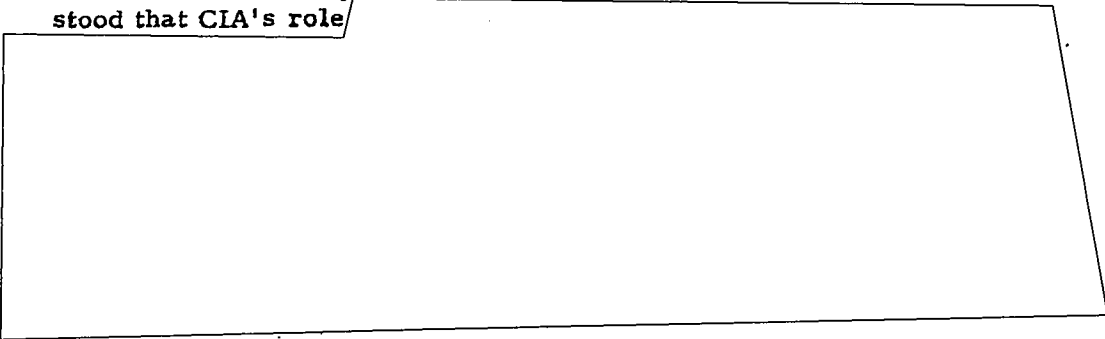
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4. Future Committee Actions. The discussion outlined in paragraph 3 terminated when Mr. Duckett indicated that he had to proceed to another appointment. Mr. Shackley then asked Mr. Potter whether he envisioned that there would be a need for any further followup discussion between CIA and Congressional Staff Members or the Chairman of the Committee of the House Subcommittee on Energy and Power. Mr. Potter responded by saying that the Committee planned to open its public hearings on 8 August. After that date Mr. Potter thought it might be necessary for an Agency spokesman to brief Congressman Dingell and one or two other Committee members in an off-the-record session concerning CIA's insights into the NUMEC diversion issue. It was left, therefore, that there was no further action required by CIA in relation to the House Subcommittee on Energy and Power until the latter took the initiative to recontact CIA.

5. Comment. The meeting on 2 August served a useful purpose in clearing the air with the two Congressional Staff Members relative to CIA's role in the NUMEC diversion case. At the end of the meeting one had the clear impression that Messrs Potter and Stockton understood that CIA's role

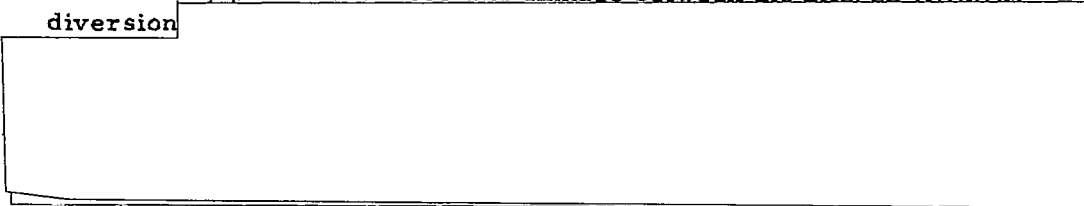
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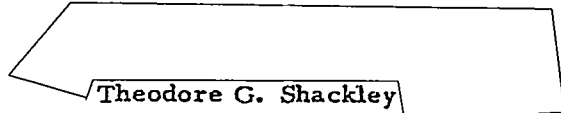
capability. It was stressed throughout, however, that CIA did not have any facts which would stand up in court which could be used to conclusively prove that there was linkage between the alleged NIUMEC diversion



The Congressional Staffers took note of this dilemma and seemed to understand it.

6. The discussion with the Congressional Staffers was not under oath and no formal record was kept by the two gentlemen, although Mr. Stockton did take copious notes.

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(b)(3) NatSecAct
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Theodore G. Shackley
Associate Deputy Director for Operations

(b)(6)

Distribution:

- 1 - DCI
- 1 - A/DDCI
- 1 - DDO
- 1 - OLC
- 1 - C/SIA
- 1 - SA/DO/O (extract)

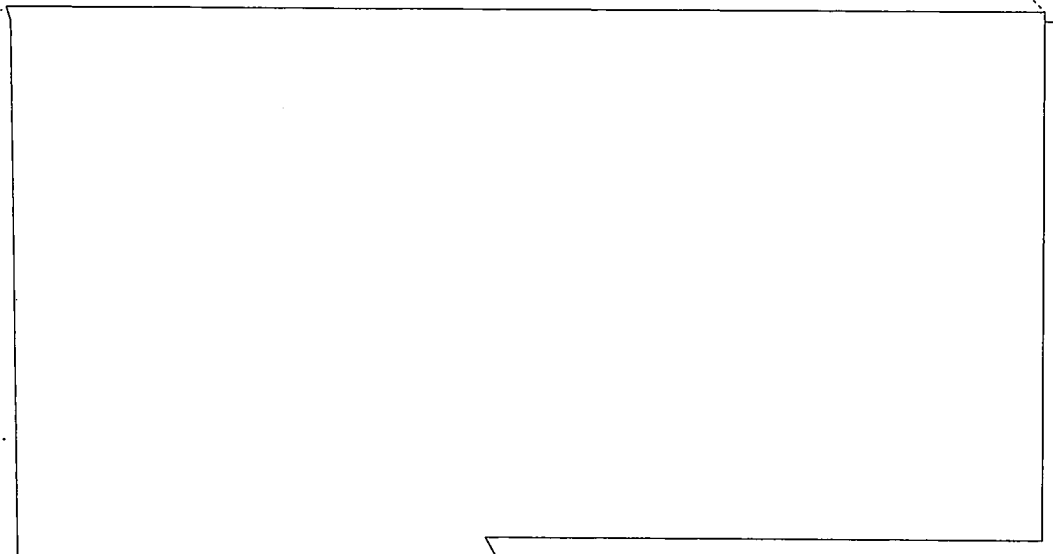
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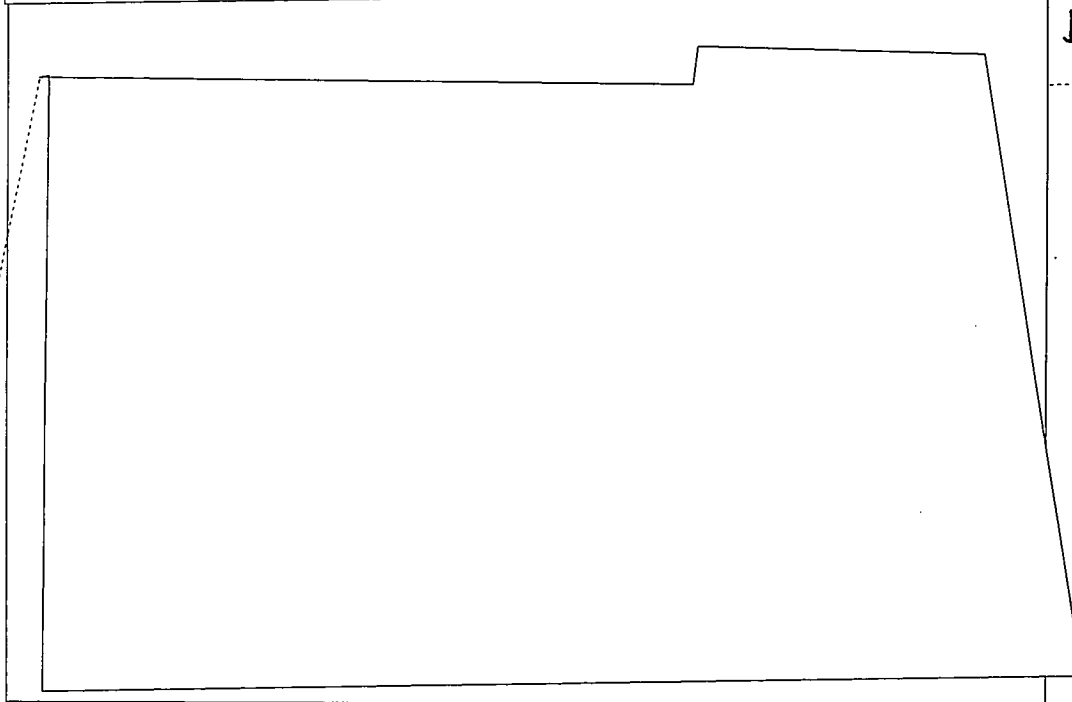
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NUMEC



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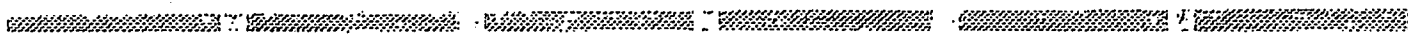


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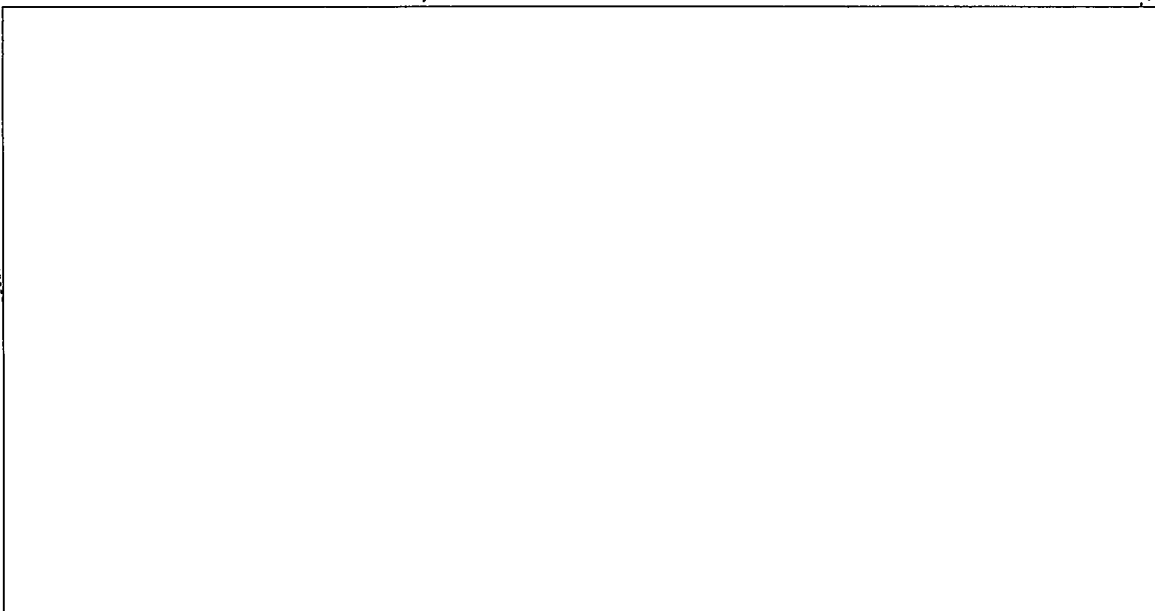


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~~SECRET/SENSITIVE~~AEC Investigation

NUMEC owned and operated a uranium processing facility at Apollo, Pennsylvania. It first received material under lease arrangement in December 1957 and received its first material as an AEC contractor in December 1957. From the start up through 31 December 1966 NUMEC received 21,750 kg of U-235 and shipped 19,865 kg U-235 reporting losses of about 260 kg or about 1.2% of total receipts. Starting about 1960 the AEC began a continuing, but in the opinion of the Comptroller General of the United States ineffective, campaign to get NUMEC to implement adequate control of the material in its plant. This matter came to a head in November 1965 when the AEC made a detailed survey to determine total losses since start up and to attempt to explain the "unexpectedly" high U-235 loss on the WANL contract (Westinghouse). The survey established the loss from 1957 until 31 October 1965 as 178 kg U-235. Of this total, 84.2 kg was estimated by the survey team to have been lost through known loss mechanisms (NOL) and the remaining amount of 93.8 kg was categorized as MUF. MUF is defined as usually the result of uncertainties in measurements, unknown losses and undetected errors in records. In 1964, a fire occurred in the vault containing nuclear materials at NUMEC, which effectively destroyed records of the input and output of material. The fire occurred during a strike when the plant was shut down. The AEC report on the November 1965 survey presented the view that while it could not be stated

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with certainty that diversion did not take place, the survey team found no evidence to support the possibility of diversion. The Comptroller General found that because of the condition of NUMEC's records, they were unable to state an opinion on the disposition of the MUF but had no reason to question the AEC conclusion with regard to diversion. The Comptroller had been asked to investigate this situation by an alarmed Joint Committee of the Congress on Atomic Energy on 7 September 1966. The Comptroller General's report to the Congress stated: "Notwithstanding extensive reviews of NUMEC's operations neither the AEC nor NUMEC have been able to identify with a high degree of certainty the specific causes of WANL material loss."

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F. CONGRESSIONAL BRIEFINGS

1. 27 May 1969:

DCI Helms briefed the CIA Subcommittee, House Armed Services Committee on the [redacted] We find no record of NUMEC being raised in this briefing.

2. 26 February 1970:

Senator Fulbright queried Secretary Rogers about unsafeguarded nuclear materials but Rogers' response (15 March 1970) makes no reference to NUMEC. Fulbright sought to [redacted]

[redacted] tion Treaty. We find no indication that CIA was directly involved in this exchange. Secretary Rogers, however, had been briefed by the DCI on [redacted] along with Secretaries Laird and Kissinger, on 1 April 1969. He was also a recipient of the DCI's letter of 8 September 1969 to the President (and Secretary of Defense) which [redacted] and made reference to the NUMEC diversion. (See A-2).

3. 10 February 1972:

DCI Helms briefed the Joint (Congressional) Committee on Atomic Energy on the state of nuclear proliferation. He was queried about the NUMEC diversion issue and referred the Committee to the AEC and the FBI.

4. 26 January 1976:

Commencing on this date, CIA officers briefed the JCAE in a series of meetings which continued into April 1976 and covered [redacted] NUMEC. (See F-4).

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The briefings were initiated by a letter from Mr. George Murphy, Executive Secretary of the JCAE, in which he asked CIA for certain press clippings concerning NUMEC/Shapiro. Subsequently, the JCAE was provided with classified documentary material on NUMEC.

Following are the highlight events of the JCAE briefings:

6 Feb 76 - CIA Liaison with DDS&T Carl Duckett met with George Murphy on diversion

19 Feb 76 - The DCI and DDS&T Duckett brief the JCAE

5 Mar 76 - [redacted] and ADD/S&T Sayre Stevens met with Mr. Murphy (b)(3) NSC (b)(3) CIAAct

25 Mar 76 - Upon the advice of Mr. Murphy, Sen. Baker requested that the DCI provide documentation on NUMEC

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EO 13526 3.3(b)(6)>25Yrs 2 Apr 76 - [redacted] CI documents and [redacted] DDS&T documents are provided to Mr. Murphy (b)(1)

(b)(3) NatSecAct
EO 13526 3.3(b)(6)>25Yrs

5. 2 August 1977:

In response to a request from Congressman Dingell, the ADDO and Mr. Carl Duckett briefed Mr. Frank M. Potter, Counsel and Staff Director of the Subcommittee on Energy and Power of the House Committee on Interstate and Foreign Commerce and Mr. Peter D. Stockton, Research Assistant of the Subcommittee on Energy and Power of the House Committee on Interstate and Foreign Commerce. (See F-5)

6. 4 August 1977:

The ADDO met with Mr. Bill Miller, Staff Director SSCI and briefed him on the NUMEC case. The briefing had been approved by the DCI. (See F-6)

7. 5 August 1977:

In response to a request levied on CIA through the OLC, Mr. Shackley briefed Congressman McCormack. (See F-7)

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8. 5 August 1977:

The ADDO (Mr. Shackley) met with Senator Glenn who wanted to discuss the NUMEC issue with CIA as a follow-up to his earlier discussions with the FBI and ERDA. (See F-8)

9. 5 August 1977:

In a memo to DCI Turner, Congressman Udall requested a briefing from CIA on the NUMEC case. (See F-9)

10. 23 August 1977:

ADDO Shackley presented briefing on the NUMEC case to Congressman Morris K. Udall, Chairman of the House Committee on Interior and Insular Affairs and Henry Myers, Special Consultant Nuclear Energy, House Committee on Interior and Insular Affairs. (See F-10)

11. 26 August 1977:

ADDO Shackley presented a brief overview to Mr. Tom Latimer, Staff Director of the House Committee on Intelligence and Mr. Mike O'Neal, Counsel to the Committee on CIA's knowledge of the NUMEC situation. (F-11)

12. 14 September 1977:

Former DDS&T Carl Duckett met with Mr. Leonard Weiss of Senator Glenn's staff to discuss the NUMEC case. (See F-12)

13. 23 September 1977:

Documents provided to OLC in response to a request from Mr. Stockton of Congressman Dingell's staff. These were subsequently retrieved from OLC in view of FBI advise to that Office that Attorney General Bell did not want any FBI material to be provided to Dingell's staff because the NUMEC case is under FBI investigation. (F-13)

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14. 14 October 1977:

The NRC was advised that its proceedings of a NRC Task Force investigating the NUMEC case need not be provided to GAO since CIA had briefed GAO personnel and subsequently provided them with a related chronology.

At the same time, NRC was advised that CIA preferred not to pass the same proceedings to Congressman Moss because they included misrepresentations of the CIA position relating to NUMEC and, therefore, would require clarification. We indicated, however, a willingness to brief the Congressman. (See D-5)

15. 18 November 1977:

A DCI letter to Congressman Dingell suggests that a senior Agency official brief the Congressman on any remaining NUMEC issues of concern. This was in response to Mr. Dingell's letter of 19 October in which he said that additional information was required. (See F-15)

16.. 2 December 1977:

Messrs. Stockton and Ward of Congressman Dingell's committee were briefed on the NUMEC case by the ADDO and [redacted]. This lengthy meeting addressed 60-70 questions raised by the Dingell staffers. (See F-16)

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(b)(3) CIAAct

17. 20 December 1977:

Mr. John Emerson, IPS was advised that CIA had no basis for denying specified NRC documents to Congressman Udall's staff. This was in response to a request from Mr. Raymond Brady, Division of Security, NRC. (See D-6)

18. 22 December 1977:

In response to a query from Senator Inouye relating to the NUMEC issue, the DCI summarized the CIA role in the matter and offered a more detailed briefing. (See F-18)

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19. 28 December 1977:

By letter to Congressman Dingell, the DCI advises of the need to cease further briefings on NUMEC. (See F-19)

20. 24 January 1978:

By letter, the DCI advised Congressman Udall of the need to cease further CIA briefings on NUMEC, except to the oversight committees. (See F-20)

21. 24 January 1978:

At the request of Mr. Norton of the SSCI Staff, a meeting was held with him to answer several questions relating to the NUMEC case. (See F-21)

22. 27 January 1978:

The DCI, accompanied by the ADDO met with Congressman Dingell to discuss the Director's position on restricting further Congressional briefings on the NUMEC issue. This meeting was stimulated by the exchange of letters between the DCI and Congressman Dingell. (See F-22 and F-19)

23. 1 February 1978:

The ADDO met with three members of Congressman Dingell's staff to discuss the NUMEC issue as a follow-up to the discussion between the DCI and the Congressman. (See F-23)

24. 3 February 1978:

OLC was provided with answers to questions posed by Congressman Udall relating to the NUMEC issue. (See F-24)

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25. 16 February 1978:

Mr. Peter Stockton of Congressman Dingell's staff and Mr. Henry Myers, Mr. Robert Beck, and Mr. Richard Arenberg of Congressman Udall's staff each reviewed the material passed to the JCAE in the spring of 1976. (See F-25)

26. 19 April 1978:

Leonard Weiss, Senate Governmental Affairs Subcommittee on Energy, Nuclear Proliferation and Federal Services staff, visited Headquarters to review the file of sanitized NUMEC documents provided to the JCAE. He requested that he be given access to all the Agency's documents on NUMEC and was advised we would check and let him know.

27. 5 June 1978:

Peter Stockton and Michael Ward, staffers on the House Interstate and Foreign Commerce Subcommittee on Energy and Power, came to Headquarters to begin their review of the additional documents on NUMEC. Stockton said he understood there was certain sensitive information which the DCI discussed personally with Chairman Dingell that was not included in the package. We affirmed that was correct. Stockton has not returned to complete his review of the file.

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Attachment #9

(b)(1)
(b)(3) NatSecAct
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Sent 5 April 1976

Batch No. 2 identified [redacted] and sent to Executive Director of JCAE (George Murphy). Contents as follows:

CLASSIFIED

2 Memoranda (essentially same), dated 15 and 23 February 1968

Memo Subject: Possible Clandestine Shipment of Weapons Grade Nuclear Materials from U.S. to Israel. Shapiro formed NUMEC in 1957. By 1965 NUMEC was one of principal producers of nuclear materials and fabricator of uranium fuels in U.S. reportedly capable of dealing in up to 100 kgs weapons grade fissionable material at a time.

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[redacted] establishment irradiation facility for oranges in Israel.

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EO 13526 3.3(b)(6)>25Yrs

Also in 1966 AEC asked FBI to investigate NUMEC on shortage charge; FBI declined.

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(b)(3) NatSecAct
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[redacted]

Memo for Record, 4 March 1968

Memo for Record, 12 March 1968

See second item listed in batch No. 1 classified inventory.

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Reports on 11 March 1968 meeting between AEC, FBI and CIA on clandestine diversion at NUMEC. AEC reviewed its procedures on material accountability. Because NUMEC technically superior to others, AEC tolerated NUMEC's primitive facilities and sloppy management. NUMEC's shaky financial status coupled with high material loss led AEC to investigate. Between 1 January and 25 February

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1964, supervisory personnel handled plant operations when NUMEC was on strike. Not until 1967 when AEC insisted did NUMEC Analysis Laboratory become accountable.

led AEC to consider possibility of NUMEC diversion.

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AEC pointed

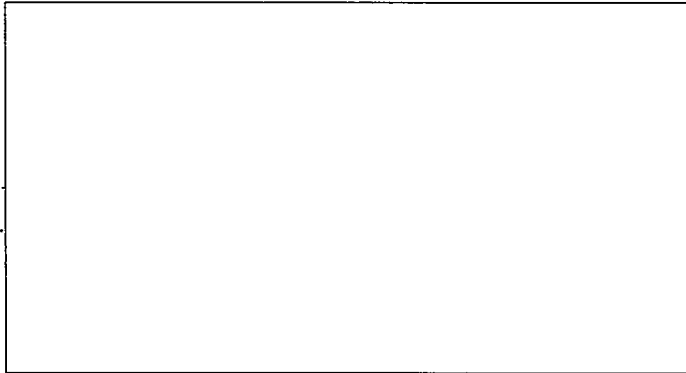
(note that diversion penalty is death or life imprisonment). AEC agreed with

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EO 13526 3.3(b)(6)>25Yrs

FBI requested that investigation request be on intelligence not criminal grounds. FBI and AEC requested that CIA coordinate on any action. Meeting for first time that JCAE reportedly stopped NUMEC investigation by FBI. Result of meeting was AEC and FBI to look again at this subject.

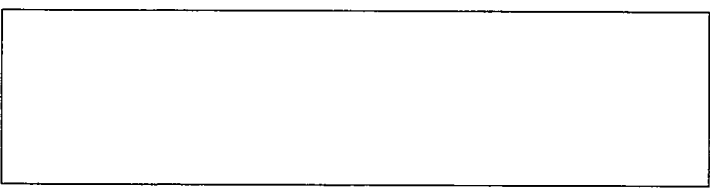
Memo for DCI,
15 March 1968

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EO 13526 3.3(b)(6)>25Yrs



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EO 13526 3.3(b)(6)>25Yrs



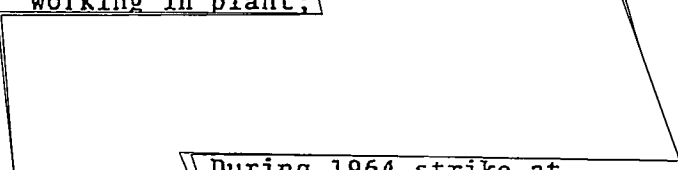
Memo for Record,
25 March 1968

Review of Agency and AEC files on subject of NUMEC diversion. According to U.S. Comptroller General AEC began in 1960 a continuing but ineffective campaign to have NUMEC implement material control which came to a head with high U-235 loss on a Westinghouse contract. Between August 1958 and October 1965 NUMEC shipped approximately 425 kg U-235 overseas under some 28 contracts, none of which independently confirmed by AEC. AEC relied on shipper and recipient integrity. Evidence indicates that if diversion did occur, it was

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EO 13526 3.3(b)(6)>25Yrs

Shapiro was GOI IAEC consultant in 1960 and prior; he had Israeli national working in plant;

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(b)(3) NatSecAct
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During 1964 strike at NUMEC, many of records requested by AEC in connection with material loss, had been destroyed by supervisory personnel. Memorandum suggests investigation of financial circumstances of NUMEC formation in 1957 and \$1 million loan availability to reimburse AEC for lost material.

DCI letter of U.S. Attorney General, 2 April 1968 and DDO covering memorandum to DCI, 1 April 1968

1 April 1968 covering memorandum reports that DCI letter cleared with Brown (AEC) and incorporates Brown's suggestion. Brown's reaction was that purpose of letter correct and last two paragraphs acceptable; he

(b)(3) CIAAct

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(b)(3) NatSecAct
EO 13526 3.3(b)(6)>25Yrs

believed, however, it contained an

(b)(3) CIAAct

but declined to revise that portion. DDO, [redacted] belief is that Brown wants to avoid responsibility for letter but cannot disapprove it. 2 April 1968 DCI letter reviews NUMEC's

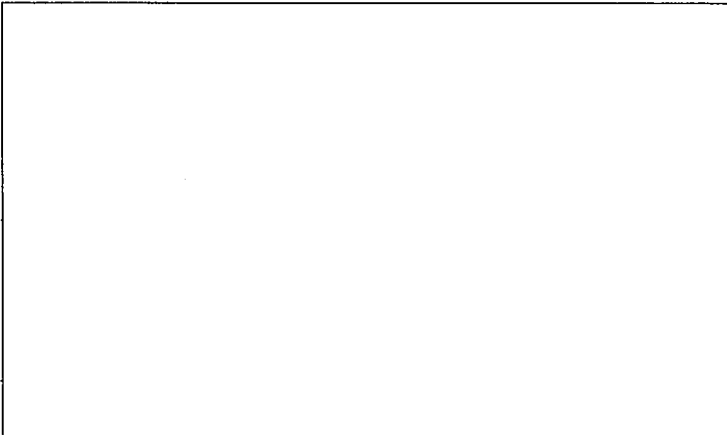
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material loss [redacted] and requests FBI initiate a discreet intelligence investigation of Shapiro to establish nature/extent of GOI relationship. Investigation results would be useful input into establishing

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[redacted] and providing background for Proliferation Treaty proposed by U.S. and USSR.

Memo to FBI,
14 November 1968



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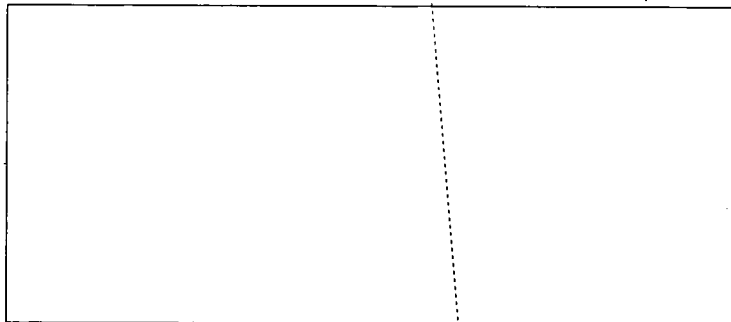
Letter from FBI to DCI,
3 September 1969

Letter describes FBI investigation of Shapiro since May 1968 and reports AEC representative's interview of Shapiro on 14 August 1969 in which

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[redacted] This interview was basis for AEC advising FBI that it does not contemplate further action at this time. FBI reports their own information points

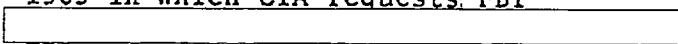
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Letter from FBI to DCI,
17 October 1969

References DCI's letter of 13 October
1969 in which CIA requests FBI



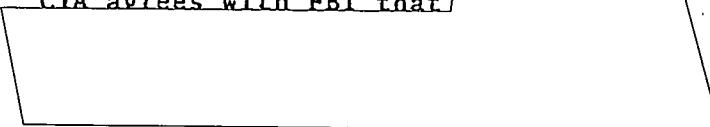
FBI refers DCI to Attorney General on
this request.

(b)(7)(e) Per FBI
(b)(3) NatSecAct

(b)(3) CIAAct

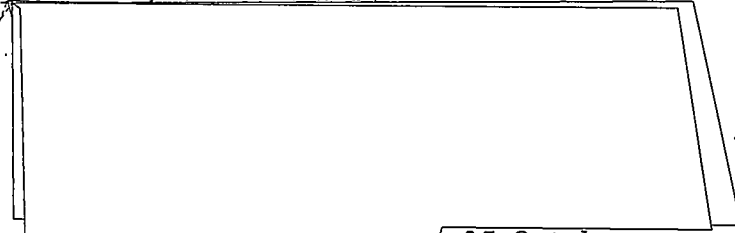
Memo for DCI from
DDO/ [redacted] 6 November
1969 with attachment
(DCI letter to FBI,
13 October 1969)

Memorandum to DCI proposes CIA
approach to Attorney General be that although
CIA agrees with FBI that



Since AEC has dropped this case (and
consequently FBI), FBI defers to
Attorney General for

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(b)(3) NatSecAct
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13 October
1969 DCI letter references 3 September
1969 FBI letter and agrees that con-
tinuing FBI investigation unlikely to
produce legal evidence. Letter states
that FBI investigation

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(b)(7)(e) Per FBI
(b)(3) NatSecAct

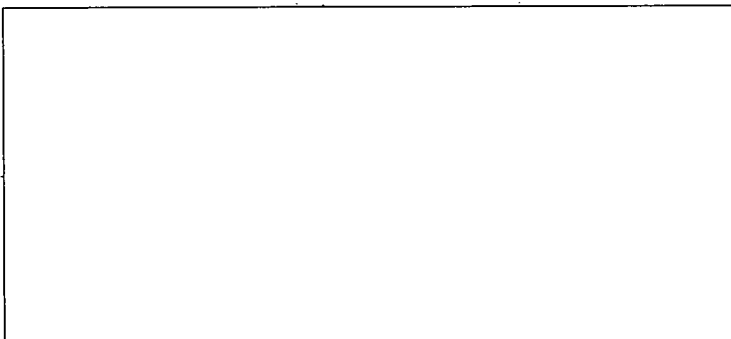
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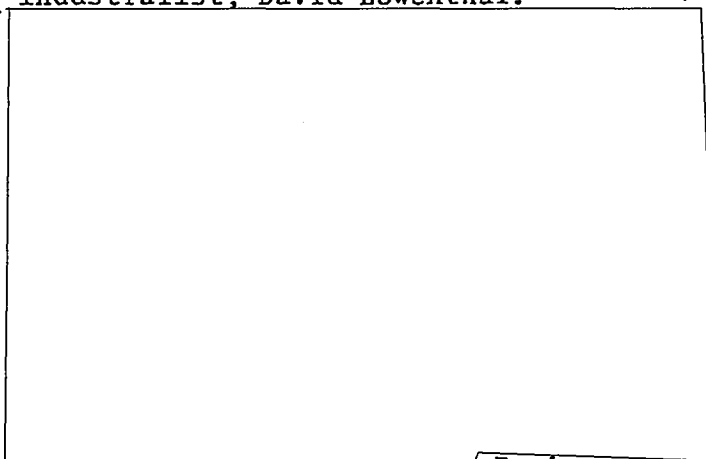
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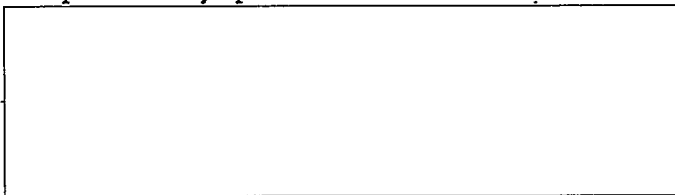
Memo for Record,
9 March 1972

Subject of Memorandum: Possible
Diversion of Weapons Grade Nuclear
Materials to Israel by Officials of
NUMEC. Resummarizes entire case.
New elements not in other memoranda
or amplified points follow: 1957
NUMEC formation financed by Pittsburgh
industrialist, David Lowenthal.

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(b)(3) NatSecAct
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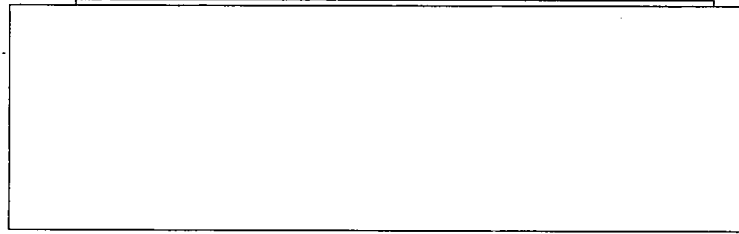
During
NUMEC 1964 strike, both a fire and
records destruction occurred when only
supervisory personnel were around.



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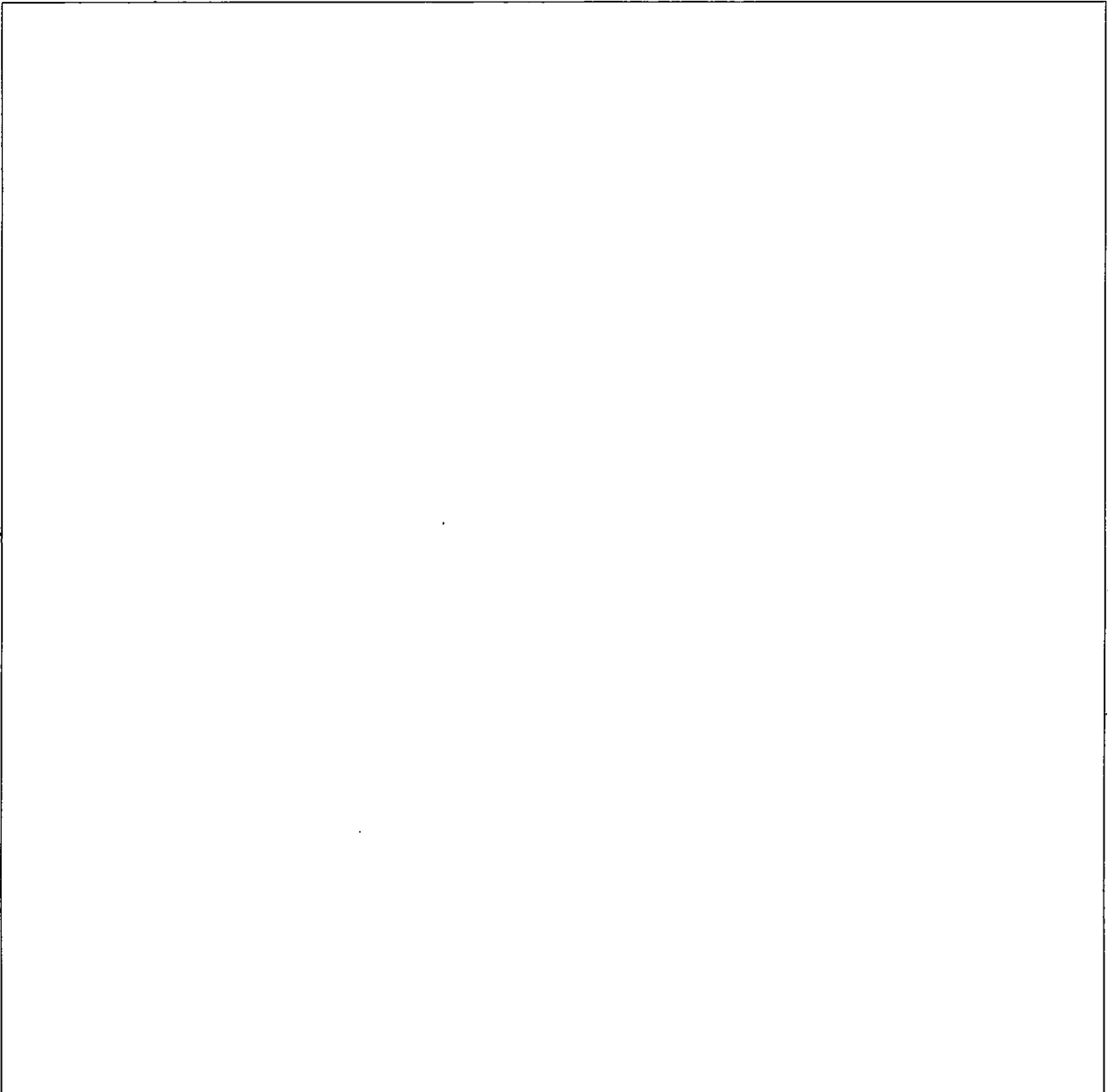
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TALKING PAPER



WARNING NOTICE
SENSITIVE INTELLIGENCE SOURCES
AND METHODS INVOLVED

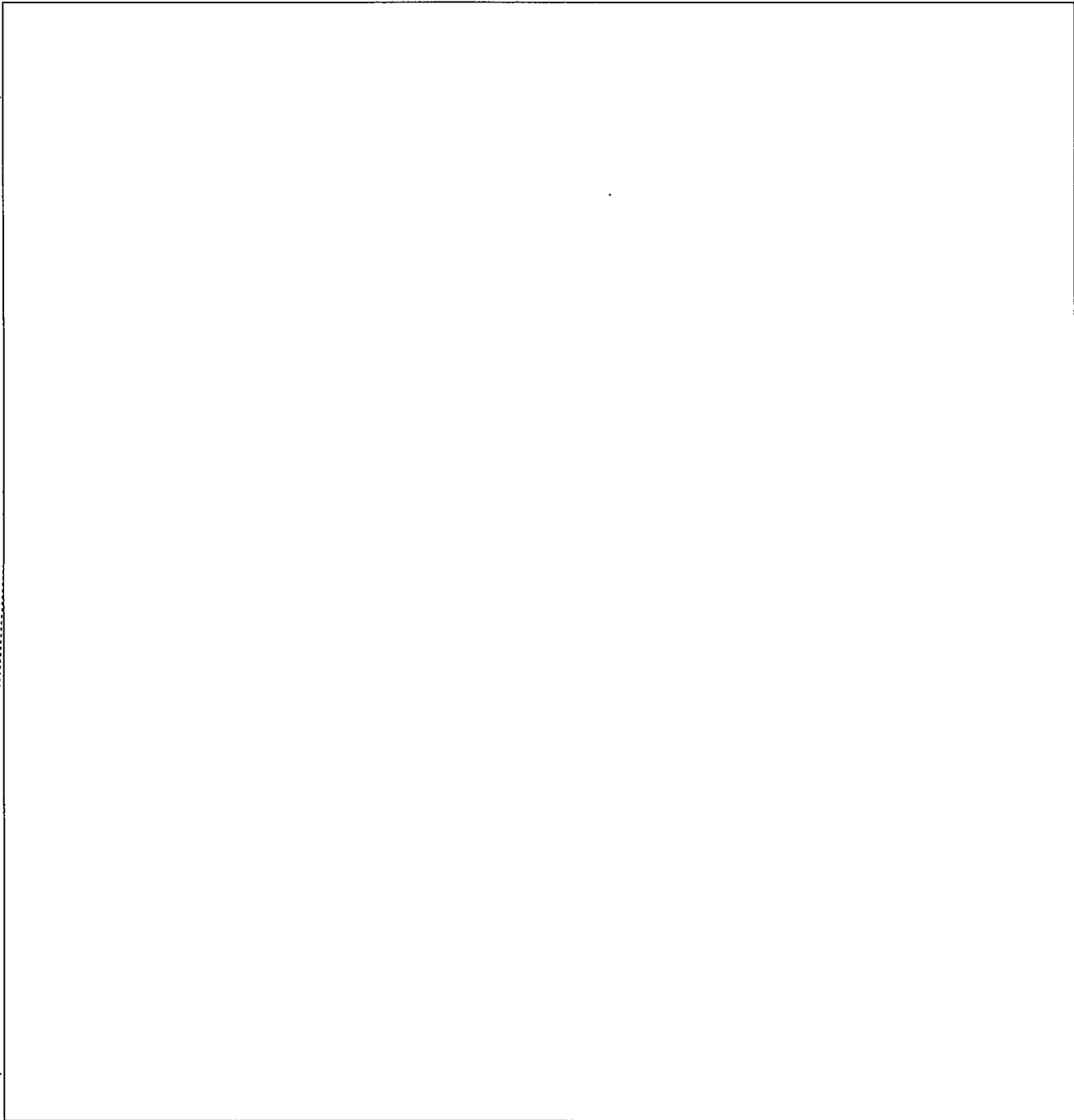
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The loss of uranium at NUMEC had been investigated by the Atomic Energy Commission. A second investigation was conducted by the General Accounting Office at the direction of the Joint Committee on Atomic Energy. Both of these reports conclude that there was no evidence of a diversion of the material.

[Redacted]

In March 1968 the DCI requested the Attorney General to direct the FBI to investigate the possibility that a diversion had taken place and that the material unaccounted for at NUMEC [Redacted] The investigation was abruptly terminated in August 1969 following an interview between the President of NUMEC and the Director of Security for the AEC for the stated purpose of revalidating his security clearances. The missing material was not mentioned in the interview.

[Large Redacted Area]

DOE
b(3)

During 1976 the Joint Committee on Atomic Energy renewed its interest in the affairs at NUMEC and brought the matter to the attention of President Ford. Attorney General Levi directed the FBI to initiate a second investigation into the loss of material.

Since 1968 when the subject of NUMEC first came into focus, CIA has cooperated fully with the FBI, assisting them in their investigation of NUMEC [Redacted]

[Redacted] both in 1968 and more recently in 1976.

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[Redacted]

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lost no opportunity to further the investigation by the FBI in the hope that positive intelligence information concerning the whereabouts of the missing material would be forthcoming.

[Redacted]

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[Redacted]

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While this information is of obvious importance in reaching an intelligence decision on the probability of diversion, it is not of any legal pertinence to the FBI's criminal investigation of NUMEC. In our discussions with the FBI we have alluded to this information but we have not made the details available to the special agents from the Washington Field Office of the FBI who are working on the case. While Mr. Bush's conversations are not known to us, we have had no substantive discussions with officials at FBI Headquarters on this matter.

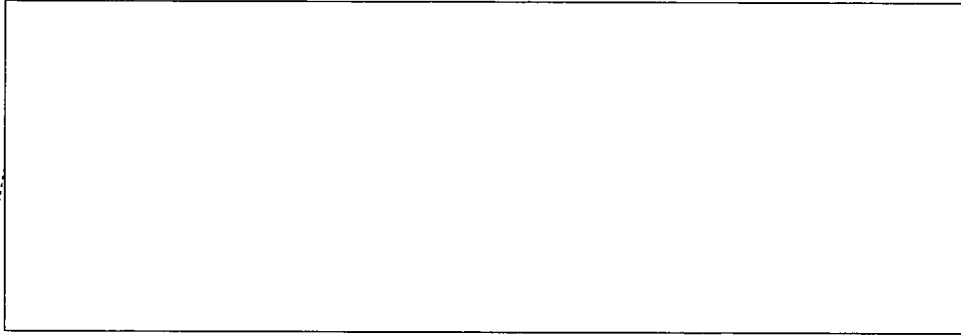
The last briefing of the FBI on the NUMEC matter occurred on 10 August 1976. We are not aware of the current status of the FBI investigation of NUMEC.

[Redacted]

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[Redacted] Copy 1 of 6

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27 April 1977

MEMORANDUM FOR THE RECORD

SUBJECT: NUMEC

1. On 15 April, I met with Dr. Brzezinski, John Marcum of the NSC Staff, Mr. Rowden and Mr. Fry of NRC and ERDA respectively. The meeting was called at the initiative of either Mr. Rowden or Mr. Fry, who had wanted to insure that the new Administration is aware of the NUMEC case, a matter of virtually perennial concern.

2. Several days before the meeting I had been contacted by General Giller of ERDA alerting me to the meeting and strongly suggesting that I be present for the discussion.

3. Fry led off describing NUMEC, a company in Apollo, Pennsylvania that has lost or misplaced rather sizeable quantities of U-235 going back to the mid-1960's. He described various investigations made by AEC, GAO, and the FBI looking into these aspects. He pointed out that the AEC investigation had concluded that there were a number of technical reasons which could account for the loss of this material. He noted, however, that there were some special concerns in the Intelligence Community and he invited me to say what they were.

[Redacted]

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CL BY [Redacted]

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APPROVED FOR RELEASE - CIA
INFO DATE: 26-Aug-2015

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6. Fry and Rowden went on to describe the rather agitated state of mind of a current NUMEC employee who is dissatisfied with the state of American security and safeguards for nuclear materials. He is dedicated and conscientious and not likely to become a subject of possible controversy; but he is inclined to take his case to the Congress and this is a further reason for the new Administration to be aware of the history of all of this.

7. Rowden also pointed out something I had not previously known, [Redacted] to AEC commissioners and their staff early in 1976. He made rather

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[Redacted] Following that briefing, the AEC relayed this word to the White House with the suggestion that President Ford be informed. This apparently set the stage for discussions between DCI George Bush and President Ford on this subject. It also set the stage presumably for President Ford's directive to the FBI that it undertake a renewed investigation of NUMEC and possible U-235 diversions.

8. No one at the meeting knew the status of the FBI investigation-- whether it was alive or concluded. Brzezinski said he would find out.

9. Later in the same day, during the scheduled DCI intelligence briefing session with the President, Dr. Brzezinski briefed the history of all of this to the President.

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[Redacted] (b)(6)
E. H. Knoche

cc: ADDO
General Counsel
Director, OSI

THE TR ...

EB

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To file

UNCLASSIFIED when blank—TOP SECRET when attached to Top Secret Document—automatically downgraded or declassified when filled in form is detached from controlled document.

CONTROL AND COVER SHEET FOR TOP SECRET DOCUMENT

DOCUMENT DESCRIPTION	REGISTRY
SOURCE <i>SECRET</i>	
DOC. NO.	
DOC. DATE <i>27 APR 77</i>	DATE DOCUMENT RECEIVED
COPY NO. <i>#1</i>	LOGGED BY
NUMBER OF PAGES <i>2</i>	
NUMBER OF ATTACHMENTS <i>None</i>	

(b)(3) CIA Act

ATTENTION: This form will be placed on top of and attached to each Top Secret document received by the Central Intelligence Agency or classified Top Secret within the CIA and will remain attached to the document until such time as it is downgraded, destroyed, or transmitted outside of CIA. Access to Top Secret matter is limited to Top Secret Control personnel and those individuals whose official duties relate to the matter. Top Secret Control Officers who receive and/or release the attached Top Secret material will sign this form and indicate the date of handling in the left-hand columns provided. Each individual who sees the Top Secret document will sign and indicate the date of handling in the right-hand columns.

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NOTICE OF DETACHMENT: When this form is detached from Top Secret material it shall be completed in the appropriate spaces below and transmitted to Central Top Secret Control for record.

DOWNGRADED		DESTROYED		DISPATCHED (OUTSIDE CIA)	
TO		BY (Signature)		TO	
BY (Signature)		WITNESSED BY (Signature)		BY (Signature)	
OFFICE	DATE	OFFICE	DATE	OFFICE	DATE

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14 APR 1977

MEMORANDUM FOR: Deputy Director for Central Intelligence
FROM: Theodore G. Shackley
Associate Deputy Director for Operations
SUBJECT: The NUMEC Case and ERDA's Paper

1. We have seen the attached DDS&T memorandum on the ERDA document on NUMEC and it is our judgment that a sources and methods problem is not involved in the ERDA paper. Nonetheless, it is clear to us that should the NUMEC matter be pursued in the press, a good possibility exists that sources and methods, as well as the contradictory intelligence assessments, could become an issue.

2. We recommend against CIA being present at the meeting on 15 April 1977 at which ERDA will make its presentation to Dr. Brzezinski concerning the NUMEC case. We offer three reasons for this. The ERDA meeting with Dr. Brzezinski may be concerned with an issue of domestic law enforcement in which CIA has no authority or responsibility. Our participation in such a meeting would inevitably draw discussion into areas involving sensitive sources and methods. We do not believe the meeting is the appropriate forum for this kind of discussion. Thirdly, ERDA disagrees

[Redacted] This in turn would raise the question of illegal diversion involving NUMEC.

3. As an alternative to participation in the Friday meeting, we propose that Dr. Brzezinski be offered a separate briefing by CIA concerning the NUMEC issue. This arrangement would allow us to provide a full and uninhibited presentation without concern for sources and methods sensitivities. We have attached a talking points paper and a chronology/ [Redacted]

[Redacted] for use by the DDCI should this option be selected.

WARNING NOTICE
SENSITIVE INTELLIGENCE SOURCES
AND METHODS INVOLVED

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4. Since 1968 when the subject of NUMEC first came into focus, CIA has cooperated with the FBI, assisting them in their investigation of NUMEC

[redacted] in 1968 and more recently in 1976.

5.

[redacted] since the decision was made by Directors Helms, Colby, and Bush that this information would not further the investigation of NUMEC

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[redacted]

7. While this information is of obvious importance in reaching an intelligence decision on the probability of diversion it is not of any legal pertinence to the FBI's criminal investigation of NUMEC. In our discussions with the FBI we have alluded to this information but we have not made the details available to the special agents from the Washington Field Office of the FBI who are working the case. While Mr. Bush's conversations are not known to us, we have had no substantive discussions with officials at FBI Headquarters on this matter.

8. The last briefing of the FBI on the NUMEC matter occurred on 10 August 1976. We are not aware of the current status of the FBI investigation of NUMEC.

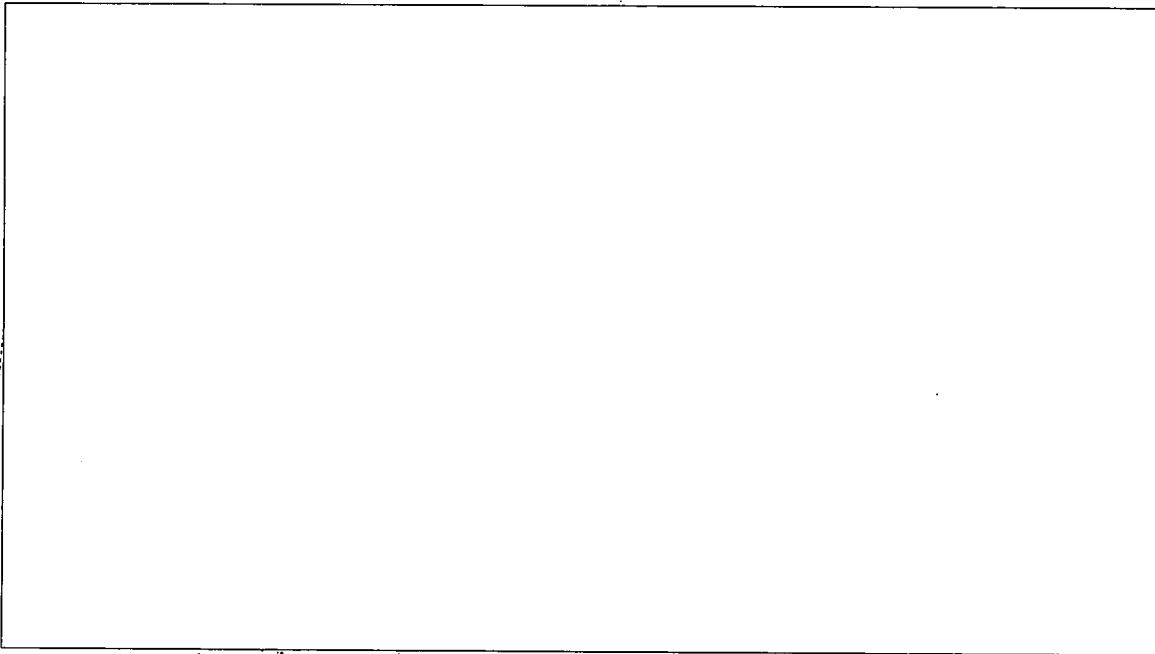
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Theodore G. Shackley

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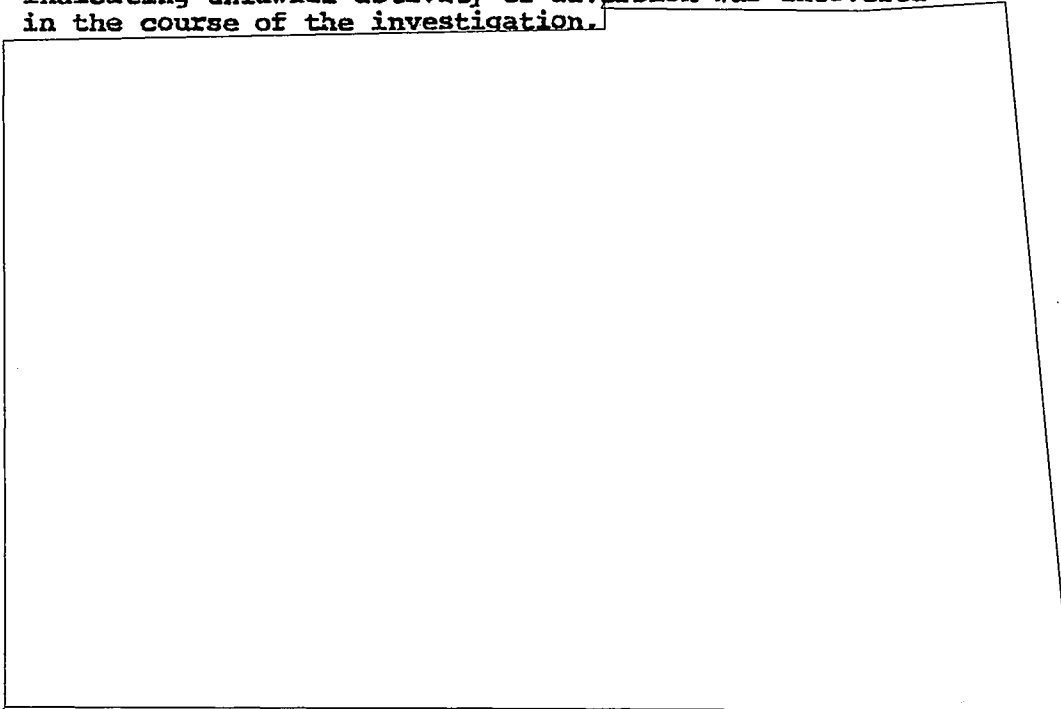
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12 APR 1977

MEMORANDUM

SUBJECT: Review of ERDA Documents on NUMEC

1. The proposed ERDA paper on the NUMEC matter pertains only to reports maintained by AEC on NUMEC operations and an investigation of NUMEC by the AEC. We in CIA are not and have not been concerned with the law enforcement aspects of this problem. Indeed, Dick Helms turned the matter over to the FBI in order to avoid such an involvement. Though the ERDA report concludes that no evidence indicating unlawful activity or diversion was uncovered in the course of the investigation.



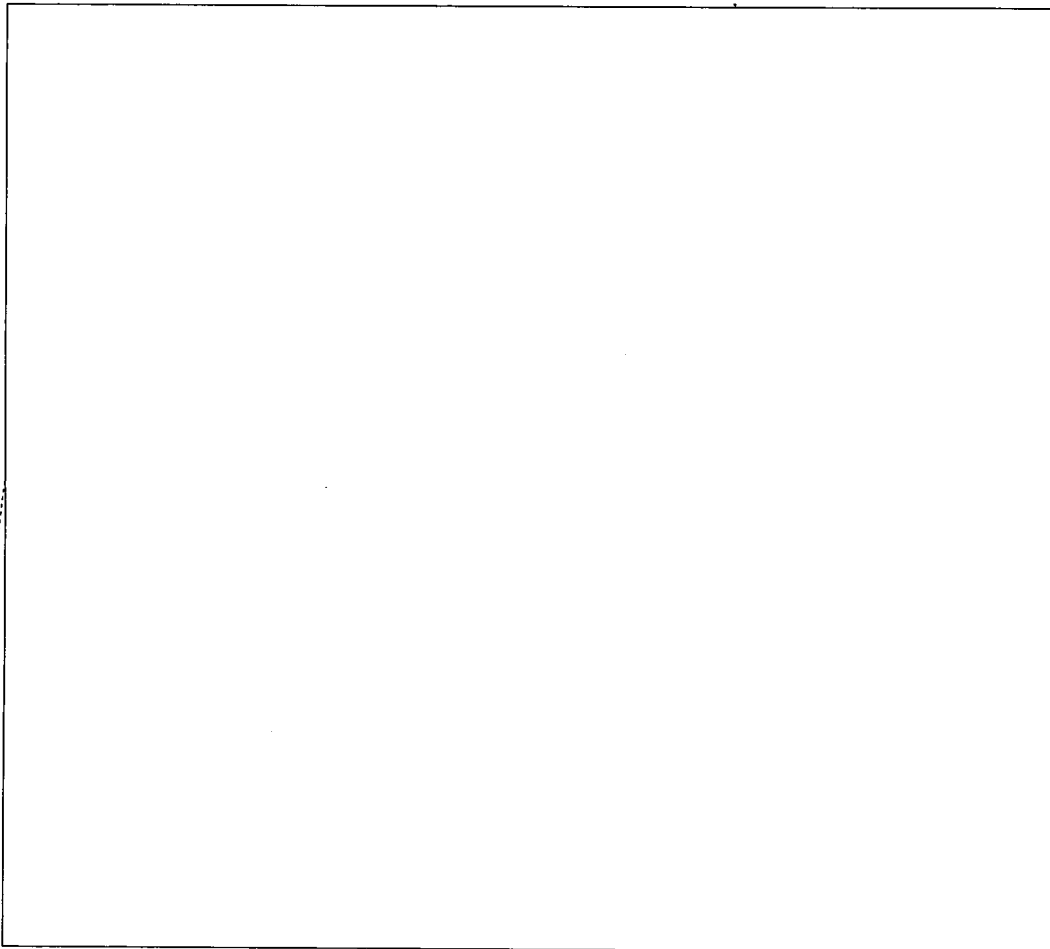
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SUBJECT: Review of ERDA Documents on NUMEC



e. Attorney General Levi was directed last year by President Ford to have the FBI reinvestigate NUMEC. We know nothing of the results of that investigation.

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SUBJECT: Review of ERDA Documents on NUMEC

f. The problem as it is addressed by ERDA focuses on the law enforcement aspects of the problem in which it is inappropriate for the CIA to become involved.

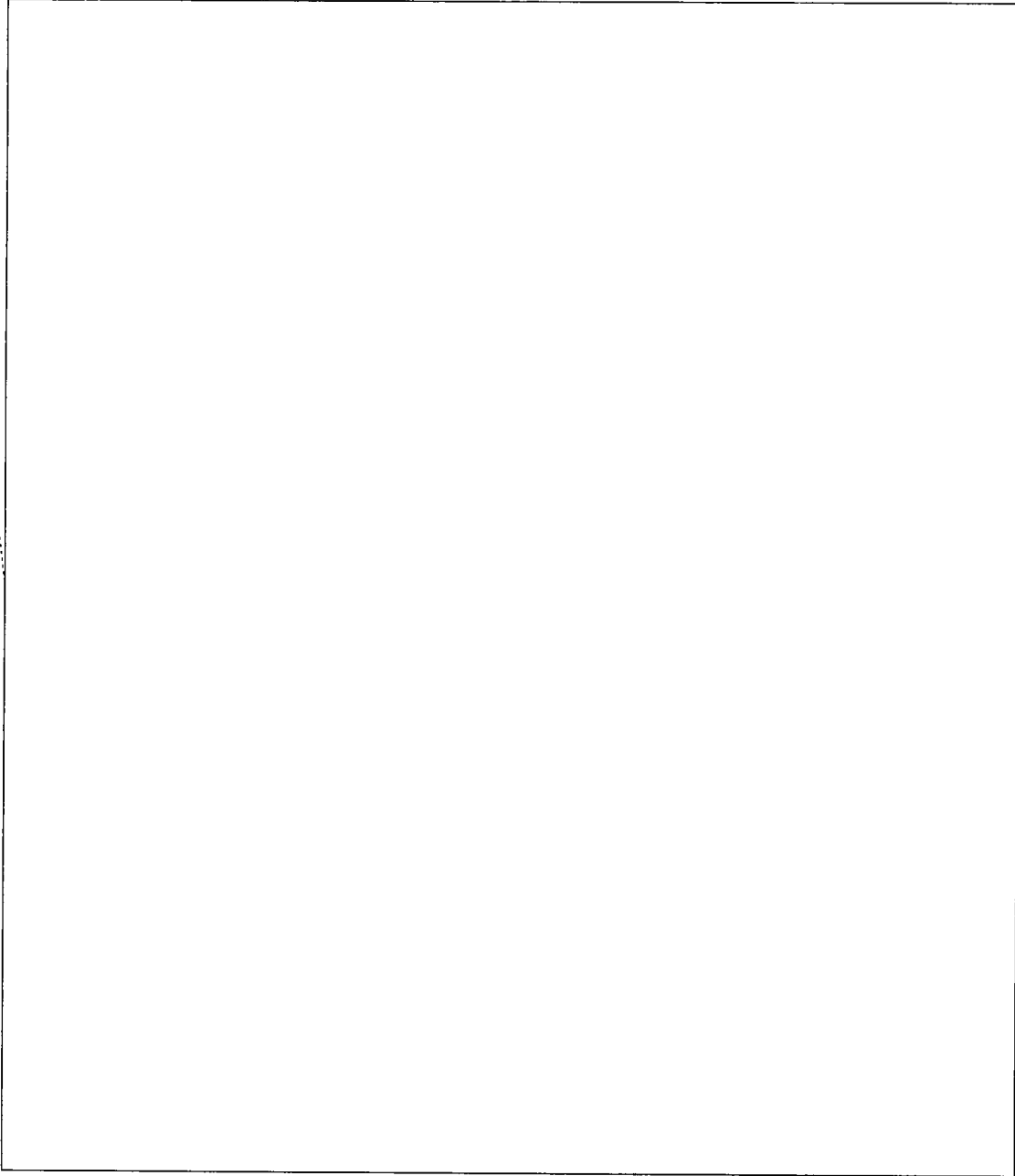
3. To provide all of our information to ERDA would release information that has been considered extremely sensitive up till now. Perhaps that judgment should be reviewed, but it is most unlikely that any of it could be included in any open announcement or discussion of the matter which is what ERDA seems to have in mind.

-3-

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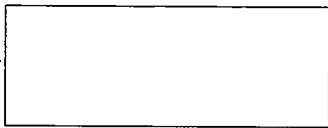
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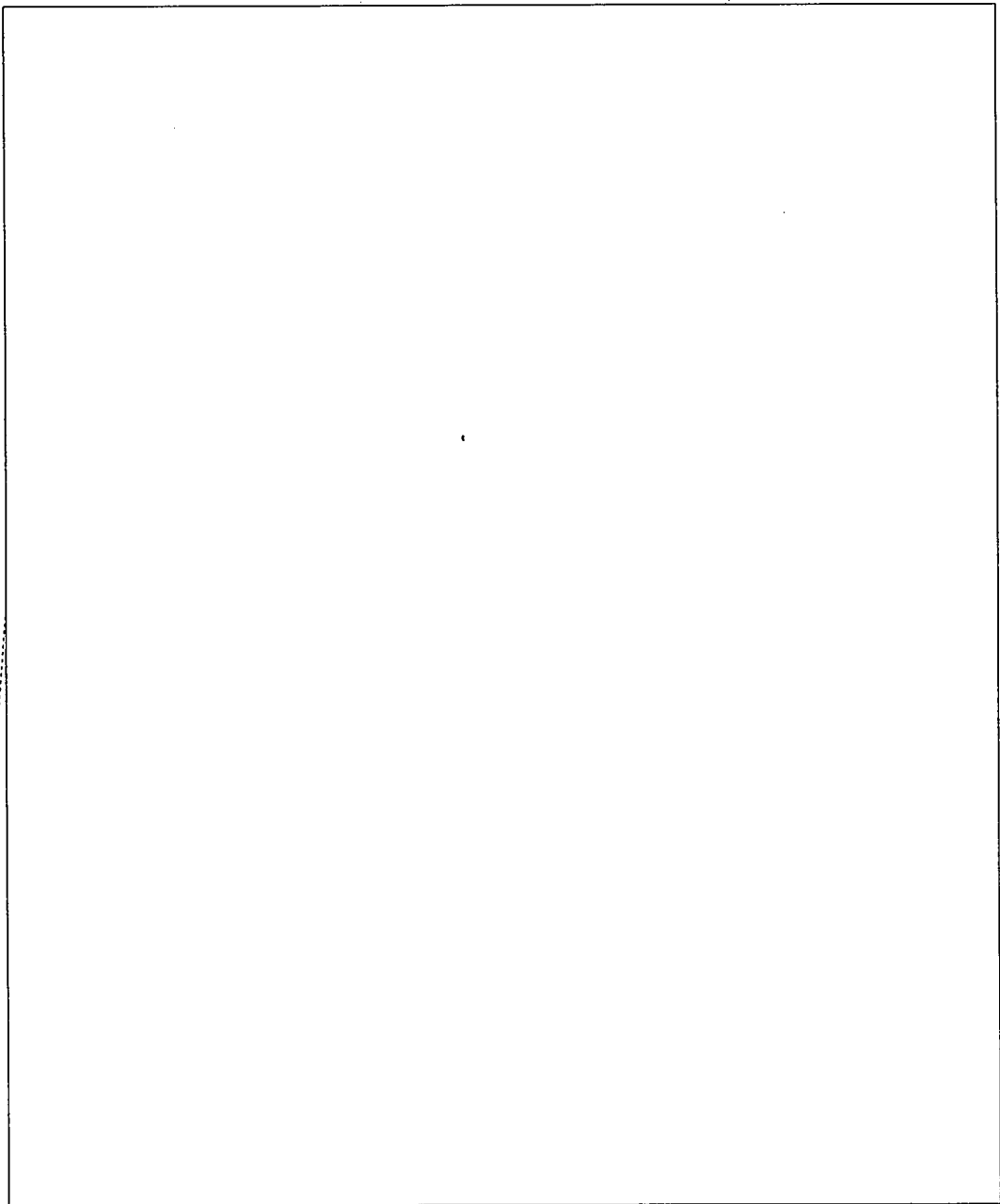
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SENSITIVE INTELLIGENCE SOURCES
AND METHODS INVOLVED

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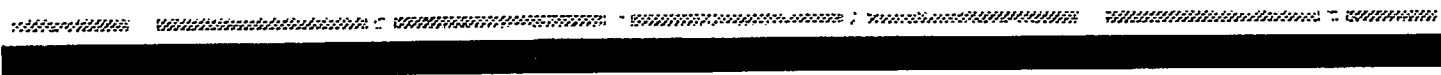
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[Redacted]

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[Redacted]

[Large Redacted Block]

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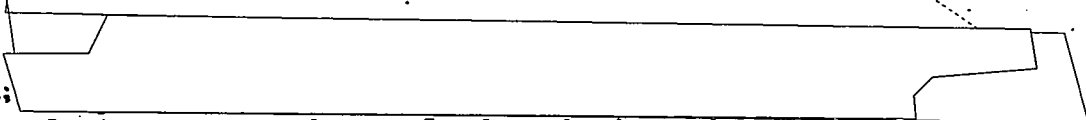
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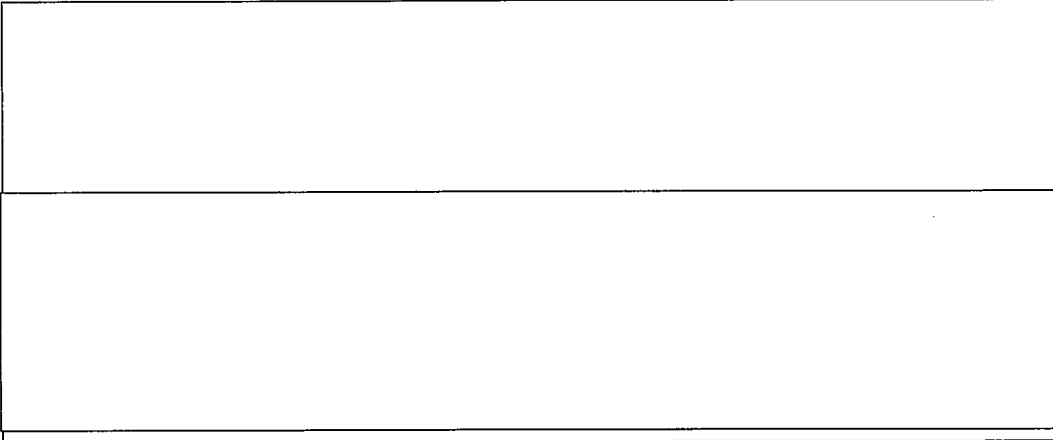
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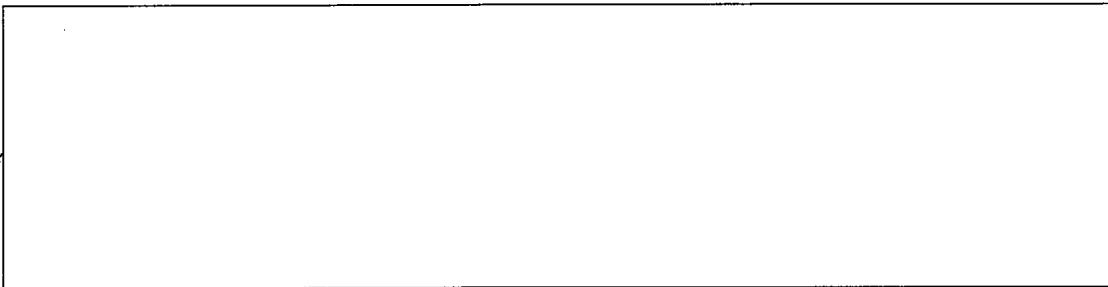
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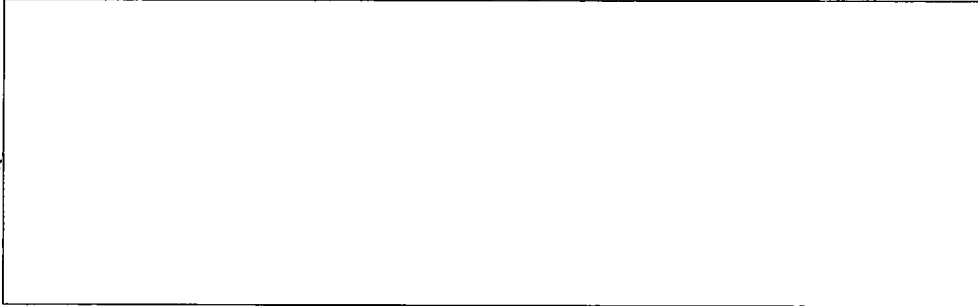
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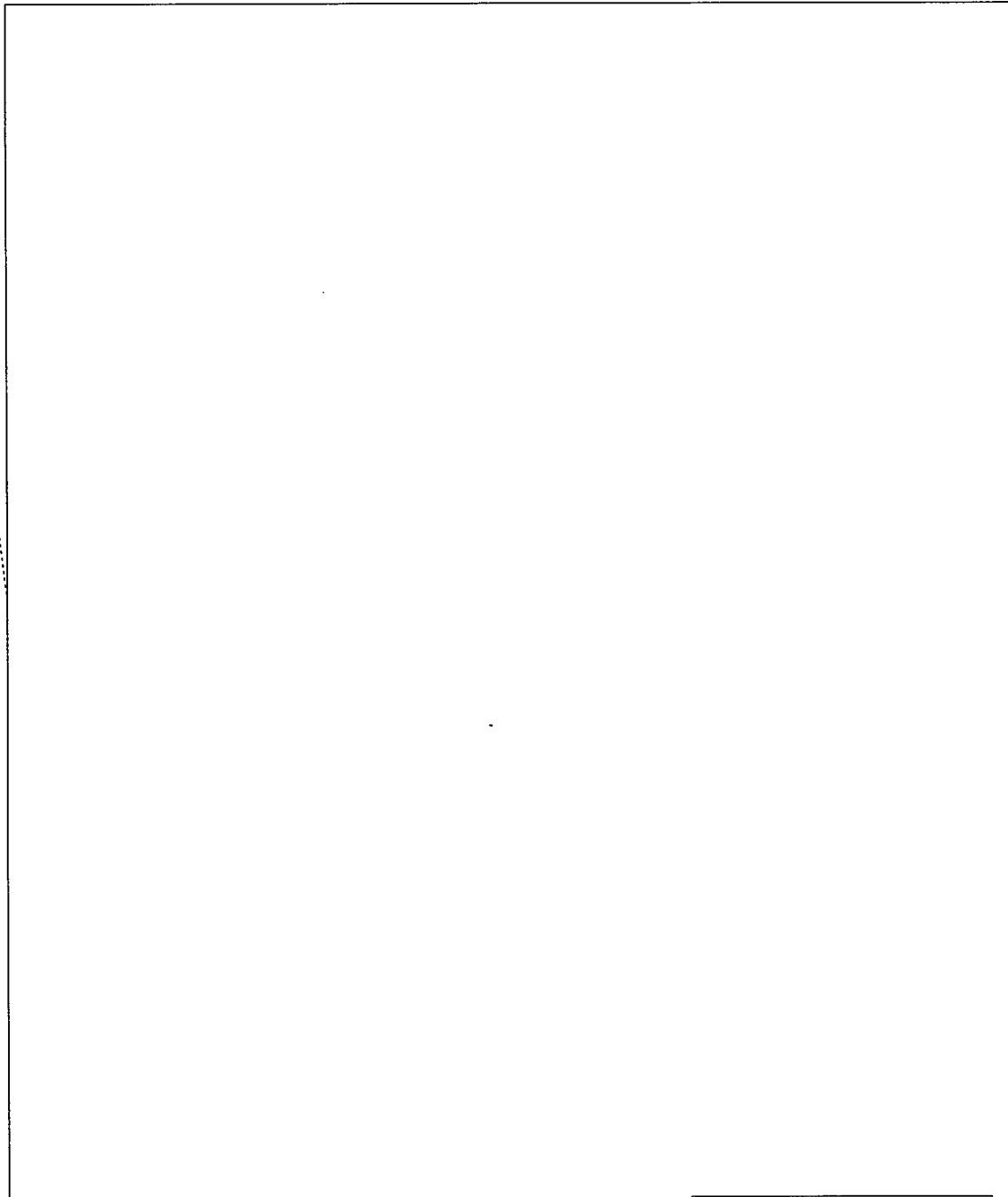


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WARNING NOTICE
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AND METHODS INVOLVED

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(b)(3) CIAAct



~~CONFIDENTIAL~~
~~SECRET~~

rely post - 20 August 1974
For Pres. Ford

8 September 1969

EYES ONLY

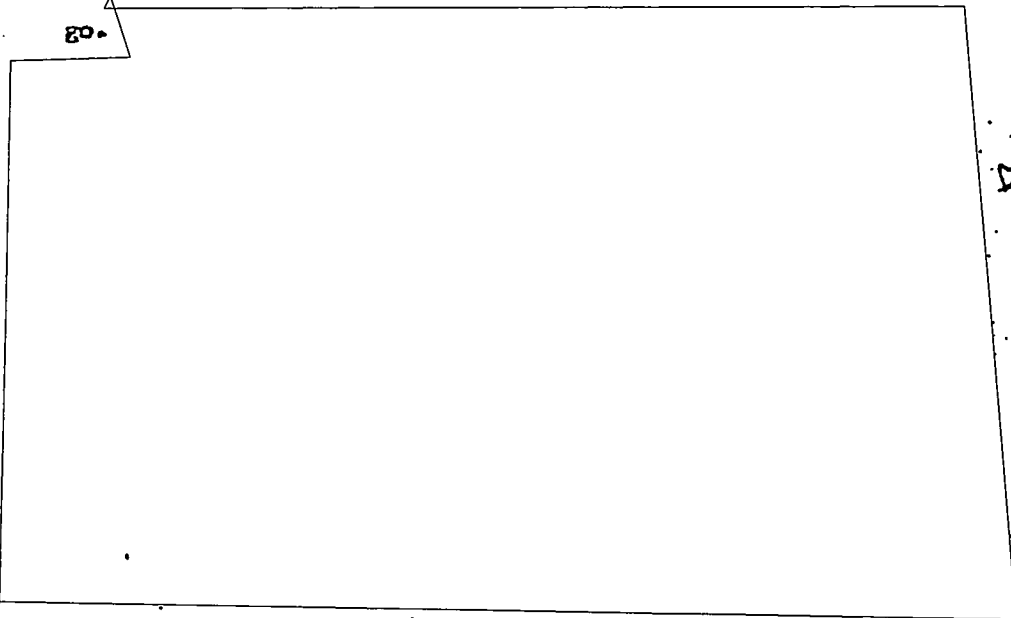
MEMORANDUM FOR: The President

SUBJECT:

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1. The significance of the information set forth below is such that it is being provided only to you, the Secretary of State, and the Secretary of Defense personally. If you wish any further dissemination in Washington, would you be so good as to indicate to whom and in what manner you wish the information to

go.



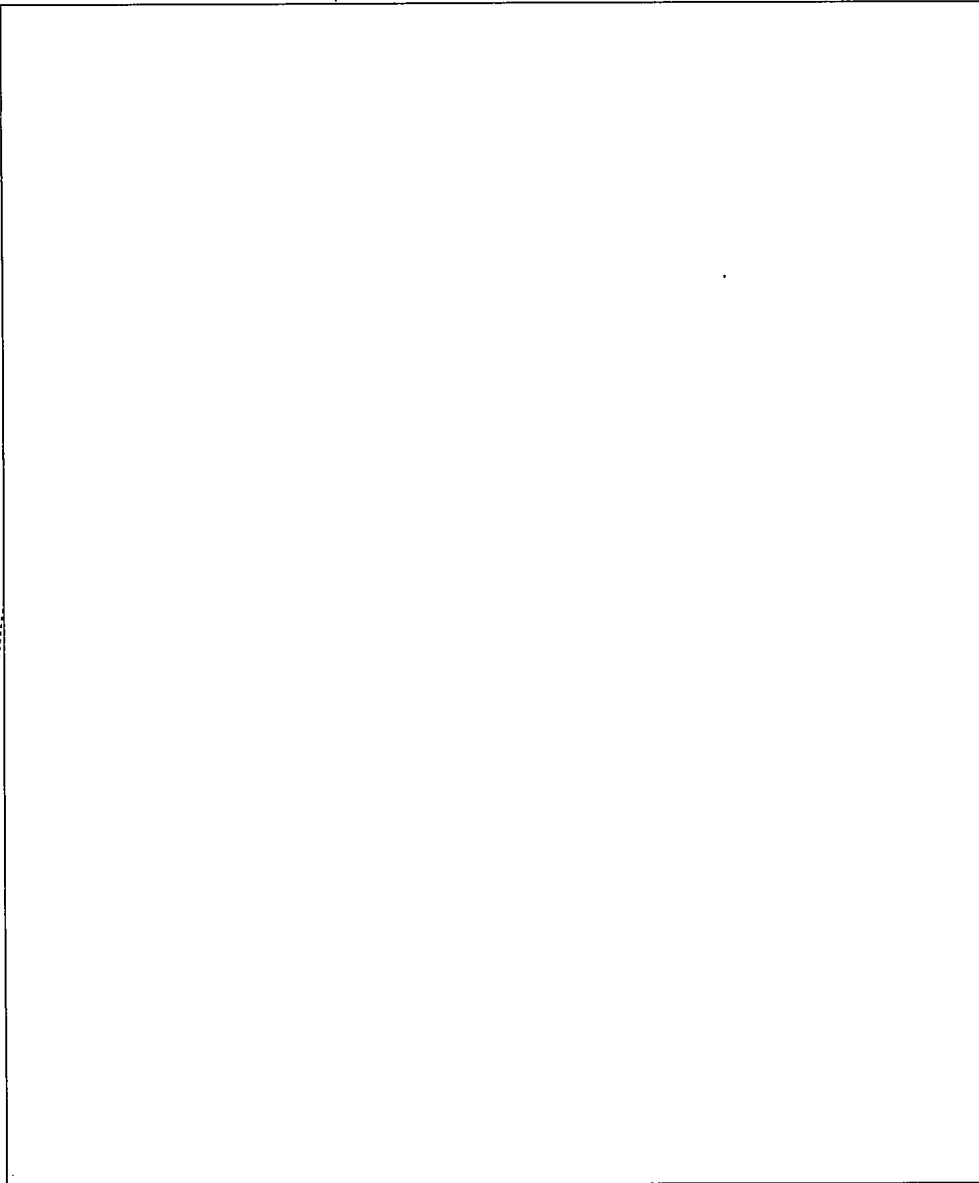
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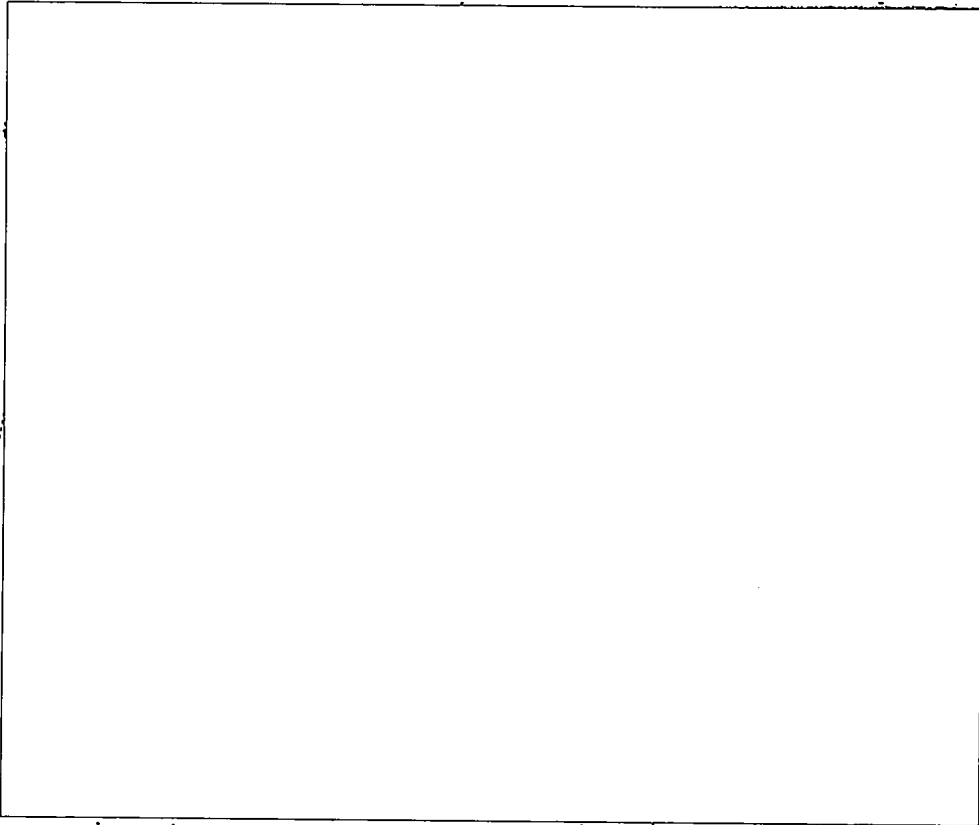
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b(2)

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EO 13526 3.3(b)(6)>25Yrs

(Sigs) Richard Helms
Richard Helms
Director

cc: The Secretary of State
The Secretary of Defense

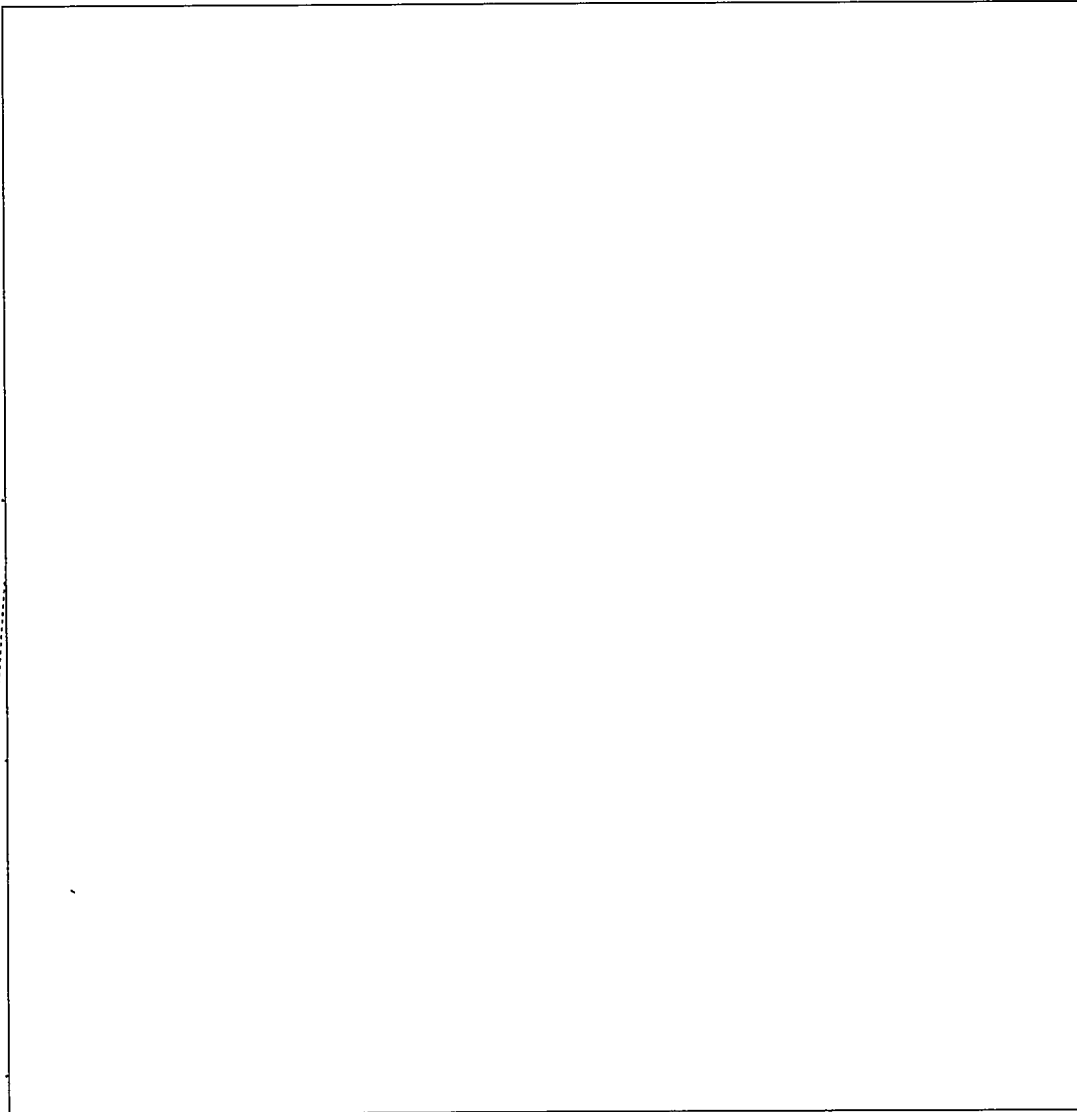
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request.

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14 AUG 1974

MEMORANDUM FOR THE PRESIDENT



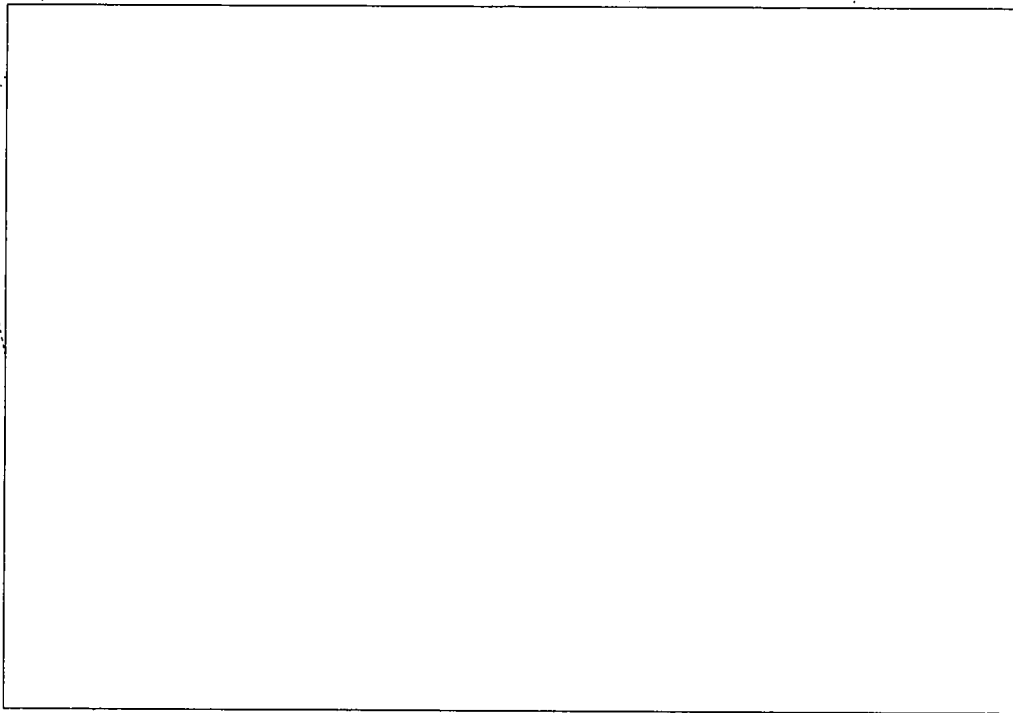
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EO 13526 3.3(b)(6)>25Yrs

~~SECRET SENSITIVE~~



(b)(3) CIAAct



(b)(6)

William E. Colby
Director

Distribution:

- Orig - The President
- 1 - DCI, Mr. Colby
- 1 - DD/S&T, Mr. Duckett
- 1 - CI/OPS - [redacted]

(b)(3) NSC

O/DDS&T/CE Duckett (12 Aug 1974)
DEG/CI/OPS [redacted]

(b)(3) NSC

(b)(3) CIAAct

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INTERNAL
USE ONLY

CONFIDENTIAL

SECRET

ROUTING AND RECORD SHEET

SUBJECT: (Optional)

NUMEC

FROM:
John F. Blake
Acting Deputy Director of
Central Intelligence

EXTENSION NO.
6464
DATE
26 July 1977

TO: (Officer designation, room number, and building)

DATE

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1. Director of Central Intelligence

Rec'd to reply
1 AUG 1977

TR:

(S) The attached papers are responsive to your request for background material on the NUMEC matter.

3. *Act. DDCI*

(s) The papers will give you a good insight into the non-investigatory role played by the CIA, as well as the intelligence judgments arrived at by the Agency on the basis of facts available. The papers additionally give insight into the investigative role played by the FBI on the allegations of diversion of the material from the manufacturing facility to Israel.

5. (b)(3) CIAAct

John F. Blake

Att

(b)(6)

(b)(3) CIAAct

UNCLASSIFIED INTERNAL ONLY CONFIDENTIAL SECRET

ROUTING AND RECORD SHEET

SUBJECT: (Optional)
(b)(3) CIAAct NUMEC

~~SECRET SENSITIVE~~

FROM: ADDO

EXTENSION

NO. (b)(3) CIAAct

DATE 14 April 1977

TO: (Officer designation, room number, and building)
(b)(3) CIAAct

DATE RECEIVED FORWARDED

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1. DDI

14 April 77

(b)(6)

2. DDS&T

(b)(3) CIAAct 14 April

3. OGC

(b)(3) CIAAct

4. DDO

14/4/77 ✓

5. DDO Reg

✓

6. Exec Reg

✓

7. DDCI

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I need the ERDA paper

11.

TGShackle

(b)(6)

12.

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14.

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~~SECRET SENSITIVE~~

UNCLASSIFIED INTERNAL ONLY CONFIDENTIAL SECRET

ROUTING AND RECORD SHEET

SUBJECT: (Optional)

NUMEC

~~SECRET/SENSITIVE~~

FROM:

ADDO

EXTENSION

NO.

(b)(3) CIAAct

is

[Redacted]

(b)(3) CIAAct

[Redacted]

DATE

14 April 1977

TO: (Officer designation, room number, and building)

DATE

OFFICER'S

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1. OGC
Attn: Mr. Lapham

RECEIVED

FORWARDED

OFFICER'S

4/15/77

The pressures of time dictated that we get this paper to the DDCI before you had a chance to read it. As a result could you get your comments, if any, to the DDCI by 0900 hours on 15 April 1977?

(b)(6)

2.

3.

DDCI

(b)(3) CIAAct

4.

5.

ADDO

TGShackley

15 APR 1977

3 & 5. I do not disagree with the proposal to offer a separate briefing to Dr. Brzezinski rather than to participate in the ERDA presentation. But at the same time I think we should review the decision not to discuss our intelligence information with the FBI or ERDA. As I understand it, the investigations of NUMEC are related to the possibility that nuclear material may have been diverted, and apparently at least-ERDA has concluded that there is no evidence of diversion. However, that conclusion is difficult to square with our intelligence information, and while one can argue about the probative value of that information from an investigative or legal standpoint, I doubt we are in a position to say that it has no value.

(b)(3) CIAAct

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Anthony A. Lapham

(b)(6)

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D000 36194

~~SECRET~~

Second collection of documents sent JCAE Executive Director George Murphy. This collection sent 5 April 1976.

CLASSIFIED

2 Memoranda (essentially same), dated 15 and 23 February 1968

Memo Subject: Possible Clandestine Shipment of Weapons Grade Nuclear Materials from U.S. to Israel. Shapiro formed NUMEC in 1957. By 1965 NUMEC was one of principal producers of nuclear materials and fabricator of uranium fuels in U.S. reportedly capable of dealing in up to 100 kgs weapons grade fissionable material at a time.

25X1
(b)(1)
(b)(3) NatSecAct
EO 13526 3.3(b)(6)>25Yrs

establishment irradiation facility for oranges in Israel.

(b)(1)
(b)(3) NatSecAct
25X1
EO 13526 3.3(b)(6)>25Yrs

Also in 1966 AEC asked FBI to investigate NUMEC on shortage charge; FBI declined.

(b)(1)
(b)(3) NatSecAct
EO 13526 3.3(b)(6)>25Yrs

See second item listed in batch No. 1 classified inventory.

Memo for Record, 4 March 1968

Memo. for Record, 12 March 1968

Reports on 11 March 1968 meeting between AEC, FBI and CIA on clandestine diversion at NUMEC. AEC reviewed its procedures on material accountability. Because NUMEC technically superior to others, AEC tolerated NUMEC's primitive facilities and sloppy management. NUMEC's shaky financial status coupled with high material loss led AEC to investigate. Between 1 January and 25 February

25X1

WARNING NOTICE
SENSITIVE INTELLIGENCE SOURCES
AND METHODS INVOLVED

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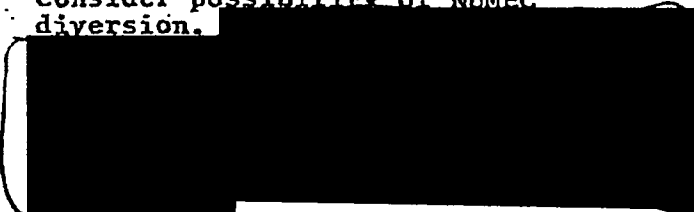
(b)(3) CIAAct

2015 000824

1964, supervisory personnel handled plant operations when NUMEC was on strike. Not until 1967 when AEC insisted did NUMEC Analysis Laboratory become accountable.

(b)(1)
(b)(3) NatSecAct
EO 13526 3.3(b)(6)>25Yrs

led AEC to consider possibility of NUMEC diversion.



DOE
b(3)

25X1
(b)(1)
(b)(3) NatSecAct
EO 13526 3.3(b)(6)>25Yrs

AEC pointed

(note that diversion penalty is death or life imprisonment). AEC agreed with

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(b)(1)
(b)(3) NatSecAct
EO 13526 3.3(b)(6)>25Yrs

FBI requested that investigation request be on intelligence not criminal grounds. FBI and AEC requested that CIA coordinate on any action. Meeting for first time that JCAE reportedly stopped NUMEC investigation by FBI. Result of meeting was AEC and FBI to look again at this subject.

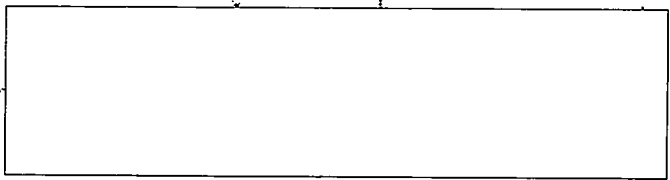
(b)(1)
(b)(3) NatSecAct
EO 13526 3.3(b)(6)>25Yrs

✓ Memo for DCI,
15 March 1968



(b)(1)
(b)(3) NatSecAct
EO 13526 3.3(b)(6)>25Yrs

(b)(1)
(b)(3) NatSecAct
25X1
EO 13526 3.3(b)(6)>25Yrs

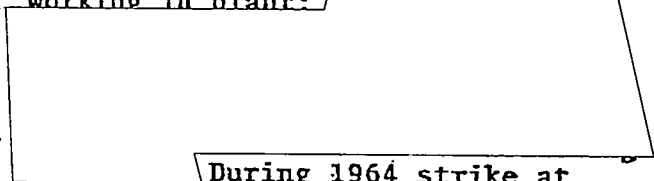


Memo for Record,
25 March 1968

Review of Agency and AEC files on subject of NUMEC diversion. According to U.S. Comptroller General AEC began in 1960 a continuing but ineffective campaign to have NUMEC implement material control which came to a head with high U-235 loss on a Westinghouse contract. Between August 1958 and October 1965 NUMEC shipped approximately 425 kg U-235 overseas under some 28 contracts, none of which independently confirmed by AEC. AEC relied on shipper and recipient integrity. Evidence indicates that if diversion did occur, it was

(b)(1)
(b)(3) NatSecAct
25X1
EO 13526 3.3(b)(6)>25Yrs

Shapiro was GOI IAEC consultant in 1960 and prior; he had Israeli national working in plant:



(b)(1)
(b)(3) NatSecAct
25X1
EO 13526 3.3(b)(6)>25Yrs

During 1964 strike at NUMEC, many of records requested by AEC in connection with material loss, had been destroyed by supervisory personnel. Memorandum suggests investigation of financial circumstances of NUMEC formation in 1957 and \$1 million loan availability to reimburse AEC for lost material.

(b)(3) CIAAct

DCI letter of U.S. Attorney General, 2 April 1968 and DDO covering memorandum to DCI, 1 April 1968

1 April 1968 covering memorandum reports that DCI letter cleared with Brown (AEC) and incorporates Brown's suggestion. Brown's reaction was that purpose of letter correct and last two paragraphs acceptable; he

(Harms)

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(b)(1)
(b)(3) NatSecAct
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EO 13526 3.3(b)(6)>25Yrs

(b)(1)
(b)(3) NatSecAct
EO 13526 3.3(b)(6)>25Yrs

(b)(3) CIAAct

believed, however, it contained an [redacted]
but declined to revise that portion.
DDO [redacted] belief is that Brown wants
to avoid responsibility for letter
but cannot disapprove it. 2 April
1968 DCI letter reviews NUMEC's
material loss [redacted]
and requests FBI initiate a discreet
intelligence investigation of Shapiro
to establish nature/extent of GOI
relationship. Investigation results
would be useful input into establishing

25X1
EO 13526 3.3(b)(6)>25Yrs
(b)(1)
(b)(3) NatSecAct

[redacted] and providing back-
ground for Proliferation Treaty pro-
posed by U.S. and USSR.

Memo to FBI,
14 November 1968

25X1
(b)(1)
(b)(3) NatSecAct
EO 13526 3.3(b)(6)>25Yrs

Letter from FBI to DCI,
3 September 1969

ER 69-4430

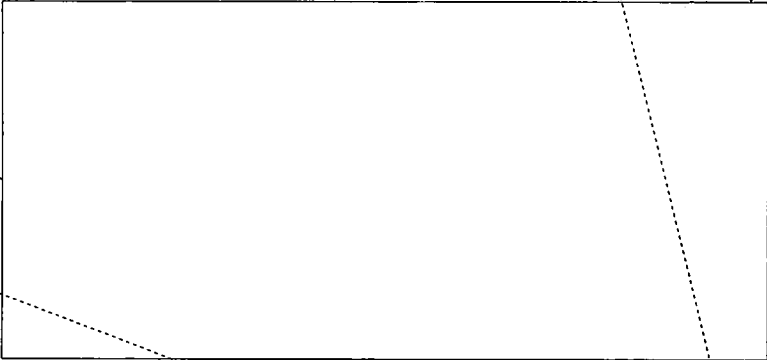
Letter describes FBI investigation of
Shapiro since May 1968 and reports
AEC representative's interview of
Shapiro on 14 August 1969 in which

(b)(1)
(b)(3) NatSecAct
EO 13526 3.3(b)(6)>25Yrs

[redacted] This
interview was basis for AEC advising
FBI that it does not contemplate
further action at this time. FBI
reports their own information points

25X1
(b)(1)
(b)(3) NatSecAct
EO 13526 3.3(b)(6)>25Yrs

(b)(7)(e) Per FBI
(b)(3) NatSecAct



(b)(1)
(b)(3) NatSecAct
25X1
EO 13526 3.3(b)(6)>25Yrs

Letter from FBI to DCI, References DCI's letter of 13 October
17 October 1969, 1969 in which CIA requests FBI

(b)(3) CIAAct

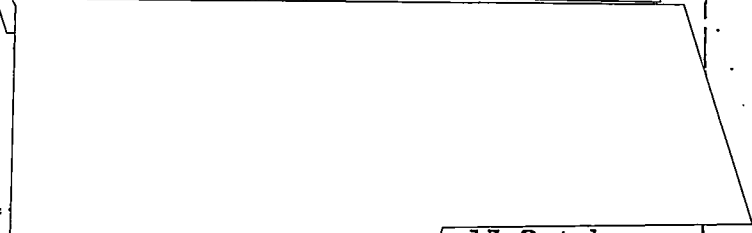
FBI refers DCI to Attorney General on
this request.

Memo for DCI from
DDO/ [] 6 November
1969 with attachment
(DCI letter to FBI,
13 October 1969)

Memorandum to DCI proposes CIA
approach to Attorney General be that alt
CIA agrees with FBI that

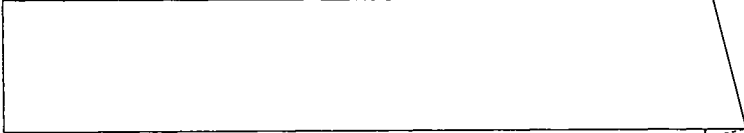
(b)(1)
(b)(3) NatSecAct
EO 13526 3.3(b)(6)>25Yrs.
25X1

Since AEC has dropped this case (and
consequently FBI), FBI defers to
Attorney General for



(b)(7)(e) Per FBI
(b)(3) NatSecAct

13 October
1969 DCI letter references 3 September
1969 FBI letter and agrees that con-
tinuing FBI investigation unlikely to
produce legal evidence. Letter states
that FBI investigation

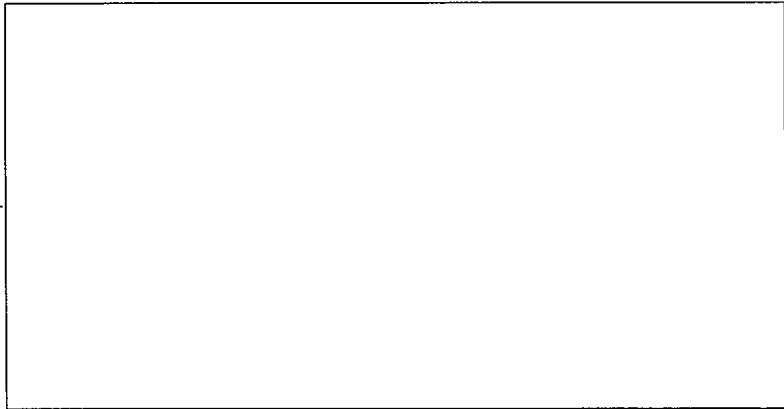


(b)(7)(e) Per FBI
(b)(3) NatSecAct

(b)(1)
(b)(3) NatSecAct
25X1
EO 13526 3.3(b)(6)>25Yrs

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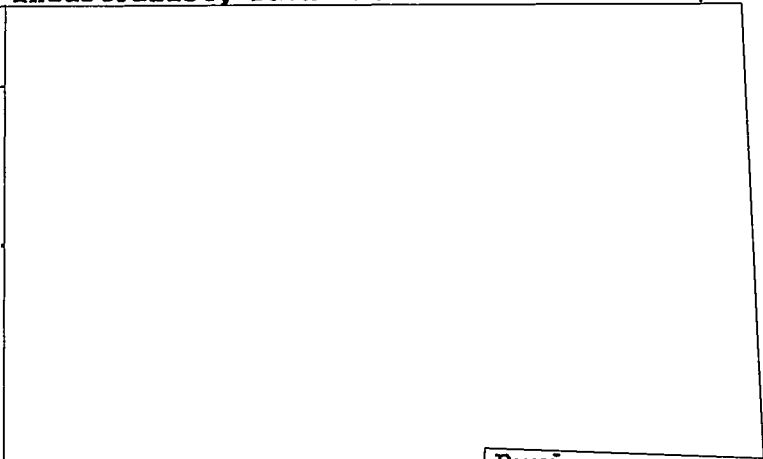
(b)(1)
(b)(3) NatSecAct
25X1
EO 13526 3.3(b)(6)>25Yrs



(b)(1)
(b)(3) NatSecAct
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EO 13526 3.3(b)(6)>25Yrs

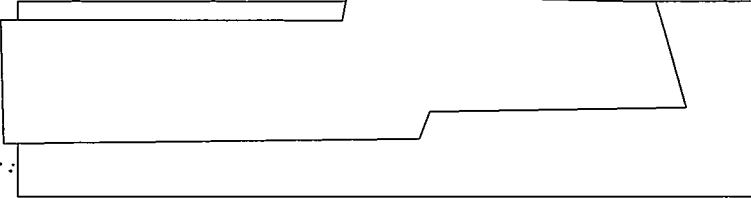
✓ Memo for Record,
9 March 1972

Subject of Memorandum: Possible
Diversion of Weapons Grade Nuclear
Materials to Israel by Officials of
NUMEC. Resummarizes entire case.
New elements not in other memoranda
or amplified points follow: 1957
NUMEC formation financed by Pittsburgh
industrialist, David Lowenthal.



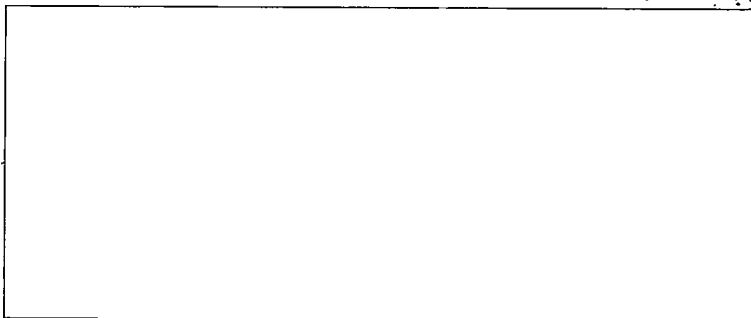
(b)(1)
(b)(3) NatSecAct
25X1
EO 13526 3.3(b)(6)>25Yrs

During
NUMEC 1964 strike, both a fire and
records destruction occurred when only
supervisory personnel were around.



25X1

(b)(1)
(b)(3) NatSecAct
EO 13526 3.3(b)(6)>25Yrs



(b)(1)
(b)(3) NatSecAct
25X1
EO 13526 3.3(b)(6)>25Yrs

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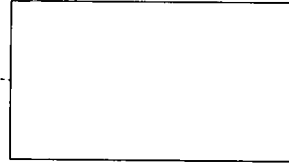
Numec

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CENTRAL INTELLIGENCE AGENCY

OFFICE OF THE DEPUTY DIRECTOR

6 June 1977

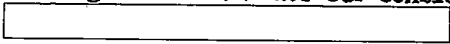
(b)(3) CIAAct



NOTE FOR: DDCI

SUBJECT: NUMEC

1. FYI, on 9 May Ted Shackley briefed Vern Weimer and the Agent in Charge of the NUMEC investigation on the general basis for our conclusions.



(b)(1)
(b)(3) NatSecAct
EO 13526 3.3(b)(6)>25Yrs

2. The Agent stated that he did not see any new information in Ted's presentation. He stated that the investigation was trying to determine two facts:

(a) did the reported diversion take place?

(b) was there a cover up of the diversion?

The Agent stated that since they haven't established that the diversion took place, they can't begin to address the second question.

3. He asked that if we learn of any new information we let him know.



(b)(3) CIAAct

(b)(3) NSC

Attachment:



(b)(3) CIAAct

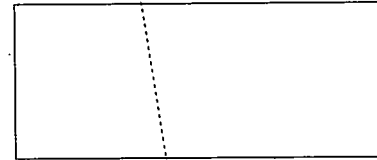
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(b)(3) CIAAct

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(b)(1)
(b)(3) NatSecAct
EO 13526 3.3(b)(6)>25Yrs

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(b)(3) CIAAct

11 MAY 1977

25X1
(b)(1)
(b)(3) NatSecAct
EO 13526 3.3(b)(6)>25Yrs

MEMORANDUM FOR: Deputy Director of Central Intelligence

FROM: Theodore G. Shackley
Associate Deputy Director for Operations

SUBJECT: Briefing of the FBI on NUMEC Related
Nuclear Diversion Information

(b)(1)
(b)(3) NatSecAct
25X1
EO 13526 3.3(b)(6)>25Yrs

(b)(7)(c)
(b)(6) Per FBI

1. Acting on your request and as a follow-up to your discussion with Mr. James Adams, Assistant to the Director Assistant Director (Investigation) FBI on the NUMEC case, I contacted Mr. Adams via secure telephone on 5 May 1977. I stated that the Agency had recently reviewed all of its holdings [redacted] and had developed a very brief talking paper which might be of interest to the senior FBI officer responsible for the current FBI investigation of the NUMEC case. Mr. Adams was advised that in our view the contents of this paper would not provide any information which could be used as evidence in court, but it did provide a perspective [redacted] which might serve as a useful background against which the supervisor might better be able to judge how to conduct his investigation. Mr. Adams said that he would have [redacted] FBI Liaison Officer to CIA, contact me at an early date to arrange for the appropriate FBI officer to receive a briefing on the Agency's perception [redacted]

(b)(6) Per FBI
(b)(7)(c)

2. On 9 May 1977 [redacted] accompanied by [redacted] Supervisor, Criminal Investigation Division, who is in charge of the current investigation of the NUMEC case, visited my office for this briefing and a discussion of the case. The briefing was based on the attached Talking Paper which, I explained, had been prepared following a recent review of our files to determine if all information which might possibly be pertinent to the current FBI investigation had been made available to them. The FBI representatives were not given a copy of the Talking Paper. The discussion lasted about fifty minutes and at its conclusion [redacted] thanked me for the

(b)(6) Per FBI
(b)(7)(c)

WARNING NOTICE
SENSITIVE INTELLIGENCE SOURCES
AND METHODS INVOLVED

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(b)(3) CIAAct

~~SECRET/SENSITIVE~~

(b)(6) Per FBI
(b)(7)(c)

briefing but added that he did not see any new information in this presentation which was germane to the FBI's current investigation. He said that the object of this investigation, ordered by the Attorney General, was to examine two questions: (a) did the reported diversion actually take place; and (b) was there a cover up of the diversion?

[redacted] said that since the FBI had been unable to answer the first question, they are naturally unable to proceed to the second. Although they have conducted numerous interviews, they have come up with no hard evidence of diversion. In conclusion [redacted] and [redacted] asked that CIA make available to them any new information which we might develop which could have a bearing on the case. I assured them that we would do so.

3. [redacted] Chief, Staff for International Activities, was also present at the 9 May meeting.

(b)(3) NSC
(b)(3) CIAAct

(b)(6) Per-FBI
(b)(7)(c)

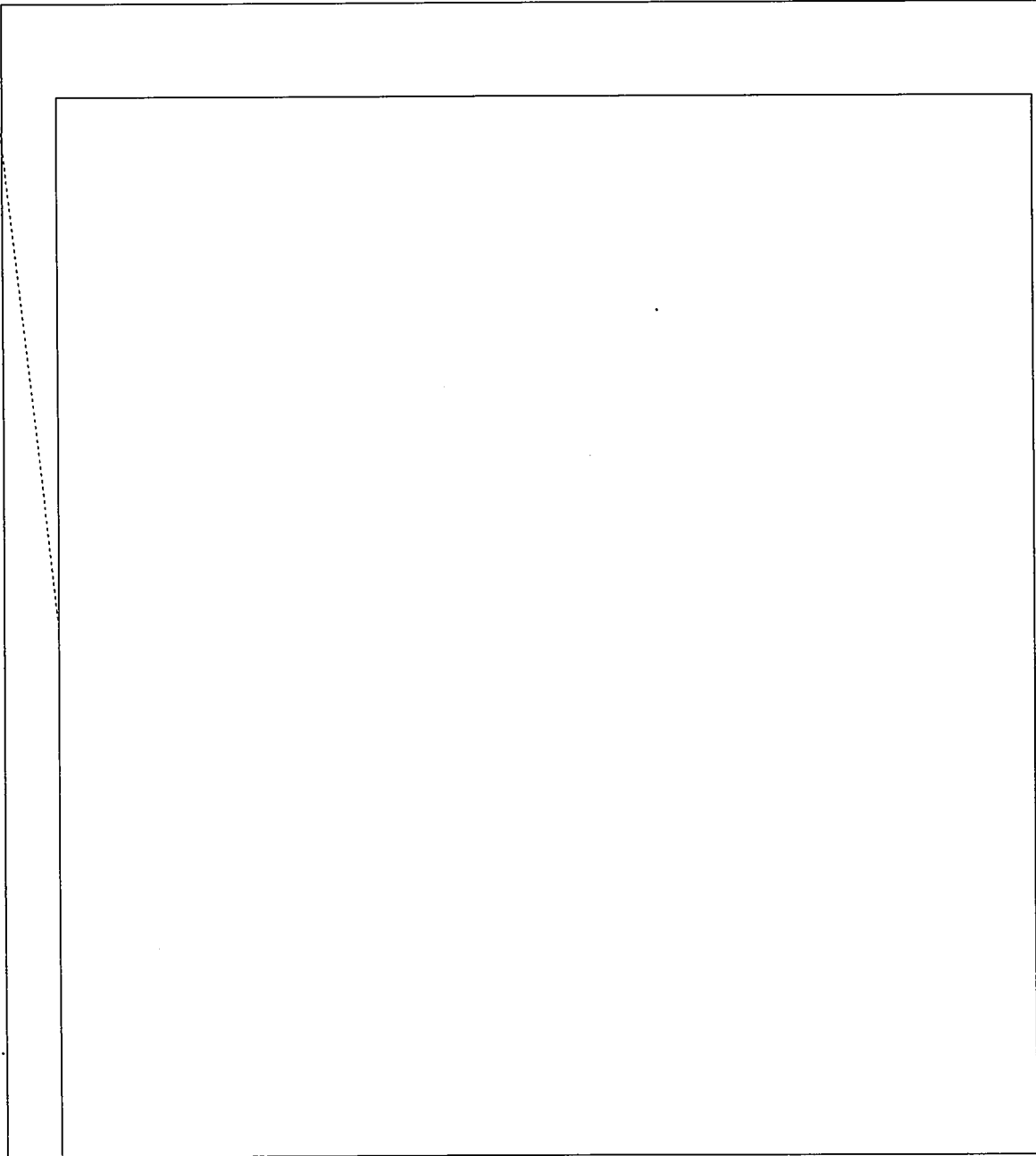
Theodore G. Shackley
Theodore G. Shackley

Attachment:
As Stated

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(b)(1)
(b)(3) NatSecAct
EO 13526 3.3(b)(6)>25Yrs

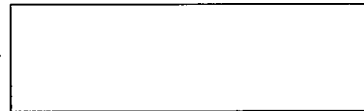
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25X1

WARNING NOTICE
SENSITIVE INTELLIGENCE SOURCES
AND METHODS INVOLVED

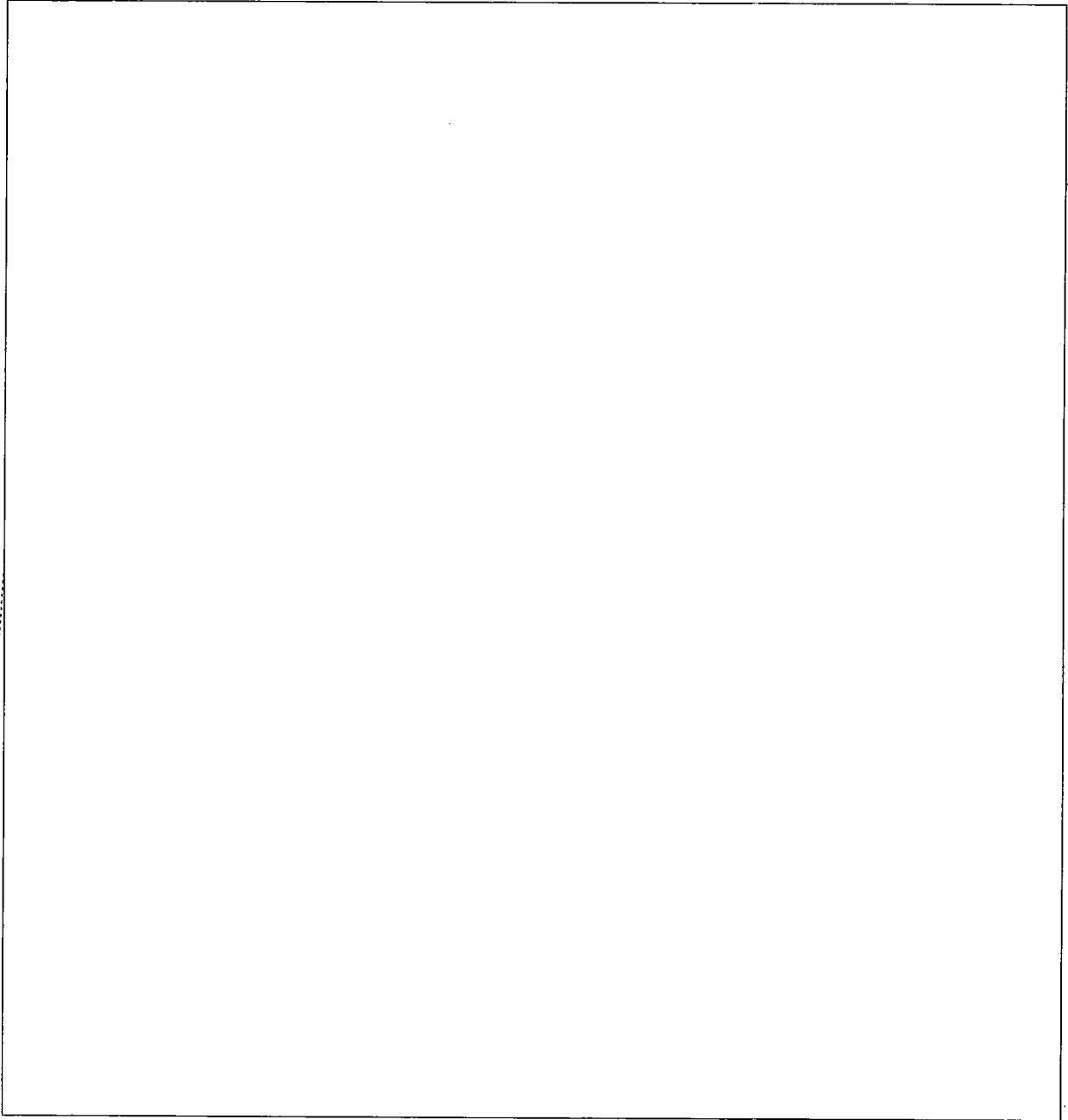
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(b)(3) CIAAct



~~SECRET/SENSITIVE~~



(b)(1)
(b)(3) NatSecAct
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EO 13526 3.3(b)(6)>25Yrs

~~SECRET/SENSITIVE~~

(b)(1)
(b)(3) NatSecAct
EO 13526 3.3(b)(6)>25Yrs

(b)(1)
(b)(3) NatSecAct
EO 13526 3.3(b)(6)>25Yrs

~~SECRET/SENSITIVE~~

(b)(1)
(b)(3) NatSecAct
EO 13526 3.3(b)(6)>25Yrs

The loss of uranium at NUMEC had been investigated by the Atomic Energy Commission. A second investigation was conducted by the General Accounting Office at the direction of the Joint Committee on Atomic Energy. Both of these reports conclude that there was no evidence of a diversion of the material.

[Redacted]

In March 1968 the DCI requested the Attorney General to direct the FBI to investigate the possibility that a diversion had taken place and that the material unaccounted for at NUMEC

The investigation was abruptly terminated in August 1969 following an interview

[Redacted] The missing material was not mentioned in the interview.

[Redacted]

DOE
b(3)

[Redacted]

During 1976 the Joint Committee on Atomic Energy renewed its interest in the affairs at NUMEC and brought the matter to the attention of President Ford. Attorney General Levi directed the FBI to initiate a second investigation into the loss of material.

Since 1968 when the subject of NUMEC first came into focus, CIA has cooperated fully with the FBI, assisting them in their investigation of NUMEC

[Redacted] both in 1968 and more recently in 1976.

(b)(1)
(b)(3) NatSecAct
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EO 13526 3.3(b)(6)>25Yrs

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(b)(1)
(b)(3) NatSecAct
EO 13526 3.3(b)(6)>25Yrs

(b)(1)
(b)(3) NatSecAct
25X1
EO 13526 3.3(b)(6)>25Yrs

~~SECRET/SENSITIVE~~

(b)(1)
(b)(3) NatSecAct
25X1
EO 13526 3.3(b)(6)>25Yrs

[Redacted]

lost no opportunity to further the investigation by the FBI in the hope that positive intelligence information concerning the whereabouts of the missing material would be forthcoming.

At the same time CIA has not furnished to the FBI sensitive agent reporting

[Redacted] since the decision was made by Directors Helms, Colby and Bush that this information would not further the investigation of NUMEC but would compromise sources and methods.

[Redacted]

While this information is of obvious importance in reaching an intelligence decision on the probability of diversion, it is not of any legal pertinence to the FBI's criminal investigation of NUMEC. In our discussions with the FBI we have alluded to this information but we have not made the details available to the special agents from the Washington Field Office of the FBI who are working on the case. While Mr. Bush's conversations are not known to us, we have had no substantive discussions with officials at FBI Headquarters on this matter.

The last briefing of the FBI on the NUMEC matter occurred on 10 August 1976. We are not aware of the current status of the FBI investigation of NUMEC.

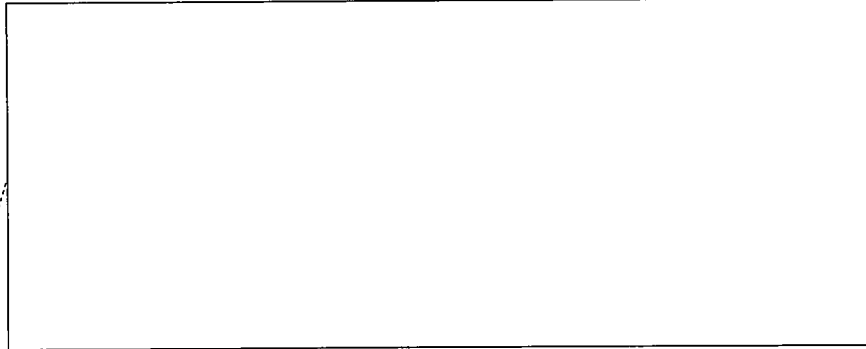
[Redacted]

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(b)(3) NatSecAct
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(b)(1)
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EO 13526 3.3(b)(6)>25Yrs

~~SECRET/SENSITIVE~~



(b)(1)
(b)(3) NatSecAct
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EO 13526 3.3(b)(6)>25Yrs

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