

1

MEMORANDUM

(OUTSIDE THE SYSTEM)

~~TOP SECRET/SENSITIVE~~ NATIONAL SECURITY COUNCIL

INFORMATION

November 3, 1978

MEMORANDUM FOR: DAVID AARON

FROM: JESSICA TUCHMAN MATHEWS

SUBJECT: Your Meeting with Duckett

In the summer of 1977 I was briefed by ERDA (DOE), FBI and CIA on the purported diversion of nuclear material to Israel which Duckett wants to discuss with you. The essential conclusions were these (they were transmitted to the President):

- In 1965, an inventory at the NUMEC plant in Apollo, Pa., revealed that 170 kg of highly enriched uranium [redacted] was missing. Upon receiving this accounting, the AEC immediately began a long series of investigations which continued through 1969, and which ultimately concluded that all but 56 kg of the missing material could be physically accounted for. DOE believes now that even this remaining 56 kg can be accounted for by operational losses, but this cannot be proven.
- The FBI has undertaken two lengthy investigations of this case. The first, beginning in 1965, looked at the question of the relationship of Zalmar Shapiro, president of NUMEC, to the Israeli Government. It concluded that Shapiro did indeed have frequent contacts with Israeli officials here, particularly the Science Attache who was thought to be an intelligence officer. They also discovered that Shapiro got VIP treatment on trips to Israel for which there was no obvious explanation. This is the essential sum of their findings. When these results were transmitted to Helms, then head of the CIA (at whose request the investigation had been undertaken), he responded with a series of letters to Hoover urging that the FBI take additional steps, including wiretapping and surveillance of Shapiro. Hoover refused.
- The AEC, at the direction of Attorney General Mitchell, undertook its own investigation leading up to a full commission interview of Shapiro in 1969. Strangely, all that Shapiro was asked in that interview was whether he had ever divulged any classified information -- not whether we had participated in a diversion of material. The AEC investigation was discontinued in September 1969.

-- [redacted] 25X1, E.O.13526 [redacted] Not surprisingly, Baker went to President Ford who then ordered the Attorney General to undertake

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DECLASSIFIED UNDER AUTHORITY OF THE INTERAGENCY SECURITY CLASSIFICATION APPEALS PANEL, E.O. 13526, SECTION 5.3(b)(3)

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~~TOP SECRET/SENSITIVE~~

2

An immediate investigation. This time the FBI mandate covered two questions: was there a diversion, and was there a coverup of a diversion. An intensive investigation, involving hundreds of interviews, a full-time team of 6 senior agents, and millions of dollars was unable to uncover any evidence of a theft although many current and former NUMEC employees were interviewed.



25X1 and 6, E.O.13526

The conclusion from all this is that while a diversion might have occurred, there is no evidence -- despite an intensive search for some -- to prove that one did. For every piece of evidence that implies one conclusion, there is another piece that argues the opposite. One is pretty much left with making a personal judgment -- based on instinct -- as to whether the diversion did or did not occur.

So far as we know (though there are still lingering suspicions) there is nothing to indicate active CIA participation in the alleged theft.

The information in this memo is one year old. After Lora told me about this meeting I considered phoning the FBI to find out what had eventually happened to its investigation (which had not been accepted by Justice

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~~TOP SECRET/SENSITIVE~~

3

at the time I talked to them and was therefore not officially completed) but decided not to stir up the coals until we found out what Duckett had to say. I should also mention that although I was briefed in order to prepare a full report for the President, and both CIA and FBI knew that, I am not confident that I got the complete story. I found out, for example, that a few weeks after I was briefed, one of Schlesinger's top aides was briefed, and got a story different in some respects from what I was told. The truth of what really happened may be irretrievably lost.

Please also note the highlighted portions of the attached article.

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