FEDERAL BUREAU OF INVESTIGATION
FOI/PA
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FOI/PA# 1210156-0

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MESSAGE RELAY VIA TELETYPE

Date October 3, 1978

PRECEDENCE: ☐ IMMEDIATE ☐ PRIORITY ☑ ROUTINE

CLASSIFICATION: ☐ TOP SECRET ☐ SECRET ☐ CONFIDENTIAL ☑ UNCLASSIFIED

FIELD AND LEGAT MESSAGES ONLY ☐ CLEAR ☐ EFTO

FM: DIRECTOR
TO:

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 6/18/82 BY SP-1 GSK/RBG

0 pg

☐ Attorney General 217,822
☐ Deputy Attorney General
☐ Attn: Emergency Programs Center
☐ Assistant Attorney General, Civil Rights Div.
☑ Assistant Attorney General, Criminal Div.
☐ Attn: Internal
☐ Attn: General ATTN: [redacted]
☐ Immigration and Naturalization Service
☐ U. S. Marshal's Service
☐ U. S. Secret Service (PID)
☐ Director, CIA
☐ Secretary of State
☐ Department of Treasury
☐ Attn: U. S. Customs
☐ Department of Treasury
☐ Attn: Bureau of Alcohol Tobacco & Firearms

☐ Drug Enforcement Administration
☐ Energy Research and Development Administration
☐ U. S. Postal Service
☐ National Aeronautics & Space Adm.
☐ Department of Transportation
Attn: Director of Security
☐ Federal Aviation Administration
☐ Department of the Air Force (AFOSI)
☐ Department of the Army
☐ Naval Investigative Service
☐ National Security Agency (DIRNSA/NSOC (Attn: SOO))
☐ Commandant, U. S. Coast Guard
☐ Director, Defense Intelligence Agency

☐ The President
☐ White House Situation Room
☐ Attn:
☐ The Vice President
☐ Attn:
☐
☐

b6
b7C

ST-120
REC-76 117-2[illegible]-46[illegible]

(SUBJECT (TEXT BEGINS NEXT PAGE):

(See Attached)

Foreign Liaison Unit
☐ Route through for review
☐ Cleared telephonically with

20 OCT 10 1978

ORIGINATOR [redacted] RM 4084 EXT 4650

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Dep. AD Adm.
Dep. AD Inv.
Asst. Dir.:
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Training
Public Affs. Off.
Telephone Rm.
Director's Sec'y

MAIL ROOM ☐ TELETYPE UNIT ☐

FBI/DOJ

VZCZCWF0856

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~~DE WF 0045 2760300~~

~~ZNY EEEEE~~

~~R 020300Z OCT 78~~

~~FM FBI WASHINGTON FIELD (117-273) (P)~~

~~TO DIRECTOR FBI (117-2564) ROUTINE~~

~~ATTN: CID, DS-TERRORISM UNIT, R. M. SATKOWSKI~~

~~BT~~

~~UNCLAS E F T O~~

DIVERT

ALL FBI INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 09-12-2017 BY [redacted]

~~30 OCT 73 0312Z~~
~~RECEIVED
FEDERAL BUREAU
OF INVESTIGATION
COMMUNICATIONS SECTION~~

~~Assoc. Dir.~~
~~Dep. AD Adm.~~
~~Dep. AD Inv.~~
~~Asst. Dir.:~~
~~Adm. Serv.~~
~~Crim. Inv.~~
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~~Telephone Rm.~~
Director's Sec'y
[redacted]

b6
b7C

[redacted]

ON OCTOBER 2, 1978, AN ATTEMPT WAS MADE TO CONTACT ADMIRAL HYMAN RICKOVER, U.S. NAVY, AT TELEPHONE NUMBER 202-692-3887, TO ARRANGE FOR AN INTERVIEW AS REQUESTED BY FBIHQ. THE REQUESTING AGENT WAS DIRECTLY CONNECTED TO ADMIRAL RICKOVER, WHO WAS TOLD THAT THE FEDERAL BUREAU OF INVESTIGATION (FBI) WISHED TO INTERVIEW HIM. ADMIRAL RICKOVER WANTED TO KNOW FOR WHAT REASON AND WHEN TOLD IT RELATED TO THE NUMEC OPERATION AT APOLLO, PENNSYLVANIA, HE BECAME VERY AGITATED. THE ADMIRAL STATED THAT HE ONLY KNEW WHAT HAD BEEN PRINTED IN THE NEWSPAPERS. HE DEMANDED TO KNOW WHAT QUESTIONS WOULD BE ASKED SO THAT HE COULD PREPARE ANSWERS. WHEN THE

[redacted]

REQUESTING AGENT ATTEMPTED TO SET A DATE AND TIME OF INTERVIEW, ADMIRAL RICKOVER AGAIN SHOUTED THAT HE ONLY KNEW WHAT HE READ IN THE PAPER AND THAT "I CAN'T ADD ANYTHING. I HAVE NOTHING TO SAY." THE ADMIRAL, CONTINUING IN AN AGITATED STATE, SHOUTED "YOU CAN SEND A BUNCH OF FBI AGENTS DOWN HERE AND I STILL WON'T HAVE ANYTHING TO SAY."

ALTHOUGH ADMIRAL RICKOVER NEVER REFUSED TO BE INTERVIEWED BY FBI AGENTS, HE REFUSED TO SET A TIME AND DATE AND BASED UPON HIS BEHAVIOR, IT DID NOT APPEAR THAT AN INTERVIEW COULD BE ARRANGED. ADMIRAL RICKOVER WAS TOLD BY THE REQUESTING AGENT THAT IT WAS CLEAR NO INTERVIEW COULD BE ARRANGED. THE ADMIRAL SAID "FINE," AND FORCEFULLY HUNG THE PHONE UP.

APPROXIMATELY FIVE MINUTES AFTER ENDING THE FIRST TELEPHONE CALL, THE REQUESTING AGENT RECEIVED A TELEPHONE CALL FROM ADMIRAL RICKOVER'S SECRETARY WHO CONNECTED ADMIRAL RICKOVER TO THE AGENT. THE ADMIRAL, IN A CALM, RATIONAL VOICE, STATED "WE" SENT ALL THAT INFORMATION OVER TO THE DEPARTMENT OF ENERGY (DOE), BUT YOU (THE AGENT) CAN COME

OVER AND REVIEW IT. THE ADMIRAL WAS TOLD THAT THE FBI WOULD LIKE TO COME OVER AND REVIEW ANY DOCUMENTS AVAILABLE, TO WHICH ADMIRAL RICKOVER RETORTED, "WELL, WHY DON'T YOU GO OVER TO DOE AND LOOK AT THEM." THE ADMIRAL WAS AGAIN BECOMING AGITATED, IT APPEARED THAT ANY FURTHER CONVERSATION WOULD BE FRUITLESS AND THE CONVERSATION WAS TERMINATED.

30CT78 03 1ZZ
RECEIVED
FEDERAL BUREAU OF INVESTIGATION
COMMUNICATIONS SECTION

~~ADMINISTRATIVE~~

~~RE FBIHQ AIRTEL SEPTEMBER 20, 1978.~~

~~REQUESTING SPECIAL AGENT IS SA~~ [redacted] b6 b7C

~~NO FURTHER ATTEMPTS WILL BE MADE TO CONTACT ADMIRAL HYMAN~~ RICKOVER AS IT IS FELT HIS BEHAVIOR DESCRIBED ABOVE PRECLUDES ANY SUCCESSFUL INTERVIEW.

WILLIAM T. RILEY, ~~FORMER DIRECTOR OF SECURITY, ATOMIC ENERGY COMMISSION, LOCATED AT SILVER SPRING, MARYLAND. ATTEMPT TO INTERVIEW BEING MADE.~~

[redacted] ~~AN EMPLOYEE OF ACC, CURRENTLY EMPLOYED BY DOE AT OAK RIDGE, TENNESSEE.~~

BT

~~#0045~~

~~NNNN~~

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 10-30-2018 BY [redacted]

b6
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~~SECRET~~

1 - Mr. D. W. Moore, Jr.
1 - Mr. S. S. Mignosa
1 - [redacted]

~~CLASSIFIED BY:~~
~~DECLASSIFY ON: 25X 1,6~~

October 25, 1978

#m03R0758 8/26/03
CLASSIFIED BY: 60290 BCE/MLT/JAG
REASON: 1,4 (C,D)
DECLASSIFY ON: X1,6
AS AMENDED

Mr. J. Dexter Peach
Deputy Director
Energy and Minerals Division
General Accounting Office
Washington, D. C. 20548

Dear Mr. Peach:

This confirms this Bureau's review of the General Accounting Office's classified report, "Review of Information Developed On the Alleged Diversion of Nuclear Material From the Nuclear Material and Equipment Corporation."

A determination has been made that in order to protect intelligence sources and methods, the report must remain classified at the Secret level in its entirety. The report should be appropriately marked to ensure it is handled in accordance with security requirements.

Sincerely yours,

Donald W. Moore, Jr.
Assistant Director
Criminal Investigative Division

MAILED 3
OCT 26 1978
FBI

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED EXCEPT WHERE SHOWN OTHERWISE

RMS:pjm (5)

~~Classified by~~
~~Declassify on: OADR~~

SEE NOTE PAGE 2

Class. & Ext. By SP4 GSK/RBG
Reason - FCIM II, 1-2.4.2, 2.3
Date of Review 10/25/98
6/18/82

~~ROUTE IN ENVELOPE~~

Assoc. Dir. ____
Dep. AD Adm. ____
Dep. AD Inv. ____
Asst. Dir.:
Adm. Servs. ____
Crim. Inv. ____
Ident. ____
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Tech. Servs. ____
Training ____
Public Affs. Off. ____
Telephone Rm. ____
Director's Sec'y ____

MAIL ROOM ☑

~~SECRET~~

FBI/DOJ

Mr. J. Dexter Peach

per DOJ letter 3/22/85 56685LD/mdy 5/14/85

NOTE: This investigation began upon receipt of written instructions from the Department of Justice on 4/30/76. Earlier, the Attorney General had orally instructed the FBI to institute investigation into this matter. (S)(U)

(U) (S) During the mid-1960's the FBI conducted a limited investigation in this matter. The investigation [redacted] was directed toward Shapiro's relationship with the Israeli government. We did not conduct an investigation into an alleged diversion from the Nuclear Material and Equipment Corporation (NUMEC) of special nuclear material (U) (S) to the Israelis as we were assured by the Atomic Energy Commission (AEC) that the missing material could be accounted for through processing losses and faulty bookkeeping by NUMEC. Our investigation determined that Shapiro maintained (S) (U) close contact with Israeli officials including [redacted] (S) [redacted] Israeli AEC members. Results of our investigation were furnished [redacted] the Department of Justice (U) and AEC. (C)

(C) During May, 1968, an investigation was instituted regarding Shapiro to determine the nature and extent of his contacts with the Israeli government. (S) (U) This investigation was conducted at the specific request of the Attorney General. The investigation determined that Shapiro had frequent contacts with members of the government of Israel and, in fact, was thought to be sympathetic to the cause of Israeli freedom and in supporting that belief, contributed financially (U) (S) to Israeli causes. (C) The investigation also determined Shapiro was a business partner in an enterprise with the government of Israel, the Israeli NUMEC Isotope Radiation Corporation (ISORAD). This investigation was concluded in September, 1969, when the FBI advised AEC, [redacted] the Department of Justice that the only way to counter the potential threat to the internal security of the United States was in (U) terminating the classified contracts that NUMEC held and/or would be granted and in lifting the security clearances of Shapiro. These recommendations were not followed. (S)

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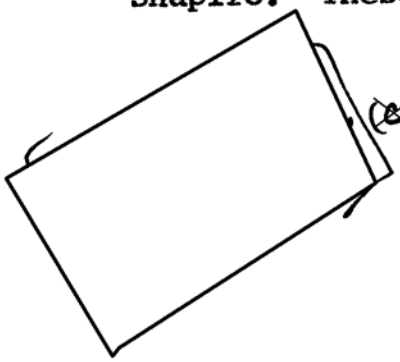
[redacted] (C) (U)



Mr. J. Dexter Peach

unclass per DOJ letter 3/22/85 5668SCD/mlf 5/14/85

In April, 1976, the Attorney General orally instructed the FBI to immediately reopen the investigation concerning Shapiro and NUMEC to include not only a reinvestigation of the alleged diversion, but also the possibility that current or former Government officials did not take appropriate action to thoroughly resolve allegations involving Shapiro. To date, numerous interviews have been conducted of former officials of the AEC; NUMEC; former Energy Research and Development Administration, now Department of Energy; and individuals who were associates and acquaintances of Shapiro. To date, there has been no substantive evidence to indicate that a diversion occurred, nor has there been evidence to prove the allegation that Government officials sought to overlook violations of security and accounting procedures that occurred at the NUMEC facility. (S)(u)

During 1978, the following oral briefings have been provided concerning the FBI investigation of NUMEC and Shapiro: 1/5/78 - [redacted] Senator Inouye's staff; 1/6/78 - [redacted] Congressman Udall's staff; 5/24/78 - [redacted] Congressman Udall's staff; 7/14/78 - Chairman and Commissioners of the Nuclear Regulatory Commission; 9/25/78 - [redacted] Interstate and Foreign Commerce Committee, Subcommittee on Energy and Power; and 10/10/78 - [redacted] Senator Glenn's staff, Committee on Governmental Affairs, Subcommittee on Energy, Nuclear Proliferation, and Government Services. During the latter part of 1977, the General Accounting Office (GAO) was provided briefings regarding the FBI's investigation of this matter. All of the foregoing briefings were conducted with the concurrence of the Department of Justice and were coordinated with the Legal Liaison and Congressional Affairs Unit, Legal Counsel Division.

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The attached letter concerns the report which GAO has written concerning the investigation of NUMEC and Shapiro. Pursuant to conversation between FBIHQ Supervisor [redacted] and [redacted] Auditor, GAO, the results of the review of the GAO report for classified material were to be addressed to Mr. J. Dexter Peach. Classified by 6419, XGDS 2, Indefinite.

GAO report in this matter was reviewed by SA [redacted] [redacted] CID.

APPROVED:
Director
Assoc. Dir.
Dep. AD Adm.
Dep. AD Inv.
Adm. Serv.
Crim. Inv.
Ident.
Intell.
Laboratory
Legal Coun.
Plan. & Insp.
Rec. Mgnt.
Tech. Servs.
Public Affs. Off.

James Howard, Assistant Director
Energy and Minerals Division
General Accounting Office

November 7, 1978

Richard E. Long, Assistant Director
Administrative Services Division, FBI

GENERAL ACCOUNTING OFFICE (GAO) REPORT ENTITLED "REVIEW OF INFORMATION DEVELOPED ON THE ALLEGED DIVERSION OF NUCLEAR MATERIAL FROM THE NUCLEAR MATERIALS AND EQUIPMENT CORPORATION" (NUMEC)

Divert

In compliance with the request of [redacted] of your staff, the list of individuals and committees to whom GAO proposes to distribute the above-captioned report has been reviewed by the appropriate divisions at FBI Headquarters. It has been determined that this Bureau approves of distribution of the above-captioned report to only the following recipients:

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Chairman, House Subcommittee on Energy and Power, Committee on Interstate and Foreign Commerce
Chairman, House Committee on Interior and Insular Affairs
Senate Select Committee on Intelligence
Chairman, Senate Subcommittee on Energy, Nuclear Proliferation and Federal Services, Senate Committee on Governmental Affairs
Chairman, Subcommittee on Oversight, House Permanent Select Committee on Intelligence
Secretary of Energy
[redacted]
Chairman, Nuclear Regulatory Commission

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MAILED 7
NOV 8 1978
FBI

REC-122

22 NOV 30 1978

NOTE: This matter was initiated on memo of Legal Counsel to the Director dated 10/11/78, captioned "NUMEC," a copy of which is attached. The response in this letter was coordinated with SA [redacted] Legal Counsel Division, SA [redacted] Criminal Investigative Division, and Deputy Assistant Director Edward J. O'Malley, Intelligence Division. It is the consensus of their opinions that the "NUMEC" report should only be distributed to the afore-mentioned recipients because this report has been classified "Secret" and the afore-mentioned recipients are the only ones with a need to see this classified document.

1-Mr. Cregar (Attn: Mr. O'Malley) - Enc.
1-Mr. Moore (Attn: [redacted] - Enc.
1-Mr. Mintz (Attn: [redacted] Enc.
1-Mr. Flanagan - Enc.

MEP:alb (7)

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

MAIL ROOM

APPROVED:
Director
Assoc. Dir.
Dep. AD Adm.
Dep. AD Inv.
Adm. Serv.
Crim. Inv.
Ident.
Intell.
Laboratory
Legal Coun.
Plan. & Insp.
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Tech. Servs.
Training
Public Affs. Off.

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 6/18/82 BY SP-1GSIC/RBG

FD-36 (Rev. 5-22-78)

FBI

TRANSMIT VIA:
- [ ] Teletype
- [ ] Facsimile
- [x] airtel

PRECEDENCE:
- [ ] Immediate
- [ ] Priority
- [ ] Routine

CLASSIFICATION:
- [ ] TOP SECRET
- [ ] SECRET
- [ ] CONFIDENTIAL
- [ ] UNCLAS E F T O
- [ ] UNCLAS

Date 11/7/78

TO: DIRECTOR, FBI (117-2564)

FROM: SAC, WFO (117-273)

DIVERT

ReBureau airtel to WFO, 9/20/78.

Enclosed for Knoxville is one copy of referenced communication.

Investigation at Internal Security Office, Department of Energy (DOE), Germantown, Maryland, indicates that [redacted] is currently employed at the DOE facility at Oak Ridge, Tennessee.

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LEADS

KNOXVILLE

AT OAK RIDGE, TENNESSEE. Conduct interview of [redacted] as requested in referenced airtel.

WASHINGTON FIELD

AT WASHINGTON, D.C. WFO is currently reviewing files to determine former Atomic Energy Commission (AEC) Commissioners who have not been interviewed regarding captioned matter.

2 - Bureau
2 - Knoxville (Enc.1)
1 - WFO

REC-39 117-2564

EX-109

RJD:aih
(5)

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 6/18/82 BY SP-1 GSK/RBY

[redacted]

Approved: NFS/ [illegible] Transmitted _____ (Number) (Time) Per _____

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 10-22-2018 BY: [redacted]

~~CONFIDENTIAL~~

UNITED STATES GOVERNMENT

Memorandum

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

Assoc. ____
Dep. AD Adm. ____
Dep. AD Inv. ____
Asst. Dir.:
Adm. Servs. ____
Crim. Inv. ____
Ident. ____
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Laboratory ____
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Telephone Rm. ____
Director's Sec'y ____

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#M03R0758 8/26/03 60290 BCE/MLJ/JTG 4 C X1 AS AMENDED

TO : The Director

DATE: 12/7/78

FROM : Legal Counsel

SUBJECT: [redacted] (U)

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(U)

PURPOSE: To report telephonic conversation with Departmental Attorney [redacted] 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.

[redacted] (U)

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(U)

JCF:nls (7)

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

~~Classified by~~ 5668 SLD/mlj
~~Declassify on: OADR~~
5/14/85

9

CONTINUED - OVER

Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

~~CONFIDENTIAL~~

FBI/DOJ

Memorandum Legal Counsel for The Director
Re: [redacted]

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[redacted]

(U)

RECOMMENDATION:

For information.

Assoc. Dir.
Dep. AD Adm.
Dep. AD Inv.
Director
Assoc. Dir.
Dep. AD Adm.
Dep. AD Inv.

Adm. Serv.
Crim. Inv.
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Rec. Mgmt.
Tech. Servs.
Training
Public Affs. Off.

FD-36 (Rev. 5-22-78)

FBI

TRANSMIT VIA:
- [ ] Teletype
- [ ] Facsimile
- [x] airtel

PRECEDENCE:
- [ ] Immediate
- [ ] Priority
- [ ] Routine

CLASSIFICATION:
- [ ] TOP SECRET
- [ ] SECRET
- [ ] CONFIDENTIAL
- [ ] UNCLAS E F T O
- [ ] UNCLAS

Date 12/26/78

TO: DIRECTOR, FBI (117-2564)

FROM: SAC, WFO (117-273) (P)

DIVERT

ReBureau airtel dated 9/20/78 and WFOairtel dated 11/7/78.

Referenced Bureau airtel requested WFO to interview all former Atomic Energy Commission (AEC) Commissioners who have not been interviewed regarding captioned matter. WFO is assuming that this means the five Commissioners who were in office during the DIVERT period: GLENN T. SEABORG, Chairman; FRANK COSTAGLIOLA; WILFRID E. JOHNSON; JAMES T. RAMEY; GERALD F. TAPE.

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Additionally, this review of captioned file fails to reflect interview of any of these officials. If the Bureau is aware of any contact with these individuals, WFO would appreciate being so advised. Aside from one outstanding lead at Knoxville as requested in referenced WFO airtel, only the interview of aforementioned Commissioners remains to be completed.

On 12/13/78, [redacted] Internal Security, Department of Energy (DOE), Germantown, Maryland, furnished the following addresses for Commissioners to be interviewed:

2 - Bureau
1 - Knoxville (Info)
1 - WFO

REC-109

1-3-79
2 ~~DEC 30 1978~~

RJD:aih
(4)

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 6/18/82 BY SP-1 GSK/RAG

Approved: WFS/GAD
29 JAN 10 1979

Transmitted _____ (Number) (Time)

Per _____

GLENN T. SEABORG - Lawrence Livermore Laboratory, University of California, Berkeley, California 94020.

WILFRED A. JOHNSON - Richlands, Washington, 99352 (presumably at the Atomic Energy facility there).

FRANK COSTAGLIOLA - [redacted] b6 b7C

JAMES T. RAMEY - 6817 Hillmead Road, Bethesda, Maryland 20034.

GERALD F. TAPE - 6717 Tulip Hill Terrace, Bethesda, Maryland.

Upon notification from Bureau as to exactly which Commissioners should be interviewed, WFO will notify appropriate offices and set forth leads as required.

D-263 (Rev. 7-15-75)

FEDERAL BUREAU OF INVESTIGATION

REPORTING OFFICE	OFFICE OF ORIGIN	DATE	INVESTIGATIVE PERIOD
WASHINGTON FIELD	WASHINGTON FIELD	5/22/79	10/2/78 - 3/28/79

TITLE OF CASE	REPORT MADE BY	TYPED BY
ZALMAN MORDECAI SHAPIRO	SA [redacted]	aih

b6
b7C

CHARACTER OF CASE

AEA; OOJ

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 6/18/82 BY SP-1 GSK/RBB

REFERENCE: Bureau airtel to WFO dated 9/20/78;
WFO airtel to Bureau dated 11/7/78;
New York airtel to Bureau dated 4/10/79.

-P-

ADMINISTRATIVE:

WFO has delayed submission of this report, awaiting results of interview of [redacted] at Oak Ridge, Tennessee. However, to facilitate a timely report, WFO will submit results of that interview by separate communication.

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A review of WFO indices fails to reflect any references to former Atomic Energy Commissioner JAMES RAMEY or former AEC Director of Intelligence CHARLES REICHARDT other than references to this file already

ACCOMPLISHMENTS CLAIMED ☐ NONE						ACQUIT-TALS	CASE HAS BEEN:
CONVIC.	PRETRIAL DIVERSION	FUG.	FINES	SAVINGS	RECOVERIES		PENDING OVER ONE YEAR ☐ YES ☐ NO PENDING PROSECUTION OVER SIX MONTHS ☐ YES ☒ NO

APPROVED S/ [illegible] SPECIAL AGENT IN CHARGE

DO NOT WRITE IN SPACES BELOW

117-2564-47 [redacted]

17 MAY 24 1979

EX-ITU

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4 - Bureau (117-2564)
2 - Knoxville
2 - Newark (117-130)
1 - WFO (117-273)

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[redacted]

Dissemination Record of Attached Report

Agency	1cc-AAG CDISS	1cc Rm3841	
Request Recd.	ATTN: MARGM		
Date Fwd.			
How Fwd.	0-6		
By	RMS/BJS		

Notations

[redacted]

Rm 3841

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COVER PAGE

furnished to FBIHQ.

LEADS

KNOXVILLE

AT OAK RIDGE, TENNESSEE. Interview [redacted] Oak Ridge Nuclear Facility, regarding his inspection of the NUMEC plant.

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NEWARK

AT LITTLE FERRY, NEW JERSEY. Interview [redacted] regarding his knowledge of this matter.

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 10-30-2018 BY: [redacted]

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UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

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#M03R0758 8/26/03
CLASSIFIED BY: 60290 BCE/MLT/HFG
REASON: 1.4 (D)
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Copy to:

Report of: SA [redacted]
Date: 5/22/79

Office: Washington, D.C.

Field Office File #: 117-273

Bureau File #: 117-2564

Title: ZALMAN MORDECAI SHAPIRO

Character: ATOMIC ENERGY ACT; OBSTRUCTION OF JUSTICE

Synopsis: Former AEC Commissioners WILFRID E. JOHNSON, FRANK COSTAGLIOLA, JAMES T. RAMEY and GERALD F. TAPE interviewed regarding dealings with NUMEC. However, none could furnish additional information not previously developed. WILLIAM T. RILEY, former Director of Security, AEC, also interviewed but could not furnish new information. DOE file regarding ZALMAN M. SHAPIRO reviewed and determined it contains no safeguards related material. Former AEC Chairman GLENN T. SEABORG and Admiral HYMAN RICKOVER refused to be interviewed regarding NUMEC and SHAPIRO. (~~S~~) (U)

-P-

DETAILS: AT WASHINGTON, D.C., BETHESDA, MARYLAND, AND GERMANTOWN, MARYLAND:

~~SEC(S) CL~~ Classified
DATE 4-20-84

~~ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED EXCEPT WHERE SHOWN OTHERWISE~~

~~Classified by SP-6BJA/RBG~~
~~Declassify on: OADR~~
~~4/19/84~~
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FD-302 (REV. 3-8-77)

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FEDERAL BUREAU OF INVESTIGATION

1 SECRET SECRET

Date of transcription 10/12/78

On October 2, 1978, an attempt was made to contact Admiral HYMAN RICKOVER, United States Navy (USN), at telephone number 202-692-3887, to arrange for an interview as requested by Federal Bureau of Investigation Headquarters (FBIHQ). Special Agent (SA) [redacted] was directly connected to Admiral RICKOVER, who was told that the Federal Bureau of Investigation (FBI) wished to interview him. Admiral RICKOVER wanted to know for what reason and when told it related to the NUMEC operation at Apollo, Pennsylvania, he became very agitated. The Admiral stated that he only knew what had been printed in the newspapers. He demanded to know what questions would be asked so that he could prepare answers. When SA [redacted] attempted to set a date and time of interview, Admiral RICKOVER again shouted that he only knew what he read in the paper and that "I can't add anything. I have nothing to say." The Admiral, continuing in an agitated state, shouted, "You can send a bunch of FBI Agents down here and I still won't have anything to say."

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Although Admiral RICKOVER never refused to be interviewed by FBI Agents, he refused to set a time and date and based upon his behavior, it did not appear that an interview could be arranged. Admiral RICKOVER was told by SA [redacted] that it was clear no interview could be arranged. The Admiral said "fine," and forcefully hung the phone up.

Approximately five minutes after ending the first telephone call, SA [redacted] received a telephone call from Admiral RICKOVER's secretary, who connected Admiral RICKOVER to the Agent. The Admiral, in a calm, rational voice, stated "we" sent all that information over to the Department of Energy (DOE), but you (the Agent) can come over and review it. The Admiral was told that the FBI would like to come over and review any documents available, to which Admiral RICKOVER retorted, "Well, why don't you go over to DOE and look at them." As the Admiral was again becoming agitated, it appeared that any further conversation would be fruitless and the conversation was terminated.

Investigation on 10/2/78 at Washington, D.C. File # WFO 117-273

by SA [redacted] aih 2 Date dictated 10/4/78

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FEDERAL BUREAU OF INVESTIGATION

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Date of transcription 10/19/78

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On October 11, 1978, Mr. WILLIAM T. RILEY, Eastern Title Company, Oxon Hill, Maryland, furnished the following information: (U)

Mr. RILEY advised that he was Director of Security, Atomic Energy Commission (AEC), from December 1, 1967, to late June of 1972. He currently resides at 1607 Belvedere Boulevard, Silver Spring, Maryland. (U)

Mr. RILEY stated that as Director of Security for the AEC, he had opportunity to examine plant security reports concerning the NUMEC operation at Apollo, Pennsylvania. These reports were furnished to him by [redacted] who was in charge of plant security at NUMEC and who reported directly to the Office of the Director of Security. Mr. RILEY also mentioned that one [redacted] an inspector of plant security, was very knowledgeable in this area. Mr. RILEY pointed out that he never conducted a physical investigation of the plant himself. (U)

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Physical security measures at NUMEC, according to Mr. RILEY, were "lousy." There were many reasons for the poor security at NUMEC, but chief among them was management's attitude towards security measures. Mr. RILEY stated that although NUMEC's President, Mr. MORDECAI SHAPIRO, and the other officers of the company did nothing to hinder the security operations at the facility, they did not devote much emphasis on that aspect either. Security remedies suggested in one report would not be corrected prior to the next inspection six months later. The attitude of indifference was infective and permeated the entire facility. Improvements were of course made concerning security at NUMEC, but the process was slow and tedious. Mr. RILEY suggested that at one point it was considered to discontinue the NUMEC contract because of poor security. (U)

Investigation on 10/11/78 at Oxon Hill, Maryland File # WFO 117-273

by SA [redacted] aih 3 Date dictated 10/12/78

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Another reason for poor security at NUMEC was the physical layout of the facility. Mr. RILEY pointed out that the facility was a prior industrial complex not specifically designed for secure operations and thus it was difficult to apply security measures to it. (U)

Another problem discovered at the NUMEC plant by inspection reports was the use of classified materials. Various grades of classified materials were commonly mixed together and were accessable to all individuals at the plant. However, all individuals there had at least a minimum security clearance. (U)

One bright spot in the security picture at NUMEC was the clearance of employees at the plant. Mr. RILEY indicated that all personnel checks were conducted by AEC Headquarters and thus removed from the restraints of NUMEC's "indifferent" attitude toward security. Mr. RILEY could not recall any problems arising from employee clearances. (U)

During this period, Mr. RILEY could not recall any major or minor theft problem at the plant. Neither was there any continuing pattern of thefts to explain loss of equipment or material. (U)

Mr. RILEY advised that he had on several occasions the opportunity to meet with Mr. SHAPIRO in accordance with his position as Director of Security. He defined Mr. SHAPIRO as a brilliant metalurgist who felt he had made a significant contribution to the nation's defense, basically in the field of nuclear submarines. (U)

In this regard, SHAPIRO was closely acquainted to Admiral HYMAN RICKOVER. Mr. RILEY indicated that this friendship went back to before NUMEC when SHAPIRO was still working for Westinghouse. (U)

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In Mr. RILEY's opinion, Admiral RICKOVER admired SHAPIRO both professionally and personally and also felt that SHAPIRO had made an immense contribution to national defense. Admiral RICKOVER was made aware of the security situation at NUMEC, but made no overt actions toward getting involved in the controversy. It was felt that the Admiral was interested in only the best overall nuclear program possible and was not interested in only the security aspect. However, Mr. RILEY felt that SHAPIRO took every opportunity to use Admiral RICKOVER's name and his contributions to the nuclear program whenever interviewed. (U)

Also concerning SHAPIRO, Mr. RILEY related that after SHAPIRO sold NUMEC and went to work for Burilco (phonetic), which had contracts with AEC in New Mexico, a question of SHAPIRO's clearance emerged. The discussion was whether to extend SHAPIRO's "Q" clearance for his new work with AEC. [redacted] (U) b3 b7E

[redacted] (U) SHAPIRO was subsequently interviewed by Mr. RILEY, at which time SHAPIRO expressed his respect and admiration for Israel and that he thought American and Israeli interests were one and the same and that if he helped Israel he would be helping the United States. He also stated that he would like to emigrate to Israel some day. Additionally, Mr. RILEY advised that SHAPIRO indicated that his actions were with the approval of some unnamed Federal agency not further expanded upon by SHAPIRO during the interview. (U)

Concerning the loss of nuclear material at the NUMEC plant, Mr. RILEY offered the following observations: Movement of materials was tightly controlled. However, during processing of the materials, especially in the machining stage, there appeared to be uncontrolled loss in the form of dust and scraps. Mr. RILEY stated he saw protective overalls covered with nuclear material dust removed and buried with the dust being recovered. Additionally, material was lost in the duct system and at the dumps, where waste was stored. There appeared to be no accountability for lost material for the period proceeding processing to the end of the various stages when the finished product was produced. (U)

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Mr. RILEY indicated that there were attempts to recover nuclear material from the ducts and the dump but he could not attest to the success of those operations. (U)

Mr. RILEY stated that the information he has furnished is the best of his recollection and that at this point he can not remember specific dates of occurrence. He also stated that much of this information is available in AEC reports and can be affirmed. (U)

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On December 14, 1978, the files of the Department of Energy (DOE) regarding ZALMAN M. SHAPIRO were reviewed by Special Agent (SA) [redacted] at the Internal Security Section, DOE, Germantown, Maryland. This file consisted of five volumes of material regarding background investigation of SHAPIRO, correspondence between SHAPIRO/NUMEC regarding security clearances, Federal Bureau of Investigation (FBI) background reports regarding SHAPIRO and additional administrative papers regarding SHAPIRO's association with DOE after he left NUMEC. (U)

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A careful review of this file fails to reflect any technical information at all regarding Atomic Energy. (U)

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FD-302 (REV. 3-8-77)

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FEDERAL BUREAU OF INVESTIGATION

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Date of transcription 3/23/79

On March 20, 1979, Mr. FRANK COSTAGLIOLA, [redacted] was interviewed and provided the following information: (U)

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COSTAGLIOLA advised that he is currently employed by the United States Congress, Room S407, Washington, D.C. (WDC). (U)

COSTAGLIOLA stated that he was appointed as a Commissioner to the Atomic Energy Commission (AEC) on October 1, 1968, by President JOHNSON. He served in that capacity until June 30, 1969. COSTAGLIOLA pointed out that he was an interim appointment until the November, 1968, Presidential elections were held, and therefore took no great part in the activities of the AEC. (U)

COSTAGLIOLA indicated that during that period, he never met ZALMAN SHAPIRO; never visited the NUMEC facility; nor did he review any reports concerning the NUMEC facility. Additionally, COSTAGLIOLA knew of no action taken by the Commission concerning NUMEC. (U)

Regarding Admiral HYMAN RICKOVER, COSTAGLIOLA had frequent contact with him during that time mainly concerning the nuclear powered submarine program. However, RICKOVER never mentioned neither SHAPIRO nor NUMEC to him, nor did he ever intercede between the Commission and NUMEC concerning security matters. (U)

Additionally, COSTAGLIOLA stated that he never was approached by anyone representing himself as a member of the government of Israel nor did he ever visit Israel or its Embassy in Washington, D.C. He did not know of any other Commissioner being so approached. (U)

COSTAGLIOLA advised that these events occurred ten years ago and that the above information was to the best of his ability considering the time span. (U)

Investigation on 3/20/79 at Washington, D.C. File # WFO 117-273

by SA [redacted] aih 8 Date dictated 3/22/79

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FEDERAL BUREAU OF INVESTIGATION

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SECRET

Date of transcription 4/3/79

On March 28, 1979, Mr. GERALD F. TAPE, 6717 Tulip Hill Terrace, Bethesda, Maryland, provided the following information: (U)

TAPE advised that he served as an Atomic Energy Commission (AEC) Commissioner from July, 1963, until April, 1969, and is currently President of Associated Universities, Inc., 1717 Massachusetts Avenue, N.W., Washington, D.C. (WDC). (U)

TAPE stated that he knew ZALMAN SHAPIRO professionally as an AEC Commissioner when SHAPIRO was Chief Executive Officer of NUMEC. Although TAPE did not visit the NUMEC facility, he was well aware of the problem concerning the unaccountability of special nuclear material there from AEC reports. He, of course, had met with SHAPIRO to discuss this matter. His feeling at the time was that there was a large degree of "sloppiness" in the record-keeping aspect of the operation which would account for the alleged losses there. However, a physical attempt was made to locate the missing material which included a partial excavation of the waste dumping grounds at the NUMEC site. However, it became increasingly clear that the cost of searching for the material exceeded the financial responsibility for the losses and the search was discontinued. (U)

TAPE was not aware of the exact amount of the financial responsibility placed on NUMEC nor can he recall how NUMEC repaid that debt. He did know that no financial institution interceded on behalf of SHAPIRO regarding the repayment. (U)

In fact, TAPE could not recall anyone interceding in SHAPIRO's favor during the AEC's investigation of material losses. It was TAPE's feeling that although SHAPIRO certainly had the scientific expertise to function as Chief Officer at NUMEC, he did not have the administrative ability to control the company. (U)

TAPE was aware of SHAPIROs visits to Israel and of his project in Israel regarding agriculture through (U)

(U)

Investigation on 3/28/79 at Washington, D.C. File # WFO 117-273

by SA [redacted]:aih 9 Date dictated 4/2/79

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Federal Bureau of Investigation (FBI) reports furnished the AEC. (U)

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FD-302 (REV. 3-8-77)

FEDERAL BUREAU OF INVESTIGATION

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4/2/79

Date of transcription

On March 28, 1979, JAMES T. RAMEY, 6817 Hillmead Road, Bethesda, Maryland, furnished the following information: (U)

RAMEY advised that he was appointed as Commissioner to the Atomic Energy Commission (AEC) in 1962 by President JOHN F. KENNEDY. He served as Commissioner until July 1, 1973. RAMEY is currently employed by Stone and Webster, 7351 Wisconsin Avenue, N.W., Bethesda, Maryland. (U)

RAMEY indicated that he has known ZALMAN SHAPIRO since before he was appointed as an AEC Commissioner when he was Staff Director of the Joint Committee on Energy. SHAPIRO at that time had just formed his company, NUMEC, and was testifying before the Committee regarding the atomic industry. RAMEY has known SHAPIRO only on a professional basis. (U)

Regarding the problem of losses of nuclear material at NUMEC, RAMEY indicated that SHAPIRO never approached him individually about this, but that the entire Commission was aware of the problem and discussed the matter. HOWARD BROWN of AEC was instructed to conduct an investigation into the losses and the Commission followed the investigation while being conducted. RAMEY indicated that he did make a specific suggestion that everyone at NUMEC be interviewed. (U)

RAMEY stated that he was aware that monetary fines were placed on NUMEC, but could not recall the exact amount, feeling it was about one million dollars. RAMEY did not know where the money came from to pay the fine, nor was he ever contacted by a financial institution regarding the payment. (U)

The losses at NUMEC were a significant problem for the AEC Commissioners, but RAMEY indicated that there were many other problems facing the Commission at the time. It was his feeling that the Commission did not think a theft had been committed at NUMEC, but that the losses were due to poor housekeeping. (U)

Investigation on 3/28/79 at Bethesda, Maryland File # WFO 117-273

by SA [redacted] aih // Date dictated 4/2/79

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RAMEY stated that he has always been opposed to nuclear proliferation, especially of gas centrifuge. To him, the greater threat to proliferation was the joint French-Israeli reactor in Israel constructed in the mid-1960's. RAMEY protested this facility on several occasions. Additionally, RAMEY knew of SHAPIRO's food processing project in Israel, but is not aware of the technology involved. (U)

RAMEY advised that he knew Admiral HYMAN RICKOVER very well, and that the Admiral never interceded on SHAPIRO's behalf. In fact, RICKOVER complained occasionally regarding the losses at NUMEC. (U)

RAMEY stated that he had no contact with representatives of the government of Israel or of the Israeli Embassy, although he did visit the Israeli Embassy and knew two of Israel's Ambassadors, HARMON and RABIN, quite well. RAMEY also visited Israel two times during his tenure on the AEC. However, RAMEY advised he never spoke about NUMEC or nuclear fuels on any of these occasions. RAMEY's interest with the Israelis was with water desalinization projects in Israel. (U)

WFO 117-273

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DETAILS: AT RICHLAND, WASHINGTON:

FD-302 (Rev. 11-27-70)

FEDERAL BUREAU OF INVESTIGATION

SECRET

Date of transcription 3/8/79

WILFRID E. JOHNSON, 5286 Harrington Rd., Richland, Washington, (509) 967-2355, advised that he was employed by the General Electric Co. at the Hanford Atomic Works Project in Richland, Washington, for 18 years. From 1952 until 1966 he served as the General Manager for G.E.'s Hanford operation which was involved in the production of plutonium. In 1966 he was appointed as a commissioner of the Atomic Energy Commission, a position he held until 1972.

JOHNSON stated that he was familiar with Nuclear Materials and Equipment, Inc. (NUMEC) and its founder, ZALMAN SHAPIRO, by reputation only. JOHNSON stated that he has never actually met SHAPIRO or visited the NUMEC Plant which is located in Apollo, Pennsylvania; however, NUMEC did have the reputation in the nuclear industry of having more incidents of contamination than most and more reported shortages of nuclear material.

JOHNSON stated that while a member of the Atomic Energy Commission, he was privy to information involving the mysterious loss of an entirement shipment of special nuclear material which apparently found its way to Israel (U) and that ZALMAN SHAPIRO, because of his reputation and apparent close ties with Israel, was considered to be a prime suspect in the loss. (S) (U) JOHNSON stated that all of this information was made available to the Justice Department, which has been involved in the investigation for sometime. (U)

JOHNSON stated that at one point, the Commission was considering the cancellation of SHAPIRO's security clearance, which would, in effect, take him out of the nuclear industry. He stated that this proposal was presented to the Justice Department which ruled against such action because to cancel a security clearance would require a public hearing which could compromise confidential information. JOHNSON stated that it was his understanding that SHAPIRO was eventually removed from the nuclear industry and given an appointment with the Westinghouse Co. This arrangment was apparently made by JAMES RAMEY, who was also a member of the Commission at that time.

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Interviewed on 2/26/79 at Richland, Washington File # SE 117-237

by SA [redacted]/dlb 14 Date dictated 3/2/79

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JOHNSON stated that he has no information concerning the diversion of the special nuclear material back in the '60's and, for that matter, was not even aware of what type of material was involved. JOHNSON also stated that he was not aware of the nature or type of material processed at SHAPIRO's NUMEC Plant.

WFO 117-273

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DETAILS: AT BERKELEY, CALIFORNIA:

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FD-302 (REV. 3-8-77)

FEDERAL BUREAU OF INVESTIGATION

SECRET

Date of transcription 4/5/79

On March 7, 1979, GLENN T. SEABORG, Associate Director, Lawrence Berkeley Laboratory, was telephonically contacted to make an appointment for interview. He was informed the interview pertained to his knowledge as a former Chairman of the Atomic Energy Commission of the alleged diversion of special nuclear materials from NUMEC during the 1960's.

SEABORG advised he has been interviewed regarding this matter on numerous occasions in the past and declined to be reinterviewed in the absence of special circumstances warranting another interview.

Investigation on 3/7/79 at Berkeley, California File # SF 117-280

by SA [redacted] cea 17* Date dictated 3/13/79

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Airtel

9/6/79

To: SAC, Washington Field (117-273)

From: Director, FBI (117-2564)

DIVERT

Re Washington Field airtel 8/23/79.

The following addresses are the last current record of residences of the following retired Special Agents:

[redacted]

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and Donald F. Wiseman, 211 Crestmont Road, Pittsburgh, Pennsylvania.

Re Washington Field airtel 5/10/76, which contained interview of Sam J. Papich and lists employment as Executive Director of the Governor's Organized Crime Prevention Commission, Albuquerque, New Mexico; therefore, Washington Field should consult that referenced airtel as a source for contact of Papich.

Information concerning address of former Attorney General Ramsey Clark will be provided when furnished by the Department of Justice.

MAILED 11
SEP 7 1979
FBI

RMS:pjm (4)

117-2564-

NOTE: Referenced Washington Field airtel requested current addresses of former Special Agents and Attorney General who were involved in past segments of the investigation of Zalman Shapiro.

Exec AD Adm. ___
Exec AD Inv. ___
Exec AD LES ___
Asst. Dir.:
Adm. Servs. ___
Crim. Inv. ___
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Intell. ___
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Plan. & Insp. ___
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16 SEP 17 1979

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Director's Sec'y ____

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In Focus

Nuclear Safeguards Probe Finds Some Near Misses

By John J. Fialka
Washington Star Staff Writer

On Oct. 14, 1970, shortly before midnight on a dark roadside in North Little Rock, Ark., three masked men pointed a shotgun at a man sitting in a parked automobile.

After forcing him out of the car, they took his billfold containing $180, a small walkie-talkie, a revolver, a submachine gun and the keys to a nearby tractor-trailer truck containing a number of components for atomic bombs.

Fortunately, according to a report made public this week by the Nuclear Regulatory Commission, the three robbers did not realize that they had broken completely through the supposedly massive network of security surrounding U.S. nuclear weapons shipments.

A month later they were arrested and the Atomic Energy Commission recovered the keys to the weapons truck, and the guns taken from one of the four Atomic Energy Commission couriers who were supposed to be watching the shipment. And, fortunately, the truck and its nuclear cargo were not disturbed by the thieves.

THE INCIDENT is one of 51 explored by NRC investigators in their latest attempt to more fully explain the security-shrouded history of problems in the government's program to safeguard nuclear materials.

The NRC'S efforts to explore the safeguards area began in 1975, after it was set up as a separate agency to regulate nuclear facilities. Shortly afterward two major studies were undertaken to try to pinpoint a number of questionable incidents that had occurred in the past dealing with both the threat of nuclear terrorism and the possible diversion of nuclear materials.

Other incidents in the latest report show that while there still is no prosecutable evidence that large amounts of bomb-grade nuclear material have been stolen there is evidence that smaller amounts have been stolen and there are other cases where government investigators are still not sure what happened.

The list of 51 incidents is part of the NRC's latest response to assertions by a former NRC safeguards analyst who took part in the 1975 study, James H. Conran, who later told several congressional committees that he found evidence indicating "there have been successful attempts to steal nuclear material."

CONRAN'S ALLEGATIONS provoked considerable dispute within the agency and he was later removed from his safeguards analyst post to a less sensitive job setting standards for nuclear power reactors. When challenged to produce evidence backing up his claim, Conran produced handwritten notes referring cryptically to at least 51 incidents involvng the possibility of a safeguards breach. According to the report which responded to these notes, the investigators have dismissed 44 of the incidents as being "rumors and attempted swindles."

There are others, however, such as the North Little Rock case, that the safeguards men didn't dismiss so easily.

According to a spokesman for the Department of Energy, the successor to the weapons division of the old Atomic Energy Commission, a check of agency files shows the robbery took place so quickly that the man in the car was unable to notify three other couriers supposed to be guarding the parked truck, but who were apparently, asleep in a nearby motel.

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DATE 6/18/82 BY SP-1 65K/PBG

The Washington Post ____
Washington Star-News A-3
Daily News (New York) ____
The New York Times ____
The Wall Street Journal ____
The National Observer ____
The Los Angeles Times ____

Date 11-16-76

60 SEP 20 1979

FBI/DOJ

The incident, according to the spokesman, could not happen now because shortly afterward new, heavily armored "safe, secure trailers" were introduced that contain two or more drivers who are in constant telephone contact with the DOE's weapons production complex in Albuquerque, N.M.

THE TRUCK contained bomb assemblies which contained nuclear warhead materials but were not completely assembled, according to the spokesman. "It's hard to say what they might have had, had they stolen it," he added. "Maybe they would have wound up with four left shoes, or something like that."

In a second incident, four armed men broke into an REA office at the Newark, N.J., airport April 5, 1970. They took 93 boxes of freight worth $250,000, including a box sent from the AEC containing an A-bomb part the nature of which is still considered a secret.

The NRC's most recent report sheds further light on an apparent cover-up by a number of officials and former officials for U.S. nuclear agencies who have stated over the years that there has been "no evidence" of any theft or diversion of bomb-grade nuclear materials.

Since February, the commissioners of the NRC have held 10 closed meetings in an attempt to decide what to do about the NRC's chief executive officer, Lee V. Gossick, who gave blanket "no evidence" statements to two congressional subcommittees last year.

According to transcripts of the meetings, obtained under the Freedom of Information Act, the commissioners appear to be in agreement that no such blanket assurance is possible, in light of the most celebrated case raised by Conran, the disappearance of 206 pounds of highly enriched uranium from a private plant at Apollo, Pa., some time during the mid-1960s.

THAT CASE, which is still under investigation by the FBI, exposed the relatively primitive safeguards practices used during the early days of the peaceful nuclear era. As the NRC's chairman, Joseph Hendrie, put it at one point: ". . . the circumstance of the time was such that the most elemental sort of pathway . . . in fact, if the material hadn't weighed a couple of hundred pounds all told, why you could just wrap heavy brown paper around it and carry it out in a bundle."

The Energy Department's Office of Inspector General is completing its own investigation of the Apollo case and public statements made by its officials about Apollo and other past safeguards incidents.

The Energy Department report, according to sources familiar with it, is now about 1,100 pages long. It will reportedly conclude, among other things, that there was a "party line" used by high officials of the AEC and its successor agencies to conceal evidence of thefts and other serious safeguards problems.

Airtel 1 - [redacted] b6 b7C

9/14/79

To: SAC, Washington Field (117-273)

From: Director, FBI (117-2564)

DIVERT
BUDED: 9/20/79

Re FBIHQ airtel dated 6/27/79.

Representatives of the Internal Security Section, Criminal Division, Department of Justice, requested that periodic reports be furnished concerning the interviews to be conducted of individuals whose names had been provided by the Department of Justice to FBIHQ.

Washington Field should furnish a report, to include those interviews conducted to date, by captioned Buded and ensure periodic reports are furnished thereafter until completion of interviews of individuals as provided by the Department of Justice.

The last known address provided by the Department of Justice of former Attorney General Ramsey Clark is [redacted] b6 b7C

RMS:pjm (4)

NOTE: Telephonic requested received from [redacted] Attorney, Internal Security Section, Criminal Division, Department of Justice, for periodic information concerning captioned matter.

Exec AD Adm. ___
Exec AD Inv. ___
Exec AD LES ___
Asst. Dir.:
Adm. Servs. ___
Crim. Inv. ___
Ident. ___
Intell. ___
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Legal Coun. ___
Plan. & Insp. ___
Rec. Mgnt. ___
Tech. Servs. ___
Training ___
Public Affs. Off. ___
Telephone Rm. ___
Director's Sec'y ___

MAIL ROOM ☑

FBI/DOJ

SEP 17 1979

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 6/18/82 BY SP-1 GSK/RBG

FBI/DOJ

GASTON TAXPAYERS ASSOCIA N
710 PEACHTREE STREET PHONE (704) 864-2817
GASTONIA, NORTH CAROLINA 28052

EDERAL ... INV

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 09-12-2017 BY [redacted] b6 b7C

September 26, 1979

OUTSIDE SOURCE

Honorable Benjamin Civiletti
Attorney General
Justice Department
Washington, D. C.

Dear Sir:

In recent days, reports have been circulating indicating that uranium has been diverted from a Pennsylvannia site and to Israel.

Would you be so kind as to conduct an investigation and bring to justice those Americans who may have conspired in such.

With all best wishes and assuring you of our continuing support.

Respectfully submitted,

[redacted] b6 b7C

Area Representative
Gaston Taxpayers Association

RS/sh

OCT 16 1979

#M03R0758
8/29/03 60290 RSCE/MET/JTG

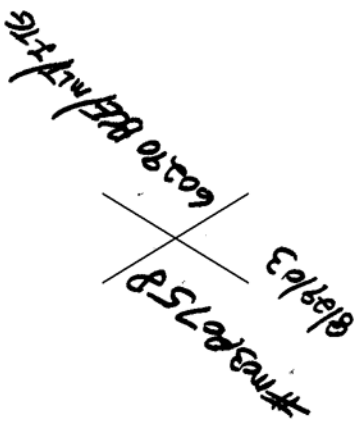
SUPPORT PUBLIC EDUCATION

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 09-12-2017 BY [redacted]

b6
b7C

Gaston Taxpayers Association
710 Peachtree Street
Gastonia, N. C. 28052

Honorable Benjamin Civiletti
Attorney General
Justice Department
Washington, D. C.



027

1 1

10/1/79 UNCLAS E F T O PRIORITY

FHIR*PP WFIDE HQ H0027 $HIYEIP 011743Z OCT 79

FM DIRECTOR FBI {117-2564}

TO FBI WASHINGTON FIELD {117-273} PRIORITY

BT

UNCLAS E F T O

DIVERT; BUDED: NOVEMBER 9, 1979

REFERENCE FBIHQ AIRTEL DATED SEPTEMBER 14, 1979.

ON SEPTEMBER 25, 1979, FIBHQ RECEIVED A LETTER FROM THE ASSISTANT ATTORNEY GENERAL, CRIMINAL DIVISION, WHO REQUESTED THE FBI COMPLETE THE INTERVIEWS AND REPORT THE RESULTS TO THE INTERNAL SECURITY SECTION NO LATER THAN NOVEMBER 15, 1979.

THE INTERVIEWS SET FORTH IN FBIHQ AIRTEL DATED JUNE 27, 1979, SHOULD THEREFORE BE COMPLETED AND THE RESULTS REPORTED BY BUDED NOVEMBER 9, 1979. THIS WILL BE THE DATE FOR A FINAL REPORT. IF A NUMBER OF INTERVIEWS ARE COMPLETED PRIOR TO THAT DATE, SUBMIT RESULTS IN REPORT FORM.

BT

|

RMS:PJM {3} 10/1/79 4084/6 4650

1 - MR. S. S. MIGNOSA SEE NOTE PAGE 2

1 - [redacted]

b6
b7C

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 6/18/82 BY SP1 GSK1

FEDERAL BUREAU OF INVESTIGATION COMMUNICATIONS SECTION OCT 1 1979

7 OCT 3 1979

NOTE: This matter involves our investigation concerning the alleged diversion of nuclear material from the NUMEC Plant at Apollo, Pennsylvania. During June, 1979, the Department of Justice requested interviews of 71 people to determine their knowledge of possible diversion, as well as any attempts to impede this investigation. Letter from the Department of Justice sets forth the deadline for completion of those interviews.

0322

1 - Mr. Mullen
1 - Mr. Ingram
1 - Mr. Mignosa
1 - [redacted]

b6
b7C

October 9, 1979

[redacted]

OUTSIDE SOURCE

Area Representative
Gaston Taxpayers Association
710 Peachtree Street
Gastonia, North Carolina 28052

Dear [redacted]

Reference is made to your letter to the Attorney General dated September 26, 1979, which was referred to me for response. In this letter you request an investigation of information concerning a possible diversion of uranium from a Pennsylvania site to Israel.

The FBI has a current investigation concerning this matter and it is receiving prompt attention and coordination has been maintained with the Department of Justice concerning this matter. A representative of the FBI will be contacting you in the near future concerning additional information you may have concerning this matter.

Your information is appreciated and you may be assured this matter will be thoroughly investigated in order to resolve the question of whether a diversion occurred.

Sincerely yours,

Francis M. Mullen Jr./fr

Francis M. Mullen, Jr.
Assistant Director
Criminal Investigative Division

MAILED 3
OCT 10 1979
FBI

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

1 - Charlotte
1 - WFO (For Information)

RMS/caw (8)

SEE SACs NOTE, CHARLOTTE & WFO
PAGE 2

DE-11

117-2564-

11 OCT 15 1979

SSM/fb

MAIL ROOM ☑

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 6/18/82 BY SP-1 GSK/RB6

FBI/DOJ

[redacted]

b6
b7C

NOTE TO SACs, CHARLOTTE & WFO: A copy of referenced letter is enclosed for Charlotte and WFO. This matter involves our investigation concerning the alleged diversion of nuclear material from the Nuclear Materials and Equipment Corporation at Apollo, Pennsylvania. The investigation was reopened in 4/76, at the specific request of the President of the U.S. with a directive that the investigation attempt to determine whether a diversion occurred at this facility and also whether or not there are any individuals in Government who became aware of this and attempted to cover up this information. There has been no information developed to date indicating that there was knowledge by anyone in Government of this alleged diversion nor has there been any substantive indication of evidence to indicate that a diversion has occurred. WFO is office of origin in this case, Charlotte contact [redacted] and interview for any information concerning this matter. Provide results in form suitable for dissemination to WFO and FBIHQ under caption, DIVERT, WFO file 117-273, Bureau file 117-2564.

UNITED STATES GOVERNMENT

memorandum

DATE: 10/22/79

REPLY TO ATTN OF: SAC, CHARLOTTE (117-45) (RUC)

SUBJECT: DIVERT
AEA

(OO: WFO)

TO: DIRECTOR, FBI (117-2564)

Re Bureau letter to [redacted] Gastonia, North Carolina, copies to WFO and Charlotte, dated 10/9/79. b6 b7C

Enclosed for the Bureau are the original and three copies of an LHM and for WFO two copies of an LHM setting forth investigation at Gastonia, North Carolina.

Indices of the Charlotte Division contain nothing identifiable with [redacted] Gaston Taxpayers Association, or [redacted] Gastonia, North Carolina.

As stated in enclosed LHM, 710 Peachtree St., Gastonia, North Carolina, is a non-existent address, and no record could be found in area directories or credit bureau for an [redacted]

(PROTECT) On 10/15/79, [redacted] and [redacted] advised that [redacted] is an alias used by one [redacted] who resides at [redacted] Gastonia, North Carolina. [redacted] stated that the Gaston Taxpayers Association is a name used by [redacted] and actually is not an association and has no members other than [redacted] known to [redacted] b6 b7C b7D

[redacted] stated that [redacted] has been [redacted]

2-Bureau (117-2564) (Enc. 4)
2-WFO (117-273) (Enc. 2)
1-Charlotte

CBW/kbo
(5)

[redacted] b6 b7C

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 6/18/82 SP-1 GSK/RBY

Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

OPTIONAL FORM NO. 10
(REV. 7-76)
GSA FPMR (41 CFR) 101-11.6
5010-112

97 NOV 26 1979

[redacted] recommended that [redacted] not be contacted unless absolutely necessary. b6 b7C b7D

Due to the above information, together with the fact that the letter written to Attorney General CIVILETTI does not indicate that the writer has any information concerning captioned matter, no contact is being made with [redacted] by the Charlotte Office.

The identities of the above [redacted] should not be disclosed to anyone as having furnished information concerning [redacted]

UNITED STATES DEPARTMENT OF JUSTICE

FEDERAL BUREAU OF INVESTIGATION

In Reply, Please Refer to File No.

Charlotte, North Carolina
October 22, 1979

[redacted]

b6
b7C

AREA REPRESENTATIVE
GASTON TAXPAYERS ASSOCIATION
710 PEACHTREE STREET
GASTONIA, NORTH CAROLINA

On October 15, 1979, an examination of Gastonia, North Carolina, area city directories, street directories, and city map revealed that there is no address of 710 Peachtree Street, Gastonia, North Carolina.

There is no listing in the Gastonia City Directory or telephone directory for a Gaston Taxpayers Association or anyone named [redacted]

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 6/18/82 BY SP4GSK/RBG

THIS DOCUMENT CONTAINS NEITHER RECOMMENDATIONS NOR CONCLUSIONS OF THE FBI. IT IS THE PROPERTY OF THE FBI AND IS LOANED TO YOUR AGENCY; IT AND ITS CONTENTS ARE NOT TO BE DISTRIBUTED OUTSIDE YOUR AGENCY.

ASTON TAXPAYERS ASSOCIATIO
710 PEACHTREE STREET PHONE (70) 864-2817
GASTONIA, NORTH CAROLINA 28052

0322

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 10-03-2017 BY [redacted]

b6
b7C

October 13, 1979

OUTSIDE SOURCE

Hon. Francis Mullen, Jr.
U. S. Department of Justice
Washington, D. C. 20535

Dear Sir:

Thank you for your letter of October 9 referring to our letter of September 26. We have no information in the matter discussed. Our only concern was that any Americans who participated in treasonous acts should be punished.

With all best wishes and assuring you of our continuing support.

Respectfully submitted,

[redacted]

b6
b7C

Area Representative
Gaston Taxpayers Association

RS/sh

117-2564

6 OCT 25 1979

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b7C

#m03R0758
8/29/03
60290 BCE/MLT/JMG

SIX [redacted]

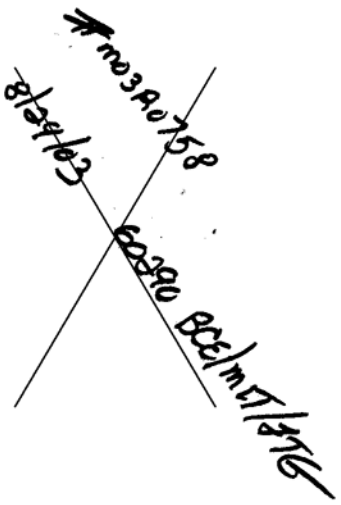
117-2564

97 NOV 20 1979

SUPPORT PUBLIC EDUCATION

Gaston Taxpayers Association
710 Peachtree St.
Gastonia, N. C. 28052

Hon. Francis Mullen, Jr.
U. S. Department of Justice
Washington, D. C. 20535



ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 09-12-2017 BY [redacted]

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b7C

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 10-22-2018 BY: [redacted]

b6
b7C

FBI

TRANSMIT VIA:
- [ ] Teletype
- [ ] Facsimile
- [X] airtel

PRECEDENCE:
- [ ] Immediate
- [ ] Priority
- [ ] Routine

~~PRIORITY~~

CLASSIFICATION:
- [ ] TOP SECRET
- [ ] SECRET
- [ ] CONFIDENTIAL
- [ ] UNCLAS E F T O
- [ ] UNCLAS

Date 1/5/79

~~CLASSIFIED BY 6028 BCC/MLT/JTG REASON: 1-4 (C) DECLASSIFY ON: X) AB AMENDED~~

#1103807SB 8/27/03

TO: DIRECTOR, FBI (117-2564)

FROM: SAC, WFO (117-273) (P)

DIVERT

~~Classified 4-20-84~~

ReWFOairtel dated 12/26/78, and Bureau airtel dated 9/20/78, no copies to Seattle or San Francisco.

Enclosed for Seattle and San Francisco are one copy each of referenced communications.

For the information of Seattle and San Francisco, WFO is currently conducting investigation as requested by the Bureau in referenced FBIHQ airtel. To date, only the interview of the former Atomic Energy Commission (AEC) Commissioners remains. Investigation at the Internal Security Office, Department of Energy (DOE), Germantown, Maryland, reflects that two of the Commissioners, GLENN T. SEABORG and WILFRID E. JOHNSON, reside outside of this Division. SEABORG, the former AEC Chairman, is now at the Lawrence Livermore Lab at the University of California, Berkeley, California. JOHNSON now resides in Richlands, Washington, and presumably is working at the Atomic Energy facility there.

(X) For background information, in June, 1965, AEC, now DOE, requested that the FBI conduct a Foreign Agents Registration Act (FARA) investigation of ZALMAN MORDECAI SHAPIRO, founder and Chief Executive Officer of Nuclear Materials and Equipment Incorporated (NUMEC), Apollo, Pennsylvania, because of his dealings with the Israeli government. NUMEC was a licensed nuclear processing plant at the time. The investigation was subsequently closed in September, 1969 and results furnished to [redacted], AEC, and the Department of Justice. However, this matter [redacted]

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2 - Bureau
1 - Knoxville (Info)
2 - Seattle (Enc.2)
2 - San Francisco (Enc.2)
1 - WFO
RJD:aih
(8)

~~ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED EXCEPT WHERE SHOWN OTHERWISE~~

[redacted]

Approved: NFS/GMD Transmitted (Number) (Time) Per

~~Classified by SP6 BSA/BBC~~
~~Declassify on: OADR 4/17/84~~

97 NOV 26 1979

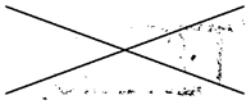
[redacted] Congress, and as Seattle and San Francisco are aware, the media. (U)

On 4/30/76, the Attorney General ordered the FBI to conduct an intensive investigation into the alleged diversion of the special nuclear material from NUMEC in the 1960's and any subsequent Government cover-up of said diversion. This diversion may involve 178 kilograms of special nuclear materials diverted to the Israeli government. (U)

Therefore, Seattle is requested to locate former AEC Commissioner WILFRID E. JOHNSON at Richlands, Washington, and conduct an in-depth interview concerning his knowledge of the above incident.

San Francisco is likewise requested to conduct a similar interview with former AEC Chairman GLENN T. SEABORG at the University of California at Berkeley.

WFO is aware that this is a complicated case and that Seattle and San Francisco are not in full receipt of all the information in this matter. There has been a good deal of press coverage to date concerning NUMEC and these two offices may be familiar with some facts from that source. If either office requires further assistance in this matter, they may contact WFO Squad C-6 for whatever they need.



FBI

TRANSMIT VIA:
- [ ] Teletype
- [ ] Facsimile
- XX AIRTEL

PRECEDENCE:
- [ ] Immediate
- [ ] Priority
- [ ] Routine

CLASSIFICATION:
- [ ] TOP SECRET
- [ ] SECRET
- [ ] CONFIDENTIAL
- [ ] UNCLAS E F T O
- [ ] UNCLAS

Date 1/19/79

TO: DIRECTOR, FBI (117-2564)

FROM: SAC, KNOXVILLE (117-365) (RUC)

DIVERT

Enclosed for the Bureau are five copies of an LHM captioned, [redacted]

[redacted] was interviewed on three separate occasions by SA [redacted] however, in the interest of clarity the information was not separated in the LHM. On 1/19/79, [redacted] reviewed the rough draft LHM to insure that the information provided was exactly as he stated. [redacted] agreed with the contents of the LHM and requested a copy because he felt that quite possibly in the future he would be called to testify before the House Internal Committee.

Knoxville considers this matter RUC.

b6
b7C

117-2564-484

ENCLOSURE

NOV 20 1979

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Bureau (Enc. 5)
1 - Knoxville

FWE/dwj
(3)

117-2564

Approved: HCS Transmitted (Number) (Time) Per

FBI/DOJ

97 NOV 26 1979

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 6/21/82 BY SP-1/SSK/RBS

FD-36 (Rev. 5-22-78)

FBI

TRANSMIT VIA:
- [ ] Teletype
- [ ] Facsimile
- [x] AIRTEL

PRECEDENCE:
- [ ] Immediate
- [ ] Priority
- [ ] Routine

CLASSIFICATION:
- [ ] TOP SECRET
- [ ] SECRET
- [ ] CONFIDENTIAL
- [ ] UNCLAS E F T O
- [x] UNCLAS

Date 3/13/79

TO: DIRECTOR, FBI (117-2564)

FROM: SAC, SAN FRANCISCO (117-280) (RUC) (SQD 14)

SUBJECT: DIVERT

Re WFO airtel to Bureau, 1/5/79.

Referenced letter requested this office interview GLENN T. SEABORG, former Chairman of the Atomic Energy Commission regarding his knowledge of the alleged diversion of special nuclear materials from NUMEC in the 1960s.

SEABORG, who is currently employed as Associate Director, Lawrence Berkeley Laboratory has been unavailable for contact until recently.

On March 7, 1979, SEABORG was telephonically contacted to make an appointment for interview. After being informed of the purpose of the interview, SEABORG advised he has been interviewed regarding this matter on numerous occasions in the past and declined to be interviewed again in the absence of special circumstances warranting reinterview.

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11-15
16 MAR 19 1979

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2 - Bureau
2 - WFO (117-273)
1 - San Francisco
PWS/dlw
(5)

ICC 4084

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 6/21/82 BY SP-1/JSK/RBJ

Approved: _____ Transmitted _____ (Number) (Time) Per _____

97 NOV 26 1979

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 10-22-2018 BY: [redacted]

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RR HI NY

DE WF #0033 0760226

ZNY CCCCC

R 160115Z MAR 79

FM WASHINGTON FIELD (117-273) (P)

TO DIRECTOR FBI (117-2564) ROUTINE

FBI NEW YORK ROUTINE (NY VIA FBIHQ)

BT

~~C O N F I D E N T I A L~~

DIVERT: (00:WASHINGTON FIELD)

FOR INFORMATION OF NEW YORK, WASHINGTON FIELD IS CURRENTLY CONDUCTING AN INVESTIGATION INTO THE POSSIBLE DIVERSION OF RESTRICTED NUCLEAR MATERIAL [TO ISRAEL] (C) (U) BY THE NUCLEAR MATERIALS AND EQUIPMENT CORPORATION (NUMEC) AND ITS FORMER EXECUTIVE OFFICER, ZALMAN SHAPIRO. (C)(U)

[redacted] (C)(U)

~~CONFIDENTIAL~~

17 MAR 79 02 56 z

RECEIVED
FEDERAL BUREAU
OF INVESTIGATION
COMMUNICATIONS SECTION

CLASSIFIED BY: 6020 BCE/MLT/JTG
REASON: 1.4 (C)
DECLASSIFY ON: X1 AS AMENDED

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

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117-2564-

NOV 15 1979

Class. & Ext. By SP1/GSK/RBG
Reason - FCIM II, 1-2.4.2 2.3
Date of Review 3/17/99
217,822 6/21/82

~~ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED EXCEPT WHERE SHOWN OTHERWISE~~

~~TELETYPED TO: Classified by: [illegible]~~
~~Declassify on: OADR~~

~~CONFIDENTIAL~~

97 NOV 26 1979

~~CONFIDENTIAL~~

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[redacted] (U)

[redacted] (U)

A COPY OF [redacted] FOLLOWS. (U)

NEW YORK IS REQUESTED TO CONTACT [redacted]

AND CONDUCT INTERVIEW [redacted]

[redacted] NEW YORK SHOULD INQUIRE

[redacted] REPORT RESULTS IN FORM (U)

~~CONFIDENTIAL~~

PAGE THREE DE WF Ø033 ~~C O N F I D E N T I A L~~

~~CONFIDENTIAL~~

SUITABLE FOR DISSEMINATION. ~~C~~ (U)

C&E BY 7679. FCIM, II, 1-2-4.2 (2,3). MARCH 6, 1999.

BT

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~~CONFIDENTIAL~~

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 10-22-2018 BY: [redacted]

~~CONFIDENTIAL~~

FEDERAL GOVERNMENT

UNITED STATES GOVERNMENT

Memorandum

~~SECRET~~

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

FBI/DOJ

b6
b7C

TO : William H. Webster, Director
Federal Bureau of Investigation

DATE: MAR 22

FROM : Glen E. Pommerening, Director
Internal Audit Staff

SUBJECT: Response to GAO Final Report Entitled "Nuclear Diversion In The U.S.? 13 Years of Contradiction and Confusion" (79-8)

Attached is a copy of the Department's proposed reply to Congress on the subject GAO report. The proposed reply was based on comments furnished by your office, the Deputy Attorney General and the Criminal Division.

We would appreciate your advising us as soon as possible whether you have any problems with the reply. You may advise [redacted] by phone (633-4303) if you consider the response acceptable.

b6
b7C

Attachment

EXP. PROC. MAR 22 1979

SEE CID ADDENDUM, PAGE 2

~~6-24-85~~

~~Classified by 9668 SCI/MLT/KG~~
~~Declassify on: OADR~~
~~FBI info~~

ENCLOSURE

#m03R0758 8/27/03
60290 BCE/MLT/JTG
4 C
1 AS AMENDED

DOJ info unclass per DOJ letter 5-15-85

NOV 13 1979

ROUTE IN ENVELOPE

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b7C

~~SECRET~~

(This letter is UNCLASSIFIED when separated from the classified appendix)

~~CONFIDENTIAL~~

97 NOV 26 1979

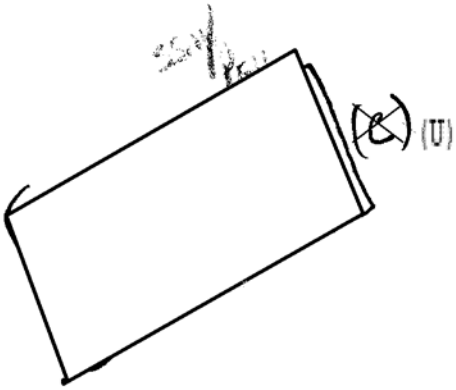
Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

Form OBD-197
MAY 1978

ADDENDUM: CRIMINAL INVESTIGATIVE DIVISION RMS:pjm 4/4/79

On 3/26/79, [redacted] Unit Chief, Substantive and Civil Disorders Unit, Terrorism Section, telephonically contacted [redacted] Internal Audit Staff, U. S. Department of Justice, concerning a proposed letter to the Honorable Abraham Ribicoff, Chairman, Committee on Governmental Affairs, U. S. Senate, concerning "Nuclear Diversion in the United States? 13 Years of Contradiction and Confusion." [redacted] advised [redacted] at that time that the FBI did have comments to make concerning this proposed letter and he would be contacted subsequently as to the exact nature of these observations concerning this proposed letter. b6 b7C

On 3/28/79, Sebastian S. Mignosa, Section Chief, Terrorism Section, attempted to contact [redacted] and was told he would be in the office on 3/30/79. On 3/30/79, [redacted] was contacted by Mr. Mignosa and was advised that the FBI did take exception to the fact that the Department of Justice was agreeing with the General Accounting Office report mentioned above that a coordinated interagency plan of action should be developed which focuses on a nuclear safeguards system. [redacted] (U) [redacted] It was further recommended to [redacted] that he contact Department of Justice Attorneys [redacted] concerning the conclusions reached by the ICIS Subcommittee prior to his furnishing a letter to the Honorable Abraham Ribicoff. b6 b7C b3 b7E



b3 b7E

UNITED STATES DEPARTMENT OF JUSTICE

WASHINGTON, D.C. 20530

Address Reply to the
Division Indicated
and Refer to Initials and Number

~~SECRET~~

Honorable Abraham Ribicoff
Chairman
Committee on Governmental Affairs
United States Senate
Washington, D.C. 20510

DECLASSIFIED BY 5668SLD/mdf/KJ
ON 5-28-85
Per DOJ letter 5-15-85

Dear Mr. Chairman:

In compliance with Section 236 of the Legislative Reorganization Act of 1970, the following comments are provided to your Committee in response to the Comptroller General's report entitled "Nuclear Diversion In the U.S.? 13 Years of Contradiction and Confusion" (EMD-79-8, dated December 18, 1978).

We agree with the General Accounting Office (GAO) recommendation that a coordinated interagency plan of action should be developed which focuses on a nuclear safeguards system that adequately detects, investigates, and reports to the Congress and the President on thefts or diversions of nuclear materials. The fact that the spector of a diversion of weapons-grade nuclear material from the Nuclear Materials and Equipment Commission (NUMEC) facility has lingered for 13 years and still remains unresolved should certainly remove any doubt as to the necessity for a coordinated interagency plan of action which will assure the accomplishment of the goals stated by GAO.

In a letter commenting on the GAO draft report, the Department of Energy (DOE) agreed with the thrust of the report but disagreed with GAO's recommendation concerning the need to enter into a formal interagency agreement with the Nuclear Regulatory Commission (NRC), the Federal Bureau of Investigation (FBI), [redacted] for more timely and effective action in investigating incidents of suspected or real diversions of nuclear material. DOE stated that "a comprehensive plan and a memorandum of understanding with the FBI" already exists for joint responses to nuclear threat situations. Further, DOE stated that

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(This letter is UNCLASSIFIED when separated from the classified appendix)

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it has open channels of communication to other agencies, [redacted] for the exchange of information pertinent to nuclear threat situations. b3 b7E

Although the comprehensive plan and memorandum of understanding mentioned by DOE became effective with the FBI on June 11, 1976, and is a step in the right direction, we agree with GAO that it is clearly inadequate [redacted]

Regarding GAO's recommendation that "the Attorney General, working with the FBI, take the lead in establishing the interagency plan," the need for a coordinated interagency plan of action will be presented to the Interdepartmental Committee on Internal Security (ICIS) by the Acting Chairman, who is a Department of Justice official. The ICIS has a Subcommittee on Defense Against Unconventional Attack, which has among its members representatives of the FBI, DOE, [redacted] Department of Defense. This subcommittee would appear to be the appropriate vehicle by which the Attorney General, working with the FBI, can take the lead in establishing an adequate interagency plan as recommended in the GAO report.

In addition to the response provided above, we are including as Appendix A the comments of the FBI relating to specific facts and issues of the report.

We appreciate the opportunity to comment on the report. Should you desire any additional information, please feel free to contact us.

Sincerely,

Kevin D. Rooney
Assistant Attorney General
for Administration

(This letter is UNCLASSIFIED when separated from the classified appendix)

SECRET

Appendix A

#m03RU758 8/27/03 60290 BCE/MLT/JTG C 1

Comments of the FBI on the GAO Report
Entitled "Nuclear Diversion In The U.S.?
13 Years of Contradiction and Confusion"

Page viii states that "Initially, the FBI declined DOE's request to conduct an investigation of the diversion possibility even though they are required to conduct such investigations under the Atomic Energy Act." An initial investigation was undertaken June 2, 1965, as a result of information furnished by the Atomic Energy Commission (AEC) regarding Dr. Zalman M. Shapiro, due to his firm, Nuclear Material and Equipment Corporation (NUMEC), having entered into a partnership with the governent of Israel and a firm named Israeli NUMEC Isotopes and Radiation Enterprises (ISORAD). This investigation concluded in October 1966, with the opinion of Assistant Attorney General J. Walter Yeagley that "It does not appear that the subject or his company is constituted an agent of a foreign principal under the Foreign Agents Registration Act, as amended, so as to require registration thereof." [redacted] b3 b7E

[redacted] an investigation was instituted in 1968 to determine Shapiro's relationship with the government of Israel. During this investigation, the matter of diversion was considered as part of the overall investigation. Results of that investigation were furnished to the AEC, [redacted] the Department of Justice with the determination that Shapiro was extremely sympathetic to the Israeli cause and was close, professionally and socially, with Israeli nuclear scientists [redacted] AEC subsequently interviewed Shapiro in August 1969, and thereafter advised no further action was being taken by AEC. No subsequent investigation was undertaken until April 1976. [redacted] (S) (U)

~~Classified by 6419~~
~~Exempt from GDS, Categories 2 and 3~~
Date ~~of Declassification Indefinite~~

Classified by 6685 LD
Declassify on: OADR
5/28/85

SECRET

SECRET

Page 8 states that "We (GAO) learned from a discussion with a former DOE official, that in February 1966, DOE asked the FBI to determine whether a theft or diversion of the material had occurred. The DOE files contain a memorandum of discussion with the FBI. The memorandum stated that "* * * the Bureau had decided not to undertake an investigation at this time * * *" even though they were required to investigate such incidents under the Atomic Energy Act of 1954". The Joint Committee on Atomic Energy was told by the AEC on February 14, 1966, that in the absence of evidence or suspicion of a violation of law, AEC had determined that inquiry by the FBI had not been warranted. AEC was informed on February 25, 1966, that the FBI would institute an investigation when further developments indicated a violation within the jurisdiction of the FBI. It is to be noted AEC believed at the time that NUMEC consistently underestimated its processing losses and that the loss charged to them, 61 kilograms valued at $764,000, represented an accumulation of losses over an 8-year period. AEC assured the FBI that it would be immediately informed if further information was developed indicating a theft of nuclear material. This information was received from the Assistant General Manager of AEC.

Page 22 states that "However, it was not until April of 1976 that the FBI began to investigate whether there was a diversion of material at the NUMEC plant--about 11 years after DOE's investigation of the incident." FBI field offices conducting investigation of Shapiro during 1968 were advised that the diversion aspect should be considered if it becomes a part of the investigation into Shapiro's relationship with officials of the Israeli government. (S) (U) During that phase of the investigation, there was no information to indicate a diversion had occurred and based on facts presented by AEC, NUMEC had been poorly managed and the loss of material was considered an administrative matter by AEC.

Page 22 states that "During our review we found that the scope of the FBI's current investigation appeared limited since they had not interviewed at least eight key officials about their knowledge of the NUMEC incident." Information was obtained [redacted] b7D

SECRET

[redacted] Officials of AEC, DOE, [redacted] NUMEC were interviewed during various phases of the investigation for information deemed salient. (U) Delineaton of persons interviewed was based on the compilation of information available regarding interviewees' knowledge of NUMEC. b7D b3 b7E

[redacted] b7D

Page 23 states that "According to the former agent in charge of the investigation at the FBI, the FBI is not competent to do the type of investigation needed to determine the causes of unaccounted for nuclear material without expert assistance." This comment is taken out of context in that the FBI does not have nuclear physicists and weapons designers able to analyze specific components of nuclear devices or nuclear material, however, through the working agreement between DOE and the FBI, such expertise is readily available and has frequently been utilzed in investigations of this type.

Page 27 states that "Each agency did 'its own thing; to the detriment of a unified, comprehensive investigation." As related to GAO representatives during oral briefings, the FBI's investigation included contact and coordination with [redacted] DOE, and the Nuclear Regulatory Commission regarding the NUMEC investigation. (U) b3 b7E

DEPARTMENT OF JUSTICE DOCUMENT RECEIPT

DOJ CONTROL NUMBER 6419
(For Top Secret and Secret Information Only)

FROM (Organization) Internal Audit Staff NAME Glen E. Pommerening
TO (Organization) Director - Federal Bureau of Investigation
INITIAL RECIPIENT _____ SIGNATURE M. F. Devine DATE 3/22/79

UNCLASSIFIED DOCUMENT IDENTITY

DESCRIPTION OF MATERIAL AND ANY ATTACHMENTS

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FORM DOJ-34
SEPT 1977

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DATE 09-12-2017 BY [redacted]

b6
b7C

UNITED STATES GOVERNMENT

Memorandum

FEDERAL GOVERNMENT

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Dep. AD Adm. ___
Dep. AD Inv. ___
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Adm. Servs. ___
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Intell. ___
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Tech. Servs. ___
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Telephone Rm. ___
Director's Sec'y ___

FBI/DOJ

TO : See Below

DATE [redacted]

FROM : Glen E. Pommerening, Director
Internal Audit Staff

SUBJECT: Information Copy of GAO letter dated February 27, 1979 the Honorable John D. Dingell, relating to GAO Report I "Nuclear Diversion In The U.S.? 13 Years Of Contradict And Confusion"

Attached for your information is a copy of a GAO letter which we believe will be of interest to you and your staff. It discusses classification problems relating to the above subject report.

No response is required to be made to this letter.

Attachment

Addressees:
Assistant Attorney General, Civil Division
Director, Federal Bureau of Investigation
Director, Management Systems Policy Staff
Assistant Attorney General, Criminal Division

8/27/03 ~~60290~~ BCE/MLT/JTG

NOV 15 1979

Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

Form OBD-197
MAY 1978

97 NOV 26 1979

FD-36 (Rev. 5-22-78)

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FBI

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FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 10-22-2018 BY: [redacted]

b6
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TRANSMIT VIA:
- [ ] Teletype
- [ ] Facsimile
- [x] Airtel

PRECEDENCE:
- [ ] Immediate
- [ ] Priority
- [ ] Routine

CLASSIFICATION:
- [ ] TOP SECRET
- [ ] SECRET
- [ ] CONFIDENTIAL
- [ ] UNCLAS E F T O
- [ ] UNCLAS

~~CONFIDENTIAL~~

Date APR 1 0 1979

TO: DIRECTOR, FBI (117-2564) CONFIDENTIAL

FROM: ~~ADIC,~~ NEW YORK (117-394) (RUC) (M-10) #m03R0758 8/27/03

SUBJECT: DIVERT
(OO:WFO)

CLASSIFIED BY: 60290 BCE/MLT/JTG
REASON: 1.4 (C,D)
DECLASSIFY ON: X1,6 AS AMENDED

ReWFOteletype to the Bureau, dated 3/16/79. No copy sent to Newark.

Enclosed for Newark is one copy [redacted] (C) (U)

b6
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For the information of Newark, Washington Field is currently conducting an investigation in to the possible diversion of restricted nuclear material [to Israel] by the Nuclear Materials and Equipment Corporation (NUMEC) and its former executive officer, ZALMAN SHAPIRO. (C) (S) (U)

Enclosed report reveals [redacted] (U)

Referenced teletype requested New York to interview [redacted] WFO requested that [redacted]

(U) (C)

~~Classified by~~ 5468 SEP/mlg
~~Declassify on:~~ OADR 5/7/85

(C) (U)

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~~CONFIDENTIAL~~
~~Classified and Extended by 5815~~
~~Reason for Extension FCIM, II, 1-2.4.2 (2)~~
~~Date of Review for Declassification April 10, 1999~~

17-2564-440

2 - Bureau
2 - Newark (117-130) (Encl. 1)
2 - Washington Field (117-273)
1 - New York
PJF:mlg
(8)

5 ~~APR 11~~ 1979 11 75

b6
b7C

Class. & Ext. By SR1/JSK/RBJ
Reason - FCIM II, 1-2.4.2 2,3
Date of Review 4/10/99

Approved: W/JL

Transmitted (Number) (Time) 6/21/82 Per

SECRET

97 NOV 26 1979

~~CONFIDENTIAL~~

New York was unable to locate [redacted] b6 b7C b3 b7E

[redacted] He advised he would be glad to talk to the FBI regarding this matter but that he was leaving that day for Pittsburgh and would be out of town for most of the week. He advised he resided in [redacted] but would prefer to be contacted at work. (U)

[redacted] was advised a representative of the Newark office would contact him regarding this matter. (U)

LEAD

NEWARK

[redacted] Contact and interview [redacted] regarding his knowledge of this matter and report results in a form suitable for dissemination. (U)

CONFIDENTIAL

UNITED STATES GOVERNMENT

memorandum

DATE: 5/17/79

REPLY TO ATTN OF: SAC, NEWARK (117-130) (RUC) (HRA)

SUBJECT: DIVERT
OO: WFO

TO: DIRECTOR, FBI (117-2564)

Re: New York airtel to Bureau, 4/10/79, captioned as above. (U)

Enclosed for the Bureau are five copies, and to WFO, two copies, of an LHM, dated and captioned as above.

In addition, there is also enclosed for the Bureau and WFO, one Xerox copy each of an article in the January 1, 1979, issue of The Washington Monthly, pages 50 to 58, entitled, "The American Connection: How Israel Got the Bomb," which was furnished by [redacted] at the time of his interview. (U)

b6
b7C
b7D

CONFIDENTIAL

CLASSIFIED AND EXTENDED BY 9185
REASON FOR EXTENSION, FCIM, II, 1-2.4.2 (2&3)
DATE OF REVIEW FOR DECLASSIFICATION - MAY 17, 1999

11-15
16 MAY 24 1979

DECLASSIFIED BY SP-1 GSK/RBG
ON 6/21/82

2-Bureau (Enc. 3) 217,822
2-Washington Field (117-394) (Enc. 3)
1-Newark
RTG/caw
(5)

2- DNG CD 155
TOM MARION
2- ROOM 4084
2- DESTROYED
5/29/79 RMS/BJS

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5010-112

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UNITED STATES DEPARTMENT OF JUSTICE

FEDERAL BUREAU OF INVESTIGATION

Newark, New Jersey

In Reply, Please Refer to File No.

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 10-30-2018 BY: [redacted] b6 b7C

May 17, 1979

DIVERT

On May 2, 1979, [redacted] furnished the following information to a Special Agent (SA) of the Federal Bureau of Investigation (FBI): b6 b7C b7D

[redacted]

The officers of NUMEC consisted of Zalman Shapiro, President; Frederick Forcher, Vice-President; and Oscar Gray, a brother-in-law of Shapiro, as Comptroler. In addition, on the company staff were Dr. (First Name Unknown) (FNU) Samcowitz (phonetic) and Dr. (FNU) Garber, the latter in charge of the plutonium facility located in Leechburg, Pennsylvania. [redacted] (U)

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

#m03R0758 8/27/03 60290 BCE/MTT/JAG 4 D 6 AS AMENDED

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Classified by 5068 SLD/mtt
Declassify on: OADR 5/18/85

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DATE OF REVIEW FOR DECLASSIFICATION MAY 17, 1999

Class. & Ext. By SP-1 GSK/RBG
Reason - FCIM II, 1-2.4.2 3
Date of Review 5/17/99
217,822

ENCLOSURE

ARTICLE APPEARED ON PAGE 50-58

THE WASHINGTON MONTHLY
January 1979

The American Connection:

HOW ISRAEL GOT THE BOMB

by John J. Fialka

During the late 1960s, Central Intelligence Agency operatives were able to prove something that U.S. officials had wondered about for several years. The question was whether Israel had quietly entered the world's nuclear "club," a possibility that had long been suggested by U.S. scientists returning from the Middle East.

The answer was yes. The CIA's highly sophisticated array of monitoring equipment had found evidence that somewhere in Israel there was a laboratory working with sizable quantities of highly enriched uranium—the same metal used to incinerate Hiroshima in the closing days of World War II.

Once the Israeli capability had been established, the question became: which of the five nations that then enjoyed club status was the source of the Israeli material?

And the answer, at least from what the CIA could see, was that the bomb-grade metal had come from the U.S. The prime suspect was a private company, the Nuclear Materials and Equipment Corp. (NUMEC), located in Apollo, Pennsylvania, a small town about 30 miles northeast of Pittsburgh.

The NUMEC story is one of the more bizarre mysteries of the nuclear age, a tale that continues to baffle U.S. officials despite repeated inquiries by three of the nation's top investigative agencies—the CIA, the FBI, and the General Accounting Office.

Their suspicion was that the nation's most vital safeguards system had been penetrated by one of our closest allies. It was, as one highly placed source later described it, "like dealing with the fact that your sister has been raped by a dear friend. It's not the sort of thing you rush to make public."

The result was that, from the beginning, a sizable cocoon of secrecy was built up around the case, secrecy that did not begin to crumble until nearly a decade later, and then only because of the extraordinary lengths to

John J. Fialka is a reporter for The Washington Star.

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DATE 6/21/82 BY SP1 GSK/RBG
217,822

which the g..nment had gone to cover up.

The unraveling began in 1975, when James H. Conran, a young analyst in the division of safeguards of the Nuclear Regulatory Commission (one of the two agencies formed when the Atomic Energy Commission dissolved in 1975), was assigned to put together a history of the development of safeguards protecting the use of what the government called SNM, or Strategic Nuclear Materials. In the course of his research, Conran discovered that there was one file so secret that the other half of the old AEC, the Energy Research and Development Administration, refused to admit knowledge of it. If the file concerned NUMEC, then Conran guessed it was probably important, because he knew that the company's chronic security problems had triggered the nation's first major overhaul of the rules covering the growing traffic in SNM. He became convinced that he could not write an accurate history of safeguards without knowing the full story of NUMEC.

Conran began raising the issue with his superiors. How could the NRC carry out its responsibility to protect against possible diversions of nuclear materials if it was not fully informed about incidents that may have occurred in the past? In December 1975, Conran's questions caught the ear of Edward Mason, then one of the NRC's five commissioners, who, in turn, brought the matter to a head by telling the chairman of the NRC, William A. Anders, that if there was CIA material concerning NUMEC, as Conran suspected, the NRC was entitled to a briefing.

Two months later, the NRC got that briefing, from Carl Duckett, then the CIA's deputy director for science and technology and one of the government's official keepers of the NUMEC secrets. (Conran was not invited.) As some of the NRC commissioners recalled the briefing, Duckett's hands were shaking as he produced a file on the conference table. It was stamped "Top Secret the highest national security class ation. It was so secret that its existence was classified a secret. Duckett told the NRC commissioners that by the mid-1960s, the U.S. had come to suspect that Israel had a nuclear weapons capability. The evidence included a type of bombing run being practiced by pilots of Israel's A-4 jets. According to Duckett, the maneuver "would not have made sense unless it was to deliver a nuclear bomb."

From this and more direct evidence gathered by the CIA, Duckett said, in 1968 the agency had drawn up a National Intelligence Estimate reporting Israel's entry into the nuclear club and submitted it to Richard Helms, then CIA director. Helms, Duckett recalled, told him not to distribute the estimate to other sections of the CIA or outside the agency, and added that he would take the report directly to President Lyndon Johnson. (In the subsequent meeting with Johnson, Helms was told in no uncertain terms to drop the matter. "Don't tell anyone else, not even Dean Rusk [then Secretary of State] and Robert McNamara [then Secretary of Defense]," Johnson allegedly instructed Helms.)

A small part of the Duckett account was later mistakenly released by the NRC. In that fragment there is no mention of NUMEC as the source of Israel's alleged A-bomb capability. There is, however, mention of NUMEC's founder and first president, Dr. Zalman Shapiro, and it is clear from the reference that he had been the topic of some discussion during the briefing. At one point, Mason exclaimed, "My God, I almost went to work for Zal Shapiro. I came pretty close to taking a job with him."

"By the end of the meeting it was a pretty somber group," Duckett would later recall for the benefit of NRC investigators. Anders, he said, announced that, "in light of the sensitive nature of the information, he was going to the White House" with the NUMEC story. After he did,

CONTINUED

President Ford promptly ordered the FBI to begin a new investigation of NUMEC's activities during the mid-1960s.

None of this high-level concern was much help to Conran or other safeguards experts at the NRC. Carl Builder, then the NRC's top safeguards official, had attended the briefing and decreed that because of its great sensitivity, the episode was "better left closed." In fact, the eleven NRC officials at the briefing had been so awed by the secrecy surrounding the file that they did not even ask to see it.

There was no question, then, that the NUMEC material was very sensitive. Some of the FBI agents who had worked on the case had been warned never to mention its name, not even in the FBI office. But in the never-never world of Washington's intelligence community, what is regarded as sensitive in one forum may not be treated as sensitive before another; only a month after Duckett's briefing at the NRC, word of Israel's bomb capability leaked out.

The leaker was none other than Duckett himself. It happened during an evening of many cocktails and a lavish buffet—an event staged by the CIA at its Langley, Virginia headquarters, as part of its new "public relations" program. The guests were 150 members of the American Institute of Aeronautics and Astronautics. Presiding over what was billed as an "unclassified" state-of-the-world intelligence briefing, Duckett apparently felt relaxed among the aerospace executives and familiar surroundings—so relaxed that when one executive wondered during a question-and-answer period whether the rumors about Israel having the bomb were true, Duckett set him straight. Israel, he said, "has ten to 20 nuclear weapons ready and available for use."

Four days later, when an account of Duckett's remarks appeared in *The Washington Post*, there was a non-nuclear explosion within the executive suite at Langley. George Bush, the CIA's new director, was fuming. So was Senator Frank Church, at the time the chairman of the Senate Select Committee on Intelligence. Church called Duckett's remark "the biggest goof in the history of leaks that I have ever seen."

But while everyone expressed outrage over the disclosure, no one other than Israel denied it. And no one, publicly at least, took it upon himself to explain or speculate upon how a tiny country in the Middle East had obtained what was commonly believed to be the most tightly guarded substance in the world.

Helping Israel Over the Threshold

It is very, very difficult to obtain highly enriched uranium. The largest technological stumbling block encountered during the Manhattan Project, which developed the bomb during World War II, was separating an exotic isotope—U-235, so-called highly enriched uranium—from natural uranium. The problem eventually was solved by investing over $1 billion in a mile-long building at Oak Ridge, Tennessee, where the uranium was transformed into a gas called uranium hexaflouride and pumped through millions of tiny screens that concentrated the lighter isotope, U-235.

That was one way to do it. Russia, the United Kingdom, France, and China used this or similarly complex technological processes to arrive at highly enriched uranium or plutonium. But Israel was different. They had the metal, but, the CIA concluded, they didn't have the technological capability to produce highly enriched uranium. Somebody had helped Israel over the threshold.

It didn't take long for the CIA to focus its suspicions on NUMEC, which had been giving federal regulators fits since 1961. The company had been formed in 1957 by Shapiro and a group of other former government scientists to capitalize on the Atoms for Peace program. Shapiro was a research chemist, a veteran of the Manhattan

CONTI...

Project, and the [illegible]nor, according to NUMEC brochures, "of a large number of classified documents."

When Shapiro first set up shop, everyone seemed to want to be kind to NUMEC. Admiral Hyman Rickover bestowed his lucrative nuclear fuel contracts on the firm. A Pittsburgh corporation, Apollo Industries Inc., advanced $450,000 in capital and also provided, rent-free, a former steel fabrication plant. Shapiro quickly gained a reputation in the nuclear industry as a hustler, competing furiously for government contracts and taking on some of the more exotic, risk-filled jobs that other companies rejected.

His business flourished. In addition to American contracts, Shapiro developed a string of foreign clients who wanted uranium fuel for various nuclear processes. Between 1957 and 1965 NUMEC shipped half a ton of U-235 to authorized overseas clients, primarily Italy, Japan, France, Germany, and the Netherlands. "There is no reason why we can't eventually become the du Pont of the atomic fuel industry," he once told a *New York Times* reporter. "We're not afraid of size or growth. It's healthy."

At the same time another, less healthy side of Shapiro's business was evolving. Documents released recently by the Department of Energy show that by 1961 NUMEC had come to be regarded as a serious security risk. "It appears that the lack of an effective program can be attributed to a general apathy toward security which has permeated the entire NUMEC organization," stated one AEC report after two security inspections.

What troubled the AEC even more was that the plant's bookkeeping had gone out of control. Although NUMEC's contracts with the government specified that none of the government-owned highly enriched uranium at the plant could be mixed with uranium from other contracts, Shapiro had been mixing the metal from different contracts "as a matter of policy." Because of U-235's peculiar qualities and the [illegible]ormously expensive and complex processes required to make it, accurate accounting of its use is at once a matter of great strategic and financial importance. One gram of highly enriched uranium—about as much as could be placed on a pencil head—was worth $10 in the early 1960s. One cubic inch of the extremely dense metal weighs about a pound and was then worth slightly more than $4,500; 22 pounds of the metal, a chunk about the size of a cantaloupe, would have been worth about $100,000. Actually it is worth infinitely more than that, because that much U-235, in the hands of an expert, can be made into a small atomic bomb.

NUMEC's sloppiness generated a small mountain of classified correspondence within the AEC. At one point in 1962, the agency's New York office suspected that Shapiro was intentionally blurring the distinction between government-owned metal and metal held under private contracts. The company's liability for lost uranium was less under the government contracts, and, sure enough, the heaviest losses were showing up in the government's column. At the very least, the absence of records that could trace losses to a particular process or to a specific contract meant that Shapiro was operating what was, in effect, an honor system.

There was another problem—according to recently declassified documents, the AEC became concerned about several of Shapiro's overseas relationships that went well beyond normal supply contract arrangements. One of these was an arrangement with Israel under which NUMEC agreed to serve as a "technical consultant and training and procurement agency," which later gave birth to ISORAD, a NUMEC subsidiary half-owned by the Israeli government. NUMEC's annual financial statements said the company's mission was to develop machinery to preserve strawberries and citrus fruits through irradiation.

Throughout the 1960s, a steady

CONTINUED

stream of foreign scientists and technicians visited NUMEC. Among those with whom the AEC, and later the FBI, seemed most concerned were Baruch Cinai, an Israeli metallurgist, and Ephraim Lahav, the scientific attache to the Israeli embassy in Washington. Both made frequent visits to the plant. At the time, NUMEC housed 2,400 classified documents, including detailed descriptions of secret military research and development programs. After several warnings, including a letter from Rickover's office that a failure to apply strict controls on the aliens could amount to a violation of espionage laws, the AEC concluded in late 1963 that the security message was still not getting across. NUMEC "did not have positive controls for its alien employees," and a more rigorous set of AEC inspections was proposed for the following year.

Uranium in the Pits

Throughout this period, Shapiro often took the offensive against AEC inspectors, arguing that new security measures implemented at the plant would eliminate all future problems and that any further interference with NUMEC's normal operations would amount to discrimination against a small businessman trying to compete with major companies. The end of the often-heated dialogue came on April 30, 1965, when the fears of the inspectors suddenly became much more concrete. NUMEC was due to complete a contract for Westinghouse, which had sent NUMEC a large amount of U-235 fuel for a nuclear-powered rocket then being considered for the nation's space program. No new uranium supplies were coming into the plant, so the mixing that had troubled AEC inspectors was no longer possible. Instead, Westinghouse was told the startling news: NUMEC didn't have all of the uranium. At first it appeared the loss was 134 pounds, enough to make roughly six atomic bombs. Shapiro found he had some explaining to do.

Shapiro reassured everyone that the loss was not much to worry about. The highly enriched uranium, he said, was not really gone, it was still there at Apollo in two big waste pits that had been dug in 1962 and 1963 to hold some of NUMEC's uranium debris. NUMEC, he claimed, had simply underestimated the amount of uranium filings, uranium oxide particles, and other fragments of the precious metal that could have been recovered from the filters, discarded machinery, workers' clothing, and other articles that had gone into the pits. In fact, Shapiro told the AEC, there was probably more uranium in the pits than had been lost on the rocket fuel contract.

To prove his point, Shapiro ordered his employees to begin exhuming items from the 1962 pit. A sampling quickly showed, however, that the pit contained only a small fraction of the highly enriched uranium wastes he had promised. So Shapiro shifted his ground slightly, arguing that most of it was really in the 1963 pit. The only problem, he said, was that because of the weather and various engineering considerations, he would not be able to dig up the pit until the following spring.

Howard Brown, then the AEC's general manager, and other AEC officials trying to account for the missing uranium weren't about to wait that long for an answer. A showdown occurred, on September 24, 1965, in a meeting in Washington between Shapiro and Brown, who brought along ten of his staff members. The meeting is described in several memos written to the files, one of which states that "Dr. Shapiro became emotionally overcome" when Brown and the others argued that he had to continue digging for the uranium. There was a ten-minute recess after which a more composed Shapiro admitted he was upset about the loss of several government contracts, which had contributed to recent business reversals. As one memo put it:

CONTINUED

"[Shapiro] reported that while he felt confident that the 1963 pit contained the missing material, he was reluctant to gamble that it might not be there. We [the AEC] pointed out that he was asking the Commission to gamble that it might not be there, thus placing the Commission in an untenable position."

By the end of the meeting, Shapiro caved in. The 1963 pit was quickly opened, and on October 21, NUMEC had to admit that samples of the debris revealed only about ten per cent of the highly enriched uranium Shapiro had said would be found. On November 1, a special team of AEC inspectors descended on Apollo and, after a two-week search, calculated that a total of 391 pounds of highly enriched uranium had disappeared at the plant between 1957 and November 1965. After factoring in reasonable estimates for all possible ways in which material could have been lost or wasted in various plant processes, the inspection team concluded that the loss of 206 pounds could not be explained, including the missing uranium from the Westinghouse contract. No similar plant had ever reported losses of that magnitude.

Because of the state of NUMEC's records, the inspectors were not even able to pinpoint when the major losses might have taken place. Some of the records, the inspectors discovered, had been "inadvertently destroyed" in what the company described as an overzealous factory cleanup campaign a year earlier. As a result, the conclusion of the inspectors' report was carefully hedged in language that set the tone for all future statements about NUMEC losses: "Although it cannot be stated with certainty that theft or diversion did not take place, the survey team found no evidence to suggest these possibilities." Two days after the report came in, Brown and NUMEC's lawyers concluded an elaborate series of negotiations over how much the company would have to pay for the missing metal. The final bill was $929,000.

But for the AEC, the search for the missing uranium wasn't over yet. Ever since the initial discovery, the agency had been prodded in its investigations by Congress' Joint Committee on Atomic Energy—and even with the money settlement the staff members on the committee weren't satisfied. There were still nagging questions they wanted answered: What did the records say about NUMEC's dealing with overseas clients? Were there any employees at NUMEC who might know about a diversion? Where was NUMEC getting the money to pay the AEC's enormous bill (after all, the company's economic fortunes had turned sharply downward)?

So Brown dispatched a second survey team to Apollo on March 1, 1966. Its assignment was to interview past and present NUMEC employees and audit all the company's exports of bomb-grade metal. This second team also returned without finding any direct evidence of a diversion, but its findings still were not altogether comforting.

James Hart, the engineer who served as production supervisor at NUMEC, told Brown's sleuths that prior to 1964 "no one at NUMEC really seemed to care what happened to SNM." The AEC auditors found that of the 32 contracts NUMEC had with foreign customers, the records of 26 "were incomplete, inaccurate, or missing."

The Most Artfully Hedged Statement

If there is a prize somewhere in Washington for the bureaucrat who constructs the most artfully hedged statement, perhaps it should have been awarded to the man who drew up the March team's report. The report concluded that, despite the missing documents, there were enough internal controls over the plant's overseas shipments that, "when properly implemented, should, in the absence of deliberate collusion, ensure that the quantities reported on transfer documents were those quantities shipped."

CONTINUED

Brown, now a lawyer in Washington, says that at the time of the report he still was not satisfied that there had not been any wrongdoing at the plant but did not think he had grounds for criminal prosecution: "I felt we had reached a point where we really had to fish or cut bait." The Atomic Energy Act, he complains, offered him no middle ground—it provided the death penalty for anyone who violated AEC regulations "with the intent to secure an advantage to any foreign nation."

"It [the law] was a very severe thing to work under," Brown explains. His boss, Dr. Glenn T. Seaborg, then the chairman of the AEC, attempted to close the matter by telling the Joint Committee that he was "satisfied" that the missing material had been lost in NUMEC's waste processes over the years.

And so, during the spring of 1966, even as a still-dissatisfied Joint Committee was dispatching a team from the General Accounting Office to see if they could do any better at NUMEC, the AEC went back to business as usual with Shapiro. Actually, it was a bit more than business as usual. NUMEC was solicited for a bid—and then was selected from a list of four companies as the one "best qualified"—to handle a contract calling for the fabrication of fuel from almost three tons of plutonium, by far the largest quantity of that bomb-grade material ever placed in private hands.

Even after this contract, NUMEC lapsed back into some of its old habits. In 1967, for example, Shapiro was asked to delay the plant's annual inventory because AEC inspectors would be late in arriving to oversee the operation. Shapiro ignored the request, and went ahead with his own inventory, a move, said the AEC inspectors, that made his inventory worthless as a tool to check the accuracy of the plant's books.

Shortly afterwards, NUMEC, the company that had hoped to become "the du Pont of the atomic fuel industry," was dissolved. In a proxy statement, the company explained that in 1966 NUMEC's net worth and working capital "were reduced below the levels required in various agreements with lenders, and a condition of technical default arose." The company, the statement added, had no alternative but to arrange for a merger with a major oil company, Atlantic-Richfield.

Not in The Top 40

The old NUMEC was gone but not forgotten. In 1967 a panel of the nation's top safeguards experts ordered an overhaul of the entire system protecting strategic materials. Among other things, the panel required for the first time government inspection of the quantity and quality of bomb-grade metals shipped for export, and called for a range of penalties less severe than life imprisonment or death for certain infractions. Asked about the report, Dr. Ralph Lumb, a chemist who headed the panel, said, "I believe the panel was established as the result of the experience at NUMEC. The inability of that company to come up with the material stimulated the commission to take a hard look at safeguard practices."

The CIA also had not forgotten the losses at NUMEC. In 1968, after obtaining scientific proof that the Israelis were working with highly enriched uranium at a facility near Dimona in the Negev desert, Helms went to J. Edgar Hoover and asked him to put Shapiro under FBI surveillance.

The FBI has told several congressional investigators working on the case that its surveillance showed that in 1968 Shapiro traveled throughout the U.S. recruiting scientists, all of whom were Jews, for work on various technical problems confronting Israel. The 1968 FBI investigation was hindered, according to agency reports to the Hill, by Shapiro's use of an "encoded phone," a device in an Israeli embassy office in New York City.

CONTINUED

Several attempts to crack the code reportedly failed.

In 1969, the new Attorney General, John Mitchell, wrote the CIA that he was closing the case because the Justice Department had no legal grounds "to hang its hat on." According to FBI sources, however, the surveillance continued afterward without the wiretap. At the time, Hoover was only allowed 40 taps for national security purposes and the Nixon administration had other pressing uses for them.

The FBI was not sent back into the case until 1976, after the Duckett briefing, and then only at the express request of President Ford. From what he saw of the case, though, Dr. James Connors, Ford's staff secretary, was led to the conclusion that the trail had become terribly cold. "You could look at all the documents and ask yourself whether something had happened here. The answer was probably yes. Then the question was whether you could do anything about it, and the answer was no." (Indeed, the FBI discovered that very little formal investigation had been done during the 1968 FBI probe. Most of the people who worked with Shapiro in NUMEC, for example, had never been interviewed. In the interim, memories had become hazy.)

The First Scare

The discovery, in 1965, that NUMEC had "lost" 206 pounds of highly enriched uranium was not the first time the AEC became concerned that its safeguard rules were lax. The first big scare came on October 16, 1964, when a nuclear fireball blossomed on a Mongolian desert, announcing that China had become the fifth member of the nuclear club. Fallout from the explosion indicated that it had been a uranium bomb. At that point, the Chinese were not known to have enrichment technology, and the AEC began to worry that somehow the metal for the Chinese bomb may have been diverted from the U.S.

A secret study called the "Labowitz report" was commissioned to see if there were any gaps in the nation's safeguards system. The report concluded that indeed there were, since the *only* restriction that was regularly enforced was the requirement that a company pay for all materials lost during processing.

"Certain U.S. procedures might lack credibility," was the way the problem was later presented to a meeting of AEC executives. "There was a noticeable tendency both at certain staff levels and among contractors to conclude that as long as material was paid for, all responsibility toward it had been fulfilled."

Howard Brown, then the assistant general manager of the AEC, described, in a memo to his files, how the "gap" might work:

"Question: Is there any obvious way that a licensee or contractor licensee could divert materials to a foreign recipient?

"Answer: Yes, there is no method presently in existence to protect against overshipment by collusion."

In other words, a U.S. company could ship more than the authorized amount of U-235 to a regular customer. The customer could then dispose of the the excess amount as it pleased, perhaps reshipping it to a third party.

The CIA finally eased the concern over the Chinese bomb by locating a hitherto unknown Chinese uranium enrichment plant; but the conclusions of the Labowitz report continued to be extremely bothersome, especially when, only 6 months later, the AEC began to learn about the odd happenings at NUMEC.

CONTINUED

Around 1976 the National Security Council received a packet of information put together by NRC and ERDA weapons experts. The packet is still classified as secret, but the cover letter was later released. It explains that the packet was stamped secret "because we indicated the number of nuclear weapons that possibly could have been made if the material had been diverted."

Because of these and other strange footprints that remained along the path of the NUMEC case, by mid-1978 three congressional subcommittees, the FBI, and the GAO were going back through the old files and interviewing some of the old players. Interviews with a number of investigators and former figures in the case indicate that there are at least four working theories about what might have happened.

The first theory is that the Johnson administration, perhaps aided by CIA operatives, authorized the diversion to help Israel prepare for the mounting Arab military threats that culminated in the 1967 Six Day War.

The second is that NUMEC was a "free-lance" operation carried out by the CIA's powerful pro-Israeli faction, which might have pointed out the way and illuminated the loopholes that were waiting to be exploited.

The third theory is that the diversion was carried out entirely by the Israelis, with help from either Shapiro or his underlings, who knew that his sloppy administration of the plant would set him up as the likely target for any resulting investigation. Under this theory, the entire U.S. safeguard system, such as it was, was finessed by one of our closest allies.

And the fourth theory is that nothing happened. Almost a million dollars' worth of what should have been the most carefully guarded substance in the world simply disappeared, thrown away in processes that could neither be detected nor explained later.

One of the chief defenders of this last theory is Shapiro, who left NUMEC in 1969 to go to Westinghouse, minus his security clearance. "What we had was a small yield, high scrap operation," he once told a reporter. "If you're cooking a small thing in a large pot, then you have something that sticks to the pot."

According to more recent estimates made by the CIA, the initial source of the Israeli nuclear weapons capability is now a moot question, at least in strategic terms, because Israel has since built up a sizeable stockpile of plutonium using a French-made reactor operating at Dimona.*

In another sense, however, the NUMEC story raises what may be the scariest possibility in the whole scary area of SNM safeguards: the possibility that if something happens to nuclear materials that is profoundly embarrassing to the state, it will be self-concealing.

Of all those who have secretly worried over the strange and fog-shrouded anatomy of Shapiro's venture, perhaps Connor put it best: "I think that what you have here is one of those evergreen stories. It will come up to haunt each succeeding administration." ◻

*The source of the natural or unenriched uranium fuel needed for this reactor was also a mystery until European authorities discovered that Mossad, the Israeli equivalent of the CIA, was involved in the bizarre disappearance of 200 tons of processed uranium ore from a Liberian ship, the *Scheersberg*, in November 1965. Shortly afterwards, the Dimona facility—estimated capable of producing enough plutonium for one bomb a year—was closed to all foreign visitors.

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 10-22-2018 BY: [redacted] b6 b7C

UNITED STATES GOVERNMENT

Memorandum

Document unclassified per DOJ letter 5-28-85

TO : The Director
Federal Bureau of Investigation

FEDERAL GOVERNMENT

DATE: June 8 1979

FROM : PBH/RLK Philip B. Heymann
Assistant Attorney General
Criminal Division

PBH:JHD:GGM:cw
146-41-15-3112

SUBJECT: Zalman Mordecai Shapiro
Atomic Energy Act (42 U.S.C. § 2011, et seq.)

EXP. PROC. 35 JUN 12 1979

Reference is made to my memorandum, dated September 12, 1978, on this subject, which requested that the Bureau locate and interview certain individuals as to their knowledge concerning the alleged diversion of special nuclear material from the NUMEC plant at Apollo, Pennsylvania.

We have not yet received your reports of those interviews, nor have we been advised of the results of the other leads that the Bureau was requested to follow in the same memorandum. In view of the substantial amount of time which has passed since our request was forwarded to you, we would appreciate receiving the results of your investigation as soon as possible.

Additionally, in connection with your ongoing investigation of the subject, it is requested that the Bureau locate and interview the individuals within the following two groups as to any knowledge they may have concerning the alleged diversion of special nuclear material from the NUMEC plant. b7E

[redacted]

GROUP I

11 JUN 12 1979

FBI. INFO #MO3R0758 8/27/03
60290 BCE/MIT/JTG
4 C AS AMENDED

~~Classified by 5668 SLD/mlf/pg~~
~~Declassify on: OADR~~ 6-24-85
~~EBI info~~

97 NOV 26 1979

Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

Form OBD-197
MAY 1978

NUMEC

Charles Beltram, former security supervisor;

Charles Ellison, formerly employed in area of processing procedures;

William Fondiller, former Director;

T. Hurson, former Assistant Manager of Energy Conservation;

Meredith Johnson, former Controller and Assistant Treasurer;

I. F. Levitt, former Director;

Pressley McCance, former Director;

Jack R. Newman, former General Counsel and Secretary;

David L. Purdy, former Manager of Energy Conservation Department;

Israel NUMEC Isotopes and Radiation Enterprises (ISORAD)

Leon Falk, Director;

Phillip Powers, former Director;

Benjamin Rosen, former Director;

Acquaintances of Subject, Zalman M. Shapiro

David Lowenthal, President, Raychord Corporation;

Joseph Swartz, Attorney, Pittsburgh, Pennsylvania;

GROUP II

Atomic Energy Commission

[redacted] former Investigator; b6 b7C

Howard Brown, former Assistant General Manager for Administration; b6 b7C

Del Crossen, former Director of Nuclear Safeguards;

Douglas George, former Director, Division of Nuclear Materials Management;

Earl Lane, former Investigator;

[redacted] former Office of Security and Safeguards;

Seymour S. Smiley, former Director, Division of Material Licensing (later employed by NUMEC);

John V. Vinciquerra, former Assistant General Manager for Administration;

[redacted] former Inspector (later employed by NUMEC);

[redacted] (U) b3 b7E b6 b7C

Department of Energy

Edward J. Bloch, Deputy Director, Office of Safeguards and Security;

Ray Chapman, Director, International Security Affairs;

[redacted] Program Coordinator, Policy Programs, Office of Safeguards and Security;

Martin J. Dowd, Chief, Internal Security Branch, Office of Safeguards and Security;

[redacted] (U)

Earl Hightower, Assistant Director, Policy and Plans Program, Office of Safeguards and Security;

Thomas Isaacs, Chief, Plans and Analysis Branch, Division of Safeguards and Security;

John B. Labarre, Director of Current Assessments;

[redacted] Intelligence Analyst, Office of Current Assessments; b6 b7C

John Meinhardt, Executive Officer, International Security Affairs;

[redacted] Division of Military Application;

General Alfred D. Starbird, former Assistant Administrator for National Security;

[redacted] Inspector to Assessments Branch, Office of Safeguards and Security;

Robert Upchurch, Intelligence Analyst, Office of International Security Affairs;

John Waters, Director of Security;

Department of Justice

Ramsey Clark, former Attorney General;

Energy Research and Development Administration

Maurice Eisenstein, former Assistant Director, International Security Affairs;

Robert W. Fri, former Acting Administrator;

[redacted] former Assistant to the Assistant Administrator for National Security; b6 b7C

Harvey Lyon, Director, Division of Safeguards and Security;

Les Taylor, (position unknown);

Federal Bureau of Investigation

[redacted] former Special Agent;

Samuel Papich, former Special Agent;

Donald F. Wiseman, Special Agent;

Nuclear Regulatory Commission

John Ahearne, Commissioner,

William A. Anders, former Chairman;

Carl H. Builder, former Director, Division of Safeguards;

Robert F. Burnett, Director, Division of Safeguards;

[redacted] Test and Evaluation Branch, Division of Safeguards and Security;

John G. Davis, Deputy Director, Office of Inspection and Enforcement;

William J. Dircks, Assistant Executive Director of Operations;

[redacted] Executive Assistant to Chairman;

Robert A. Ericson, Chief, Test and Evaluation Branch, Division of Safeguards;

Victor Gilinsky, Commissioner;

[redacted] Management Intern to Commissioner; b6 b7C

Lee V. Gossick, Assistant Director of Regulation;

Joseph N. Hendrie, Chairman;

Richard T. Kennedy, Commissioner;

Edward Mason, former Commissioner;

Roger J. Mattson, Chairman, [redacted] Task Force;

George W. McCorkle, Chief, Physical Security Licensing Branch, Division of Safeguards and Security, NRC;

Thomas McTiernan, former Director, Office of Inspection and Auditor;

[redacted] Policy Analyst, Office of Policy Evaluation;

[redacted] Special Assistant to Chairman;

Marcus A. Rowden, Commissioner;

Clifford V. Smith, Jr., Director, Nuclear Material Security and Safeguards;

[redacted] Technical Assistant to Commissioner; and

Oak Ridge

[redacted] (Position unknown).

b3
b7E

[redacted] (U)

The results of these interviews should be sent to the Internal Security Section of the Criminal Division as soon as possible.

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 10-22-2018 BY: [redacted]

Airtel

1-Mr. McDermott
1-Mr. Steel
1-Mr. Moore
1-Mr. Ingram
1-Mr. Mignosa
1-Mr. Latham

b6
b7C

~~CONFIDENTIAL~~

6/27/79

To: SAC, WFO (117-273)

From: Director, FBI

ZALMAN MORDECAI SHAPIRO
AEA; OBSTRUCTION OF JUSTICE
OO:WFO

#m03R0758 8/27/03
CLASSIFIED BY: 60290 BCE/MLT/JTG
REASON: 1.4 (C)
DECLASSIFY ON: X1 AS AMENDED

[redacted] ReWFOrep to the Bureau dated 5/22/79 by SA [redacted]

b6
b7C

Enclosed for WFO are two groups of names set out for interview by the Department of Justice (DOJ).

By memorandum to the Director from Assistant Attorney General Philip B. Heymann dated 6/8/79, the DOJ furnished a list of individuals of whom they desire interviews. The Department requested that the Bureau locate and interview these two groups of individuals as to any knowledge they may have concerning the alleged diversion of special nuclear material from the NUMEC plant. [redacted]

b7E

MAILED 16
JUN 1979
FBI

[redacted]

b3
b7E

X (U)

Enclosure

~~ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED EXCEPT WHERE SHOWN OTHERWISE~~

117-2384

NOV 15 1979

HLL:ndh/kdw (9) SEE NOTE PAGE 3

b3
b7E

[redacted] (U)

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

MAIL ROOM ☑

97 NOV 26 1979

~~Classified by SP/BJA/RBG~~
~~Declassify on: Chart~~
~~4/18/84~~
~~5668 SLD/mlf 5/18/85~~

~~CONFIDENTIAL~~

Airtel to SAC, WFO
RE: ZALMAN MORDECAI SHAPIRO

~~CONFIDENTIAL~~

WFO should review the enclosed and set out appropriate leads. The results of previous interviews of any of the interviewees should be reviewed to determine whether further interview would be productive. Submit results of investigation by report form as soon as possible.

APPROVED:

Director
Assoc. Dir.
Dep. AD Adm.
Dep. AD Inv.

Adm. Serv.
Crim. Inv.
Ident.
Intell.
Laboratory

Legal Coun.
Plan. & Insp.
Rec. Mgnt.
Tech. Servs.
Training
Public Afts. Off

~~CONFIDENTIAL~~

Airtel to SAC, WFO
RE: ZALMAN MORDECAI SHAPIRO

~~CONFIDENTIAL~~

NOTE: This matter involves our investigation concerning the alleged diversion of nuclear material from the NUMEC Plant at Apollo, Pennsylvania. We first initiated investigation in 1965.

There have been several requests for additional investigation by the Department of Justice. This request lists 71 people the Department desires interviewed, some of whom are prominent individuals. [redacted] b7E

WFO is being directed to review and set out leads for the interviews unless prior interview reflects additional contact would be undesirable.

APPROVED:

Director
Assoc. Dir.
Dep. AD Adm.
Dep. AD Inv.

Adm. Serv.
Crim. Inv.
Ident.
Intell.
Laboratory

Legal Coun.
Plan. & Insp.
Rec. Mgnt.
Tech. Servs.
Training
Public Affs. Off.

~~[illegible]~~

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 10-22-2018 BY: [redacted]

b6
b7C

UNITED STATES GOVERNMENT

Memorandum

~~CONFIDENTIAL~~

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

1 - Mr. J. J. McDermott
1 - Mr. A. L. Steel
1 - Mr. D. W. Moore, Jr.
1 - Mr. J. O. Ingram
1 - Mr. S. S. Mignosa
1 - Mr. H. L. Latham

DATE: 6/26/79

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

TO : Mr. D. W. Moore, Jr.

FROM : S. S. Mignosa

SUBJECT: ZALMAN MORDECAI SHAPIRO
AEA; OOJ
OO: WFO

~~#mOBR0758 8/27/03 6028 BCC/mlt/7/7/79~~
~~4 C~~
~~1 AS AMENDED~~

PURPOSE: To advise that the Department of Justice has requested supplemental interviews regarding this matter. Several of those to be interviewed are considered prominent individuals.

RECOMMENDATION: None. For information.

~~ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED EXCEPT WHERE SHOWN OTHERWISE~~

APPROVED:

Director	Adm. Serv.	Legal Coun.
Assoc. Dir.	Crim. Inv.	Plan. & Insp.
Dep. AD Adm.	Ident.	Rec. Mgnt.
Dep. AD Inv.	Intell.	Tech. Servs.
	Laboratory	Training
		Public Affs. Off.

DETAILS: Captioned investigation was instituted in 1965 based upon an allegation that nuclear material had been diverted from the Nuclear Material and Equipment Corporation (NUMEC) at Apollo, Pennsylvania. The firm, operated by subject, has since gone out of business. [Part of the allegation was based upon information that NUMEC was in partnership with an Israeli firm.] The Bureau's initial inquiry ended in October, 1966. However, additional inquiries have been conducted on several occasions since 1966. (U)

By memorandum from Philip B. Heymann, Assistant Attorney General, Criminal Division, to the Director dated 6/8/79, additional interviews were requested. These interviews are to be directed toward knowledge of the alleged diversion of nuclear material [redacted] b7E

Classified by ~~SP6 BJA/RBG~~
Declassify on: ~~OADR~~ ~~4/18/94~~
~~5/21/15~~

NOV 15 1979

Enclosure

HLL:pjm (7)

(CONTINUED - OVER)

~~CONFIDENTIAL~~

97 NOV 26 1979

Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

FBI/DOJ

Memorandum to Mr. D. W. Moore, Jr.
Re: ZALMAN MORDECAI SHAPIRO
AEA; OOJ
OO: WFO

b3
b7E

(C)(U) Two former and one current Special Agents with this Bureau are also listed for interview.

By attached airtel, WFO is being directed to review the enclosed and set out leads for interviews. Any interviews previously conducted will be reviewed to determine whether further interview would be productive.

(C) (U)

FD-36 (Rev. 5-22-78

FBI

TRANSMIT VIA:
- [ ] Teletype
- [ ] Facsimile
- [x] airtel

PRECEDENCE:
- [ ] Immediate
- [ ] Priority
- [ ] Routine

CLASSIFICATION:
- [ ] TOP SECRET
- [ ] SECRET
- [ ] CONFIDENTIAL
- [ ] UNCLAS E F T O
- [ ] UNCLAS

Date 8/16/79

TO: DIRECTOR, FBI (117-2564)

FROM: SAC, KNOXVILLE (117-365) (RUC)

DIVERT
OO: WFO

Re WFO airtel to Knoxville captioned as above and dated 8/14/79, and WFO report of SA [redacted] captioned "ZALMAN MORDECAI SHAPIRO, AEA; OOJ", dated 5/22/79. b6 b7C

Enclosed for WFO are two original FD-302's and three copies of original notes of interviews. Also enclosed for WFO is one copy of LHM captioned [redacted] dated 1/19/79, at Knoxville.

For the information of WFO, Knoxville interviewed [redacted] on 11/17/78, 12/19/78 and 1/17/79, and reported results of same to FBIHQ on 1/19/79. WFO was not included in that communication as Knoxville believed that FBIHQ was OO in this matter.

(10)

Referenced report of SA [redacted] was captioned differently from DIVERT matter and, as a result, a separate investigative file was opened at Knoxville. The case was assigned to a different case Agent from that handling the DIVERT matter and, therefore, the discrepancy was not noticed.

117-2564 495

2 - Bureau
2 - Washington Field (117-273) (Enc. 6)
3 - Knoxville (2 - 117-365)
(1 - 117-368)

6 11-15

FWE/arb
(7)

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 6/21/82 BY SP-1 GSN/RBJ

Approved: LS / FWE Transmitted (Number) (Time) Per

97 NOV 26 1979

until receipt of referenced Washington Field airtel under DIVERT caption. To preclude any future confusion, WFO is requested to submit any further leads to Knoxville under the DIVERT caption.

Knoxville considering this matter RUC.

FD-36 (Rev. 5-22-78)

FBI

TRANSMIT VIA:
- [ ] Teletype
- [ ] Facsimile
- [x] airtel

PRECEDENCE:
- [ ] Immediate
- [ ] Priority
- [ ] Routine

CLASSIFICATION:
- [ ] TOP SECRET
- [ ] SECRET
- [ ] CONFIDENTIAL
- [ ] UNCLAS E F T O
- [ ] UNCLAS

Date 8/23/79

TO: DIRECTOR, FBI (117-2564)

~~FROM:~~ SAC, WFO (117-273) (P)

DIVERT
(00:WFO)

ReBureau airtel dated 6/27/79.

Enclosed for Pittsburgh and Knoxville are one copy each of referenced communication.

WFO feels enclosed communication is self explanatory and needs no further elaboration.

A review of this file at WFO reflects that one individual, [redacted] was previously interviewed on 7/16/68 and 8/13/68 and will not be reinterviewed. b6 b7C b7D

Since a number of persons listed in Department of Justice's (DOJ) interview request are former officials or employees of NUMEC or associates of ZALMAN SHAPIRO, Pittsburgh is requested to locate and interview or set forth appropriate leads for interview for those individuals.

Knoxville at Oak Ridge is requested to locate and interview [redacted] b6 b7C

The Bureau is requested to provide the current addresses of former SAs [redacted] SAMUEL PAPICH and DONALD F. WISEMAN, and through DOJ, the current address of former Attorney General RAMSEY CLARK.

WFO continues investigation at Washington, D.C.

2 - Bureau
2 - Knoxville
2 - Pittsburgh
1 - WFO

RJD:aih
(7)

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 6/21/82 BY SP-1GS [redacted]

23 AUG 24 1979

Approved: [signature] Transmitted _____ (Number) (Time) Per _____

97 NOV 26 1979

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 09-15-2017 BY: [redacted]

b6
b7C

FD-36 (R -22-78)

FBI

TRANSMIT VIA:
- [ ] Teletype
- [ ] Facsimile
- [x] AIRTEL

PRECEDENCE:
- [ ] Immediate
- [ ] Priority
- [ ] Routine

~~CONFIDENTIAL~~

CLASSIFICATION:
- [ ] TOP SECRET
- [ ] SECRET
- [ ] CONFIDENTIAL
- [ ] UNCLAS E F T O
- [ ] UNCLAS

Date 9/17/79

TO: DIRECTOR, FBI (117-2564)

FROM: SAC, PITTSBURGH [redacted] (P)

SUBJECT: DIVERT
(OO: WASHINGTON FIELD)

#m03R0758 8/27/03
CLASSIFIED BY: 60270 BCE/MLT/JTG
REASON: 1.4 (C)
DECLASSIFY ON: X1
AS AMENDED

b3
b7E

Re Washington Field airtel, 8/23/79, no copy to New York.

Enclosed for Washington Field are the original and seven copies of FD-302 reflecting interview of former SA DONALD F. WISEMAN.

Enclosed for New York is a copy of referenced airtel, a copy of Bureau airtel dated 6/27/79, and a copy of a memorandum to the Director from Assistant Attorney General PHILIP B. HEYMANN, dated 6/8/79.

For the information of New York and Washington Field, a review of the names included in Group I of the Assistant Attorney General's memorandum and a review of Pittsburgh's file disclosed the following:

CHARLES BELTRAM

BELTRAM is listed as a former security supervisor of NUMEC. His name does not appear in Pittsburgh's indices nor could his name be located in Pittsburgh's file on captioned case.

117-2564 449

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b7C
b3
b7E

2 - Bureau
2 - New York [redacted] (Encs. 3) 80 NOV 20 1979
2 - Washington Field (117-273) (Encs. 8)
2 - Pittsburgh

WFM/drg
(8)

Classified by SP-6BJA/RBG
Declassify on: OADR 4/18/84
5668 SLD/mlf 5/20/85

~~CONFIDENTIAL~~

Approved: _____ Transmitted _____ (Number) (Time) Per _____

97 NOV 26 1979

[redacted]

~~CONFIDENTIAL~~

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b7E

WILLIAM FONDILLER

According to Pittsburgh report of SA DONALD F. WISEMAN dated 7/1/70, no copy to New York, entitled "DR. ZALMAN MORDEGAI SHAPIRO; [redacted]S-ISRAEL; ATOMIC ENERGY ACT," Dr. WILLIAM FONDILLER, Consulting Engineer, New York City, was on the NUMEC Board of Directors as of 1960. Pittsburgh's file does not show any other residence or occupation for Dr. FONDILLER. (U)

JACK RICHARD NEWMAN

NEWMAN is listed as the former General Counsel and Secretary for NUMEC in 1960. As of 1968, his residence was shown as [redacted] Washington, D.C. (WDC), and he was employed as an attorney with offices at 1100 Connecticut Avenue, N.W., WDC.

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LEADS

NEW YORK

AT NEW YORK CITY, NEW YORK

1. Will attempt to locate and interview Dr. WILLIAM FONDILLER, Consulting Engineer (1960) in accordance with request of Assistant Attorney General PHILIP B. HEYMANN.

WASHINGTON FIELD

AT WASHINGTON, D.C.

1. Will determine the origin of the information concerning CHARLES BETTRAM who is listed as a former Security Supervisor for NUMEC.

2. Will locate and interview JACK RICHARD NEWMAN.

PITTSBURGH

AT PITTSBURGH, PENNSYLVANIA (ALLEGHENY COUNTY)

Will continue efforts to locate and interview remaining NUMEC employees, ISORAD Directors and listed SHAPIRO acquaintances.

~~CONFIDENTIAL~~

FD-36 (R 5-22-78)

FBI

TRANSMIT VIA:
- [ ] Teletype
- [ ] Facsimile
- [x] airtel

PRECEDENCE:
- [ ] Immediate
- [ ] Priority
- [ ] Routine

CLASSIFICATION:
- [ ] TOP SECRET
- [ ] SECRET
- [ ] CONFIDENTIAL
- [ ] UNCLAS E F T O
- [ ] UNCLAS

Date 9/19/79

TO: DIRECTOR, FBI (117-2564)

~~FROM:~~ SAC, WFO (117-273) (P)

DIVERT

ReFBIHQ airtel dated 6/27/79.

Enclosed for Albuquerque and New York is one copy each of referenced airtel. Pittsburgh is previously in receipt of that airtel.

For the information of Albuquerque and New York, the Department of Justice (DOJ) has requested a number of interviews be conducted regarding captioned matter.

In accordance with referenced airtel, the following leads are set forth as indicated:

Albuquerque is requested to locate and interview former Special Agent (SA) SAM J. PAPICH. PAPICH was previously interviewed by WFO SA [redacted] on 5/5/76 at Albuquerque. PAPICH was then Executive Director of the Governor's Organized Crime Prevention Commission, Albuquerque, New Mexico.

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Pittsburgh is requested to interview former SA DONALD F. WISEMAN, [redacted] Pittsburgh, Pennsylvania.

New York is requested to contact former Attorney General RAMSEY CLARK, [redacted] New York, New York, for interview.

2 - Bureau
2 - Albuquerque (Enc.1)
2 - Pittsburgh
2 - New York (Enc.1)
1 - WFO
RJD:aih
(9)

117-2564-498

11-15

~~SEP 20~~ 1979

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 6/21/82 BY SP-1 DSK/RBY

Approved: [signature] Transmitted _____ (Number) (Time) Per _____

97 NOV 26 1979

ICC 4084

Investigation in this matter has been prolonged and extensive, and is therefore difficult to update receiving offices on specific details pertinent to their interviews. If any questions should arise concerning this matter, offices may contact WFO, Extension 7710, for clarification.

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 10-22-2018 BY: [redacted]

b6
b7C

FD-36 (Rev. 5-22-78)

FBI

TRANSMIT VIA:	PRECEDENCE:	CLASSIFICATION:
☐ Teletype	☐ Immediate	☐ TOP SECRET
☐ Facsimile	☐ Priority	☐ SECRET
☒ airtel	☐ Routine	☐ CONFIDENTIAL
		☐ UNCLAS E F T O
		☐ UNCLAS

Date 9/20/79

~~CONFIDENTIAL~~

~~ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED EXCEPT WHERE SHOWN OTHERWISE.~~

TO: DIRECTOR, FBI (117-2564)

FROM: SAC, WFO (117-273) (P)

DIVERT
BUDED: 9/20/79

ReFBIHQ airtel dated 9/14/79; and FBIHQ airtel dated 6/27/79.

WFO regrets any delay in reporting investigative results in this matter. This office will, of course, furnish results of investigation as received.

Additionally, referenced airtel dated 6/27/79, requested WFO to review interviews conducted in this case to determine whether further interview would be productive. As the Bureau is aware, investigation in this matter has (U) (C) been quite extensive and a sizeable number of interviews had been conducted. This review has been accomplished and previously set forth to the Bureau, as well as leads furnished to the Pittsburgh and Knoxville Offices. [redacted]

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~~CLASSIFIED BY~~ ~~REASON: 1.4 (C)~~ ~~DECLASSIFY ON: X~~ 8/27/03

The current problem in this investigation is locating the individuals to be interviewed. The Bureau has furnished the current addresses for former Special Agents (SA) and former Attorney General RAMSEY CLARK. Leads will be set forth for appropriate offices to interview these individuals. [redacted]

[redacted] Interviews will be conducted at the earliest possible moment. (C) (U)

Investigation continuing at WFO.

2 - Bureau
1 - WFO

RJD:aih
(3)

117-2564-499

SEP 20 1979

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 6/21/87 BY SP-1 65K/RB6

Classified by ... Declassify on: OADR 5/2/85

~~CONFIDENTIAL~~

1 cc HQ 84

Approved: ______ Transmitted ______ (Number) (Time) Per ______

97 NOV 26 1979

FD-36 (Rev. 5-22-78)

FBI

TRANSMIT VIA:
- [ ] Teletype
- [ ] Facsimile
- [x] AIRTEL

PRECEDENCE:
- [ ] Immediate
- [ ] Priority
- [ ] Routine

CLASSIFICATION:
- [ ] TOP SECRET
- [ ] SECRET
- [ ] CONFIDENTIAL
- [ ] UNCLAS E F T O
- [ ] UNCLAS

Date 9/21/79

TO: DIRECTOR, FBI (117-2564)

FROM: SAC, KNOXVILLE (117-365) (RUC)

SUBJECT: DIVERT
~~OO: WFO~~

Re WFO airtel to the Director, dated August 23, 1979.

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Enclosed for WFO is the original and one copy of an FD 302, reflecting interview of [redacted] at Oak Ridge, Tennessee, on September 14, 1979. Also enclosed for WFO is one set of original notes of interview.

Re WFO airtel set forth a list of persons whom the U. S. Department of Justice requested the interview of. These persons were either former officials or employees of Numec Corporation. Knoxville's lead was to locate and interview [redacted]

On September 7, 1979, [redacted] Clerk, Personnel Security Branch, U. S. Department of Energy, Oak Ridge Operations, checked her files regarding [redacted] advised that her files contained an index card on an individual named [redacted] this person was born on [redacted] and has Social Security Account Number [redacted] The employment card indicated that this person began work at the Oak Ridge National Laboratory on April 9, 1975, and is currently an employee. [redacted] formerly worked for the Numec Plant and during the period of such employment was granted a Q security clearance.

16 SEP 26

2 - Bureau
2 - WFO (117-273) (Encl. 3)
1 - Knoxville
FWE:ldj
(5)

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED
DATE 6/21/82 BY SP1 65K/RBJ

Approved: 97 NOV 26 1979 Transmitted _____ (Number) (Time) Per _____

KX 117-365

For the information of WFO and FBI Headquarters, [redacted] was interviewed and is obviously the same person who is listed as [redacted] in referenced WFO airtel. During interview, [redacted] said that he had no knowledge or suspicion that a theft ever occurred at the Numec Plant and that in all of his dealings with ZALMAN SHAPIRO he found him to be an honest person and SHAPIRO never requested him to do anything illegal or unethical.

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Knoxville is considering this matter RUC in view of the fact that no further investigation remains to be conducted.

UNITED STATES GOVERNMENT

Memorandum FEDERAL GOVERNMENT

TO : The Director
Federal Bureau of Investigation

DATE: September 24, 1979

FROM : Philip B. Heymann
Assistant Attorney General
Criminal Division

PBH:JHD:TEM:njs
146-41-15-3112

SUBJECT: Zalman Mordecai Shapiro
Atomic Energy Act (42 U.S.C. § 2011, et seq.)

Reference is made to our memorandum to you dated June 8, 1979, captioned as above, which requested that the Bureau locate and interview those individuals listed in the memorandum as to their knowledge concerning the alleged illegal diversion of special nuclear material from the NUMEC plant. [redacted] b7E

As you know, this investigation was opened in April, 1976. In view of the length of time that has elapsed, and in the interest of expediting a disposition of the matter, the Bureau is requested to complete the interviews and report the results thereof to the Internal Security Section no later than November 15, 1979.

SEP 25 1979

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 6-24-85 BY 5668 SLD/mbf/KG
per DOJ letter 5-23-85

11-15
~~SEP 25~~ 1979

NOV 26 1979

Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

Form OBD-197
MAY 1978

FD-36 (Rev. 5-22-78)

FBI

TRANSMIT VIA:
- [ ] Teletype
- [ ] Facsimile
- [X] AIRTEL

PRECEDENCE:
- [ ] Immediate
- [ ] Priority
- [ ] Routine

CLASSIFICATION:
- [ ] TOP SECRET
- [ ] SECRET
- [ ] CONFIDENTIAL
- [ ] UNCLAS E F T O
- [ ] UNCLAS

Date 10/3/79

TO: DIRECTOR, FBI (117-2564)

FROM: ADIC, NEW YORK (117-394) (RUC) (M-10)

SUBJECT: DIVERT
(OO:WFO)

ReWFOairtel to the Director, dated 9/19/79, and PGairtel to the Director, dated 9/17/79.

Enclosed for WFO are the original and seven copies of an FD-302 reflecting an interview conducted at NY with former Attorney General RAMSEY CLARK.

For the information of WFO, attempts to locate and interview Doctor WILLIAM FONDILLER, at New York, met with negative results.

[redacted] NY Division of Motor Vehicles failed to reveal any record for an individual under this name.

b7D

In view of the fact that there is no further investigation to be conducted at NY, this case is being placed in an RUC'd status.

8 ENCLOSURE

2 - Bureau
2 - Pittsburgh (117-273)
2 - Washington Field (Encls. 8)
1 - New York

b6
b7C

TS:dap
(8)

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 6/21/82 BY SP-1GSK/ebb

Approved: _____ Transmitted _____ (Number) (Time) Per _____

97 NOV 26 1979

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 09-15-2017 BY [redacted]

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b7C

CLASSIFIED INFORMATION ENCLOSED

117-2564-502

ENCLOSURE

FD-302 (REV. 3-8-77)

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 10-22-2018 BY: [redacted]

b6
b7C

FEDERAL BUREAU OF INVESTIGATION

~~CONFIDENTIAL~~

Date of transcription 10/3/79

RAMSEY CLARK, Attorney, [redacted] New York, New York, was interviewed by Special Agents (SAS) [redacted] and [redacted] regarding the alleged diversion of nuclear materials from the Nuclear Material and Equipment Corporation (NUMEC), Apollo, Pennsylvania.

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CLARK advised that his knowledge of this incident stems primarily from news accounts and questions he has received in the past from news reporters. CLARK stated that he may have processed a request back in the late 1960s for permission to wiretap or bug an individual in reference to this case. He stated that to the best of his recollection this request for authorization to wiretap and bug the individual dealt with a [redacted] and that the request to place the wiretap and bugs dealt with [redacted] CLARK advised that he could not remember any additional details regarding this incident and that he is not even sure whether or not he granted the authority to use the wiretap or place the bugs. He advised that possibly J. WALTER YEAGLEY, the former Assistant Attorney General in charge of the Internal Security Division, who is currently a judge with the District Court of Appeals, may be able to remember additional details regarding this incident. CLARK advised that [redacted] his former Executive Assistant had also reviewed the papers which dealt with this particular request for authority to bug or wiretap. CLARK advised that this request might not even have been related to the Divert case. (C) (U)

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(U) [redacted] CLARK further advised that he does not believe that he was ever contacted by anyone from NUMEC. CLARK advised that he does not have any knowledge that [redacted] CLARK advised that he himself made no attempt to encourage the Federal Bureau of Investigation (FBI) to stall or slow its investigation of this matter. [redacted] CLARK advised that he was unable to provide any additional information regarding this investigation. (U)

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Investigation on 10/2/79 at New York, New York File # NY 117-394-31

SAS [redacted] and [redacted] by dap Date dictated 10/3/79

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This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 10-22-2018 BY: [redacted]

b6
b7C

FBI

TRANSMIT VIA:
- [ ] Teletype
- [ ] Facsimile
- [ ] Airtel

PRECEDENCE:
- [ ] Immediate
- [ ] Priority
- [ ] Routine

CLASSIFICATION:
- [ ] TOP SECRET
- [ ] SECRET
- [ ] CONFIDENTIAL
- [ ] E F T O
- [ ] CLEAR

~~CONFIDENTIAL~~

AIRTEL

Date 10/4/79

8/28/03 #m03R0758 60890BCE/m2T/b7E

TO: DIRECTOR, FBI (117-2564)

FROM: ~~SAC,~~ ALBUQUERQUE (117-450) (RUC)

SUBJECT: DIVERT

CLASSIFIED BY: 60890 BCE/m2T/b7E
REASON: 1.4 (C)
DECLASSIFY ON: 1
AS AMENDED

Re WFO airtel to Bureau, 9/19/79.

On 10/2/79, former Special Agent (SA) SAM J. PAPICH was interviewed at Albuquerque, New Mexico. He stated he was interviewed in 1976 by SA [redacted] of the Washington Field Office concerning any knowledge that he may have had regarding the alleged diversion of special nuclear material from the NUMEC Plant in Pennsylvania. With the lack of additional specific questions, Mr. PAPICH advised that he provided all of the knowledge he has concerning this incident to SA [redacted] at the time of the interview. [redacted] (U)

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In view of the above, Mr. PAPICH stated that he could offer no additional pertinent information concerning captioned matter, but would be glad to answer additional specific questions should they be formulated and presented to him.

~~ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 10-22-2018 EXCEPT WHERE SHOWN OTHERWISE~~

2-Bureau (RAM)
2-WFO (117-273) (RAM)
1-Albuquerque
BMD/sgj
(5)

[redacted] (U) ~~Classified by 60890 BJA/RDB~~
Declassify on: ~~OADR~~ 4/18/84
~~5668 SCD/m of 5/21/85~~

503

TT-T5

6 ~~OCT~~ 9 1979

[redacted]

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~~CONFIDENTIAL~~

Approved: FJP/t

Transmitted _____ (Number) _____ (Time)

Per _____

97 NOV 26 1979

GPO : 1977 O - 225-539

FD-36 (Rev. 5-22-78)

FBI

TRANSMIT VIA:
- [ ] Teletype
- [ ] Facsimile
- [x] AIRTEL

PRECEDENCE:
- [ ] Immediate
- [ ] Priority
- [ ] Routine

CLASSIFICATION:
- [ ] TOP SECRET
- [ ] SECRET
- [ ] CONFIDENTIAL
- [ ] UNCLAS E F T O
- [ ] UNCLAS

Date 10/30/79

TO: DIRECTOR, FBI (117-2564)

FROM: SAC, PHILADELPHIA (117-174)(SQ12)(RUC)

SUBJECT: DIVERT
(OO:WFO)

Re Pittsburgh airtel to Philadelphia dated 10/12/79.

Enclosed for WFO is original and one copy of an FD-302 reflecting the results of interview of PHILLIP POWERS on 10/25/79.

In view of the above, no further investigation is being conducted in this matter by Philadelphia and this case is being placed in an RUC status.

2 - Bureau (117-2564)
2 - WFO (117-273)(Encls. 2)
1 - Pittsburgh [redacted]
1 - Philadelphia (117-174)(SQ12)

TD:AMM
(6)

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NOV 2 1979

[redacted]

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 6/21/82 BY SP1 GSK/RBS
217,822

Approved: EWB/d
97 NOV 26 1979

Transmitted _____ (Number) _____ (Time)

Per _____

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 09-15-2017 BY: [redacted]

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b7C

Exec. AD-Inv.
Exec. AD-Adm.
Exec. AD-LES
Asst. Dir.:
Adm. Servs.
Crim. Inv.
Ident.
Inspection
Laboratory
Legal Coun.
Eng. & Res.
Res. Mgmt.
Tech. Servs.
Training
Public Affs. Off.
Telephone Rm.
Director's Sec'y

b6
b7C

VZ CZ CZ CW F0572 [redacted]

RR HI CG LA

DE WF #0029 3050123

ZNY EEEEE

R 310046Z OCT 79

FM FBI WASHINGTON FIELD (117-273) (P)

TO DIRECTOR FBI (117-2564) ROUTINE

FBI CHICAGO ROUTINE

FBI LOS ANGELES ROUTINE

BT

UNCLAS E F T O

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
EXCEPT WHERE SHOWN
OTHERWISE

#m03R0758 8/28/03
60290 BCE/MLT/JTG
4 D 6
AS AMENDED

DIVERT, (OO:WASHINGTON FIELD), BUDED: NOVEMBER 9, 1979

RE FBIHQ AIRTEL DATED JUNE 27, 1979.

REFERENCED AIRTEL SET FORTH DEPARTMENT OF JUSTICE (DOJ) INSTRUCTIONS TO INTERVIEW APPROXIMATELY 72 INDIVIDUALS WHO EITHER HAD A CONNECTION WITH THE NUMEC ATOMIC MATERIAL PROCESSING FACILITY AT APPOLLO, PENNSYLVANIA. THE HEAD OF THAT FIRM AND SUBJECT OF THIS CASE, ZALMAN MORDECAI SHAPIRO (U) MAY HAVE BEEN INVOLVED IN THE DIVERSION OF NUCLEAR MATERIAL TO ISRAEL DURING THE EARLY TO MID 1960'S. SHAPIRO IS ALSO BEING INVESTIGATED FOR POSSIBLE OBSTRICTION OF JUSTICE IN THIS MATTER.

IN AN ATTEMPT TO LOCATE INDIVIDUALS TO BE INTERVIEWED

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b7C

~~Classified by SR6BJA/RB6~~
~~Declassify on: OADR~~
~~4/18/84~~
5668 5CD/mkj 5/21/85

97 NOV 26 1979

IN THIS MATTER. THE DEPARTMENT OF ENERGY (DOE), AND NUCLEAR REGULATORY COMMISSION (NRC) HAVE BEEN REVIEWING FILES TO LOCATE FORMER EMPLOYEES WHO MAY HAVE A KNOWLEDGE OF THE POSSIBLE DIVERSION.

ON OCTOBER 31, 1979, [redacted] OFFICE OF SECURITY, NRC, PROVIDED THE FOLLOWING FORWARDING ADDRESSES FOR INDIVIDUALS AS INDICATED: EDWARD MASON, VICE PRESIDENT OF RESEARCH, STANDARD OIL COMPANY OF INDIANA, CHICAGO, ILLINOIS; CARL H. BUILDER, [redacted] WOODLAND HILLS, CALIFORNIA. b6 b7C

CHICAGO IS REQUESTED TO INTERVIEW MASON, A FORMER NRC COMMISSIONER, REGARDING HIS KNOWLEDGE OF SHAPIRO AND NUMEC AND OF ANY POSSIBLE DIVERSION OF NUCLEAR MATERIAL [TO ISRAEL.] (S) (U)

LOS ANGELES IS REQUESTED TO INTERVIEW BUILDER, A FORMER DIRECTOR, DIVISION OF SAFEGUARD AT NRC, FOR THE SAME INFORMATION AS IN CHICAGO'S LEAD.

WASHINGTON FIELD REALIZES THAT THE ABOVE INFORMATION IS INCOMPLETE. HOWEVER, THIS INVESTIGATION HAS BEEN CONDUCTED OVER A PROTRACTED PERIOF OF TIME AND IS QUITE INVOLVED IN A DESIRE FOR EXPEDIENCY. IF CHICAGO OR LOS ANGELES REQUIRES

FURTHER ASSISTANCE IN COVERAGE OF THESE LEADS, THEY SHOULD TELEPHONICALLY CONTACT THIS OFFICE, SQUAD C-6, EXTENSION 7710, FOR FURTHER DETAILS.

~~CONFIDENTIAL~~

BT

#0029

NNNN

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 09-15-2017 BY: [redacted]

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b7C

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RR HI WF

DE CG

R 091802Z NOV 79

FM CHICAGO (117-198) (SQUAD 11)

TO DIRECTOR (117-2564) ROUTINE

WFO (117-273) ROUTINE

BT

UNCLAS

SECRET

~~CONFIDENTIAL~~

RECEIVED
TELETYPE UNIT

9 Nov 79 18 17z

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FEDERAL BUREAU OF INVESTIGATION
COMMUNICATIONS SECTION

Dir. Adm. Serv.
Sec. Adm.
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Legal Coun.
Plan & Insp.
Rec. Mgmt.
Tech. Servs.
Training
Public Affs. Off.
Telephone Rm.
Director's Sec'y

#m0320758 8/29/03
CLASSIFIED BY: 60290 BCE/MLT/RTB
REASON: 1.4 (D)
DECLASSIFY ON: X6
AS AMENDED

DIVERT, BUDED NOVEMBER 9, 1979.

EDWARD MASON, VICE PRESIDENT, STANDARD OIL CORPORATION, NAPERVILLE, ILLINOIS, INTERVIEWED NOVEMBER 7, 1979.

MASON ADVISED HE HAD NO DIRECT KNOWLEDGE RE ZALMAN MORDECAI SHAPIRO DIVERTING NUCLEAR MATERIAL [TO ISRAEL.] (X)(S) (U) HOWEVER, MASON STATED THAT AS A COMMISSIONER ON THE NRC, HE WAS AWARE OTHER NRC MEMBERS, SPECIFICALLY EX-MILITARY GENERALS, WERE IRATE OVER THE ATTEMPT BY A STAFF ENGINEER OF THE NRC, [redacted] (LAST NAME NOT IMMEDIATELY RECALLED BY MASON), TO BRING SPERIFIC EVIDENCE TO PUBLIC KNOWLEDGE RE PRIOR DIVERSION OF NUCLEAR MATERIAL. (X)

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FD-302 SETTING FORTH SPECIFICS OF ABOVE WILL BE SUBMITTED EXPEDITIOUSLY BY AIRTEL.

BT

117-2564

[redacted]

NOV 15 1979

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED EXCEPT WHERE SHOWN OTHERWISE

97 NOV 26 1979

~~SECRET~~
~~Classified by~~ SP6 RBC/RBC
~~Declassify on: OADR~~ 4/18/84

FD-263 (Rev. 7-15-75)

FEDERAL BUREAU OF INVESTIGATION

REPORTING OFFICE	OFFICE OF ORIGIN	DATE	INVESTIGATIVE PERIOD
WASHINGTON FIELD	WASHINGTON FIELD	11/9/79	11/17/78-11/6/79

TITLE OF CASE

ZALMAN MORDECAI SHAPIRO

REPORT MADE BY: SA [redacted]

TYPED BY:

b6
b7C

CHARACTER OF CASE

ATOMIC ENERGY ACT
OBSTRUCTION OF JUSTICE

REFERENCE: FBIHQ airtel dated 6/27/79
FBIHQ teletype dated 10/1/79.

-P-

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 6/21/82 BY SP-1GSK/RBG 217,833

ADMINISTRATIVE:

Interviews contained herein were completed as expediously as possible. However, due to the lapse of time since the inception of this investigation, some individuals have not been located. Interviews remain outstanding at Pittsburgh and Los Angeles. These will be reported as soon as they are received.

ACCOMPLISHMENTS CLAIMED						ACQUIT-TALS	CASE HAS BEEN:
ONVIC.	PRETRIAL DIVERSION	FUG.	FINES	SAVINGS	RECOVERIES		PENDING OVER ONE YEAR [X] YES [ ] NO PENDING PROSECUTION OVER SIX MONTHS [ ] YES [X] NO

APPROVED M/GSD

SPECIAL AGENT IN CHARGE

DO NOT WRITE IN SPACES BELOW

117-2564-508X

COPIES MADE:

4-Bureau (117-2564)
1-Pittsburgh [redacted] (Info)
1-WFO (117-273)

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Dissemination Record of Attached Report

Agency	ISS DOT			
Request Recd.				
Date Fwd.	11/16/79			
How Fwd.	Hand Carried			
By	[redacted]			

Notations

97 JUN 4 1980

COVER PAGE

c43—16—83489-1 GPO

ZALMAN MORDECAI SHAPIRO

[redacted] former executive assistant to the chairman, Nuclear Regulatory Commission (NRC), has been located at [redacted] Washington, D.C. (WDC). [redacted] has not responded to numerous telephone calls. This office will continue it's attempts to contact [redacted] and report results of the interview.

b6
b7C

B*

FD-204 (Rev. 3-3-59)

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 10-30-2018 BY: [redacted]

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b7C

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

Copy to:

~~TOP SECRET~~

Report of: SA [redacted] Office: Washington, D.C.

b6
b7C

Date: 11/9/79

Field Office File #: 117-273 Bureau File #: 117-2564

Title: ZALMAN MORDECAI SHAPIRO

Classified 4-30-84

Character: ATOMIC ENERGY ACT;
OBSTRUCTION OF JUSTICE

b3
b7E

Synopsis: Set forth are interviews of individuals from either various Government agencies of formerly associated with Numec Corporation in Apollo, Pennsylvania. [redacted] (U) (U) [redacted] interview of former Attorney General RAMSEY CLARK. None of those individuals interviewed could provide any new information that might resolve the disappearance of nuclear material from NUMEC.

-P-

DETAILS:

#M63R0758 8/28/03
60290 BCE/MLT/JTG
4 C,D
1,6
AS AMENDED

[redacted] (U)

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Classified by SP-6 BJA/RBG
Declassify on: 4/18/84
5668SLD 5/21/85

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FD-302 (REV. 3-8-77)

FEDERAL BUREAU OF INVESTIGATION

1

TOP SECRET

Date of transcription 10/26/79

IRVING F. LEVITT, Radix Organization, Suite 1600, 230 Park Avenue, New York, New York, advised that he is a former Director of NUMEC.

LEVITT advised that he had nothing to do with the operation of the NUMEC plant, and he was involved strictly in a business capacity. He advised that the Board met in a bank in Pittsburgh. He advised that he was Director of NUMEC for three to four years in the early sixties. He advised that he was only concerned with the business aspects of the operation. He advised that he was Chairman of the Board of Apollo Industries, and was looking out for the business interests of Apollo Industries.

Investigation on 10/24/79 at New York, New York File # NY 117-334

by SA [redacted] /clt Date dictated 10/24/79

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FD-302 (REV. 3-8-77)

FEDERAL BUREAU OF INVESTIGATION

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10/16/79

Date of transcription

On October 2, 1979, JACK R. NEWMAN, Attorney, 1025 Connecticut Avenue, Washington, D.C. (WDC), provided the following information:

NEWMAN stated that he first met ZALMAN M. SHAPIRO while he (NEWMAN) was counsel to Congress' Joint Committee on Energy from 1960 to 1964. SHAPIRO appeared before that Committee to urge continued ownership of all nuclear material by the Federal Government. This would assure price stability and be beneficial to small businesses like NUMEC.

In 1964, NEWMAN decided to enter the private sector and sent resumes to several corporations, including NUMEC, where he became General Counsel in November, 1964, and remained there until July, 1967.

NEWMAN stated that he was involved strictly in the business end of the corporation and knew little of the technical side of NUMEC. In that capacity, he observed SHAPIRO to be an intelligent, energetic, hard working, confident individual with no business sense whatsoever. NEWMAN observed very little business organization in NUMEC, and, although SHAPIRO never worried about his own personal fortunes, SHAPIRO was concerned about NUMEC's ailing financial situation, even becoming desperate towards the end prior to selling NUMEC. However, NEWMAN stated that NUMEC was not so financially unstable as to require a diversion of material for financial gain.

As General Counsel, NEWMAN had oecasion to review SHAPIRO's contract with the Israeli government for the formation of isorad, a joint venture for SHAPIRO and Israel. NEWMAN called it a standard business contract with little benefit to SHAPIRO. The contract called for no exchange of technology and nothing related to nuclear fuel technology.

NEWMAN never observed SHAPIRO in contact with representatives of Israel, although he (NEWMAN) did visit the Embassies of Israel, Pakistan, and India in an attempt to sell food irradiation for SHAPIRO.

Investigation on 10/2/79 at Washington, D.C. File # WFO 117-273

by SA [redacted] aih Date dictated 10/9/79

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NEWMAN stated that there was never any concern at NUMEC concerning a diversion of material after the losses became known. SHAPIRO considered it a process loss, A monetary penalty was imposed on NUMEC and a $1.2 million loan was arranged with either Pitt National Bank or Mellon Bank. NEWMAN knew of no foreign influence in obtaining the loan.

Further, NEWMAN knows of no diversion of nuclear material, official or otherwise, or of any attempt to interfere in any investigation involving that loss.

FD-302 (REV. 10-27-70)

FEDERAL BUREAU OF INVESTIGATION

~~TOP SECRET~~ 1

Date of transcription 9/27/79

Leon Falk, Jr., [redacted] telephone number: [redacted] was interviewed at his office, located at 301 Grant Street, Room 3315, Pittsburgh, Pennsylvania, telephone number: (412) 261-5533.

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Mr. Falk stated he was formerly a director of both the Nuclear Materials and Equipment Corporation (NUMEC) and the Israeli Numec Isotopes and Radiation Enterprises, Ltd., (ISORAD). He was uncertain as to the dates the companies were formed and stated his files are in storage and not readily available. As best he could recall, the companies were bought up by the Atlantic Richfield Company some time around 1967 or 1968.

Mr. Falk advised that he became involved with the two concerns when Dr. Shapiro (Zalman Mordecai Shapiro) came to him and asked if he would be interested in investing in the companies. He said he knew Dr. Shapiro while he, Shapiro, was working at Westinghouse Electric Corporation and had a great deal of respect for him. As a result of his investment, he was made a director.

Mr. Falk stated that he had nothing to do with the operations of the two companies and was unable to furnish any information concerning the accountability, handling, recording, processing or security of the nuclear materials. He recalled a fire at NUMEC but cannot recall what, if anything, was destroyed.

Relative to the alleged diversions of nuclear material from the NUMEC plant, Falk stated he was aware of the speculation concerning the losses through articles appearing in the newspapers from time to time. He stated he has no personal knowledge relative to the diversion, and he can neither affirm nor deny the allegations. He stated that he, personally, does not believe that a diversion took place.

[redacted]

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Interviewed on 9/27/79 at Pittsburgh, Pa. File # WFO 117-273

by SA [redacted]/drg Date dictated 9/27/79

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FD-302 (REV. 3-8-77)

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 10/30/79

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~~TOP SECRET~~

PHILLIP H. POWERS, [redacted] Kennett Square, PA 19348, telephone number [redacted] was interviewed at his residence. He was advised as to the identity of the interviewing agent and that the purpose of this interivew was to discuss any knowledge he might have concerning the alleged diversion of special nuclear material from the Nuclear Materials Equipment Corporation (NUMEC), Apollo, PA. Also present during the interview was [redacted] POWERS furnished the following information:

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He said that approximately one year ago he had a serious hip operation which caused some nerve damage and a partial loss of memory. He indicated, however, that he would try to recall as best as possible any information which may be of value. He indicated he retired from the West Penn Power Company in 1957 at the age of 65. Subsequent to his retirement, the exact time unrecalled, he indicated that he served on the Board of Directors of the NUMEC. He believes his service was of short duration. He did attend some Board meetings but described himself as an operating man with no technical background in nuclear power. He described the West Penn Power Company as a company which generated power from the use of coal and hydro-electric plants.

He recalled taking a trip to Tel Aviv, Israel, in October of 1965. The purpose of the trip was to find a chemical that could be used to extend the shelf life of the Israeli citrus crop. He explained that the shelf life of the Israeli citrus fruit was very short and Israel was in need of some development to improve the shelf life of their citrus fruit. He explained that eventually the shelf life of the citrus fruit was extended. He indicated that he

Investigation on 10/25/79 at Kennett Square, PA File # PH 117-174

by SA [redacted] AMM Date dictated 10/29/79

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03

TOP SECRET

made this trip to Israel with LEON FALK, BENJAMIN ROSEN and ZALMAN SHAPIRO. POWERS also indicated that his wife also accompanied him on the trip. Two other wives also made the trip but he was unable to recall exactly who they were.

POWERS indicated that he left NUMEC shortly after the trip. He described himself as "window dressing". He explained that in his opinion he was given a position on the Board of Directors to add a sense of expertise in the energy field.

The Israel NUMEC Isotopes and Radiation Enterprises, Ltd., (ISORAD), was unfamiliar to him.

POWERS was unable to recall any additional pertinent information regarding his service with NUMEC.

FD-302 (REV. 3-8-77)

FEDERAL BUREAU OF INVESTIGATION

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Date of transcription 11/8/79

Mr. BENJAMIN H. ROSEN, [redacted] North Miami, Florida, telephone [redacted] was interviewed at his residence. b6 b7C

Mr. ROSEN was advised of the identities of the interviewing Agents and of the nature of the interview. He immediately inquired if the Agents had any objections to his recording the interview on a tape recorder. He was advised Agents preferred the interview not be recorded. He then asked if Agents objected to his taking written notes of the interview and he was advised there was no objection to this.

Mr. ROSEN advised that he was formerly a Director of a company which produced nuclear fuel rods known as Nuclear Materials Equipment Corp. (NUMEC). A small subsidiary of NUMEC was known as ISORAD, Isotopes and Radiation Enterprises, Limited. The nuclear fuel rods produced by NUMEC were sold to private companies to be used in nuclear reactors.

(U)

Mr. ROSEN was asked if he had any knowledge of the diversion of nuclear materials by NUMEC or its subsidiary to the Government of Israel or anywhere else. He stated he did not.

Mr. ROSEN expressed surprise that the Federal Bureau of Investigation was inquiring into this matter as he felt it had all been hashed out in the past. He said that in any chemical reaction there is a certain amount of material lost in the reaction and any company engaged in the manufacture of nuclear fuels has these loses. He didn't feel this reflected anything sinister.

No additional information was provided by Mr. ROSEN.

Investigation on 11/7/79 at North Miami, Florida File # MM 117-55

by SA [redacted] les Date dictated 11/7/79 b6 b7C

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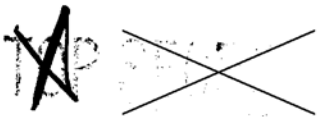
FD-302 (REV. 3-8-77)

FEDERAL BUREAU OF INVESTIGATION

1  11/2/79

Date of transcription

EARL F. LANE, former Associate Director, Division of Security and Safeguards, Atomic Energy Commission (AEC), Washington, D.C. (WDC), was interviewed at his residence, [redacted] Rockville, Maryland. He was given the identity of the Interviewing Special Agent (SA), Federal Bureau of Investigation (FBI), WDC. He was told that he was being interviewed in regards to the loss of nuclear fuel from the NUMEC facility, Apollo, Pennsylvania, in the late 1960's. LANE said that he was willing to be interviewed concerning the matter. b6 b7C

LANE said that he was interviewed at length in the past by representatives of the FBI concerning the incident. He said that he had no additional information to furnish at this time.

LANE recalled that at the time he interviewed ZALMAN SHAPIRO in the late 1960's, it was determined through conversation that he, SHAPIRO, was attempting to borrow money from a local bank, possibly in Apollo, Pennsylvania. He believed that the individual in the banking business had a financial interest in the NUMEC company and was a close friend of SHAPIRO. SHAPIRO also mentioned that he had to borrow money. LANE said that he did not question SHAPIRO to any length regarding his financial conditions at that time. He had no additional information regarding the conversation pertaining to borrowing money and speculates that this was an attempt to obtain funds to pay the fine imposed by the AEC for the loss of the nuclear material.

LANE had no additional information to provide inasmuch as he has furnished complete details in the past to the FBI concerning his involvement with NUMEC.

Investigation on 10/19/79 at Washington, D.C. File # WFO 117-273 - 245

by SA [redacted] aih Date dictated 10/26/79 b6 b7C

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FEDERAL BUREAU OF INVESTIGATION

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Date of transcription 11/13/79

On November 5, 1979, [redacted] External Liaison Officer, Department of Energy (DOE), Germantown, Maryland, provided the following information:

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[redacted] advised that he has never met ZALMAN M. SHAPIRO, has had no connection with NUMEC, and was not involved in the earlier NUMEC investigations.

He advised that he had previously been interviewed by DOE's Inspector General's Office concerning NUMEC and had reviewed reports on NUMEC, including an inventory difference report, which he helped prepare. He was never influenced in this regard.

[redacted] could provide no further information concerning this matter.

Investigation on 11/5/79 at Germantown, Maryland File # WFO 117-273

by SA [redacted] aih Date dictated 11/6/79

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FEDERAL BUREAU OF INVESTIGATION

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10/23/79
Date of transcription

TOP SECRET

EDWARD J. BLOCH, former Deputy Director, Office of Safeguards and Security, Atomic Energy Commission (AEC), was contacted for an appointment for interview.

BLOCH stated he has been retired about six years and preferred to furnish his information telephonically.

He advised as follows:

He visited the NUMEC facility at Pennsylvania many years ago when it was "just starting up making low enrichment" fuels.

"One of the problems was that in a plant certain process losses were inevitable." Also "contaminated waste materials were buried."

He recalls the investigation into a loss at NUMEC but has no knowledge of any nuclear material being diverted to any foreign power.

(U) He recalls hearing that Mr. SHAPIRO did visit Israel, but has no personal knowledge of this. b1(S)

He met Mr. SHAPIRO once only, and has no knowledge of him being in contact with Israeli or any other foreign agents. b1(S) (U)

He was unaware of NUMEC having been assessed a fine for loss and he has not been approached by anyone regarding the investigation of NUMEC.

He resides at [redacted] Bethesda, Maryland, telephone [redacted] b6 b7C

Investigation on 10/19/79 at Bethesda, Maryland File # WFO 117-273

SA [redacted] aih 10/19/79 b6 b7C
by Date dictated

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FD-302 (REV. 3-8-77)

FEDERAL BUREAU OF INVESTIGATION

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Date of transcription 11/2/79

RAY E. CHAPMAN, Director, Office of International Security, Department of Energy (DOE), Washington, D.C. (WDC), was interviewed. He was given the identity of the interviewing Special Agent, Federal Bureau of Investigation (FBI). He was told that an investigation is being conducted in regards to the loss of nuclear fuel from the NUMEC Company, Apollo, Pennsylvania, in the late 1960's. Mr. CHAPMAN said that he was willing to be interviewed regarding the matter.

Mr. CHAPMAN said that he had been interviewed in the past by representatives of the DOE Inspector General's Office, concerning the NUMEC incident, and at that time, he made a statement which was made a part of DOE records.

Mr. CHAPMAN advised that he has no first hand knowledge of the NUMEC incident or the investigation.

Investigation on 10/19/79 at Washington, D.C. File # WFO 117-273 -235

by SA [redacted] aih Date dictated 10/26/79

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FD-302 (REV. 3-8-77)

FEDERAL BUREAU OF INVESTIGATION

1

Date of transcription 11/13/79

On November 5, 1979, MARTIN J. DOWD, Assistant Director, Internal Security Branch, Office of Safeguards and Security, Department of Energy (DOE), Germantown, Maryland, provided the following information: (U)

DOWD first became aware of the NUMEC facility at Apollo, Pennsylvania, in 1958 when he was assigned to the New York Operations Office for Security, Atomic Energy Commission (AEC). Pennsylvania was handled regionally by the New York Office. DOWD was a Security Inspector at the time and met ZALMAN M. SHAPIRO several times during inspection visits to NUMEC during the period 1960 to 1964 or 1965. DOWD stated that security was always a problem at NUMEC, but that after security violations were issued, NUMEC would institute corrections and deficiencies were corrected within 30 days, allowing the plant to continue operations. (U)

However, DOWD indicated that his department would only monitor security classified material and that losses of material were considered an accounting responsibility not in his domain. (U)

In 1968, DOWD was assigned to Washington, D.C. (WDC), where he was placed in the Internal Security Department's Alien Control Section. In this capacity, he became aware of SHAPIRO's interaction with Israeli agents. Investigation of this was turned over to the Federal Bureau of Investigation (FBI) and DOWD was made Control Officer to monitor the FBI's investigation. (U)

DOE's (then the Energy Research and Development Administration) (ERDA), concern at the time was whether SHAPIRO should retain his security clearances. DOE considered SHAPIRO a security risk and was subsequently interviewed twice by DOE's Director of Security and by a Department Legal Counsel. SHAPIRO's clearances were not lifted, but he was not allowed to review classified documents relating to weapons information. (U)

DOWD advised that SHAPIRO was always closely monitored by DOE (whether it was AEC or ERDA) concerning his access to (U)

Investigation on 11/5/79 at Germantown, Maryland File # WFO 117-273

by SA [redacted] aih Date dictated 11/6/79

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sensitive information. (U)

DOWD could provide no factual information regarding a possible diversion nor could he recall any attempt to interfere in any investigation by SHAPIRO or anyone else. (U)

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FEDERAL BUREAU OF INVESTIGATION

1 ~~TOP SECRET~~ Date of transcription 10/23/79

EARLE HIGHTOWER, former Assistant Director, Policy and Plans Office of Safeguards and Security, Atomic Energy Commission (AEC), telephonically contacted the interviewing Agent at the Washington Field Office of the Federal Bureau of Investigation (FBI). He stated he called in response to two telephone calls to [redacted] advising that the FBI desired to talk to him. (U) b6 b7C

He furnished the following information: (U)

In the early 1960's, he was employed as above and during the course of his work at the AEC, he supervised employees who visited NUMEC - a plant operated by a Mr. SHAPIRO, who he met once or twice - in Pennsylvania. (U)

He never went to NUMEC but heard from those he supervised that it was a sloppy processing operation. (U)

"I remember quite a bit about the case. There were a lot of suspicions." (U)

The data concerning NUMEC was available only down to the Assistant General Manager level at AEC. (U)

NUMEC's "material accountability was sloppy." (U)

Even the "trees and bushes" (surrounding NUMEC) would be covered by a white residue" indicating obvious losses of material. "I think it (material) might have been lost in two ways." (U)

"I think it might have been intentionally diverted" and "losses were frequently 'written off.'" "Probably there was a lot more lost than shows" in the loss data reports. (U)

[redacted] b7E

(U)

Investigation on 10/22/79 at Washington, D.C. File WFO 117-273

SA [redacted] aih 10/22/79 b6 b7C

by Date dictated

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[redacted] (U) b7E

"Also we had a number of scientists leave the U.S. on sabatical" and go to Europe during the same time span. (U)

"NUMEC, incidentally, had some contacts in the weapons program" then. (U)

"SHAPIRO had a number of contacts" and he was a Zionist. (U)

He does not know specifically any of those contacts or factually that any material was diverted from NUMEC to a foreign power. (U)

HIGHTOWER is employed in real estate at Panorama, located on Red River Road, phone 299-6700. (U)

He resides at 14308 Marion Drive, Rockville, Maryland, phone number 424-9012. (U)

He would be willing to testify. (U)

TOP SECRET

FD-302 (REV. 3-8-77)

FEDERAL BUREAU OF INVESTIGATION

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~~TOP SECRET~~

Date of transcription 11/13/79

On November 5, 1979, THOMAS ISAACS, Deputy Director, Office of Safeguards and Security, Department of Energy (DOE), Germantown, Maryland, provided the following information:

ISAACS stated that he had no contact with the NUMEC investigation until 1977, when he was assigned as Lead Action Officer to answer questions set forth by a Congressional Committee headed by Representative DINGELL.

ISAACS advised that he assisted in the preparation of those answers without interference from anyone, and that those responses are a matter of record.

ISAACS was interviewed a year ago by DOE's Inspector General's Office regarding NUMEC and that too is a matter of record.

ISAACS has never met SHAPIRO nor has he ever visited the NUMEC facility.

Investigation on 11/5/79 at Germantown, Maryland File # WFO 117-273

by SA [redacted] aih Date dictated 11/6/79

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FD-302 (REV. 3-8-77)

FEDERAL BUREAU OF INVESTIGATION

1

Date of transcription 11/13/79

On November 6, 1979, JOHN B. LABARRE, Director, Office of International Affairs, Department of Energy (DOE), Washington, D.C. (WDC), provided the following information:

LABARRE stated that he had no connection with the NUMEC investigation until 1977, when he was asked to prepare answers to questions submitted by the DINGELL Subcommittee of the U.S. House of Representatives. LABARRE prepared answers to those questions relating to intelligence information. LABARRE recalls that the first set of questions was not acceptable to the DINGELL Subcommittee and that they were redone and resubmitted.

About one year ago, LABARRE was interviewed by DOE's Inspector General's Office regarding preparation of those answers. LABARRE stated he has no other information regarding the possible diversion of nuclear material from the NUMEC facility.

Investigation on 11/6/79 at Washington, D.C. File # WFO 117-273

by SA [redacted] aih Date dictated 11/6/79

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FD-302 (REV. 3-8-77)

FEDERAL BUREAU OF INVESTIGATION

1 ~~TOP SECRET~~ Date of transcription 11/15/79

On November 6, 1979, [redacted] International Affairs Officer, Office of Current Reporting, Department of Energy (DOE), Washington, D.C. (WDC), provided the following information: b6 b7C

[redacted] stated that in 1977 he was asked to prepare answers to a couple questions presented by the DINGELL Subcommittee, U.S. House of Representatives. Approximately a year later, he was interviewed by DOE's Inspector General's Office regarding the preparation of those answers.

[redacted] had no information regarding the possible diversion of nuclear material from NUMEC.

Investigation on 11/6/79 at Washington, D.C. File # WFO 117-273

by SA [redacted] aih Date dictated 11/6/79 b6 b7C

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FEDERAL BUREAU OF INVESTIGATION

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Date of transcription 10/23/79

JOHN MEINHARDT, Acting Chief, Resource Management, telephone number 252-7117, and former Executive Officer, International Security Affairs, United States Department of Energy (DOE), Washington, D.C. (WDC), was interviewed regarding his knowledge of ZALMAN SHAPIRO and the NUMEC company, Apollo, Pennsylvania. (U)

MEINHARDT said that he was initially employed at DOE in February, 1975, as the Executive Officer, International Security Affairs. He held the position until August, 1979, wherein he became Acting Chief, Resource Management. (U)

MEINHARDT advised that he has no direct knowledge concerning the NUMEC company, SHAPIRO, his associates, or his representatives. (U)

[redacted] (U) (U)

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MEINHARDT could not provide any additional first hand information concerning the NUMEC investigation. (U)

[redacted] (U)

Investigation on 10/18/79 at Washington, D.C. File WFO 117-273 - 226

by SA [redacted] aih Date dictated 10/19/79

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FEDERAL BUREAU OF INVESTIGATION

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TOP SECRET

Date of transcription 11/13/79

On November 5, 1979, RALPH SCHULL, Chief, Nuclear Safeguards Operations and Supervisor of Physical Science, Department of Energy (DOE), Germantown, Maryland, provided the following information:

SCHULL advised that he has had no connection with ZALMAN M. SHAPIRO, NUMEC, or any investigation regarding the possible diversion of nuclear fuel at NUMEC other than being interviewed one year ago by the DOE Inspector General's Office regarding NUMEC.

SCHULL could furnish no additional information.

Investigation on 11/5/79 at Germantown, Maryland File # WFO 117-273

by SA [redacted] aih Date dictated 11/6/79

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Date of transcription 11/5/79

ALFRED D. STARBIRD, retired Lieutenant General, currently assigned as the Director of the Department of Defense (DOD)/Department of Energy (DOE), Long Range Resource Planning Group, at the Pentagon, was advised of the identity of the interviewing Agent, as well as the purpose of interview. (U)

General STARBIRD stated that from 1955 to 1961, he was assigned as the Director of Military Application for Research Development, Test and Production of Atomic Weapons, assigned to the Atomic Energy Commission (AEC), as a Military General Officer. (U)

General STARBIRD stated that the next contact with the former AEC occurred in mid-1975, when he entered on duty as a civilian in the capacity of Assistant Administrator for National Security, attached to the Energy Research and Development Administration. General STARBIRD was responsible for four divisions at this time, including the Director of Military Application on Weapons, and Director of Safeguards and Security. (U)

General STARBIRD recalled that in 1976, a newspaper article was printed involving NUMEC. It was at this time that General STARBIRD, in the capacity of his employment, became entirely cognizant of the investigation concerning NUMEC, in order to answer both internal and external inquiries. In order to obtain a broader background on NUMEC, STARBIRD stated that he reviewed the initial AEC investigative report, the Joint Commission on Atomic Energy letters, the Department of Justice security investigation regarding SHAPIRO and a Government Accounting Office (GAO) report. (U)

General STARBIRD stated that in this review, he concerned himself primarily with the safeguards and procedures utilized at the nuclear plants during the late 1950's and early 1960's. (U)

General STARBIRD recalled that the 1966 investigation by AEC revealed that there was no evidence of any diversion of nuclear materials at NUMEC, although the report did not rule (U)

Investigation on 10/31/79 at Arlington, Virginia File # WFO 117-273

by SA [redacted] aih Date dictated 11/1/79

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out the possibility. In his review of the report, he noted that a thorough investigation was conducted by the AEC team sent to NUMEC, and he concurred with the findings. (U)

General STARBIRD stated that in 1977, he testified before a Subcommittee of the House Commerce Committee and answered several questions relating to NUMEC. General STARBIRD advised that his knowledge of NUMEC and SHAPIRO came entirely from reports, letters, and information furnished by subordinates and peers. He stated that at no time did he have any first hand knowledge of the NUMEC investigation. (U)

FD-302 (REV. 3-8-77)

FEDERAL BUREAU OF INVESTIGATION

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11/13/79

Date of transcription

On November 5, 1979 [redacted] Division of International Affairs, Department of Energy (DOE), Germantown, Maryland, provided the following information:

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[redacted] stated that he had only one contact with the NUMEC facility in Pennsylvania when in 1967 or 1968, he escorted a Swedish visitor through the NUMEC plant and was introduced to ZALMAN M. SHAPIRO, his one and only meeting with SHAPIRO. [redacted] only knew [redacted] a former Atomic Energy Commission (AEC) employee who was employed at NUMEC.

[redacted] had no other contact with NUMEC other than being interviewed by DOE's Inspector General concerning NUMEC approximately one year ago.

Investigation on 11/5/79 at Germantown, Maryland File # WFO 117-273

by SA [redacted] aih Date dictated 11/6/79

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Date of transcription 11/2/79

ROBERT E. UPCHURCH, Chief of Assessment Branch, Division of Defense Intelligence, and former Intelligence Analyst, Office of International Security Affairs, U.S. Department of Energy (DOE), Washington, D.C. (WDC), was interviewed. He was given the identity of the interviewing Special Agent (SA), Federal Bureau of Investigation (FBI), WDC. UPCHURCH was told that he was being interviewed regarding the loss of nuclear fuel at the NUMEC facility, Apollo, Pennsylvania, in the late 1960's. UPCHURCH said that he was willing to be interviewed.

UPCHURCH said that he had no involvement with the NUMEC investigation or its personnel.

Investigation on 10/19/79 at Washington, D.C. File # WFO 117-273

by SA [redacted] aih Date dictated 10/26/79

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FD-302 (REV. 3-8-77)

FEDERAL BUREAU OF INVESTIGATION

1 TOP SECRET

Date of transcription 10/23/79

ROBERT W. FRI, [redacted] Washington, D.C. (WDC), 20016, was contacted for an appointment to be interviewed. He was advised of the official identity of the interviewing Agent and the reason for the interview. (U) b6 b7C

He stated he preferred to furnish his information telephonically and advised as follows: (U)

He is aware of NUMEC, but has never been to the plant nor met Mr. SHAPIRO, formerly of NUMEC. (U)

He recalls the investigation of possible loss from NUMEC of nuclear material. (U)

"At the time I was the Acting Administrator of ERDA" of the U.S. Government which "collected data on nuclear material unaccounted for or 'MUF' as we called it." (U)

The MUF data "was classified" and a decision was to be made that "the data should be unclassified and made public." (U)

Before this was done, however, he and other ERDA employees only reviewed all available MUF reports. (U)

Of these, NUMEC had perhaps twice as much recorded loss as other plants doing similar conversions. (U)

For example is the average processing loss of 1%; NUMEC would have shown losses of perhaps 2%. (U)

There were a whole series of allegations and investigations that NUMEC had "released" nuclear material "to somewhere." These were made by others; he only reviewed the results and "did no new investigation." (U)

Based on the review of the old data on MUF at NUMEC, "I drew the conclusion that no diversion took place." (U)

The unexplained losses could have occurred at NUMEC as a result of their processing technique, which may have (U)

Investigation on 10/20/79 at Washington, D.C. File # WFO 117-273

by SA [redacted] aih Date dictated 10/22/79 b6 b7C

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caused the material to be run through the NUMEC facilities "two or even three times" and in so doing, "some would hang up (become lost) in the pipes." (U)

"I don't think any material moved (was diverted) abroad." (U)

"NUMEC handled the material sloppily. AEC didn't have the right rules" for control. "I concluded there was no basis for prosecution." (U)

Asked at this point if he had any involvement in the investigation, he stated, "I have no first hand knowledge of this." (U)

Also, he was not approached by anyone from either NUMEC or the United States Government about interceding in the NUMEC investigation. (U)

He has no idea how Mr. SHAPIRO paid any fines levied, but the rules at the time were that the processors paid for the value of any material lost during production. (U)

His business telephone is 457-0868. (U)

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FEDERAL BUREAU OF INVESTIGATION

1 TOP SECRET

Date of transcription 11/5/79

EDWARD B. GILLER, retired Major General, Joint Chiefs of Staff (JCS), representative to the Comprehensive Test Ban Talks currently assigned at the Pentagon, was advised of the identity of the interviewing Agent, as well as the purpose of interview. (U)

General GILLER advised that from 1964 to 1967, he was assigned as the Deputy Chief of Staff for Research and Technology, Air Staff, U.S. Air Force (USAF). (U)

In 1967, General GILLER was assigned to the Atomic Energy Commission (AEC) in the capacity of Director of Military Application, Manufacturing and Development of Nuclear Weapons, which by law requires that a military officer assume this position. In 1972, General GILLER retired, but remained with AEC as an Assistant General Manager for National Security. (U)

General GILLER stated that all his knowledge of ZALMAN SHAPIRO and NUMEC is based on records, reports, and heresay information, with no first hand knowledge. (U)

General GILLER made the following observations pertaining to the NUMEC investigation: (U)

(U) GILLER stated that he could not positively attest to the fact that SHAPIRO did not divert the materials to the Israelis although in his opinion, the probability that there was a diversion is small. General GILLER felt that the material disappeared in the nuclear material conversion process. He additionally stated that he felt that the NUMEC plant was "sloppily run with poor management." (U)

General GILLER advised that he was never approached by anyone to intercede in the Government's investigation on behalf of SHAPIRO. He additionally stated that he did not know from what source SHAPIRO received the money to pay the penalty imposed on NUMEC for the loss. (U)

Investigation on 10/31/79 at Arlington, Virginia File # WFO 117-273

by SA [redacted] aih Date dictated 11/1/79

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FD-302 (REV. 3-8-77)

FEDERAL BUREAU OF INVESTIGATION

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Date of transcription 10/17/79

HARVEY EUGENE LYON, [redacted] Fairfax, Virginia, was advised of the identities of the interviewing Agents, as well as the purpose of interview. Mr. LYON advised that subsequent to his retirement from the Navy in 1975, he assumed the position of Director of the Office of Safeguards and Security for the Energy Research and Development Administration (ERDA), which title he held until 1978. Mr. LYON explained that it was his responsibility and that of his staff to probe the losses of nuclear materials at various nuclear facilities around the country. (U)

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Mr. LYON stated that at no time did he ever know ZALMAN SHAPIRO, and indicated that all his knowledge of NUMEC and SHAPIRO originated in the various reports of the Atomic Energy Commission (AEC), which agency had initially probed the nuclear material losses at NUMEC. Mr. LYON stated that although NUMEC had sustained a loss of materials, the reports never reflected that these materials had been stolen. Additionally, subsequent investigation of NUMEC accounted for most of the missing materials, with 65 kilograms unaccounted for. (U)

Mr. LYON stated that he personally felt that although SHAPIRO was sympathetic to the plight of the Israelis prior to and during the 1967 war, he stated that he never noted any evidence indicating that SHAPIRO had stolen any nuclear materials to further the Israeli interests. He attributed the loss of the materials to poor business management on the part of SHAPIRO, without any criminal intent. (U)

Additionally, Mr. LYON stated that to his knowledge, SHAPIRO obtained the money to pay for the loss of the materials through a bank loan. He stated that in his review of NUMEC reports, he was never approached by any individual requesting that he (LYON) intercede on behalf of SHAPIRO in the United States Government investigation. (U)

Mr. LYON stated that he has already been queried by various House Committees on his knowledge of the NUMEC matter. He reiterated that all his knowledge of SHAPIRO and NUMEC was obtained through AEC investigative reports. (U)

10/16/79	Fairfax, Virginia	WFO 117-273

SAs [redacted] and [redacted] aih

Date dictated 10/17/79

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FEDERAL BUREAU OF INVESTIGATION

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Date of transcription 10/23/79

LES TAYLOR, [redacted] Silver Spring, Maryland, was advised of the identities of the interviewing Agents, as well as the purpose of interview. (U) b6 b7C

Mr. TAYLOR advised that prior to his retirement from the Department of Energy (DOE) in 1977, he held the position of Assistant Director for Security Affairs, Division of Safeguards and Security. (U)

Mr. TAYLOR recalled that prior to 1968, at which time he was assigned to the Internal Security Branch of the Atomic Energy Commission (AEC), a team of investigators for AEC traveled to Pennsylvania to conduct an audit of the NUMEC loss. Mr. TAYLOR stated that the conclusion reached by this team of investigators was that the nuclear materials had not been diverted. Mr. TAYLOR advised that he did not actively participate in this investigation. (U)

Mr. TAYLOR stated that he had never met SHAPIRO and his knowledge of the NUMEC loss is based strictly on investigative reports and hearsay information. (U)

Mr. TAYLOR stated that he has never been approached by anyone to intercede in the Government's investigation on behalf of SHAPIRO, and he advised that he did not know from what source SHAPIRO had obtained the money to pay for the loss. (U)

Investigation on 10/17/79 at Silver Spring, Maryland File # WFO 117-273

by SAs [redacted] and [redacted] BFW:aih Date dictated 10/18/79 b6 b7C

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FEDERAL BUREAU OF INVESTIGATION

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Date of transcription 10/4/79

On October 1, 1979, [redacted] Maryland, was interviewed and furnished the following information: b6 b7C

[redacted] is a former Special Agent (SA) of the Federal Bureau of Investigation (FBI).

[redacted] advised that the affairs concerning the alleged diversion of nuclear material from the NUMEC facility at Apollo, Pennsylvania, occurred such a long time ago and that the facts in his own mind are now confused. [redacted] stated that he was eager to cooperate, but that in all fairness, he could not relate factual material concerning the diversion at this late date.

Investigation on 10/1/79 at Washington, D.C. File # WFO 117-273

by SA [redacted]:aih Date dictated 10/2/79 b6 b7C

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FEDERAL BUREAU OF INVESTIGATION

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Date of transcription 9/13/79

On September 11, 1979, Donald F. Wiseman, [redacted] McCandless Township, Pennsylvania (Pa.) 15237, telephone number: [redacted] furnished the following information: b6 b7C

He stated he is a former Special Agent of the Federal Bureau of Investigation (FBI) and was the Pittsburgh Office's case Agent in the investigation of Zalman Mordecai Shapiro from June, 1965, until his retirement on April 8, 1977. He advised he had no personal knowledge of any diversion of nuclear material from the Nuclear Materials and Equipment Corporation (NUMEC), Apollo, Pa., and that there was no evidence of any diversion. He stated his opinion was based on an intimate knowledge of the information furnished by witnesses and sources while he was the case Agent.

He further stated that as a subjective matter, he personally feels that the subject, Shapiro, was part of a Zionist cell and would have and probably did divert nuclear material to Israel. He stated this was a "gut" feeling based on Shapiro's close association with Israeli officials, [redacted] He stressed, however, that there was no positive evidence to back-up his "gut" feeling relative to the investigation. He opined that Shapiro would do anything in his power to make sure that Israel got whatever they wanted and that his allegiance is with the Israelis. (U) b3 b7E

Mr. Wiseman advised that he did not know of, and has not heard of any attempt by anyone [redacted] to withhold any information concerning this matter from any investigative body.

Interviewed on 9/11/79 at McCandless Township, Pa. File # Pittsburgh [redacted] WFO 117-273 b3 b7E b6 b7C

by SA [redacted]/drg Date dictated 9/12/79

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FEDERAL BUREAU OF INVESTIGATION

1 TOP SECRET

Date of transcription 10/22/79

JOHN F. AHEARNE, Commissioner, United States Nuclear Regulatory Commission (NRC), 1717 H Street, N.W., Washington, D.C. (WDC), was interviewed by Special Agent (SA) [redacted] regarding the investigation of the NUMEC company. (U) b6 b7C

AHEARNE hereafter provided the following information in response to questions set out by the Department of Justice (DOJ): (U)

He advised that he has never met ZALMAN SHAPIRO, nor can he recall ever visiting the NUMEC company. (U)

He does not have any factual knowledge or information as to any diversion of nuclear fuel from NUMEC to a foreign government. The only knowledge he has regarding this matter or this phase of the investigation is what he has read in the various Federal Bureau of Investigation (FBI) [redacted] reports. From those reports, he can not reach any conclusions one way or the other. (U) b3 b7E

He does not have any first hand information regarding SHAPIRO contacting any foreign agents and particularly Israeli agents. Again, the only information he has is what was noted in the various reports and briefings since the investigation was initiated. (U) (U)

The only involvement AHEARNE has had regarding a diversion of nuclear fuel has been with the NUMEC company. At one time, he was a Special Assistant to Energy Secretary ARTHUR SCHLESHINGER, at which time he reviewed information from ERDA, which is the Energy Research Development Administration, and prepared reports for Congressman JOHN DINGELL and his colleagues. In essence, he was in a position to review reports, and therefore has become fairly knowledgeable on the subject matter. (U)

AHEARNE advised that he has never been approached by any representative of NUMEC or by an official of the (U)

Investigation on 10/16/79 at Washington, D.C. [redacted] (U) File # WFO 117-273 b6 b7C b3 b7E

by SA [redacted] aih Date dictated 10/18/79

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United States Government to intercede in the Government's investigation on SHAPIRO's behalf. (U)

Finally, AHEARNE advised that he has no idea from what source SHAPIRO received the money to pay the penalty imposed on NUMEC for the loss of the nuclear material. The only knowledge he has on this is what he has learned from reports from the Department of Justice. (U)

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FEDERAL BUREAU OF INVESTIGATION

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11/14/79

Date of transcription

ROBERT F. BURNETT, Director of Safeguards, Nuclear Regulatory Commission (NRC), 7915 Eastern Avenue, Silver Spring, Maryland, Room 872, office phone 427-4033, was interviewed at his place of employment regarding any knowledge he may have of a loss of nuclear fuel from NUMEC COrporation's Apollo, Pennsylvania, plant in the 1960's. Special Agent [redacted] identified himself by display of credentials, after which BURNETT voluntarily furnished the following information: (U)

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BURNETT came to the NRC in 1977 from the U.S. Secret Service (USSS) Headquarters in Washington, D.C. (WDC), where he served in a technical capacity. BURNETT has no first hand knowledge of ZALMAN SHAPIRO, Apollo, Pennsylvania's NUMEC facility, has never visited there, has never investigated the matter, nor has any knowledge of SHAPIRO's or NUMEC's finances. (U)

BURNETT has had access to Defense Intelligence Agency's (DIA) WATCH reports and became aware of the possible loss through this publication. (U)

About one year ago, Secretary UDALL asked for a "snapshot in time" of security precautions at the NUMEC plant in the 1960's. The final conclusion from this approximate one year study is that a diversion of fuel is not only possible from any major facility in the U.S. in the 1960's, but also would not have been detected by the then current security systems in effect. BURNETT explained that physical security precautions have been greatly enhanced since then; however, because of inherent accounting problems in the processing of nuclear fuel, accounting for the material itself is still a problem. (U)

BURNETT could provide no positive first hand information to this investigation. (U)

Investigation on 11/2/79 at Silver Spring, Maryland File # WFO 117-273

by SA [redacted] aih Date dictated 11/9/79

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Date of transcription 10/23/79

[redacted] Great Falls, telephonically contacted the interviewing Agent at the Washington Field Office (WFO) of the Federal Bureau of Investigation (FBI) in response to a previous contact made with his wife, [redacted]

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He furnished the following information about NUMEC:

At the time the alleged losses occurred, he was in [redacted] Later, he was head of a team that published Material Unaccounted For (MUF) data some of which involved NUMEC. This was in connection with his employment in Safeguards and Security of Atomic Facilities.

He never met Mr. SHAPIRO, nor went to NUMEC, but did read and publish data concerning NUMEC.

This was NUREG report #350 published August, 1977, which has been furnished the FBI.

He has only heard rumors about any foreign contacts made by Mr. SHAPIRO

As for NUMEC's losses in the MUF data, "they were unusually large."

"It could have been a measurement error."

He is aware that there is an ongoing investigation of NUMEC and would be willing to testify.

His business phone is 338-8230.

Investigation on 10/22/79 at Washington, D.C. File # WFO 117-273

by SA [redacted] aih Date dictated 10/22/79

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FEDERAL BUREAU OF INVESTIGATION

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Date of transcription 11/13/79

Mr. WILLIAM J. DIRCKS, Director, Office of Nuclear Material, Safety and Safeguards, Nuclear Regulatory Commission (NRC), [redacted] Silver Spring, Maryland, telephone [redacted] was interviewed at NRC Headquarters, 1717 H Street, N.W., Washington, D.C. (WDC). Special Agent (SA) [redacted] identified himself by display of credentials, after which DIRCKS voluntarily furnished the following information: (U)

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DIRCKS has been an employee of the Atomic Energy Commission (AEC) and Energy Research and Development Agency (ERDA), then moved to NRC when it was formed in 1975. DIRCKS was never acquainted with ZALMAN SHAPIRO, never visited the Apollo site, was not aware of nuclear fuel loss, nor acquainted with any principals or employees of NUMEC, and was never officially aware of an investigation into a loss until approximately 1976 - 1977, when he began reading intelligence summaries [redacted] which reported during this period that there was a possible diversion of nuclear fuel to Israel. In 1978, DIRCKS (U) (U) sat in on a briefing by SA [redacted] (U)

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In 1976, Congressman MORRIS UDALL asked NRC to investigate or to study the differences between security systems at Apollo NUMEC in the 1960's versus modern security systems at Apollo, and similar plants in the late 1970's. The study was long and exhaustive and the "bottom line" was that because of the inherent weaknesses in both the security and accounting systems at all nuclear fuel facilities in the 1960's, anyone could have stolen nuclear fuel during that period. Fortunately, DIRCKS states modern physical security systems have been upgraded tremendously and an actual theft of fuel would be extremely difficult at this point. (U)

During the period of the aforementioned study, Department of Energy (DOE) sent an initial copy of the study report to many people for critical comment. One individual who commented about the study was [redacted] of (U)

Investigation on 11/6/79 at Washington, D.C. File # WFO 117-273

by SA [redacted] aih Date dictated 11/7/79

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Oakridge National Laboratories, Oakridge, Tennessee. [redacted] wrote a long letter to DOE, parts of which were excerpted and included in DOE's critical comments of the report. Basically, [redacted] said that he had seen losses of nuclear fuel in the 1960's and that no one would pay any attention to him during that period. He further stated something to the effect that it was about time someone made an honest appraisal of the situation - implying that the NRC study had made a good appraisal of the matter. (U)

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[redacted]

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(U)

DIRCKS has no first hand knowledge of the SHAPIRO-NUMEC matter, was never approached by any Government official to intercede into any investigation, and has no knowledge regarding SHAPIRO's or NUMEC's finances. (U)

[redacted] (U)

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FEDERAL BUREAU OF INVESTIGATION

1

TOP SECRET

Date of transcription 11/14/79

Mr. ROBERT A. ERICSON, Chief, Physical Security Branch, Division of Safeguards, Nuclear Regulatory Commission (NRC), 7915 Eastern Avenue, Silver Spring, Maryland, telephone 427-4194, was interviewed at his place of employment regarding any knowledge he may have of possible diversion of lost nuclear fuel from Apollo NUMEC in the 1960's. Special Agent [redacted] identified himself by display of credentials, after which ERICSON voluntarily provided the following information: (U)

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ERICSON retired as a Colonel from the U.S. Air Force (USAF) on October 31, 1978, where he was a Systems Analyst with the Office of the Secretary of Defense. He went to work for the old Atomic Energy Commission (AEC) and later the Nuclear Regulatory Commission when it was formed. (U)

In late 1975 or early 1976, the NRC and Department of Energy (DOE) were asked by outgoing Senior Commissioner ANDERS to do a report on current safeguards at nuclear plants versus safeguards as they existed in the 1960's. ERICSON participated in some of this study and during this period, was the first time he became aware of the question of lost fuel from NUMEC Corporation, Apollo, Pennsylvania plant. (U)

On one occasion, ERICSON saw what appeared to be a hastily written blind memorandum from General STARBIRD's office at DOE, which, according to ERICSON's memory, first mentioned the possibility of ZALMAN SHAPIRO misappropriating (U) fuel and diverting it to Israel. The memorandum was classified secret and because it was germain to ERICSON's portion of the study, ERICSON copied it and kept it in his files for a time. Sometime later, ERICSON saw an article in the Washington Star by JOHN FIALCA (Phonetic), which had much of the same information as the memorandum. Sometime after the article appeared in the Star, ERICSON destroyed his copy of the memorandum. (U)

In 1977 or 1978, ERICSON was asked by members of NRC's Office of Investigations and Audit (OIA) to give a deposition regarding knowledge he had of the question of fuel (U)

Investigation on 11/5/79 at Silver Spring, Maryland File # WFO 117-273

by SA [redacted] :aih Date dictated 11/9/79

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loss at Apollo NUMEC. ERICSON thinks OIA's report was compiled and presented approximately a year ago and suggests the Federal Bureau of Investigation (FBI) obtain a copy. (U)

Because ERICSON was not associated with nuclear matters whatsoever before he retired from the Air Force in 1975, he has never met ZALMAN SHAPIRO, nor toured the Apollo facility. He has never been involved in the investigation of missing fuel at Apollo, has never knowingly met any employee of NUMEC, has no first hand knowledge of the matter, and could offer no further information. (U)

FD-302 (REV. 3-8-77)

FEDERAL BUREAU OF INVESTIGATION

1 TOP SECRET

Date of transcription 10/26/79

VICTOR GILINSKY, Commissioner, United States Nuclear Regulatory Commission (NRC), 1717 H Street, N.W., Washington, D.C. (WDC), was interviewed by Special Agent (SA) [redacted] regarding the investigation of NUMEC. GILINSKY hereafter provided the following responses to questions provided by the Department of Justice: (U) b6 b7C

He advised that he has never met ZALMAN SHAPIRO; however, he has had the opportunity to visit the NUMEC facility in either 1975 or 1976. He visited the facility in the capacity of Commissioner to the U.S. NRC to inspect and look at safeguards at the facility. This inspection was conducted with the idea of improving various facets of that facility, as well as others around the country. (U)

GILINSKY has no factual or first hand knowledge of any diversion of nuclear fuel from NUMEC to a foreign government. The only information he has is what he has read in the [redacted] Federal Bureau of Investigation (FBI) reports, as well as that which was discussed in various briefings he attended. (U) b3 b7E

He further advised that he has no information or factual knowledge of any contacts SHAPIRO may have had with foreign agents and particularly Israeli agents. (U)

By virtue of being a Commissioner, GILINSKY advised that he has conducted inspections and has looked into various facilities dealing with nuclear material. His role involving the NUMEC facility concerning the diversion of nuclear fuel has been only as Commissioner. (U)

GILINSKY advised that he has never been approached by any representative of NUMEC or by any other official of this Government to intercede in the Government's investigation on SHAPIRO's behalf. (U)

GILINSKY finally advised that he has no idea from what source SHAPIRO received the money to pay the penalty imposed on NUMEC for the loss of nuclear material. (U)

Investigation on 10/24/79 at Washington, D.C. File # WFO 117=273

by SA [redacted] :aih (U) Date dictated 10/25/79 b6 b7C b3 b7E

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FEDERAL BUREAU OF INVESTIGATION

1 TOP SECRET

10/26/79

Date of transcription

[redacted] Assistant to Commissioner VICTOR GILINSKY, United States Nuclear Regulatory Commission (NRC), 1717 H Street, N.W., was interviewed by Special Agent (SA) [redacted] regarding the investigation of NUMEC. (U)

[redacted] hereafter provided the following responses to questions submitted by the Department of Justice: (U)

He advised that he has never met ZALMAN SHAPIRO, nor has he ever had the opportunity to visit the NUMEC facility. (U)

He further advised that he has no factual information or knowledge of any diversion of nuclear fuel from NUMEC to a foreign government. The only knowledge he has regarding this question is what he has read in official reports and what he has received in the various briefings he has attended. (U)

[redacted] does not have any knowledge or information regarding any contact SHAPIRO may have had with foreign agents and particularly Israeli agents. (U)

He has never had any direct involvement in any investigation concerning the diversion of nuclear fuel.

[redacted] has never been approached by any representative of NUMEC or by any other official of this Government to intercede in the Government's investigation on SHAPIRO's behalf.

[redacted] finally advised that he has no idea from what source SHAPIRO received the money to pay the penalty imposed on NUMEC for the loss of nuclear material.

[redacted] reiterated the fact that he has no first hand knowledge or information regarding the allegations against NUMEC. The only information he has is from what he has obtained from briefings and various reports provided to the Commission.

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Investigation on 10/22/79 at Washington, D.C. File # WFO 117-273

by SA [redacted] aih Date dictated 10/24/79

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FEDERAL BUREAU OF INVESTIGATION

1

Date of transcription 10/29/79

LEE VAN GOSSICK, Executive Director for Operations Nuclear Regulatory Commission (NRC), [redacted] Bethesda, Maryland, was interviewed on October 25, 1979. GOSSICK was informed by interviewing Agent that the Department of Justice had instructed the Federal Bureau of Investigation (FBI) to investigate allegations that the NUMEC Corporation of Apollo, Pennsylvania, and the head of NUMEC at the time, ZALMAN SHAPIRO, may have diverted nuclear material to Israel in violation of U.S. Federal law. GOSSICK was informed that he was being interviewed concerning any knowledge he may have regarding this matter. (U)

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GOSSICK advised that he is a retired United States Air Force Major General and is a former Commander of the Air Force Systems Command based at Andrews Air Force Base near Washington, D.C. (WDC). GOSSICK advised that he began employment with the Atomic Energy Commission (AEC), the predecessor to the NRC, in 1973, following his retirement from the United States Air Force. (U)

GOSSICK explained that his first direct involvement in the NUMEC matter occurred in approximately June, 1977. At the time, GOSSICK was occupying the position of Executive Director for Operations and was instructed to represent the NRC in this matter by giving testimony before the Subcommittee on Energy and Environment of the Committee on Interior and Insular Affairs of House of Representatives, which was chaired at the time by Representative MORRIS UDALL. GOSSICK explained that the Committee was attempting to resolve the NUMEC matter, specifically and in general, to study allegations of inadequate safeguards in the domestic nuclear industry. GOSSICK testified before this Committee on July 29, 1977, and the results can be found in House of Representatives publication 95-23 entitled Allegations Concerning Lax Security in Domestic Nuclear Industry. GOSSICK advised that he also testified before the Subcommittee on Energy and Power of the Committee on Interstate and Foreign Commerce. The results of his testimony can be found in House publication 95-66.

Regarding his testimony on July 29, 1977, GOSSICK advised that he was criticized for being less than

Investigation on 10/25/79 at Washington, D.C. File # WFO 117-273

by SA [redacted] aih Date dictated 10/26/79

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candid with the Committee in that he answered a particular question regarding any existing evidence of diversion by NUMEC by saying the NRC had no evidence. GOSSICK advised that in retrospect, his response was poorly worded and should have been that there was "no conclusive evidence" of a diversion of nuclear fuels by NUMEC. GOSSICK defended his mistake by noting that the Commission of the NRC was without a quorum and as such, GOSSICK was acting head of NRC until a new Chairman of NRC could be selected. Because of this, he was required to testify without having been properly briefed on the NUMEC matter. GOSSICK advised because of the subsequent furor over his testimony, a joint investigation was conducted by the Office of the Inspector General and Office of General Counsel of NRC, which resulted in a report which has both a classified and unclassified version. GOSSICK advised that the report concluded that GOSSICK's statements before the committee were "incomplete" and not intentionally misleading.

GOSSICK, in response to questioning, stated that to the best of his knowledge, he has never met ZALMAN MORDECAI SHAPIRO. GOSSICK further advised he has never visited the NUMEC facility in Apollo, Pennsylvania.

(U) GOSSICK advised that he has no direct factual knowledge of any diversion of nuclear fuel from NUMEC to a foreign government. [redacted] GOSSICK volunteered that he first heard of the NUMEC matter in 1976 or 1977 as a result of allegations of nuclear fuel diversions by an AEC employee, [redacted] (U)

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GOSSICK advised that he was never involved in any investigation concerning diversion of nuclear fuels. GOSSICK opined that General Accounting Office (GAO) may have conducted an investigation into this matter, but GOSSICK was never interviewed.

GOSSICK advised that at no time was he ever approached by a representative of NUMEC or by an official of the U.S. Government to intercede in the Government's investigation on SHAPIRO's behalf.

In response to questioning concerning any knowledge GOSSICK may have as to the source of the money SHAPIRO used to pay the penalty imposed on NUMEC by the AEC for the loss of the nuclear material, GOSSICK responded that he had "heard or read" that SHAPIRO had obtained the money to pay the penalty from a bank. GOSSICK could not specifically state how he knew this information, but suspected that it was [redacted] a newspaper article on the subject. (U)

WFO 117-273
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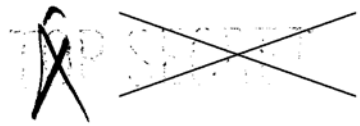

Mr. GOSSICK could offer no further pertinent information.

FD-302 (REV. 3-8-77)

FEDERAL BUREAU OF INVESTIGATION

1

Date of transcription 10/22/79

JOSEPH M. HENDRIE, Chairman of the United States Nuclear Regulatory Commission (NRC), 1717 H Street, N.W., Washington, D.C. (WDC), was interviewed by Special Agent (SA) [redacted] regarding the investigation of the NUMEC company. HENDRIE provided the following responses to the questions provided by the Department of Justice: b6 b7C

He recalled visiting the NUMEC facility as an employee of the Brookhaven National Laboratory, Upton, New York, while conducting critical experiments for that firm. He can not recall exactly when the visit occurred, but it was several years ago, at which time he had contacted a Dr. FREDERICK FORSCHER, who was Technical Director. HENDRIE needed fuel material for an experiment, which was available only at that time by NUMEC. He had never met ZALMAN SHAPIRO, nor did he recall discussing anything that would have been considered classified.

HENDRIE does not have any factual knowledge or information of any diversion of nuclear fuel from NUMEC to a foreign government. The only information he has is from what he has read in the various reports provided by the [redacted] Federal Bureau of Investigation (FBI). (U) b3 b7E

HENDRIE does not have any information of any contact SHAPIRO may have had with foreign agents and particularly Israeli agents. He is aware that information was developed whereby SHAPIRO was placed under surveillance and observed meeting with known Israeli agents. He can not elaborate on this point any further. (U) (U)

HENDRIE has never been approached by any representative of NUMEC or by an official of the United States Government to intercede in the Government's investigation on SHAPIRO's behalf.

Finally, he advised that he has no idea where SHAPIRO received the money to pay the penalty imposed on NUMEC for the loss of nuclear material. [redacted] (U) b3 b7E b6 b7C

Investigation on 10/16/79 at Washington, D.C. File WFO 117-273

by SA [redacted] aih Date dictated 10/18/79

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FD-302 (REV. 3-8-77)

FEDERAL BUREAU OF INVESTIGATION

1

Date of transcription 10/22/79

ROBERT T. KENNEDY, Commissioner, United States Nuclear Regulatory Commission (NRC), 1717 H Street, N.W., Washington, D.C. (WDC), was interviewed by Special Agent (SA) [redacted] regarding the investigation of the NUMEC company. b6 b7C

KENNEDY hereafter provided the following responses to questions provided by the Department of Justice (DOJ):

KENNEDY advised that he has never met ZALMAN SHAPIRO, nor can he recall ever visiting the NUMEC facility.

He does not have any factual knowledge or information as to diversion of nuclear fuel from NUMEC to a foreign government. The only information he can recall on this subject matter is from what he has read in the numerous briefings and reports.

KENNEDY has no first hand information of SHAPIRO meeting with any foreign agents; particularly Israeli agents. This point was mentioned in various briefings, and he recalls that SHAPIRO had been placed under surveillance at which time he allegedly met with known Israeli agents. He can not recall which report stated this, nor could he elaborate any further on it. (U)

KENNEDY has never been involved in any other investigation concerning the diversion of nuclear fuel. He was interviewed at one time regarding the accuracy of testimony of then Executive Director LEE GOSSICK. The interview was not specifically on the matter of diversion per se, but rather covered a wide scope of various subject matters.

KENNEDY has never been approached by a representative of NUMEC or by any official of the United States Government to intercede in the Government's investigation on SHAPIRO's behalf.

KENNEDY finally advised that he has no idea where SHAPIRO received the money to pay the penalty

Investigation on 10/16/79 at Washington, D.C. File # WFO 117-273

by SA [redacted] aih Date dictated 10/18/79 b6 b7C

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imposed on NUMEC for the loss of the nuclear material.

FD-302 (REV. 3-8-77)

FEDERAL BUREAU OF INVESTIGATION

1

Date of transcription 11/13/79

TOP SECRET

Dr. ROGER J. MATTSON, Chairman, [redacted] Task Force, Nuclear Regulatory Commission (NRC), 7920 Norfolk Avenue, Bethesda, Maryland, Room 1114, phone 492-7517, was interviewed at his place of business regarding any knowledge he may have of the diversion of nuclear fuel from the NUMEC Corporation facility at Apollo, Pennsylvania. Special Agent (SA) [redacted] identified himself by display of credentials, after which Dr. MATTSON voluntarily provided the following information: (U)

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MATTSON began working for the old Atomic Energy Commission (AEC) from Sandia Corporation in 1967. At that time, he had nothing to do with reactor safeguards - what was in the technical side of the business rather than security. In 1974, MATTSON began working as a Technical Assistant for AEC Commissioner DOUB and was introduced during this period to the question of nuclear safeguards. In 1975, MATTSON was moved to a branch within NRC, which dealt with safeguards, and then became introduced to [redacted] [redacted] was a professional dissident within AEC and later NRC, and in 1976, wrote letters to both President FORD and Congressman UDALL. These letters brought up several embarrassing points concerning nuclear fuel and reactor safety, which NRC could not at that time answer satisfactorily. NRC responded to [redacted] letters by naming MATTSON Chairman of a task force to look into [redacted] allegations. (U)

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As Chairman, MATTSON controlled the task force and was responsible for the task force's decision to overlook the question of the old NUMEC fuel loss. MATTSON stated that at the time, he was new to the question of fuel losses and when the issue of the fuel loss at NUMEC was introduced to the task force, because it was approximately ten years old, MATTSON decided to overlook it in favor of more current [redacted] (U)

Investigation on 11/6/79 at Bethesda, Maryland File # WFO 117-273

SA [redacted] :aih 11/7/79

by Date dictated

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matters. MATTSON regrets now not having made an issue of the loss at Apollo NUMEC; however, once they had decided to avoid it, and that matter had become a topic in the public media, they could not then logically go back and conduct an investigation. (U)

MATTSON's task force was made aware of a meeting at which the attendees (probably NRC and Department of Energy members) were briefed by representatives of the [redacted] the Federal Bureau of Investigation (FBI). The above meeting was concerning the loss at Apollo NUMEC. MATTSON thinks the date of this meeting was early 1976. When MATTSON tried to discover the purpose of the aforementioned meeting, NRC acknowledged that a meeting had occurred; however, would not discuss the purpose of the meeting, but discussed the outcome of the meeting. Consequently, the only mention in [redacted] Task Force's final report was something to the effect that if NRC [redacted] had been concerned about a loss at Apollo NUMEC, they would have done something about it, and that it did not appear to be of such import as to use [redacted] Task Force's time to investigate it. Sometime in 1978, MATTSON was interviewed by NRC's Office of Investigations and Audit (OIA) while OIA was conducting an investigation into a loss and possible diversion of nuclear fuel at Apollo NUMEC. According to MATTSON, the OIA report claims [redacted] MATTSON knows nothing personally about [redacted] mentioned above. (U)

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MATTSON never met ZALMAN SHAPIRO, never visited the Apollo facility, never met any employee of NUMEC, never heard from anyone in the U.S. Government regarding halting any investigation, and has no factual first hand knowledge of the alleged loss of nuclear fuel at the Apollo facility. (U)

As an afterthought, MATTSON mentioned that [redacted] of Congressman DINGLE's Office on Capitol Hill had accumulated a voluminous file on the SHAPIRO-NUMEC matter and on one occasion told MATTSON that "SHAPIRO may have been an unknowing participant in the NUMEC loss." MATTSON feels [redacted] has a fair amount of knowledge, although much of it may be second hand knowledge on the subject, and feels that [redacted] should be interviewed (U)

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FD-302 (REV. 3-8-77)

FEDERAL BUREAU OF INVESTIGATION

1 11/14/79

Date of transcription

TOP SECRET

Mr. GEORGE W. MC CORKLE, Chief, Physical Security Licensing Branch Division, Nuclear Regulatory Commission (NRC), 7915 Eastern Avenue, Silver Spring, Maryland, telephone 427-4018, was interviewed at his place of employment regarding any knowledge he may have of the loss of nuclear fuel during the 1960's from NUMEC Corporation's Apollo, Pennsylvania, plant. Special Agent [redacted] identified himself by display of credentials, after which MC CORKLE voluntarily furnished the following information: (U)

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MC CORKLE retired from the United States Air Force (USAF) in 1974 and joined the old Atomic Energy Commission (AEC), then the NRC in January, 1975. Before NRC, MC CORKLE had been working as a consultant doing security audits and was introduced to AEC by a friend, who said AEC needed a consultant to work as an inhouse auditor on security matters. In the mid-1960's, MC CORKLE had been a Colonel in the USAF attached to Offut Air Force Base in Nebraska. (U)

In March of 1976, MC CORKLE first became aware of nuclear material missing from NUMEC's Apollo plant. It came to his attention because of a phone call MC CORKLE took late one working day when no one else could be reached to handle the call. After this phone call (MC CORKLE could not remember who called), it came to MC CORKLE's attention that NRC was trying to write a set of regulations to cover future incidents such as NUMEC. During this period there was a joint memorandum being authored by [redacted] of Energy Research and Development Administration (ERDA) and General STARBIRD's section of the Military Applications Branch of ERDA. MC CORKLE thinks the memorandum may have been addressed to the NSC; however, he is not sure. MC CORKLE was asked to brief members of NRC on the status of the memorandum and among Commissioners present, MC CORKLE remembers Mr. ROWDEN, who was then Acting Chairman because former Chairman ANDERS had left the Commission to become Ambassador to Norway. Commissioner KENNEDY was also present at the briefing. MC CORKLE thinks the date was in March of 1976 and MC CORKLE told the Commissioners that he had just become aware (U)

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Investigation on 11/2/79 at Silver Spring, Maryland File # WFO 117-273

by SA [redacted] Date dictated 11/9/79

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of the situation the day before, but that there was a question of the possible diversion of nuclear fuel from Apollo NUMEC to Israel. MC CORKLE thinks that prior to this briefing, the Commission members felt that the question of a diversion to Israel was merely speculation; however, after this briefing, he thinks that they felt there was some possibility of the diversion having actually happened. MC CORKLE also briefed the Commission members on the Division of Safeguards' new added measures put into effect since the 1960's, to guard against losses. (U)

MC CORKLE explained that the method for accounting for nuclear fuel was to calculate the amount of material that came in, the amount of material that came out after processing, and determine whether or not a loss had occurred. Because the nuclear material actually changed forms several times during processing, a nominal loss is expected. It was obvious after events which occurred in the 1960's that a better accounting system would have to be developed. This is a question which NRC is still trying to resolve. However, physical safeguards have been greatly upgraded since the 1960's to prevent actual theft of materials. (U)

Because MC CORKLE was in the Air Force in the 1960's, he never met ZALMAN SHAPIRO. MC CORKLE did visit the Apollo plant in mid 1977 when he was inspecting physical security systems; however, the Apollo plant was then run by BABCOCK and WILCOX. MC CORKLE added he has no factual knowledge of the incident involving fuel loss under SHAPIRO, has no knowledge of SHAPIRO's finances, and could not provide any positive first hand information regarding this loss. (U)

MC CORKLE was interviewed by NRC's Office of Inspection and Audit approximately 9 - 12 months previously, and gave them a deposition basically as is stated above. (U)

FD-302 (REV. 3-8-77)

FEDERAL BUREAU OF INVESTIGATION

1 TOP SECRET Date of transcription 11/7/79

[redacted] Senior Policy Analyst, Office of Policy Evaluation, Nuclear Regulatory Commission (NRC), 1717 H Street, N.W., Washington, D.C. (WDC), was interviewed (U) b6 b7C

[redacted] was informed that the Department of Justice has instructed the Federal Bureau of Investigation (FBI) to conduct an investigation into the alleged diversion of nuclear fuel to Israel by the NUMEC Corporation and its President during the 1960's, ZALMAN MORDECAI SHAPIRO. (U)

[redacted] advised that he was originally with the Atomic Energy Commission (AEC) prior to joining the NRC, and has a total of twenty-one years with the Government. [redacted] advised that his first contact with the NUMEC matter occurred in 1968, when he joined the regulatory staff of AEC. Prior to this, he had been associated with the Division of Biology and Medicine, working mainly with weapons programs. [redacted] advised that his first contact with NUMEC was in the capacity of writing regulations regarding control of nuclear materials and rules relating to materials unaccounted for (MUF). (U)

[redacted] advised that beginning in 1968, he visited the NUMEC plant in Apollo, Pennsylvania, as part of a six to twelve man inspection team. During these inspection tours, the team would conduct an inventory of materials and question NUMEC management in depth about their accounting procedures. [redacted] advised that the NUMEC facility at Apollo, Pennsylvania, was devoid of adequate physical safeguards to insure proper handling of the nuclear material. In connection with these inspection tours, [redacted] met SHAPIRO on two or three occasions, and in all cases, it was at the beginning of the tour of the NUMEC plant. These were introductory meetings, in which all six to twelve members of the inspection team were included. [redacted] noted that the principle contact of the group was with General Manager (First Name Unknown) [redacted] NUMEC's Nuclear Material Manager JAMES LOVETT. (U) b6 b7C

[redacted] advised that he did not have any factual knowledge of any diversion of nuclear fuel from NUMEC to [redacted] (U)

Investigation on 10/30/79 at Washington, D.C. File # WFO 117-273

by SA [redacted] aih Date dictated 11/1/79 b6 b7C

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TOP SECRET

a foreign government. (U)

[redacted] advised that on no occasion did he observe or become aware of any contact SHAPIRO may have had with foreign agents and particularly Israeli agents. (U)

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[redacted] advised that he has never been involved in any investigation concerning diversion of nuclear fuel, nor was he ever approached by a representative of NUMEC or the U.S. Government to intercede in the U.S. Government's investigation on SHAPIRO's behalf. (U)

[redacted] concluded that he does not know from what source SHAPIRO received the money to pay the penalty imposed on NUMEC by the Atomic Energy Commission for the loss of the nuclear material. (U)

TOP SECRET

FD-302 (REV. 3-8-77)

FEDERAL BUREAU OF INVESTIGATION

1

Date of transcription 10/12/79

MARCUS A. ROWDEN, Attorney, 600 New Hampshire Avenue, N.W., Washington, D.C. (WDC), Suite 1,000, was interviewed. ROWDEN was informed that the Federal Bureau of Investigation (FBI) is conducting an investigation into allegations that a company identified as NUMEC in Apollo, Pennsylvania, and owned by ZALMAN MORDECAI SHAPIRO, may have diverted nuclear fuel to Israel. ROWDEN was informed that because of his employment with the Nuclear Regulatory Commission (NRC), and its predecessor, the Atomic Energy Commission (AEC), he was being interviewed concerning this matter. (U)

ROWDEN advised that he commenced employment with the AEC in February, 1958, as a Staff Attorney, remaining with the AEC and subsequently the NRC, until his resignation in June, 1977. ROWDEN held a variety of legal and administrative positions during his nineteen years, including membership on the NRC Commission from January, 1975, to June, 1977, and Chairmanship of the NRC from April, 1976, to June, 1977. (U)

ROWDEN's first contact with the NUMEC matter occurred in the mid-60's, when allegations were made that SHAPIRO, as head of NUMEC, may have diverted nuclear fuel to Israel. At the time ROWDEN was the Assistant General Counsel for Administration and Litigation. ROWDEN advised that in this capacity, he was responsible for furnishing legal advice to the Division of Nuclear Materials Management and Division of Inpsection, which at the time was conducting the investigation for AEC of the allegations against NUMEC. ROWDEN recalled that he instructed all the investigators at the time to specifically warn anyone interviewed in this case of their basic Constitutional rights prior to interview, and that the investigators were not to take any written statements from the interviewee. ROWDEN explained that he took this posture because in a previous unrelated case, AEC investigators had gone too far in their interviews without furnishing these rights, and as a result eventual prosecution by the Department of Justice was compromised. ROWDEN recalled having a telephone conversation with [redacted] a WDC attorney who was representing NUMEC at the time. ROWDEN noted that [redacted] was critical of ROWDEN's position (U)

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Investigation on 10/10/79 at Washington, D.C. File # WFO 117-273

by SA [redacted] :aih Date dictated 10/11/79

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regarding furnishing rights and taking no written statements, claiming that this was not a criminal matter. ROWDEN advised, however, that he remained steadfast. (U)

ROWDEN then stated that in the mid 1960's, he, together with a number of senior AEC officials, met in the office of HOWARD BROWN, who was at the time, Assistant General Manager of the AEC. The group met with senior management officials of NUMEC to obtain their view of what happened to the nuclear fuels. ROWDEN noted that he suspects this was the purpose of the meeting, but his recollection on this point is not clear. ROWDEN advised that he never visited the NUMEC facility in Apollo, Pennsylvania, and recalls never having met SHAPIRO. (U)

Regarding any factual knowledge of any diversion of nuclear fuel from NUMEC to a foreign government, ROWDEN said he had no direct factual knowledge that this took place. ROWDEN explained that the first full and complete briefing he received regarding this matter was in February, 1976. The briefing came about as a result of a request by WILLIAM ANDERS, who was Chairman of the NRC at the time. ANDERS and the other commission members were concerned at the time because there were a number of newspaper articles concerning possible diversion of nuclear fuels. Also at the time an AEC employee, [redacted] was making broad-scale as well as specific allegations of diversion of nuclear fuel to the Middle East. (U)

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[redacted] (U)

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ROWDEN concluded that at no time was he ever approached by a representative of NUMEC or by any official of NUMEC to intercede in the government's investigation of NUMEC on SHAPIRO's behalf. Lastly, ROWDEN advised he had no idea as to the source of the money SHAPIRO used to pay the penalty imposed on NUMEC by the AEC for the loss of the nuclear material. (U)

[redacted] (U)

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FD-302 (REV. 3-8-77)

FEDERAL BUREAU OF INVESTIGATION

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Date of transcription 11/7/79

[redacted] Technical Assistant to Commissioner PETER A. BRADFORD, U.S. Nuclear Regulatory Commission, 1717 H Street, N.W., Washington, D.C. (WDC), was interviewed. b6 b7C

[redacted] was informed the Department of Justice has instructed the Federal Bureau of Investigation (FBI) to conduct an investigation into the alleged diversion of nuclear fuel to Israel by the NUMEC Corporation and its President during the 1960's, ZALMAN MORDECAI SHAPIRO. (U)

[redacted] advised that his first involvement in any fashion was in July or August, 1976, when he was technical assistant to former Nuclear Regulatory Commission (NRC) Chairman MARCUS ROWDAN and then became technical assistant to Executive Director for Operations, LEE VAN GOSSICK. [redacted] advised that any information he obtained regarding the NUMEC matter derived from reports from other U.S. Government agencies or other divisions within NRC.

[redacted] advised that he did not have any factual knowledge of any diversion of nuclear fuel from NUMEC to a foreign government. (U)

[redacted] advised that on no occasion did he observe or become aware of any contact SHAPIRO may have had with foreign agents and particularly Israeli agents. (U)

[redacted] advised that he has never been involved in any investigation concerning diversion of nuclear fuel, nor was he ever approached by a representative of NUMEC or the U.S. Government to intercede in the U.S. Government's investigation on SHAPIRO's behalf.

[redacted] concluded that he does not know from what source SHAPIRO received the money to pay the penalty imposed on NUMEC by the Atomic Energy Commission for the loss of the nuclear material.

Investigation on 10/30/79 at Washington, D.C. File # WFO 117-273

by SA [redacted] aih Date dictated 11/1/79 b6 b7C

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 9/21/79

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[redacted], was interviewed at his place of employment, Oak Ridge National Laboratory. [redacted] was advised of the identity of the interviewing agent and that he was being interviewed regarding any information he had concerning the possible theft or diversion of special nuclear material from the Numec Plant. [redacted] stated that he understood the purpose of the interview, and indicated that he had no objection to being interviewed regarding this matter. He thereafter furnished the following information:

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[redacted] indicated that he began employment with Numec Corporation in June 1959, when he was hired as a "one man Research and Development Department". [redacted] became the manager of Research and Development for Numec Corporation and stayed in this position until the Research and Development effort was abolished sometime in 1974 or 1975, at which point he terminated his employment and sought employment with the Oak Ridge National Laboratory. [redacted] said that he had absolutely no personal knowledge of any illegal or unethical activity at the Numec Corporation, and that the only information he had regarding the possible theft or diversion of nuclear material was what he had read in the contemporary public accounts in the newspapers. [redacted] said that the former Atomic Energy Commission conducted an investigation regarding the missing material, and to the best of his knowledge he recalled that the company management cooperated in all ways with the AEC investigation. [redacted] said that he did not see any inhibition on the part of the company to cooperate, except for the normal complaints about the cost of the investigation and the cost of the attempts to find the missing material.

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[redacted] stated that his private opinion was that it would be extremely difficult for special nuclear material to have been stolen from the Numec Plant, in that a diversion such as that would require a deliberate removal from the plant. He said the chances of this occurring were virtually nil, unless a legitimate purchase order had been entered and set out, and said that, although this is a possibility, he does not know that for a fact.

Investigation on 9/14/79 at OAK RIDGE, TENNESSEE File # KX 117-365
WFO 117-273

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by SA [redacted] ldj Date dictated 9/20/79

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added that if this is what has occurred at Numec, he would have imagined that by now someone would have talked or have let slip accidentally the fact that a theft had occurred.

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said that normally any order for nuclear material that came in was from a company already known to the personnel at Numec and therefore there would be no suspicions regarding that company's orders. He said that, to the best of his recollection, there were small orders from companies who were unknown to the Numec people, but that orders from companies such as these required a license number from the Atomic Energy Commission on the order. He said that there were other safe-guards involved also, but that, being in the Research and Development area, he did not get that involved in these type of transactions.

said that the only complaint that he had against Numec's operation was that their operations were very "sloppy". He said that he had voiced this complaint many times during his employment at Numec. He explained that he felt that the production losses were higher than they should have been for that type of an operation. He then indicated that as to where the material might have gone, he had absolutely no idea. He said that whether it "went down a sewer or what" was anybody's guess, but that he had no knowledge of any deliberate diversion or theft of the material.

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he [redacted] said that he knew ZALMAN SHAPIRO while [redacted] was an employee at Numec. He said that he knew SHAPIRO was a devoted Zionist, but that he personally believed SHAPIRO was an honest individual in his dealings. He said that in every encounter he had with SHAPIRO he found him to be honest and that at no time did SHAPIRO ever request him to do anything that was either illegal or unethical.

[redacted] said that he could recall a cobalt irradiator being shipped to Israel. He believed that this device was to be used to sterilize oranges or some other edible substance. [redacted] said that he had no knowledge whatsoever of any additional nuclear material being shipped to Israel hidden inside of the cobalt irradiator or any other device. He said that he has heard of this since through his reading of newspaper stories, but that he considers this only hearsay evidence and said that he had no personal knowledge. (U)

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117-273
11/6/79
RJD/rjd

ZALMAN MORDECAI SHAPIRO

By memorandum dated January 19, 1979, the Knoxville Office of the Federal Bureau of Investigation (FBI) furnished the results of interviews of [redacted] [redacted] on November 17, 1978, December 19, 1978, and January 17, 1979. The results of those interviews are attached hereto.

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WFO 117-273
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TOP SECRET

A review of Washington Field Office's file 117-273 reflects that [redacted] previously furnished information on a confidential basis in this matter [redacted] and has been previously reported. b7D

TOP SECRET

WFO 117-273
RJD:aih
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[redacted] Internal Security, Department of Energy (DOE), Germantown, Maryland, furnished information to the Washington Field Office (WFO) of the Federal Bureau of Investigation (FBI) regarding the present location of current and former members of DOE, Energy Research and Development Administration (ERDA) and the Atomic Energy Commission (AEC). However, due to the expiration of time, [redacted] could not provide current addresses for the following individuals:

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[redacted] AEC
[redacted] AEC
[redacted] - AEC
[redacted] AEC
[redacted] - AEC
[redacted] AEC
[redacted] DOE
[redacted] - ERDA

In addition, [redacted] advised that the following individuals are deceased:

ANSON BARTLETT - AEC
JOHN WATERS - DOE

WFO 117-273
RJD:aih
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[redacted] Security Office, Nuclear Regulatory Commission (NRC), Washington, D.C. (WDC), furnished information as to the location of current and former members of NRC. However, [redacted] could not provide information regarding the following:

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[redacted]

[redacted] furnished the following addresses as indicated:

[redacted] California.

[redacted] Vice President, Research, Standard Oil of Indiana, Chicago, Illinois.

WFO 117-273
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TOP SECRET

The following individuals could not be located by either the Pittsburgh or New York Offices of the Federal Bureau of Investigation(FBI):

[redacted] NUMEC
- NUMEC

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In addition, the New York Office reported that PRESSLEY MC CANCE - NUMEC, is deceased.

TOP SECRET

UNI) STATES GOVERNMENT

memorandum

November 13, 1979

DATE: PBH/PHG

REPLY TO ATTN OF: Philip B. Heymann
Assistant Attorney General
Criminal Division

PBH:JHD:TEM:njs
146-41-15-3112

SUBJECT: Zalman Mordecai Shapiro
Atomic Energy Act (42 U.S.C. § 2011, et seq.)

TO: The Director
Federal Bureau of Investigation

Reference is made to our memorandum to you, dated September 24, 1979 (copy attached), in which we requested that the Bureau complete the interviews of individuals whose names were provided in our memorandum of June 8, 1979, and report the results to us no later than November 15, 1979.

This is to emphasize the Department's interest in expediting a disposition of this matter, and to reiterate our earlier request that the results of the interviews be furnished to the Internal Security Section no later than November 15, 1979.

Attachment

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 6/24/85 BY 5668 SLD/mlf/KG
Per DOJ letter 5/23/85

EXP. PROC
38 NOV 15 1979

508X1
5/21/80
15 NOV 14 1979

[redacted] b6 b7C

Report Forwarded
J.S.J. 11/16/79

Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

OPTIONAL FORM NO. 10
(REV. 7-76)
GSA FPMR (41 CFR) 101-11.6
5010-112

UNITED STATES GOVERNMENT

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

Memorandum

TO : [redacted] wlb/mth

DATE: 11-15-79

b6
b7C

FROM : [redacted] pla/mth

SUBJECT:

The attached _____ has been received in the Records Branch, appropriately initialed, and indicated for file. By use of instant transmittal memorandum, all necessary recording and indexing will be accomplished. It is to be noted this form is for internal use only within the Records Branch, principally by the Routing Unit where bulky material not accompanied by memorandum is usually received.

The enclosure, if bulky and not usually filed with other papers in file, may be detached but this action should be clearly noted under the word "Enclosure."

Enc.

ENCLOSURE

DE-81

20 NOV 15 1979

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 6/21/82 BY SP-1 GSK/RBG
217,822

Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

FBI/DOJ

97 NOV 26 1979

FEDERAL BUREAU OF INVESTIGATION
FOI/PA
DELETED PAGE INFORMATION SHEET
FOI/PA# 1210156-0

Total Deleted Page(s) = 109
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DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 10-12-2018 BY: [redacted]

FD-36 (Rev. 2-14-74)

b6
b7C

~~CONFIDENTIAL~~

FBI

Date: 8/12/76

Transmit the following in CODE
(Type in plaintext or code)

Via TELETYPE URGENT
(Precedence)

05

TO: DIRECTOR, FBI (117-0)

FROM: PITTSBURGH (117-NEW)

~~CONFIDENTIAL~~

POSSIBLE LOSS 85 KILOGRAMS NUCLEAR MATERIAL FROM NUCLEAR MATERIALS AND EQUIPMENT CORPORATION, SUBSIDIARY OF BABCOCK-WILCOX CORPORATION, APOLLO-LEECHBURG, PA., SITES BETWEEN JUNE, (U) 1975 - MAY 7, 1976. ATOMIC ENERGY ACT. (C)

RE PITTSBURGH TELS TO BUREAU, MAY 6, 1976, and JULY 9, 1976. (U)

ON INSTANT DATE, [redacted] PHYSICAL SECURITY SECTION LEADER, U. S. NUCLEAR REGULATORY COMMISSION (NRC), KING OF PRUSSIA, PA., ~~ALONG WITH~~ AND [redacted] ~~OF~~ SAME AGENCY, ~~PERSONALLY~~ ADVISED PITTSBURGH OFFICE ~~THEIR INVESTIGATION AT~~ ~~CAPTIONED.~~ ~~ABOVE DESCRIBED PLANT LEADS THEM TO BELIEVE THAT~~ THEY SUSPECT QUANTITY OF HIGHLY ENRICHED URANIUM RANGING ~~IN AMOUNT~~ BETWEEN 50 AND 76 KILOGRAMS IS MISSING FROM ~~ABOVE~~ CAPTIONED FACILITY. [redacted] ~~STATED THAT ALL~~ COMPLETE OF THE TECHNICAL ~~TESTING~~ INVESTIGATION OF THE FACILITY ~~HAS BEEN COMPLETED AND THAT THIS LED TO THE~~ RESULTED IN RECOVERY OF APPROXIMATELY

b6
b7C

~~CONFIDENTIAL~~

JGB/MTL
(1)

~~Classified by 5932~~
~~Exempt from GDS~~
~~Category 3 4 Date of~~
~~Declassification Indefinite~~

Classified by 1259
Exempt from GDS.
Cate. 2, Indefinite

[redacted]

b6
b7C

Approved: _____ Sent 6:50 P M Per _____
Special Agent in Charge

GPO : 1975 O - 590-992

117-97-1

FD-36 (Rev. 2-14-74)

FBI

Date:

Transmit the following in _____
(Type in plaintext or code)

Via _____ _____
(Precedence)

PAGE TWO PG 117-NEW ~~CONFIDENTIAL~~

26 KILOGRAMS ~~OF THE MATERIAL~~. ~~HE STATED~~ BALANCE OF MISSING MATERIAL CANNOT BE EXPLAINED ~~AWAY~~ AS MATERIAL LOST IN NORMAL PROCESSING. [redacted] ~~FURTHER STATED~~ A PHYSICAL INVENTORY OF NUCLEAR MATERIALS AT ABOVE FACILITY IS TO BEGIN MONDAY, AUGUST 16, 1976, AND SHOULD BE COMPLETED BY FRIDAY, AUGUST 20, 1976. [redacted] ~~STATED THAT~~ WHILE A SMALL PERCENTAGE OF THE SUSPECTED LOSS MAY SHOW UP, [redacted] BELIEVES ~~IT IS HIS OPINION THAT THE~~ MISSING MATERIAL IS NOT ON THE SITE. [redacted] OPINION, WHICH IS IN PART BASED UPON THE TECHNICAL EXAMINATION, IS REINFORCED IN HIS MIND BY THE FOLLOWING INFORMATION: ~~(S)~~ (U) .

b3
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b7C

ON AUGUST 4, 1976, DURING ~~THE COURSE OF THE FOLLOW-UP~~ INSPECTION OF THE ~~ABOVE~~ SITE, [redacted] SECURITY ADMINISTRATOR OF BABCOCK-WILCOX CORP. (BWC), ~~MADE A COMMENT THAT~~ STATED HE WAS ON SITE TO INVESTIGATE ~~A~~ REPORT ~~THAT~~ MATERIAL WAS BEING STOLEN AND ~~BEING~~ CARRIED OUT THROUGH [redacted] [redacted] ~~ADVISED HE~~ WAS NOT THINKING IN TERMS OF NUCLEAR MATERIAL ~~UNACCOUNTED FOR~~, BUT SUCH ITEMS . . AS TOOLS, SUPPLIES AND EQUIPMENT. [redacted] REFERRED SPECIFICALLY ~~BASED THIS STATEMENT~~

Approved: _____ Sent _____ M Per _____
Special Agent in Charge

GPO : 1975 O - 590-992

FD-36 (Rev. 2-14-74)

FBI

Date:

Transmit the following in _____
(Type in plaintext or code)

Via _____ _____
(Precedence)

PAGE THREE PG 117-NEW CONFIDENTIAL

~~PARTIALLY ON THE FACT THAT~~ TO NEW INDUSTRIAL VACUUM CLEANER IN ORIGINAL PACKING CASE ~~HAD BEEN~~ STOLEN FROM ~~ABOVE~~ SITE. IN A SUBSEQUENT MEETING WITH [redacted] MANAGER, TECHNICAL CONTROL, [redacted] MANAGER, SECURITY, AND [redacted] MANAGER, NUCLEAR MATERIAL CONTROL, [redacted] REPEATED A STATEMENT MADE TO HIM BY ONE [redacted] (PROTECT IDENTITY), [redacted] THIS FORMER EMPLOYEE MADE STATEMENTS ~~TO THE EFFECT~~ THAT NUCLEAR MATERIAL WAS BEING TAKEN FROM ABOVE SITE AND SOLD ON THE BLACK MARKET IN MORGANTOWN, WVA. ~~THIS~~ FORMER EMPLOYEE ALSO STATED ~~THAT~~ ~~THE~~ MATERIAL WAS GOING OUT [redacted] WAS HESITANT TO IDENTIFY THIS FORMER EMPLOYEE AS [redacted] REQUESTED HER STATEMENT BE HELD IN CONFIDENCE. APPROXIMATELY [redacted] WAS ABLE

b6
b7C
b7D

b3
b6
b7C
b7D

Approved: _____ Sent _____ M Per _____
Special Agent in Charge

GPO : 1975 O - 590-992

FD-36 (Rev. 2-14-74)

FBI

Date:

Transmit the following in _____
(Type in plaintext or code)

Via _____ _____
(Precedence)

PAGE FOUR PG 117-NEW ~~CONFIDENTIAL~~

THROUGH USE OF RECORDS OF FORMER EMPLOYEES TO IDENTIFY ONE

[redacted] b6 b7C b7D

[redacted] ~~(C)~~ (U)

PITTSBURGH FILES REVEAL ITSMV INVESTIGATION RE [redacted] b6 b7C b7D

[redacted]

[redacted] AT TIME OF INVESTIGATION,

[redacted] AUSA, CINCINNATI, OHIO,

Approved: _____ Sent _____ M Per _____
Special Agent in Charge

GPO : 1975 O - 590-992

FD-36 (Rev. 2-14-74)

FBI

Date:

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(Type in plaintext or code)

Via _____ _____
(Precedence)

PAGE FIVE PG 117-NEW ~~CONFIDENTIAL~~

OFFICE OF ORIGIN IN ~~THIS~~ ITSMV INVESTIGATION, DEFERRED PROSECUTION TO LOCAL AUTHORITIES, WESTMORELAND COUNTY, PA. LOCAL CHARGES WERE SUBSEQUENTLY DISPOSED OF RE [redacted] COURT JUDGE AT GREENSBURG, PA., [redacted] (U) b6 b7C b7D

NRC PERSONNEL WERE ABLE TO VERIFY WITH [redacted] [redacted] ~~HAD BEEN THE~~ IS FORMER EMPLOYEE WHO HAD GIVEN [redacted] INFORMATION RE LOSS OF MATERIAL. ~~(C)~~ (U)

[redacted] STATED ~~THAT~~ THE NRC DIVERSION PATH ANALYSIS HAD DETERMINED [redacted] [redacted] ~~(C)~~ (U) b3 b6 b7C

[redacted] ~~STATED HIS~~ BELIEF ~~THAT~~ MISSING MATERIAL ~~WAS~~ NO LONGER ON SITE IS ~~ALSO~~ BASED ON ~~INFORMATION THAT BETWEEN~~ PRODUCTION CONTROL DATA THAT DURING PERIOD APRIL 26, 1976, AND AUGUST 8, 1976, APPROXIMATELY 26 KILOGRAMS OF NUCLEAR MATERIAL ~~UNACCOUNTED FOR~~ WAS MISSING. (THESE 26 KILOGRAMS WOULD BE PART OF THE TOTAL ~~MISSING~~ AMOUNT) FOR WHICH CURRENTLY THERE IS NO ACCOUNTING. ~~(C)~~ (U)

Approved: _____ Sent _____ M Per _____
Special Agent in Charge

GPO : 1975 O - 590-992

FD-36 (Rev. 2-14-74)

FBI

Date:

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(Type in plaintext or code)

Via _____ _____
(Precedence)

PAGE SIX PG 117-NEW ~~CONFIDENTIAL~~

[redacted] ~~STATED ABOVE~~ SITE HAS BEEN CLOSED DOWN AND WILL REMAIN CLOSED AT LEAST THROUGH THE END **OF THE PHYSICAL INVENTORY.** ~~(C)~~ (U)

b6
b7C

UACB, PITTSBURGH IS INITIATING AN INVESTIGATION RE ABOVE LOSS. (U)

~~**CLASSIFIED BY 5932, XGDS 3, INDEFINITE.**~~

END.

~~Classified by 1259, XGDS 2, Indefinite.~~

~~CONFIDENTIAL~~

Approved: _____ Sent _____ M Per _____
Special Agent in Charge

GPO : 1975 O - 590-992

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 10-24-2018 BY: [redacted]

b6
b7C

NR 005 PG CODE

6:50 PM URGENT AUGUST 12, 1976 ELF

TO: DIRECTOR, FBI (117-0)

FROM: PITTSBURGH (117-NEW)

~~C O N F I D E N T I A~~ L

POSSIBLE LOSS 85 KILOGRAMS NUCLEAR MATERIAL FROM NUCLEAR MATERIALS AND EQUIPMENT CORPORATION, SUBSIDIARY OF BABCOCK-WILCOX CORPORATION, APOLLO-LEECHBURG, PA., SITES BETWEEN JUNE, 1975 -MAY 7, 1976. ATOMIC ENERGY ACT. (C) (U)

RE PITTSBURGH TELS TO BUREAU, MAY 6, 1976, AND JULY 9, 1976. (A) (U)

ON INSTANT DATE, [redacted] PHYSICAL SECURITY SECTION LEADER, U. S. NUCLEAR REGULATORY COMMISSION (NRC), KING OF PRUSSIA, PA., AND [redacted] SAME AGENCY, ADVISED PITTSBURGH OFFICE THEY SUSPECT QUANTITY OF HIGHLY ENRICHED URANIUM RANGING BETWEEN 50 AND 76 KILOGRAMS IS MISSING FROM CAPTIONED FACILITY. COMPLETE TECHNICAL INVESTIGATION OF THE FACILITY RESULTED IN RECOVERY OF APPROXIMATELY END PAGE ONE

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O/A [redacted] ONL

~~CONFIDENTIAL~~

Classified by 1259
X GDS2, Indefinite

Searched
Serialized
Indexed
Filed

117-97-1

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 10-24-2018 BY: [redacted]

b6
b7C

PER BUTELCALL OF THIS DATE (8/13/76), PG IS RESENDING THIS TEL

NR 005 PG CODE

6:50 PM URGENT AUGUST 12, 1976 ELF

TO: DIRECTOR, FBI (117-0)

FROM: PITTSBURGH (117-NEW)

~~C O N F I D E N T I A L~~

POSSIBLE LOSS 85 KILOGRAMS NUCLEAR MATERIAL FROM NUCLEAR MATERIALS AND EQUIPMENT CORPORATION, SUBSIDIARY OF BABCOCK-WILCOX CORPORATION, APOLLO-LEECHBURG, PA., SITES BETWEEN JUNE, 1975 -MAY 7, 1976. ATOMIC ENERGY ACT.

RE PITTSBURGH TELS TO BUREAU, MAY 6, 1976, AND JULY 9, 1976.

ON INSTANT DATE, [redacted] PHYSICAL SECURITY SECTION LEADER, U. S. NUCLEAR REGULATORY COMMISSION (NRC), KING OF PRUSSIA, PA., AND [redacted] SAME AGENCY, ADVISED PITTSBURGH OFFICE THEY SUSPECT QUANTITY OF HIGHLY ENRICHED URANIUM RANGING BETWEEN 50 AND 76 KILOGRAMS IS MISSING FROM CAPTIONED FACILITY. COMPLETE TECHNICAL INVESTIGATION OF THE FACILITY RESULTED IN RECOVERY OF APPROXIMATELY

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b7C

END PAGE ONE

117-97-1A

FD-340a (Rev 3-12-74)

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 10-24-2018 BY [redacted]

b6
b7C

(Title)

(File No.)

Item	Date Filed		Disposition
1	8/30	7 sheets of B&W former employees ending 1/1/76 - 7/31/76	
2	8/30	Signed Statement - [redacted]	
3	8/30	List of Janitors	
4	8/30	Signed Statement [redacted]	
5	11/11	Photos (2) of [redacted]	
6	8/10/77	Copy of letter DTD 2-4-63 to [redacted] from Asst. ATTY GEN. Criminal Div. U.S. Dept of Justice	

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117-97-1A
ARCHED
ALIZED
FI...
FBI - SITTS ...

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 10-24-2018 BY [redacted]

b6
b7C

FD-340 REV. (6-24-65)

File No. 117-97-141

Date Received 8/13/76

From [redacted]
(NAME OF CONTRIBUTOR)

Babcock & Wilcox, Nuclear Fuel Div
(ADDRESS OF CONTRIBUTOR)

609 W. Warner Ave, Apollo, Pa

[redacted]
(NAME OF SPECIAL AGENT)

b6
b7C

To Be Returned ☐ Yes ☑ No

Receipt Given ☐ Yes ☑ No

Description:

7 sheets listing B&W former employees terminating 1/1/76 - 7/31/76.

306-806A

TERMI"^TIONS JANUARY, 1976

Employee's Name	Race	Sex	EEO No.	Classi-fication	Start Date	Term. Date	Dept.	Supv.	Type of Termination	Reason for Termination
	W	M	7	Shipping & Rec. Clerk	2-10-60	1-2-76	#706		Voluntary	Retirement b6 b7C
	W	M	2	Senior Accountant	9-29-75	1-15-76	#812		Voluntary	Personal Problems
	W	M	1	Mgr., Technical Applications	1-28-65	1-31-76	#273		Voluntary	Another Job
	W	M	7	Production Technician	9-23-74	1-31-76	#154		Medical	Medical Problems

306-806A

TERMI'ATIONS FEBRUARY, 1976

b6
b7C

Employee's Name	Race	Sex	EEO No.	Classi-fication	Start Date	Term. Date	Dept.	Supv.	Type of Termination	Reason f Terminat
	W	M	4	Health&Safety Technician	3-5-74	1-21-76	#205		Voluntary Quit	Excessive Absenteeis
	W	M	6	Senior Operator	7-12-57	1-30-76	#306		Voluntary	Retirement
	W	M	7	Dissolver Operator	7-11-74	2-5-76	#133		Voluntary Quit	Excessive Absenteeism
Panek, L.T.	W	M	1	Mgr.,Metals Manufacturing	12-16-74	2-6-76	#101		Illness	Deceased
	W	M	2	Chemist,PU Lab	3-22-66	2-10-76	#616		Voluntary	Another Job
	W	M	7	Operator Helper	5-28-74	2-20-76	#304		Lay-Off	Reduction i Force
	W	M	8	Janitor-TypeII	9-16-74	2-25-76	#113		Lay-Off	Reduction i Force
	W	M	8	Janitor-TypeII	6-24-74	2-25-76	#113		Lay-Off	Reduction i Force
	W	M	7	Waste Salvage Operator	7-22-74	2-25-76	#132		Lay-Off	Reduction i Force
	W	M	7	Hammermill Blender Operator	1-24-75	2-25-76	#132		Lay-Off	Reduction i Force
	W	M	7	Hammermill Blender Operator	10-7-74	2-25-76	#132		Lay-Off	Reduction i Force
	W	F	5	Stenographer	3-4-74	2-27-76	#301		Voluntary	Full Time Housewife
	W	M	4	Layout Draftsman	9-30-74	2-27-76	#732		Voluntary	College - Full Time

306-806A

TERMI" TIONS

MARCH, 1976

b6
b7C

Employee's Name	Race	Sex	EEO No.	Classi-fication	Start Date	Term. Date	Dept.	Supv.	Type of Termination	Reason for Terminatio
	W	M	7	Production Technician	9-9-74	3-19-76	#235		Voluntary	Another job
	W	M	4	QA Technician	7-17-72	3-22-76	#612		Voluntary	Another job
	W	M	7	Production Technician	1-24-75	3-26-76	#235		Voluntary	Another job

306-806A

TERMI''TIONS APRIL, 1976

b6
b7C

Employee's Name	Race	Sex	EEO No.	Classi-fication	Start Date	Term. Date	Dept.	Supv.	Type of Termination	Reason for Terminatio
	N	M	7	Production Technician	2-16-76	3-27-76	#133		Voluntary	Another Job
	W	M	7	Production Technician	5-6-74	3-27-76	#133		Voluntary	Another Job
	W	M	4	QC Technician	9-3-74	4-7-76	#612		Voluntary	Another Job
	W	M	4	QC Technician	9-9-74	4-12-76	#612		Voluntary	Another Job
	W	M	7	Maintenance Helper "A"	9-23-74	4-20-76	#113		Voluntary	Military
	W	M	7	Production Technician	3-22-76	4-29-76	#132		Voluntary	Another Job
	W	M	4	H&S Technician	9-30-74	4-30-76	#205		Voluntary	Another Job
	W	F	5	Secretary	1-1-74	4-30-76	#703		Voluntary	Moving out of state

306-806A

TERMINATIONS

MAY, 1976

b6
b7C

Employee's Name	Race	Sex	EEO No.	Classification	Start Date	Term. Date	Dept.	Supv.	Type of Termination	Reason for Terminatic
	W	M	7 ✓	Production Technician	8-26-74	4-9-76	#220		Voluntary	Another Job
	W	M	7 ✓	Production Technician	3-22-76	5-7-76	#132		Voluntary	Return to Military Svc.
	W	M	7 ✓	Operator Helper	9-16-74	5-9-76	#220		Voluntary	Another Job

306-806A

TERMINATIONS

JUNE, 1976

b6
b7C

Employee's Name	Race	Sex	EEO No.	Classification	Start Date	Term. Date	Dept.	Supv.	Type of Termination	Reason for Terminatio
	W	M	8	Security Guard	4-1-74	6-9-76	#622		Voluntary	For benefit of Company
	W	M	7	Production Technician	3-11-74	6-9-76	#157		Voluntary	For benefit of Company
	W	M	8	Utility Man	9-30-74	4-13-76	#107		Voluntary	Another job
	W	M	7	Production Technician	3-29-76	6-14-76	#132		Released	See Personnel File
	W	M	8	Janitor	2-23-76	6-22-76	#113		Voluntary	Another job

306-806A

TERMINATIONS JULY, 1976

Employee's Name	Race	Sex	EEO No.	Classi-fication	Start Date	Term. Date	Dept.	Supv.	Type of Termination	Reason for Terminatio
	W	M	7	Production Technician	5-6-74	7-3-76	#153		Voluntary	Another Job b6 b7C
	W	F	2	Industrial Nurse	9-8-75	7-16-76	#806		Voluntary	Another Job
	W	M	7	Production Technician	8-19-74	7-20-76	#158		Voluntary	Another Job
	W	M	4	Health&Safety Technician	9-3-74	7-26-76	#105		Voluntary	Another Job

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 10-24-2018 BY [redacted]

b6
b7C

FD-340 REV. (6-24-65)

File No. 117-97-1A2

Date Received 8/16/70

From [redacted]

[redacted] BUTOR)

(ADDRESS OF CONTRIBUTOR)

[redacted]

By [redacted]

(NAME OF SPECIAL AGENT)

b6
b7C
b7D

To Be Returned ☐ Yes ☑ No

Receipt given ☐ Yes ☑ No

Description:

Signed Statement

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 10-24-2018 BY [redacted]

b6
b7C

FD-340 REV. (6-24-65)

File No. 117-97-1A3

Date Received 8/17/76

From [redacted]
(NAME OF CONTRIBUTOR)

Babcock & Wilcox, Nuclear Water, Inc.
(ADDRESS OF CONTRIBUTOR)

Apollo, Pa

By [redacted]
(NAME OF SPECIAL AGENT)

b6
b7C

To Be Returned ☐ Yes ☑ No

Receipt given ☐ Yes ☑ No

Description:
List of Janitors

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 10-24-2018 BY [redacted]

b6
b7C

1. Where did [redacted] work (Utility Man in Apollo Plant L.E. & H.E. reported to [redacted]
Presently working as Utility Man in H.E. Apollo reporting to [redacted]

2. List of Janitors at T-II and Apollo from Jan. 1976 to Present:

Terminations:

[redacted] (Apollo & T-II)
(Apollo)

b6
b7C

Apollo	Office	T-II
[redacted] AM TURN	[redacted]	[redacted]
[redacted]		[redacted] (Apollo now T-II)
[redacted] AM TURN		
[redacted] awaiting clearance for transfer to T-II ✓		
[redacted] "		
[redacted] - BODY ☐".		

[redacted] - Worked as Janitors at T-II - on loan from Pu (back at Pu now)
[redacted] - AM SHIFT "
[redacted] - Now working in Apollo Maintenance
✓ - Apollo - Transferred to L.E. U Mfg.
~~QUIT~~ [redacted] Apollo - Transferred to L.E. U Mfg.

Janitors on Duty 8/17 from 7:00 to 3:30

[redacted]

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 10-24-2018 BY [redacted]

b6
b7C

FD-340 REV. (6-24-65)

File No. 117-97 - 144

Date Received 8/18/76

From [redacted]
(NAME OF CONTRIBUTOR)
[redacted]
(ADDRESS OF CONTRIBUTOR)
[redacted]

b6
b7C
b7D

By [redacted]
(NAME OF SPECIAL AGENT)

To Be Returned ☐ Yes ☒ No

Receipt given ☐ Yes ☒ No

Description:

Signed Statement

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 10-24-2018 BY [redacted]

b6
b7C

FD-340 REV. (6-24-65)

File No. 117-97-1A5

Date Received 8/18/76

From [redacted]

(NAME OF CONTRIBUTOR)

Babcock & Wilcox

(ADDRESS OF CONTRIBUTOR)

Cassville, Ga.

[redacted]

b6
b7C
b7D

To Be Returned ☐ Yes ☒ No

Receipt Given ☐ Yes ☒ No

Description:

Photo (2) of [redacted]

POLAROID F502E2B38

POLAROID F502E2B38

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 10-24-2018 BY [redacted]

b6
b7C

FD-340 REV. (10-1-76:

File No. 117-97-1A6

Date Received 7/27/77

From LESLIE DRUMM
(NAME OF CONTRIBUTOR)

FINLEYVILLE (Rd #3)
(ADDRESS OF CONTRIBUTOR)

PA [redacted]

b6
b7C

To Be Returned ☐ Yes Receipt Given ☐ Yes

☒ No ☒ No

Description:

Copy of Letter DTD

2/4/63 TO

Drum From ASST

ATTY GEN,

Criminal DIV.

U.S. Dept of Justice

ASSISTANT ATTORNEY GENERAL
CRIMINAL DIVISION

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 10-24-2018 BY [redacted]

Department of Justice
Washington

b6
b7C

February 4 1963

Mr. Leslie Earl Drum, Jr.
RD #3 Route 88
Finleyville, Pennsylvania

Dear Mr. Drum:

The Attorney General has requested me to reply to your letter dated November 28, 1962, with enclosures, which contained allegations of irregularities which have occurred within the Atomic Energy Commission.

The material presented in your correspondence has been carefully reviewed. At my request, the Federal Bureau of Investigation, which is the investigative arm of the Department of Justice, interviewed you to ascertain what specific information you had with respect to the general allegations contained in your letter. I am unable to conclude from the information you presented that violations of the Federal statutes have occurred and, accordingly, there is no basis for further action by the Department of Justice at this time.

If you possess specific information which reflects a violation of Federal law, it is suggested that it be brought to the attention of the Federal Bureau of Investigation or the office of the United States Attorney, Pittsburgh, Pennsylvania.

Sincerely,

Herbert J. Miller Jr.

HERBERT J. MILLER, JR.
Assistant Attorney General

Judge Weatherly [illegible] "[illegible] and [illegible] [illegible] [illegible]

117-97-1A6

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 10-24-2018 BY: [redacted]

b6
b7C

OPTIONAL FORM NO. 10
JULY 1973 EDITION
GSA FPMR (41 CFR) 101-11.6

UNITED STATES GOVERNMENT

Memorandum

TO : SAC, Pittsburgh (117-0) DATE: 4/12/76

FROM : Director, FBI

SUBJECT: POSSIBLE LOSS OF 85 KILOGRAMS NUCLEAR MATERIAL FROM NUCLEAR MATERIAL AND EQUIPMENT CORP. (NUMEC), A SUBSIDIARY OF BABCOCK-WILCOX CORP., APOLLO-LEECHBURG, PENNSYLVANIA SITES BETWEEN JUNE, 1975, AND MAY 6, 1976 (U)
ATOMIC ENERGY ACT

RePGtel 5/6/76. (U)

Ensure that this matter is followed closely by maintaining liaison with the Nuclear Regulatory Commission (NRC) at King of Prussia, Pa. Immediately furnish FBIHQ the results of the completed NRC investigation when available. (U)

~~Classified by 1259~~
~~Exempt from GDS, Cat. 2~~
~~Indefinite~~

117-97-2
~~117-0-98~~

MAY 1 1976

Sav Info

~~CONFIDENTIAL~~

Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

5010-110

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 10-24-2018 BY: [redacted]

b6
b7C

CONFIDENTIAL

NR 004 PG CODE

3:20 PM URGENT MAY 6, 1976 CAK

TO: DIRECTOR (117-0)

FROM: PITTSBURGH (117-0)

POSSIBLE LOSS 85 KILOGRAMS NUCLEAR MATERIAL FROM NUCLEAR MATERIALS AND EQUIPMENT CORPORATION, A SUBSIDIARY OF BABCOCK-WILCOX CORP., APOLLO-LEECHBURG, PA., SITES, BETWEEN JUNE, 1975, MAY 6, 1976. AUTOMIC ENERGY ACT. ~~(C)~~ (U)

[redacted] SECURITY OFFICER, NUCLEAR REGULATORY COMMISSION, KING OF PRUSSIA, PA., APPEARED AT PITTSBURGH OFFICE AND ADVISED SAC VINCENT E. RUEHL AND SUPV. [redacted] HE IS TO ATTEND CONFERENCE AT WASHINGTON, D.C., ON MAY 7, 1976, AT WHICH TIME MEMBERS OF AEC, NRC, ERDA, AND MEMBERS EXECUTIVE BRANCH OF GOVERNMENT WILL BE BRIEFED BY [redacted] REGARDING THE POSSIBLE LOSS OF 85 KILOGRAMS OF NUCLEAR ENRICHED MATERIAL FROM NUCLEAR MATERIALS & EQUIPMENT CORP. (NUMEC), BABOCK-WILCOX CORP., APOLLO-LEECHBURG, PA., SITES. ~~(C)~~ (U)

b6
b7C

[redacted] STATES HE WILL RECOMMEND NUMEC BE PROCESSED WITH SOPHISTICATED TECHNICAL EQUIPMENT TO RECOVER SOME OF LOST MATERIAL AND POSSIBLY DETERMINE WHERE LOSS HAS OCCURRED, AS WELL AS POSSIBLE AMOUNT OF LOSS. [redacted] STATED IN JUNE, 1975, 33 KILOGRAMS OF NUCLEAR MATERIAL WAS MISSING, WHICH WAS NOT

b6
b7C

END PAGE ONE

~~CLASSIFIED BY~~ 5932 on 8/9/76
~~EXEMPT FROM GENERAL DECLASSIFICATION~~
~~SCHEDULE OF EXECUTIVE ORDER 11652~~
~~EXEMPTION CATEGORY~~ 3
~~AUTOMATICALLY DECLASSIFIED ON~~ INDEFINITE

CONFIDENTIAL

HJW/ATW ~~Classified by 1259, XGDS 2, Indefinite~~ GWS

117-97-3
~~117-0-98A~~

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 10-24-2018 BY [redacted]

OPTIONAL FORM NO. 10
MAY 1962 EDITION
GSA FPMR (41 CFR) 101-11.6

b6
b7C

UNITED STATES GOVERNMENT

Memorandum

TO : SAC, PITTSBURGH (117-0) DATE: 5/13/76

FROM : SUPV. [redacted]

b6
b7C

SUBJECT: POSSIBLE LOSS OF 85 KILOGRAMS NUCLEAR MATERIAL FROM NUCLEAR MATERIAL AND EQUIPMENT CORP.(NUMEC), A SUBSIDIARY OF BABCOCK-WILCOX CORP. APOLLO-LEECHBURG, PA., SITES, BETWEEN 6/75 and 5/6/76
AEC

[redacted] Security Officer, Nuclear Regulatory Commission (NRC), King of Prussia, Pa., telephonically advised on 5/12/76, that he had returned from Washington, D. C., where a conference was held on 5/7/76, at which time members of the Atomic Energy Commission, NRC, ERDA, and members of the Executive Branch of the Government discussed the above captioned loss. According to [redacted] a task force of chemists, engineers, physicists, and other low level measuring specialists will ascend on the above captioned facilities in order to determine if the 85 kilograms of nuclear material was lost in normal processing by the company or if it is being held up within pipes located underneath the plant.

[redacted] stated that he will keep the Pittsburgh Office advised as to the developments at the above site.

GWS:mtl
(2)

117-97-4

SEARCHED ___ INDEXED ___
SERIALIZED ___ FILED ___
MAY 12 1976
FBI—PITTSBURGH

Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan
5010-108

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 10-24-2018 BY: [redacted]

FD-36 (Rev. 2-14-74)

b6
b7C

FBI

Date: 7/9/76 CONFIDENTIAL

Transmit the following in CODE
(Type in plaintext or code)

Via TELETYPE NITEL
(Precedence)

06

TO: DIRECTOR (117-0)

FROM: PITTSBURGH (117-0-98)

POSSIBLE LOSS 85 KILOGRAMS NUCLEAR MATERIAL FROM NUCLEAR MATERIALS AND EQUIPMENT CORPORATION, A SUBSIDIARY OF BABCOCK-WILCOX CORPORATION, APOLLO-LEECHBURG, PA., SITES BETWEEN JUNE, 1975 - MAY 6, 1976. ATOMIC ENERGY ACT. ~~(C)~~ (U)

RE PITTSBURGH TEL TO BUREAU MAY 6, 1976. (U)

ON MAY 12, 1976, [redacted] SECURITY OFFICER, NUCLEAR REGULATORY COMMISSION (NRC), KING OF PRUSSIA, PA., ADVISED TELEPHONICALLY THAT THE CONFERENCE HELD AT WASHINGTON, DC, ON MAY 7, 1976, WITH MEMBERS OF AEC, NRC, ERDA, AND MEMBERS OF EXECUTIVE BRANCH OF GOVERNMENT WAS IN REGARD TO ABOVE CAPTIONED MATTER. ACCORDING TO [redacted] A TASK FORCE OF CHEMISTS, ENGINEERS, PHYSICISTS, AND OTHER LOW-LEVEL MEASURING SPECIALISTS WILL DECEND ON THE NUMEC FACILITIES IN ORDER TO DETERMINE IF THE 85 KILOGRAMS OF NUCLEAR MATERIAL WAS LOST IN NORMAL PROCESSING BY THE COMPANY OR IF IT IS BEING HELD UP WITHIN PIPES LOCATED UNDERNEATH THE PLANT. [redacted] STATED HE WOULD

b6
b7C

~~CLASSIFIED BY 5932 on 8/9/76~~
~~EXEMPT FROM GENERAL DECLASSIFICATION~~
~~SCHEDULE OF EXECUTIVE ORDER 11652~~
~~EXEMPTION CATEGORY 3~~
~~AUTOMATICALLY DECLASSIFIED ON INDEFINITE~~

CONFIDENTIAL

GWS:MTL
(1)

Approved: Special Agent in Charge Sent 2:20 P M Per CAK 117-97-5

Classified by 1201 XGDS 2, Indefinite

GPO : 1975 O - 590-992

FD-36 (Rev. 2-14-74)

FBI

Date: ~~CONFIDENTIAL~~

Transmit the following in _____
(Type in plaintext or code)

Via _____ _____
(Precedence)

PAGE TWO PG 117-0-98

KEEP PITTSBURGH OFFICE ADVISED AS TO DEVELOPMENTS AT ABOVE SITES. ~~(C)~~ (U)

ON JULY 9, 1976, [redacted] CHIEF OF MATERIAL CONTROLS, ACCOUNTING, NRC, KING OF PRUSSIA, PA., TELEPHONICALLY ADVISED THAT TEN EXPERTS HAVE BEEN AT NUMEC SINCE MAY 24, 1976, AND THAT TESTS AND MEASUREMENTS CONDUCTED TO DATE REFLECT IN ALL PROBABILITY, THERE HAS NOT BEEN A LOSS OF 85 KILOGRAMS OF NUCLEAR MATERIAL. [redacted] STATED THE PROCESSING OF NUMEC SITES WILL BE COMPLETED BY SEPTEMBER, 1976, AT WHICH TIME NRC WILL ADVISE FBI, PITTSBURGH, OF FINAL RESULTS. ~~(C)~~ (U)

b6
b7C

PITTSBURGH WILL ADVISE BUREAU OF FURTHER DEVELOPMENTS. (U)

END.

~~CONFIDENTIAL~~

Approved: _____ Sent _____ M Per _____
Special Agent in Charge

GPO : 1975 O - 590-992

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 10-24-2018 BY [redacted]

Routing Slip
0-7 (Rev. 7-11-7[redacted]

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- [ ] Alexandria
- [ ] Anchorage
- [ ] Atlanta
- [ ] Baltimore
- [ ] Birmingham
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- [ ] Buffalo
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- [ ] Charlotte
- [ ] Chicago
- [ ] Cincinnati
- [ ] Cleveland
- [ ] Columbia
- [ ] Dallas
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- [ ] Kansas City
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- [ ] Little Rock
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- [ ] Minneapolis
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- [ ] New Haven
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TO LEGAT:

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- [ ] Ottawa
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- [ ] Rome
- [ ] Tel Aviv
- [ ] Tokyo

b6
b7C

117-0-98

Date August 5, 1976

RE:

Ur teletypes to Director dated 7/9/76 and 5/6/76 captioned: Possible Loss of 89 Kilograms Nuclear Material from Nuclear Materials and Equipment Corp. A Subsidiary of Babcock-Wilcox Corp. Apollo-Leechburg, PA site between 6/75 and 5/76. AEA

Retention For appropriate

- [ ] For information
- [ ] optional
- [x] action
- [ ] Surep, by _____

- [ ] The enclosed is for your information. If used in a future report, [ ] conceal all sources, [ ] paraphrase contents.

- [ ] Enclosed are corrected pages from report of SA _____ dated _____

Remarks:

NRC has requested that referenced teletypes and all future communications in captioned matter be classified ~~Confidential~~--National Security Information. Classify your copies. Bureau copies amended.

~~117-0-98~~

b6
b7C

SEARCHED ___ INDEXED ___
SERIALIZED ___ FILED ___

AUG 6 1976

FBI - PITTSBURGH

117-97-6

Enc.
Bufile
Urfile

4628

FD-36 (Rev. 2-14-74)

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 10-24-2018 BY: [redacted]

b6
b7C

FBI

Date: 8/19/76

Transmit the following in EFTO
(Type in plaintext or code)

Via TELETYPE ~~CONFIDENTIAL~~ ROUTINE
(Precedence)

042

FM PITTSBURGH (117-97) (P)

TO DIRECTOR ROUTINE

BT

~~C O N F I D E N T I A L~~

POSSIBLE LOSS 85 KILOGRAMS NUCLEAR MATERIAL FROM NUCLEAR MATERIALS AND EQUIPMENT CORPORATION, SUBSIDIARY OF BABCOCK-WILCOX CORPORATION, APOLLO-LEECHBURG, PA., SITES BETWEEN JUNE, 1975 - MAY 7, 1976. ATOMIC ENERGY ACT OO: PG ~~(C)~~ (U)

REMYTELETYPE DATED AUGUST 12, 1976. (U)

[redacted] OPERATIONS MANAGER, NUCLEAR MATERIALS DIVISION, BABCOCK AND WILCOX (B&W) COMPANY, APOLLO, PA., HAS ADVISED PRELIMINARY RESULTS OF PHYSICAL INVENTORY WILL BE AVAILABLE AUGUST 20, 1976. HE STATES THERE HAS BEEN, OVER LAST TWO YEARS, A CUMULATIVE AMOUNT OF MATERIALS UNACCOUNTED FOR (MUF) OF 83.363 KILOGRAMS (KGS) OF HIGH ENRICHED URANIUM WHICH IS CONSIDERED A LITTLE HIGH, BUT WITHIN LICENSE REQUIREMENTS OVER THE TWO YEAR PERIOD. [redacted] STATES THAT OF THE TOTAL TWO YEAR CUMULATIVE AMOUNT OF MUF, 41 KGS HAVE ALREADY BEEN QUANTIFIED AS LOST THROUGH NORMAL, KNOWN EXIT PATHS.

b6
b7C

NL/sfe
(1)

117-97-7

~~CONFIDENTIAL~~

Approved: [signature] Special Agent in Charge

Sent 2016 Z M Per Dey

Classified by 1259
Exempt GDS, 2, Cat. 2
Indefinite

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Indexed
Filed

GPO : 1975 O - 590-992

FD-36 (Rev. 2-14-74)

FBI

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(Precedence)

PAGE TWO PG 117-97 ~~C O N F I D E N T I A L~~

OF THE OTHER HALF, [redacted] FEELS 50 PERCENT OF IT COULD BE REASONABLY EXPLAINED THROUGH EXIT PATHS B&W MAY NOT HAVE IDENTIFIED, BUT NOT INCLUDING THEFT DIVERSION, STATING THAT [redacted] OF MUF EVERY TWO MONTHS IS REASONABLE, ALTHOUGH IDEALLY, ZERO MUF IS THE OBJECTIVE. ~~(C)~~ (U)

b3
b6
b7C

[redacted]

[redacted] IN SIGNED STATEMENT, ADVISED THAT

[redacted]

[redacted] ~~(C)~~ (U)

b3
b6
b7C
b7D

[redacted] IN SIGNED STATEMENT, ADVISED [redacted]

[redacted]

b6
b7C
b7D

Approved: _____ Sent _____ M Per _____
Special Agent in Charge

~~CONFIDENTIAL~~

GPO : 1975 O - 590-992

FD-36 (Rev. 2-14-74)

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Date:

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Via _____ ~~CONFIDENTIAL~~ (Precedence)

PAGE THREE 117-97 ~~CONFIDENTIAL~~

[redacted]

b3
b6
b7C
b7D

[redacted] ~~(C)~~ (U)

IN ADDITION TO [redacted] TWELVE OTHER B&W PRESENT EMPLOYEES HAVE BEEN INTERVIEWED TO DATE, AND NONE ADVISED OF SUSPECTING THEFT OF SNM. ~~(C)~~ (U)

PRELIMINARY RESULTS OF PHYSICAL INVENTORY TO BE OBTAINED BY PITTSBURGH AUGUST 20, 1976, AND REINTERVIEW OF [redacted] ANTICIPATED SAME DATE. (U)

INVESTIGATION CONTINUING (U)

~~CLASSIFIED BY 5932, XGDS 3, INDEFINITE~~

END ~~Classified by 1259, XGDS 2, Indefinate~~

BT

#

~~CONFIDENTIAL~~

Approved: _____ Sent _____ M Per _____
Special Agent in Charge

GPO : 1975 O - 590-992

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HEREIN IS UNCLASSIFIED
DATE 10-24-2018 BY [redacted]

b6
b7C

Notification of Document Classification Action
4-724 (Rev. 2-16-79)

This form is: ☐ Top Secret ☐ Secret ☐ Confidential ☒ Unclassified

TO: SAC:

☐ Albany ☐ Albuquerque ☐ Alexandria ☐ Anchorage ☐ Atlanta ☐ Baltimore ☐ Birmingham ☐ Boston ☐ Buffalo ☐ Butte ☐ Charlotte ☐ Chicago ☐ Cincinnati ☐ Cleveland ☐ Columbia ☐ Dallas ☐ Denver ☐ Detroit ☐ El Paso ☐ Honolulu ☐ Houston ☐ Indianapolis ☐ Jackson ☐ Jacksonville ☐ Kansas City ☐ Knoxville ☐ Las Vegas ☐ Little Rock ☐ Los Angeles ☐ Louisville ☐ Memphis ☐ Miami ☐ Milwaukee ☐ Minneapolis ☐ Mobile ☐ Newark ☐ New Haven ☐ New Orleans ☐ New York City ☐ Norfolk ☐ Oklahoma City ☐ Omaha ☐ Philadelphia ☐ Phoenix ☒ Pittsburgh ☐ Portland ☐ Richmond ☐ Sacramento ☐ St. Louis ☐ Salt Lake City ☐ San Antonio ☐ San Diego ☐ San Francisco ☐ San Juan ☐ Savannah ☐ Seattle ☐ Springfield ☐ Tampa ☐ Washington Field ☐ Quantico

☐ SAC, New Rochelle (MRA)
☐ SAC, Brooklyn-Queens (MRA)

TO LEGAT:

☐ Bern ☐ Bonn ☐ Buenos Aires ☐ Caracas ☐ Hong Kong ☐ London ☐ Manila ☐ Mexico City ☐ Ottawa ☐ Paris ☐ Rome ☐ Tokyo

Counting of Paragraphs:
Reference-counted as first para.; last para. on page continued to next page counted on first page only; page beginning with continued para. - first full para. counted as para. one; para. followed by (:)-material thereafter counted as part of original para. or referred to as "line ____"; info. not in para. form identified as "line ____", or subject matter.

Bu file 117-2758-6

Ur file 117-97

If document has been destroyed or cannot be located, reply with FBIHQ is unnecessary.

Date 2/8/80

RE:

POSSIBLE LOSS 85 KILOGRAMS NUCLEAR MATERIAL FROM NUCLEAR MATERIALS AND EQUIPMENT CORPORATION, SUBSIDIARY OF BABCOCK-WILCOX CORPORATION, APOLLO-LEECHBURG, PA., SEPTS BETWEEN JUNE, 1975-MAY?, 1976 ATOMIC ENERGY ACT

Re: PITTSBURGH (Division) ____ (Division)

☐ Report of SA ____
☐ Letter ☐ Airtel ☒ Teletype
☐ LHM ☐ Memo ☐ Other

To: FBIHQ Dated 8/19/76

☐ Classification retained (see below)

☐ Declassified by ____ on ____
☒ Classified ☐ Top Secret
☐ Upgraded To: ☐ Secret
☐ Downgraded ☒ Confidential
Classified and extended by SP-7 on 1/28/80
Reason for extension
FCIM, II, 1-2.4.2. ____ ☐ 1 ____ ☒ 2 ____ ☐ 3
Date of review
for declassification 8/19/96

☐ Cover Communication:
☐ Letter ☐ Airtel ☐ Report cover pages

To: ____ Dated ____

☐ Classification retained (see below)

☐ Declassified by ____ on ____
☐ Classified ☐ Top Secret
☐ Upgraded To: ☐ Secret
☐ Downgraded ☐ Confidential
Classified and extended by ____ on ____
Reason for extension
FCIM, II, 1-2.4.2. ____ ☐ 1 ____ ☐ 2 ____ ☐ 3
Date of review
for declassification ____

The above indicated changes in classification have been made at FBIHQ. You are requested to make the changes indicated on your referenced communication(s) and all other file copies in your division. Advise local agencies previously receiving copies of communication(s) of change(s). This routing slip can be destroyed after changes have been made.

Page	Paragraph	Line	Classification
2	ONLY THE 2ND - 5TH WORDS ON THE 4TH LINE		☐ TS ☐ S ☒ C
3	ONLY THE 5TH - 8TH WORDS ON THE 1ST LINE		☐ TS ☐ S ☒ C
			☐ TS ☐ S ☐ C
			☐ TS ☐ S ☐ C
			☐ TS ☐ S ☐ C

☐ See reverse side for additional listings.

FBIHQ Division 4 ☒ Other ____ ☒ DCRU ☐ Other ____

RW (Initials)

FEB 11 1980

This form is: ☐ Top Secret ☐ Secret ☐ Confidential ☒ Unclassified

FBI/DOJ

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 10-24-2018 BY: [redacted]

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b7C

~~CONFIDENTIAL~~

PG0042 2322016Z

RR HQ

DE PG

R 192016Z AUG 76

FM PITTSBURGH (117-97) (P)

TO DIRECTOR ROUTINE

BT

~~CONFIDENTIAL~~

POSSIBLE LOSS 85 KILOGRAMS NUCLEAR MATERIAL FROM NUCLEAR MATERIALS AND EQUIPMENT CORPORATION, SUBSIDIARY OF BABCOCK-WILCOX CORPORATION, APOLLO-LEECHBURG, PA., SITES BETWEEN JUNE, 1975 - MAY 7, 1976. ATOMIC ENERGY ACT OO: PG ~~(C)~~ (U)

REMYTELETYPE DATED AUGUST 12, 1976. (U)

[redacted] OPERATIONS MANAGER, NUCLEAR MATERIALS DIVISION, BABCOCK AND WILCOX (B&W) COMPANY, APOLLO, PA., HAS ADVISED PRELIMINARY RESULTS OF PHYSICAL INVENTORY WILL BE AVAILABLE AUGUST 20, 1976. HE STATES THERE HAS BEEN, OVER LAST TWO YEARS, A CUMULATIVE AMOUNT OF MATERIALS UNACCOUNTED FOR (MUF) OF 83.363 KILOGRAMS (KGS) OF HIGH ENRICHED URANIUM WHICH IS CONSIDERED A LITTLE HIGH, BUT WITHIN LICENSE REQUIREMENTS OVER THE TWO YEAR PERIOD. [redacted] STATES THAT OF THE TOTAL TWO YEAR CUMULATIVE AMOUNT OF MUF, 41 KGS HAVE ALREADY BEEN QUANTIFIED AS LOST THROUGH NORMAL, KNOWN EXIT PATHS.

b6
b7C

~~Classified by 1259
Exempt GDS Cat. 2
Indefinite~~

~~CONFIDENTIAL~~

117-97-7

FD-36 (Rev. 2-14-74)

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 11-20-2018 BY: [redacted]

b6
b7C

FBI

~~CONFIDENTIAL~~

Date: 8/23/76

Transmit the following in EFTO
(Type in plaintext or code)

Via TELETYPE ROUTINE
(Precedence)

069

FM PITTSBURGH (117-97) (P)

TO DIRECTOR ROUTINE

BT

~~CONFIDENTIAL~~

POSSIBLE LOSS 85 KILOGRAMS, NUCLEAR MATERIAL FROM NUCLEAR MATERIALS AND EQUIPMENT CORPORATION, SUBSIDIARY OF BABCOCK - WILCOX CORPORATION, APOLLO - LEECHBURG, PA., SITES BETWEEN JUNE, 1975, - MAY 7, 1976, ATOMIC ENERGY ACT. OO: PG. ~~(C)~~ (U)

REMY ROUTINE DATED AUGUST 20, 1976. (U)

ON AUGUST 23, 1976, [redacted] OPERATIONS MANAGER, NUCLEAR MATERIALS DIVISION (NMD), BABCOCK AND WILCOX (BW) COMPANY, APOLLO, PA., ADVISED THAT A REPRESENTATIVE FROM THE U. S. NUCLEAR REGULATORY COMMISSION (USNRC) WHO HAD BEEN AT THE BW SITE AUGUST 20 - 21, 1976, HAD GIVEN BW AUTHORITY TO RESUME PRODUCTION. (U)

b6
b7C

~~Classified by 1259, XGDS 2, Indefinite~~
Declassified by SP-1 1/28/80

NL/vle

(1) [redacted] NL

b6
b7C

~~CONFIDENTIAL~~

Approved: Special Agent in Charge

Sent HQ - 4:50 P M Per AFS

GPO : 1975 O - 590-992

117-97-9

FD-36 (Rev. 2-14-74)

FBI

Date:

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Via _____ ~~CONFIDENTIAL~~ _____
(Precedence)

PAGE TWO

PG 117-97

ON THE SAME DATE [redacted] PHYSICAL SECURITY SECTION LEADER, USNRC, KING OF PRUSSIA, PA., ADVISED THAT 50 KILOGRAMS OF THE ORIGINAL 84 KILOGRAMS CONSIDERED MISSING OVER A TWO YEAR PERIOD PRIOR TO APRIL, 1976, ARE NOW ACCOUNTED FOR AND THAT THE BALANCE OF 34 KILOGRAMS OF NUCLEAR MATERIAL COULD VERY POSSIBLY BE ATTRIBUTED TO ACCOUNTING ERRORS. [redacted] SUGGESTED A SECOND EXPLANATION OF THIS BALANCE MIGHT BE DUE TO NORMAL PROCESS LOSSES. A THIRD EXPLANATION WAS AN NECESSITY TO CONSIDER THE POSSIBILITY OF THEFT. HE ADVISED USNRC IS NOT YET IN RECEIPT OF ALL RESULTS OF ANALYSES PRESENTLY BEING CONDUCTED IN CONJUNCTION WITH THE COMPLETE PHYSICAL INVENTORY CONCLUDED AT BW AUGUST 20, 1976. [redacted] EXPECTED FULL RESULTS IN 15 DAYS. ~~(e)~~ (U)

b6
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PITTSBURGH MAINTAINING CONTACT WITH [redacted] OF USNRC AND WILL RECONTACT HIM WITHIN 15 DAYS FOR

Approved: _____ ~~CONFIDENTIAL~~ Sent _____ M Per _____
Special Agent in Charge

GPO : 1975 O - 590-992

FD-36 (Rev. 2-14-74)

FBI

Date:

Transmit the following in _____ (Type in plaintext or code)

Via _____ _____ (Precedence)

PAGE THREE

PG 117-97

FINAL RESULTS OF PHYSICAL INVENTORY. PITTSBURGH WILL SUBMIT REPORT. (U)

~~CLASSIFIED BY 5932, XGDS 3, INDEFINITE.~~

END

BT

#

~~CONFIDENTIAL~~

Approved: _____ Sent _____ M Per _____
Special Agent in Charge

GPO : 1975 O - 590-992

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 10-24-2018 BY: [redacted]

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PG 0059 2362050Z

~~CONFIDENTIAL~~

RR HQ

DE PG

R 2320500Z AUG 76

FM PITTSBURGH (LL7-97) (P)

TO DIRECTOR ROUTINE

BT

~~CONFIDENTIAL~~

POSSIBLE LOSS 85 KILOGRAMS, NUCLEAR MATERIAL FROM NUCLEAR MATERIALS AND EQUIPMENT CORPORATION, SUBSIDIARY OF BABCOCK - WILCOX CORPORATION, APOLLO - LEECHBURG, PA., SITES BETWEEN JUNE, 1975, - MAY 7, 1976, ATOMIC ENERGY ACT. OO: PG. ~~(C)~~ (U)

REMY ROUTINE DATED AUGUST 20, 1976. (U)

ON AUGUST 23, 1976, [redacted] OPERATIONS MANAGER, NUCLEAR MATERIALS DIVISION (NMD), BABCOCK AND WILCOX (BW) COMPANY, APOLLO, PA., ADVISED THAT A REPRESENTATIVE FROM THE U. S. NUCLEAR REGULATORY COMMISSION (USNRC) WHO HAD BEEN AT THE BW SITE AUGUST 20 - 21, 1976, HAD GIVEN BW AUTHORITY TO RESUME PRODUCTION. (U)

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~~CONFIDENTIAL~~

117-92-9

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 08-08-2018 BY: [redacted]

b6
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OPTIONAL FORM NO. 10
MAY 1962 EDITION
GSA FPMR (41 CFR) 101-11.6

UNITED STATES GOVERNMENT

Memorandum

~~CONFIDENTIAL~~

TO : SAC, PITTSBURGH (117-97)(P) DATE: 8/20/76

FROM : SA [redacted]

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b7C

SUBJECT: POSSIBLE LOSS OF 85 KILOGRAMS NUCLEAR MATERIAL FROM NUCLEAR MATERIALS & EQUIPMENT CORP., SUBSIDIARY OF BABCOCK & WILCOX CORP., APOLLO-LEECHBURG, PA., SITES BETWEEN JUNE, 1975 - MAY 7, 1976
AEA
(OO: PITTSBURGH)

On 8/13/76 [redacted] Operations Manager, Nuclear Materials Division, Babcock and Wilcox (B&W) Co., 609 N. Warren Ave., Apollo, Pa., gave SA [redacted] seven pages of information titled, "Terminations" and encompassing the period January - July, 1976. These seven sheets contained the names of former employees of the B&W Co. who had terminated during that time. These sheets have been submitted in a FD-340 for retention in the file should they later be required.

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NL/dao
(2)

~~CONFIDENTIAL~~

~~Classified By 5932~~
~~Exempt from GDS, Category 2~~
~~Date of Declassification Indefinite~~

117-97-10

SEARCHED ..... INDEXED .....
SERIALIZED ..... FILED .....
AUG 2 ? 1976
FBI — PITTSBURGH

[redacted]

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Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

5010-108-02

FD-263 (Rev. 7-15-75)

FEDERAL BUREAU OF INVESTIGATION

CONFIDENTIAL

REPORTING OFFICE	OFFICE OF ORIGIN	DATE	INVESTIGATIVE PERIOD
PITTSBURGH	PITTSBURGH	8/26/76	8/12-23/76

TITLE OF CASE	REPORT MADE BY	TYPED BY
POSSIBLE LOSS OF 85 KILOGRAMS NUCLEAR MATERIAL FROM NUCLEAR MATERIALS & EQUIPMENT CORP., SUBSIDIARY OF BABCOCK-WILCOX CORP., APOLLO-LEECHBURG, PENNSYLVANIA SITES, BETWEEN JUNE, 1975-MAY 7, 1976 (C) (U)	[redacted]	drg
	CHARACTER OF CASE	
	AEA	

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REFERENCES Pittsburgh teletypes to the Bureau dated 5/6/76, 7/9/76, 8/12/76, 8/19/76, 8/20/76, and 8/23/76. (U)

- P -

LEADS

PITTSBURGH

AT KING OF PRUSSIA, PENNSYLVANIA (MONTGOMERY COUNTY)

Will maintain contact with [redacted] Nuclear Regulatory Commission, King of Prussia, Pa. (U) b6 b7C

ACCOMPLISHMENTS CLAIMED ☒ NONE						ACQUIT-TALS	CASE HAS BEEN:
CONVIC.	PRETRIAL DIVERSION	FUG.	FINES	SAVINGS	RECOVERIES		PENDING OVER ONE YEAR ☐ YES ☒ NO PENDING PROSECUTION OVER SIX MONTHS ☐ YES ☒ NO

APPROVED SPECIAL AGENT IN CHARGE

DO NOT WRITE IN SPACES BELOW

COPIES MADE:

4 - Bureau
(2) - Pittsburgh (117-97) -12

Classified by 1259, XGDS 2, Indefinite [redacted] NL

Dissemination Record of Attached Report No

Agency				
Request Recd.				
Date Fwd.				
How Fwd.				
By				

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 10-24-2018 BY: [redacted]

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CONFIDENTIAL

COVER PAGE

Notification of Document Classification Action
4-724 (Rev. 2-16-79)

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 10-25-2018 BY [redacted]

b6
b7C

This form is: ☐ Top Secret ☐ Secret ☐ Confidential ☐ Unclassified

TO: SAC:

☐ Albany ☐ Albuquerque ☐ Alexandria ☐ Anchorage ☐ Atlanta ☐ Baltimore ☐ Birmingham ☐ Boston ☐ Buffalo ☐ Butte ☐ Charlotte ☐ Chicago ☐ Cincinnati ☐ Cleveland ☐ Columbia ☐ Dallas ☐ Denver ☐ Detroit ☐ El Paso ☐ Honolulu ☐ Houston ☐ Indianapolis ☐ Jackson ☐ Jacksonville ☐ Kansas City ☐ Knoxville ☐ Las Vegas ☐ Little Rock ☐ Los Angeles ☐ Louisville ☐ Memphis ☐ Miami ☐ Milwaukee ☐ Minneapolis ☐ Mobile ☐ Newark ☐ New Haven ☐ New Orleans ☐ New York City ☐ Norfolk ☐ Oklahoma City ☐ Omaha ☐ Philadelphia ☐ Phoenix ☒ Pittsburgh ☐ Portland ☐ Richmond ☐ Sacramento ☐ St. Louis ☐ Salt Lake City ☐ San Antonio ☐ San Diego ☐ San Francisco ☐ San Juan ☐ Savannah ☐ Seattle ☐ Springfield ☐ Tampa ☐ Washington Field ☐ Quantico

☐ SAC, New Rochelle (MRA)
☐ SAC, Brooklyn-Queens (MRA)

TO LEGAT:

☐ Bern ☐ Bonn ☐ Buenos Aires ☐ Caracas ☐ Hong Kong ☐ London ☐ Manila ☐ Mexico City ☐ Ottawa ☐ Paris ☐ Rome ☐ Tokyo

Counting of Paragraphs:
Reference-counted as first para.; last para. on page continued to next page counted on first page only; page beginning with continued para. - first full para. counted as para. one; para. followed by (:)-material thereafter counted as part of original para. or referred to as "line ____"; info. not in para. form identified as "line ____", or subject matter.

Bu file 117-2758-8
Ur file 117-97
If document has been destroyed or cannot be located, reply with FBIHQ is unnecessary.

Date 2/8/80

Declassified SP-1 by 1/28/80

RE:

POSSIBLE LOSS OF 85 KILOGRAMS NUCLEAR MATERIAL MATERIALS AND EQUIPMENT CORP. SUBSIDIARY OF BABCOCK-WILCOX CORP. APOLLO-LEECHBURG PENNSYLVANIA SITES, BETWEEN JUNE, 1975-MAY 3, 1976

Re: PITTSBURGH (Division)

☒ Report of SA NICHOLAS LONGEND, JR.
☐ Letter ☐ Airtel ☐ Teletype
☐ LHM ☐ Memo ☐ Other

To: FBIHQ Dated 8/26/76

☐ Classification retained (see below)

☐ Declassified by ____ on ____
☒ Classified ☐ Top Secret
☐ Upgraded To: ☐ Secret
☒ Downgraded ☒ Confidential
Classified and extended by SP-1 on 1/28/80
Reason for extension
FCIM, II, 1-2.4.2. ____ ☐ 1 ____ ☒ 2 ____ ☒ 3
Date of review
for declassification 8/26/96

(Division)

☐ Cover Communication:
☐ Letter ☐ Airtel ☐ Report cover pages

To: ____ Dated ____

☐ Classification retained (see below)

☐ Declassified by ____ on ____
☐ Classified ☐ Top Secret
☐ Upgraded To: ☐ Secret
☐ Downgraded ☐ Confidential
Classified and extended by ____ on ____
Reason for extension
FCIM, II, 1-2.4.2. ____ ☐ 1 ____ ☐ 2 ____ ☐ 3
Date of review
for declassification ____

The above indicated changes in classification have been made at FBIHQ. You are requested to make the changes indicated on your referenced communication(s) and all other file copies in your division. Advise local agencies previously receiving copies of communication(s) of change(s). This routing slip can be destroyed after changes have been made.

Page	Paragraph	Line	Classification
2	LAST WORD ON THE 3rd LINE - END OF		☐ TS ☐ S ☒ C
6	(SENTENCE) ONLY 5th - 9th WORDS ON 24th LINE		☐ TS ☐ S ☒ C
7	ONLY THE 7th WORD ON THE 21st LINE - END		☐ TS ☐ S ☒ C
8	(OF SENTENCE) ONLY THE NUMBER AND WORD AT END OF LINE		☐ TS ☐ S ☒ C
9	(OF THE SENTENCE) ONLY THE 3rd - 6th WORD ON THE 9th LINE		☐ TS ☐ S ☒ C

☒ See reverse side for additional listings.

FBIHQ Division 4 ☐ Other ____ ☐ DCRU ☐ Other ____

(Initials)

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FEB 11 1980

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Page	Paragraph	Line	Classification
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			☐ TS ☐ S ☐ C
26	ONLY THE 6TH WORD ON THE END OF PARAGRAPH AND THE	12TH LINE - THE LAST WORD ON THE	☐ TS ☐ S ☐ C
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35A	ONLY THE 6TH - 8TH WORD THRU THE END OF SENTENCE	ON THE 14TH LINE	☐ TS ☐ S ☐ C
			☐ TS ☐ S ☐ C
40	ONLY THE 3rd WORD ON THE END OF SENTENCE	32ND LINE - THE	☐ TS ☐ S ☐ C
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FD-302 (REV. 11-27-70)

FEDERAL BUREAU OF INVESTIGATION

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 10-25-2018 BY [redacted]

Date of transcription 8/20/76 b6 b7C

[redacted] Operations Manager, Nuclear Materials Division (NMD), Babcock and Wilcox (B&W), Co., 609 N. Warren Ave., was recontacted late in the afternoon of August 13, 1976, and provided the following information:

In possible explanation of amounts of highly enriched uranium material presently unaccounted for, [redacted] suggested the following possibilities:

He stated that there was a possibility that the accuracy of the analysis B&W used could account for some of the missing material. He also indicated that it was possible that some of the material could be accountable and located due to the system holdup, meaning that material which would be in pipes, etc. [redacted] also stated that there was a possibility that scrap B&W presently had in its plant might possibly contain additional quantities of special nuclear material not yet identified and quantified. [redacted] also commented concerning a spill of 1.2 kilograms of highly enriched uranium which had been identified.

Interviewed on 8/13/76 at Apollo, Pa. File # Pittsburgh 117-97-14

by SAs [redacted] and NL/dao Date dictated 8/19/76 b6 b7C

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DATE 10-25-2018 BY [redacted]

b6
b7C

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/20/76

[redacted] Operations Manager, Nuclear Materials Division (NMD), Babcock and Wilcox (B&W), 609 N. Warren Ave., provided the following information:

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[redacted] advised that B&W conducts an inventory of Special Nuclear Material (SNM) every 60 days. These inventories are conducted in compliance with licensing requirements to insure proper accountability of SNM. [redacted] explained that one of the items examined during these inventories is to determine the amount of Material Unaccounted For (MUF). At the end of February, 1976, and early March, 1976, there was no significant MUF noted during that particular inventory.

On April 28, 1976, another inventory was conducted and again there was no problem with MUF. At the end of June, 1976, inventory however both B&W and the Nuclear Regulatory Commission (NRC) began taking a look at reasons to possibly explain an increased MUF factor with a view towards identifying possible exit paths and to accelerate the scrap recovery effort. Up through the June, 1976, inventory, process inventories showed that in fact a gain in materials should have been realized. In June, [redacted] explained there was a MUF within normal limits of [redacted] Process records at that point in time were indicating that a gain of 10 kgs. should have been realized but in fact a MUF of 20 kgs. resulted. [redacted] stated that this 20 kgs. was within license requirements. This inventory was then booked as [redacted] explained at the end of July showing the 20 kgs. swing. [redacted] explained that B&W has 30 days after an inventory to record the results of that inventory. At the present time as a result of an increase in MUF instead of the anticipated gain, a physical inventory of B&W's operations both at the Apollo plant site and its Parks Twp. site was being conducted, results of which were expected to be in on August 20, 1976.

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[redacted] advised that over the last two years, there has been a cumulative MUF of approximately 85 kgs. of highly enriched uranium. NRC had conducted exit path analyses

Interviewed on 8/13/76 at Apollo, Pa. File # Pittsburgh 117-97-15

by SAs [redacted] and [redacted] dao NC Date dictated 8/19/76

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FEDERAL BUREAU OF INVESTIGATION

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DATE 10-25-2018 BY [redacted]

Date of transcription 8/20/76

b6
b7C

[redacted] Operations Manager, Nuclear Materials Division (NMD), Babcock and Wilcox (B&W), 609 N. Warren Ave., was recontacted and provided the following additional information:

[redacted] advised that he still anticipated preliminary results of the physical inventory presently being conducted at B&W would be available on August 20, 1976.

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[redacted] stated that prior to the April 28, 1976, inventory, there had been a cumulative of 83.362 kilograms of highly enriched uranium Material Unaccounted For (MUF). This cumulative MUF occurred during the last two years prior to April 28, 1976. [redacted] advised that 41 kilograms of the highly enriched uranium had been quantified already as amounts which had exited through known identified exit paths. Then as of July 20, 1976, 11.9 kilograms of MUF were found. [redacted] rounded this figure of 11.9 kilograms up to 12 and added it to the 41 kilograms of material already quantified through known exit paths and then talked in terms of 53 kilograms of MUF. He advised that the 11.9 kilograms of MUF should have been recovered but what in fact occurred was that B&W saw after its July inventory a 15.8 kilograms MUF swing. [redacted] identified this 15.8 kilograms as consisting of 9.6 kilograms of Uranium 235 from the Apollo site and 6.2 kilograms of MUF from the dry scrap recovery plant. Therefore, instead of experiencing an 11.9 kilograms of MUF recovered, B&W in fact had a 15.8 kilograms of MUF.

[redacted] advised that 52 kilograms of scrap had been sent to the United Nuclear Corp., Wood River in Connecticut and B&W was awaiting recovery figures from that corporation. He advised that there was a possibility of either 2 kg or 5kg or 7 kg gain from material sent to United Nuclear Corp. [redacted] advised then that if the 83.362 kgs of cumulative MUF is considered and from it is subtracted 53 kgs consisting of the 41 kgs of MUF already accounted for through known exit paths plus the 12 kgs (rounded up from the 11.9 kilograms B&W had originally anticipated recovering); B&W was as of this time presently looking at a figure of 30 kilograms of MUF yet to be located. [redacted] advised that depending

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Interviewed on 8/16/76 at Apollo, Pa. File # Pittsburgh 117-97-16

by SAs [redacted] and [redacted] Date dictated 8/19/76

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DATE 10-25-2018 BY [redacted]

b6
b7C

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/20/76

[redacted], pro-
vided the following information:

b6
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b7D

"August 16, 1976

[redacted] and [redacted] have identified themselves to me as Special Agents of the Federal Bureau of Investigation and that the interview concerned the possible theft of materials from the Nuclear Materials Division of Babcock and Wilcox, Apollo, Pa. I provided them the following signed statement, freely and voluntarily, and no coercion was made to me to provide it:

b6
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b7D

[redacted]

Interviewed on 8/16/76 at Apollo, Pa. File # Pittsburgh 117-97-17

by SAs [redacted], and [redacted] NL/dao Date dictated 8/19/76

b6
b7C

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FD-302 (REV. 11-27-70)

ALL INFORMATION CONTAINED
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DATE 10-25-2018 BY [redacted]

b6
b7C

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/23/76

[redacted] Manager, Security, Nuclear Materials Division, Babcock and Wilcox Co., 609 N. Warren Ave., provided the following information: b6 b7C

While conducting the interviewing Agents through a tour of the Apollo Babcock and Wilcox (B&W) Facility, [redacted] advised that B&W Plant was surrounded on three sides by Apollo fabricators. [redacted] advised that prior to April, 1974, there were no licensing requirements to have Special Nuclear Material access areas guarded. He advised that since that time, more strict security regulations have been put into effect.

In thinking about how possibly [redacted] b3 b6 b7C

[redacted] advised that this had been one of the areas which the Nuclear Regulatory Commission (NRC) had recognized as a possible diversion for Special Nuclear Material matters. [redacted] also advised that [redacted] b3 b6 b7C

[redacted]

Interviewed on 8/17/76 at Apollo, Pa. File # Pittsburgh 117-97-18

by SAs [redacted] and [redacted] :NL/dao Date dictated 8/19/76 b6 b7C

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FD-302 (REV. 11-27-70)

ALL INFORMATION CONTAINED
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DATE 10-25-2018 BY [redacted]

b6
b7C

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/23/76

[redacted] was advised of the identities of the interviewing Agents and the purpose of the interview. He then provided the following information:

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b7D

[redacted]
August 18, 1976

"I, [redacted] make the following statement, freely and voluntarily to [redacted], and [redacted] who have identified themselves to me as Special Agents of the Federal Bureau of Investigation and that the interview concerned the possible loss or theft materials from the Babcock and Wilcox nuclear plant in Apollo, Pa.

[redacted]

b3
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b7D

Interviewed on 8/18/76 at Apollo, Pa. File # Pittsburgh 117-97-19

by SAs [redacted] and [redacted] :NL/dao Date dictated 8/19/76

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ALL INFORMATION CONTAINED
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DATE 10-25-2018 BY [redacted]

b6
b7C

FEDERAL BUREAU OF INVESTIGATION

8/23/76

Date of transcription

[redacted] Operations Manager, Nuclear Materials Division (NMD), Babcock and Wilcox (BW) Company, 609 North Warren Avenue, provided the following information:

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b7C

Preliminary results of a complete physical inventory conducted by BW at both their Apollo and Parks Township sites in an effort to account for a missing quantity of highly enriched uranium indicate a recovery thus far of 11 kilograms. Subtracting these 11 kilograms from the 26 kilograms which the Nuclear Regulatory Commission (NRC) was concerned as being missing since April 28, 1976, leaves a balance of 15 kilograms to account for. [redacted] advised that of these 15 kilograms, approximately 9 kilograms have been recovered from the dry scrap recovery areas consisting of 6.2 kilograms recovered from April 28, 1976, to June 30, 1976, and another 2.7 kilograms recovered during the period July 1 through 31, 1976. Therefore, the only remaining uranium yet unaccounted for would be 6 kilograms from the period April 28, 1976, through July 31, 1976. [redacted] was confident that this 6 kilogram balance would yet be further reduced as the preliminary results of the physical inventory were checked and finalized. He felt that additional material would be recovered.

b6
b7C

[redacted] advised that since starting with the two year cumulative Material Unaccounted For (MUF) figure of 83.362 kilograms of MUF and reducing it by the 41 kilograms already quantified as recovered, this left approximately half of that cumulative 2 year MUF figure to consider. [redacted] stated that in the two year period, 12 inventories had been conducted with typically three to four kilograms of MUF resulting per inventory period. This would account for the balance then of the cumulative two year MUF figure. [redacted] was of the opinion that as the physical inventory just concluded was rechecked, the balance of 6 kilograms of yet unaccounted for highly enriched uranium would be further reduced.

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[redacted] advised that BW was requesting permission from NRC to resume production. An NRC representative was

Interviewed on 8/20/76 at Apollo, Pa. File # Pittsburgh 117-97-20

SA [redacted] and
SA NL:mks

by Date dictated 8/20/76

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FD-302 (REV. 11-27-70)

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 10-25-2018 BY [redacted]

b6
b7C

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/23/76

[redacted] telephone [redacted] advised that he has been employed by Babcock and Wilcox (B&W) Co., Nuclear Materials Division, Apollo, Pa., [redacted] He had no reason to think that Special Nuclear Materials were being stolen from that plant and has heard no conversation or rumors suggesting that they were. He advised he has never been arrested. He advised his Social Security Number was [redacted]

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Interviewed on 8/18/76 at Apollo, Pa. File # Pittsburgh 117-97-21

by SAs [redacted] and [redacted]/dao Date dictated 8/19/76

b6
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FD-302 (REV. 11-27-70)

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 10-25-2018 BY [redacted]

b6
b7C

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/23/76

[redacted] telephone [redacted] provided the following information: b6 b7C

[redacted] had no information which would lead him to believe that Special Nuclear Material was being stolen from the plant.

He advised that he was born [redacted] at [redacted] and has Social Security Account [redacted] He stated he had never been arrested.

Interviewed on 8/18/76 at Apollo, Pa. File # Pittsburgh 117-97-22

by SAs [redacted], and [redacted] NL/dao Date dictated 8/19/76

b6
b7C

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FD-302 (REV. 11-27-70)

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 10-25-2018 BY [redacted]

b6
b7C

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/23/76

[redacted] telephone [redacted] provided the following information: He

b6
b7C

He has been working for Babcock and Wilcox (B&W) Nuclear Material Division, Apollo, Pa., [redacted] He had not heard any conversation or rumors to indicate that Special Nuclear Materials were being stolen from the plant. [redacted] had told him however if someone wanted to break into the plant, in an effort to obtain Special Nuclear Material, the Low Enrichment area would be the first one encountered by any person attempting to do this.

[redacted]

Interviewed on 8/17/76 at Apollo, Pa. File # Pittsburgh 117-97-23

by SAs [redacted] and [redacted] NL/dao Date dictated 8/19/76

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FD-302 (REV. 11-27-70)

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 10-25-2018 BY [redacted]

b6
b7C

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/23/76

[redacted] b6 b7C

telephone [redacted] provided the following information:

He has been working for Babcock and Wilcox (B&W) in Apollo, Pa., [redacted] thought that there might be a possibility for employees to take tools out of the plant. He thought this might be possible out of the Low Enrichment Area where he felt there was no monitor for such activity. He advised that people often put tools in their lockers to keep them secure and to have them available when they need them to perform some maintenance. [redacted] however had not heard any conversation or rumor to indicate that employees were taking Special Nuclear Material out of the plant.

[redacted] advised he was born [redacted] at [redacted] and had a Social Security Account Number [redacted] b6 b7C

Interviewed on 8/17/76 at Apollo, Pa. File # Pittsburgh 117-97-24

by SAs [redacted] and [redacted]:NL/dao Date dictated 8/19/76

b6
b7C

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

FD-302 (REV. 11-27-70)

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 10-25-2018 BY [redacted]

b6
b7C

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/23/76

HAROLD ALFRED STEELE, 214 Whittier St., Vandergrift, Pa., telephone #567-7924, provided the following information:

STEELE has been employed at Babcock and Wilcox (B&W) Nuclear Material Division, Apollo, Pa., for approximately 15 years. He works in the supply locker area on the janitorial staff and is primarily involved in exchanging clothing. STEELE stated that in his opinion, security was very good in the plant and had no knowledge or information that Special Nuclear Materials were being stolen from the plant. STEELE advised he was born September 25, 1915, at Westmoreland County, Pa., and had never been arrested.

Interviewed on 8/17/76 Apollo, Pa. File # Pittsburgh 117-97-25

SAs [redacted] and

by [redacted]:NL/dao Date dictated 8/19/76

b6
b7C

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FD-302 (REV. 11-27-70)

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 10-25-2018 BY [redacted]

b6
b7C

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/23/76

[redacted] b6 b7C

[redacted] provided the following information:

He has worked at Babcock and Wilcox (B&W) Nuclear Material Division, Apollo, Pa., [redacted] He has been a janitor during that entire time [redacted]

[redacted] b6 b7C

[redacted] advised that [redacted] was also a janitor. He stated that they were not good friends but just happened to be working together on the same shift. [redacted] advised that [redacted] did not work for B&W anymore. He thought that [redacted] was presently [redacted] [redacted] advised that [redacted] resided [redacted] b6 b7C

[redacted] was not aware of there being any theft of Special Nuclear Material going on at the B&W Plant. He had never heard conversation talking about this particular subject. He did not think that anything could be brought in or out of the plant without being detected.

Interviewed on 8/17/76 at Apollo, Pa. File # Pittsburgh 117-97-26

by SAs [redacted] and [redacted] :NL/dao Date dictated 8/19/76

b6
b7C

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FD-302 (REV. 11-27-70)

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 10-25-2018 BY [redacted]

b6
b7C

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/23/76

[redacted] telephone [redacted], advised that he has been working for Babcock and Wilcox (B&W) Co., Apollo, Pa., [redacted]

b6
b7C

He thought security was presently very good. [redacted] had seen an article in a local newspaper about a B&W employee being fired within the last six months, but could not recall details of that particular newspaper article. He had heard no conversation or rumors about the possibility or actual theft of Special Nuclear Materials from B&W.

[redacted] advised he was born [redacted] and that his Social Security Number was [redacted]

Interviewed on 8/17/76 at Apollo, Pa. File # Pittsburgh 117-97-27

by SAs [redacted] and NL/dao Date dictated 8/19/76

b6
b7C

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

FD-302 (REV. 11-27-70)

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 10-25-2018 BY [redacted]

b6
b7C

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/23/76

[redacted] b6 b7C

provided the following information:

[redacted] was presently a janitor for Babcock and Wilcox (B&W) Nuclear Material Division, Apollo, Pa., site [redacted] heard of no conversation or rumors concerning theft of Special Nuclear Material from the plant.

[redacted]

Interviewed on 8/17/76 at Apollo, Pa. File # Pittsburgh 117-97-28

by SAs [redacted] and NL [redacted]:NL/dao Date dictated 8/19/76

b6
b7C

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FD-302 (REV. 11-27-70)

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 10-25-2018 BY [redacted]

b6
b7C

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/23/76

[redacted] b6 b7C provided the following information:

He is presently on the janitor staff at Babcock and Wilcox (B&W) Nuclear Material Division, Apollo, Pa., [redacted] felt that there was very good internal security at the B&W Plant and had no knowledge of items be they tools or Special Nuclear Material being stolen from out of the plant.

[redacted] advised the following descriptive information: [redacted]

[redacted] advised his residence was physically located in [redacted]

Interviewed on 8/17/76 at Apollo, Pa. File # Pittsburgh 117-97-29

by SAs [redacted] and NL :NL/dao Date dictated 8/19/76

b6
b7C

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FD-302 (REV. 11-27-70)

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 10-25-2018 BY [redacted]

b6
b7C

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/23/76

[redacted] telephone [redacted] provided the following information:

b6
b7C

He has been a janitor at the Nuclear Materials Division of Babcock and Wilcox (B&W) Co., Apollo, Pa., [redacted]

[redacted] He had not heard any rumors or conversation relative to Special Nuclear Materials being stolen from the B&W plant.

[redacted]

Interviewed on 8/17/76 at Apollo, Pa. File # Pittsburgh 117-97-30

by SAs [redacted] and [redacted] :NL/dao Date dictated 8/19/76

b6
b7C

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FD-302 (REV. 11-27-70)

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 10-25-2018 BY [redacted]

b6
b7C

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/23/76

[redacted] Operations Manager, Nuclear Materials Division, Babcock and Wilcox Co., 609 N. Warren Ave., provided the following information:

b6
b7C

He advised that [redacted]

[redacted] also provided the interviewing Agents a typewritten list of janitors at both the T-II and Apollo sites from January, 1976, to the present time. A review of this list indicated the following names were listed:

b6
b7C

[redacted]

HAROLD STEELE

[redacted]

This list of information also indicated that janitors on duty August 17, 1976, from 7:00 a.m., to 3:30 p.m., were as follows:

[redacted]

Interviewed on 8/16/76 at Apollo, Pa. File # Pittsburgh 117-97-31

by SAs [redacted] and NL :NL/dao Date dictated 8/19/76

b6
b7C

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FD-302 (REV. 11-27-70)

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 10-25-2018 BY [redacted]

b6
b7C

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/23/76

[redacted] Babcock and Wilcox (B&W), Co., Nuclear Material Division, Apollo, Pa., was recontacted and provided the following information:

b6
b7C
b7D

[redacted] gave the interviewing Agents a piece of paper containing the following names which he requested the interviewing Agents copy and return to him. These names were as follows:

[redacted]

HAROLD STEELE

[redacted]

[redacted] suggested that possibly these individuals could be interviewed with a view towards receiving information about items of tools which may possibly have been taken at various times out of the B&W plant. He reiterated that he was not indicating he had personally observed any of these individuals stealing tools and in no way suspected them of ever taking Special Nuclear Material out of the plant.

Interviewed on 8/18/76 at Apollo, Pa. File # Pittsburgh 117-97-32

by SAs [redacted] NL and [redacted] NL/dao Date dictated 8/19/76

b6
b7C

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FD-302 (REV. 11-27-70)

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 10-25-2018 BY [redacted]

b6
b7C

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/23/76

b6
b7C

telephone [redacted] provided the following information:

[redacted]

b3
b6
b7C

[redacted]

He stated he was reluctant to provide any names because he had never observed anyone stealing items out of the plant and did not want to create the wrong impression if he were to provide such a list with names of persons who may have information relative to that particular point.

Interviewed on 8/17/76 at Apollo, Pa. File # Pittsburgh 117-97-33

b6
b7C

by SAs [redacted] and [redacted]/dao Date dictated 8/19/76

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FD-36 (Rev. 2-14-74)

TELETYPE

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 10-25-2018 BY: [redacted]

b6
b7C

FBI

Date: 9/3/76

Transmit the following in ~~CONFIDENTIAL~~
(Type in plaintext or code)

154

Via ~~TELETYPE~~ ~~ROUTINE~~
(Precedence)

FM PITTSBURGH (117-97) (P)

TO DIRECTOR (ROUTINE)

BT

~~CONFIDENTIAL~~

POSSIBLE LOSS OF 85 KILOGRAMS NUCLEAR MATERIAL FROM NUCLEAR MATERIALS AND EQUIPMENT CORPORATION, SUBSIDIARY OF BABCOCK-WILCOX CORPORATION, APOLLO-LEECHBURG, PA., SITES, BETWEEN JUNE, 1975 - MAY 7, 1976. AEA. ~~(C)~~ (U)

RE REPORT OF SA [redacted], DATED AUGUST 26, 1976, AT PITTSBURGH. (U)

b6
b7C

ON INSTANT DATE [redacted] PHYSICAL SECURITY SECTION LEADER, U. S. NUCLEAR REGULATORY COMMISSION, KING OF PRUSSIA, PA., ADVISED THAT HIS OFFICE HAD NOT YET RECEIVED THE REPORT OF INVENTORY RECENTLY COMPLETED AT THE BABCOCK-WILCOX SITES. HE ADVISED THAT THE REPORT WAS OVERDUE, AND WAS NOW ANTICIPATING RECEIVING IT WITHIN THE NEXT TWO WEEKS.

PITTSBURGH WILL MAINTAIN CONTACT WITH [redacted] NUCLEAR REGULATORY COMMISSION. (U)

~~CLASSIFIED BY 5932, XGDS 3, INDEFINITE~~.

END

TELETYPE

117-97-34

Classified by 1259 XGDS 2, Indefinite

[redacted]

b6
b7C

NL/egh (1)

Approved: _____ Special Agent in Charge

Sent 1955 M Per _____

~~CONFIDENTIAL~~

GPO : 1975 O - 590-992

FD-263 (Rev. 7-15-75)

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 10-25-2018 BY: [redacted]

FEDERAL BUREAU OF INVESTIGATION

b6
b7C

REPORTING OFFICE	OFFICE OF ORIGIN	DATE	INVESTIGATIVE PERIOD
PITTSBURGH	PITTSBURGH	10/1/76	9/3-17/76

TITLE OF CASE
POSSIBLE LOSS OF 85 KILOGRAMS NUCLEAR MATERIAL FROM NUCLEAR MATERIALS & EQUIPMENT CORP., SUBSIDIARY OF BABCOCK-WILCOX CORP., APOLLO-LEECHBURG, PENNSYLVANIA SITES, BETWEEN JUNE, 1975-MAY 7, 1976

REPORT MADE BY: SA [redacted]

TYPED BY: cjt

CHARACTER OF CASE: ~~(C)~~ (U) AEA

~~CONFIDENTIAL~~

b6
b7C

REFERENCES: Report of SA [redacted] dated 8/26/76, at Pittsburgh.
Pittsburgh teletype to the Bureau dated 9/3/76.

~~Classified by 1259~~
~~Exempt from GDS, Cat. 2~~
~~Date of Declass. Indefinite~~

- P -

(U)

ENCLOSURES TO BUREAU (4):

Enclosed for the Bureau are four copies of an FD-302 reporting interview of [redacted] with a six-page attachment, which were not available at the time of the submission of the referenced report.

b6
b7C

ACCOMPLISHMENTS CLAIMED ☒ NONE							CASE HAS BEEN:
CONVIC.	PRETRIAL DIVERSION	FUG.	FINES	SAVINGS	RECOVERIES	ACQUIT-TALS	PENDING OVER ONE YEAR ☐ YES ☒ NO PENDING PROSECUTION OVER SIX MONTHS ☐ YES ☒ NO

APPROVED: GWS SPECIAL AGENT IN CHARGE

COPIES MADE:

4 - Bureau (Enc.-4)

2 - Pittsburgh (117-97) - 35

cjt

DO NOT WRITE IN SPACES BELOW

Dissemination Record of Attached Report				
Agency				
Request Recd.				
Date Fwd.				
How Fwd.				
By				

Notations: [redacted] NC

b6
b7C

Searched
Serialized
Indexed
Filed

~~CONFIDENTIAL~~

COVER PAGE

FD-263 (Rev. 7-15-75)

FEDERAL BUREAU OF INVESTIGATION

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 10-25-2018 BY: [redacted]

b6
b7C

REPORTING OFFICE	OFFICE	E PERIOD	
PITTSBURGH	PITTSBURGH	11/5/76	10/22/76

TITLE OF CASE

POSSIBLE LOSS OF 85 KILOGRAMS OF NUCLEAR MATERIAL FROM NUCLEAR MATERIALS AND EQUIPMENT CORPORATION, SUBSIDIARY OF BABCOCK-WILCOX CORPORATION, APOLLO-LEECHBURG, PA., SITES, BETWEEN JUNE, 1975- MAY 7, 1976

REPORT MADE BY: [redacted]

TYPED BY: mpj

CHARACTER OF CASE: AEA

~~CONFIDENTIAL~~

(C) (U)

REFERENCES

Report of SA [redacted] dated 10/1/76, at Pittsburgh.

b6
b7C

(U)

~~Classified by 1259
Exempt from GDS, Cat. 2
Date of declassif. indefinite~~

- C -

ADMINISTRATIVE

In view of information contained herein, Pittsburgh Division conducting no further investigation in this matter, UACB.

ACCOMPLISHMENTS CLAIMED ☐ NONE						ACQUIT-TALS	CASE HAS BEEN:
CONVIC.	PRETRIAL DIVERSION	FUG.	FINES	SAVINGS	RECOVERIES		PENDING OVER ONE YEAR ☐ YES ☒ NO PENDING PROSECUTION OVER SIX MONTHS ☐ YES ☒ NO

APPROVED: Cpws SPECIAL AGENT IN CHARGE

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1 - Pittsburgh (117-97) 36

Dissemination Record of Attached Report				
Agency				
Request Recd.				
Date Fwd.				
How Fwd.				
By				

Notations

[redacted] NL

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b7C

- N* -

COVER PAGE

~~CONFIDENTIAL~~

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 10-25-2018 BY [redacted]

b6
b7C

Routing Slip
0-7 (Rev. 7-11-75)

(Copies to Offices Checked)

TO: SAC:

- [ ] Albany
- [ ] Albuquerque
- [ ] Alexandria
- [ ] Anchorage
- [ ] Atlanta
- [ ] Baltimore
- [ ] Birmingham
- [ ] Boston
- [ ] Buffalo
- [ ] Butte
- [ ] Charlotte
- [ ] Chicago
- [ ] Cincinnati
- [ ] Cleveland
- [ ] Columbia
- [ ] Dallas
- [ ] Denver
- [ ] Detroit
- [ ] El Paso
- [ ] Honolulu
- [ ] Houston
- [ ] Indianapolis
- [ ] Jackson
- [ ] Jacksonville
- [ ] Kansas City
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- [ ] Las Vegas
- [ ] Little Rock
- [ ] Los Angeles
- [ ] Louisville
- [ ] Memphis
- [ ] Miami
- [ ] Milwaukee
- [ ] Minneapolis
- [ ] Mobile
- [ ] Newark
- [ ] New Haven
- [ ] New Orleans
- [ ] New York City
- [ ] Norfolk
- [ ] Oklahoma City
- [ ] Omaha
- [ ] Philadelphia
- [ ] Phoenix
- [XX] Pittsburgh
- [ ] Portland
- [ ] Richmond
- [ ] Sacramento
- [ ] St. Louis
- [ ] Salt Lake City
- [ ] San Antonio
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- [ ] San Juan
- [ ] Savannah
- [ ] Seattle
- [ ] Springfield
- [ ] Tampa
- [ ] Washington Field
- [ ] Quantico

TO LEGAT:

- [ ] Bern
- [ ] Bonn
- [ ] Brasilia
- [ ] Buenos Aires
- [ ] Caracas
- [ ] Hong Kong
- [ ] London
- [ ] Madrid
- [ ] Manila
- [ ] Mexico City
- [ ] Ottawa
- [ ] Paris
- [ ] Rome
- [ ] Tel Aviv
- [ ] Tokyo

Date 11/10/76

RE: POSSIBLE LOSS OF 85 KILOGRAMS NUCLEAR MATERIAL FROM NUCLEAR MATERIALS & EQUIPMENT CORP., APOLLO-LEECHBURG, PENNSYLVANIA SITES, BETWEEN JUNE, 1975-MAY, 1976; AEA

- [ ] For information
- [ ] Retention optional
- [XX] For appropriate action
- [ ] Surep, by _____

- [ ] The enclosed is for your information. If used in a future report, [ ] conceal all sources, [ ] paraphrase contents.
- [ ] Enclosed are corrected pages from report of SA _____ dated

Remarks: PG REPORT 10/1/76 BY SA [redacted]

b6
b7C

PAGE 2 OF REPORT NOT CLASSIFED CONFIDENTIAL. CORRECT YOUR COPIES. FBIHQ COPIES CORRECTED.

117-91-37
SEARCHED ..... INDEXED .....
SERIALIZED ..... FILED .....
NOV 1 2 1976
FBI — PITTSBURGH

Enc.
Bufile 117-2758
Urfile 117-97

[redacted]

OPTIONAL FORM NO. 10
MAY 1962 EDITION
GSA FPMR (41 CFR) 101-11.6

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 10-25-2018 BY [redacted]

b6
b7C

UNITED STATES GOVERNMENT

Memorandum

TO : SAC, PITTSBURGH (117-97) DATE: 3/23/77

FROM : SUPV. [redacted]

b6
b7C

SUBJECT: POSSIBLE LOSS OF 85 KILOGRAMS OF NUCLEAR MATERIAL FROM NUCLEAR MATERIALS & EQUIPMENT CORPORATION, SUBSIDIARY OF BABCOCK-WILCOX CORPORATION APOLLO-LEECHBURG, PA., SITES, BETWEEN JUNE, 1975-MAY 7, 1976 AEA

Rereps of SA [redacted] dated 11/5/76, 10/1/76, and 8/26/76.

b6
b7C

[redacted] Physical Security Section Leader, U. S. Nuclear Regulatory Commission, King of Prussia, Pa., telephonically advised the writer that he has determined that a local TV station has received information showing a possible loss of nuclear material from the Nuclear Materials and Equipment Corporation subsidiary of Babcock-Wilcox Corporation, Apollo-Leechburg, Pa. According to [redacted] any news emanating as a result of this discovery will be erroneous as there has not been a loss of nuclear material other than previously reported and investigated.

117-97-38

SEARCHED ____ INDEXED ____
SERIALIZED ____ FILED ____
FBI — PITTSBURGH

GWS:mtl
(2)

Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

5010-108-02

FD-350 (Rev. 7-18-03)
ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 10-25-2018 BY [redacted]

b6
b7C

(Mount Clipping in Space Below)

Armstrong Plant Told To Find Discrepancies

An Armstrong County atomic fuel plant has been ordered by the Nuclear Regulatory Commission to account for discrepancies in its inventory of highly enriched uranium.

The Babcock and Wilcox Co. in Apollo has been ordered to clear up the discrepancy in its regular April inventory or close until the matter is resolved, a commission spokesman said today.

But the spokesman also emphasized there is no reason to believe that any of the material, the isotope U-235 used in naval reactors, has been removed improperly from the plant.

He explained that the bi-monthly report on the material, required by the commission, is complicated and a discrepancy of more than one-half of 1per cent is not allowed.

"The material could bs in scrap, inside pumps or stuck to the inside of machinery in the plant, or it could be a simple bookkeeping error," the spokesman said.

It is also erroneous to assume the inventory discrepancy represents a shortage in U-235 because an excess is considered "just as serious," the spokesman said.

But he could not say if the discrepancy represents a shortage or an excess.

The spokesman also said U-235 could not be used in an explosive nuclear device without sophisticated refining.

The spokesman called the situation a "non-story" and said the press release was issued to prevent any charges of a coverup by the commission.

(Indicate page, name of newspaper, city and state.)

B-5 PITTSBURGH PRESS
Pittsburgh, Pa.

Date: 3/23/77
Edition: Final
Author: JOHN TROAN
Editor:
Title:

Character:
or
Classification:
Submitting Office: Pittsburgh

☐ Being Investigated

227-97-39

SEARCHED ____ INDEXED ____
SERIALIZED ✓ FILED 2 b6
MAR 25 1977 b7C
FBI—PITTSBURGH

Gas [redacted] INC

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 10-25-2018 BY [redacted]

4 Doors with 7 new school

Cape Cod Green White Auxiliary

MINERAL Beach

b6
b7C

6037 Rt 88
Finleyville, Pa
15332

Phone 412-348-5595

[redacted] Chairman
Nuclear Regulatory Commission
1717 H. St. N.W.
Washington D.C.

Dear Sir:

This correspondence is relative to your current problem concerning the loss and/or unaccountability of Special Source Special Reactor Material by B & W. Appollo Division.

I formerly served, prior to the abolishment of my position with U.S.A.E.C. Bettis Atomic Power Division, as Security Agent and later as Contract and Procurement Administrative Assistant (following the firing of those department heads

117-97-40

SEARCHED ___ INDEXED ___
SERIALIZED ___ FILED ___
JUL 25 1977
PITTSBURGH

Cont

[redacted]

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ENCLOSURE

During this period I learned that according to best estimates the loss and/or unaccountability of such material. I'd say been a math major, familiar with Kinetics and having served as Special Agent for the Office of Special Investigations as well as having graduated in 1945 from the U.S.A.F. School of War Contract Termination & Renegotiation it became obvious to me that collusion & fraud was present. I suffered a nervous breakdown, was denied a return to employment & have in my possession approximately 200 single space typewritten letters of correspondence relating to same. B+W. is a subcontractor of B.A.P.D

My case was reviewed by the Law Firm of the late James McCardell. Mr Werrington Esq

advised that since it involved Classified Govt. material they could not touch this case.

I carried my case to Mr. Morgan (Congressman). He later Congressman Jas Fulton, Congressman Morehead. Former Sen. Clark and a hearing (formal) relative to same was to be held on Capital Hill. As a result the U.S. Civil Service Commission & the A E C granted me a disability pension and approximately fifteen thousand ($15,000.00) in back wages.

Recently I underwent four surgery in a period of nine months including a malignant prostrate.

Should your office so desire I will welcome your

agents visiting me and I shall provide them with such information as I now have in my possession. This is done with no thought of recrimination, vindictiveness or monetary gain. A Brinks Truck never follows the hearse to the grave.

You may verify some of my background by calling U.S. Atty Blair Griffiths (Wester Pa Office) with whom I worked as a Federal Agent during 1951-52.

My health & financial status (at present) precludes my visiting D.C.

I merely wish to play the part of a good citizen and share my knowledge of alledged irregularities with you.

Sincerely,

Leslie Earl Drum

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

July 12, 1977

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 10-25-2018 BY [redacted]

b6
b7C

Honorable Clarance M. Kelley, Director
Federal Bureau of Investigation
U. S. Department of Justice
Washington, D. C. 20535

Dear Mr. Kelley:

Forwarded herewith for your information and whatever action you deem appropriate is a copy of a letter from Leslie Earl Drum in which he claims to have knowledge of collusion and fraud in connection with the accountability of special nuclear material at the B&W Apollo fuel fabrication plant. As you know, this facility has been the subject of past inquiry by the Bureau.

Sincerely,

Thomas J. McTiernan, Director
Office of Inspector and Auditor

Enclosure:
Cy ltr fm Drum
to [redacted] undtd

b6
b7C

ENCLOSURE

117-97-41
SEARCHED ___ INDEXED ___
SERIALIZED ___ FILED ___
JUL 25 1977
[redacted]

OPTIONAL FORM NO. 10
JULY 1973 EDITION
GSA FPMR (41 CFR) 101-11.6

UNITED STATES GOVERNMENT

Memorandum

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 10-25-2018 BY [redacted]

b6
b7C

TO : SAC, Pittsburgh

DATE: 7/21/77

FROM : Director, FBI

SUBJECT: LESLIE EARL DRUM
FINLEYVILLE, PENNSYLVANIA
INFORMATION AS TO POSSIBLE
FRAUD AGAINST THE GOVERNMENT
OO: PG

Enclosed are two copies of a letter from the Office of Inspector and Auditor, Nuclear Regulatory Commission, dated 7/12/77, to the Director, FBI, enclosing a letter from Leslie Earl Drum, Finleyville, Pennsylvania, to the Nuclear Regulatory Commission.

Mr. Drum indicates knowledge of collusion and fraud at the B&W Apollo fuel fabrication plant.

Pittsburgh is requested to interview Mr. Drum. If he has new information of value, follow accordingly. If he has nothing new and meaningful, record for your office records. In that instance, no response to FBIHQ will be required as the Nuclear Regulatory Commission's letter does not indicate such is necessary.

Enclosures (4)

CCO
Pro + Assign
Cons

117-97-42

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JUL 25 1977

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Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

5010-110

OPTIONAL FORM NO. 10
JULY 1973 EDITION
GSA FPMR (41 CFR) 101-11.6

UNITED STATES GOVERNMENT

Memorandum

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 10-25-2018 BY [redacted] b6 b7C

TO : SAC, PITTSBURGH (117-97) (C)

DATE: 8/8/77

FROM : SA [redacted] b6 b7C

SUBJECT: LESLIE EARL DRUM
FINLEYVILLE, PA.;
INFORMATION AS TO POSSIBLE
FAG
(OO: PITTSBURGH)

Re Bureau letter to Pittsburgh dated 7/21/77.

On 7/27/77, SAs [redacted] and [redacted] [redacted] contacted subject at his residence in Finleyville, Pa. At that time, DRUM was questioned as to information in his possession concerning shortages of nuclear material from the B&W, Apollo, Pa., Fuel Fabrication Plant. DRUM, in a very rambling manner, insisted upon setting forth his personal background and personal history, including numerous people in responsible positions such as a judge of the Court of Common Pleas, County of Allegheny, Pittsburgh, Pa., USA BLAIR A. GRIFFITH, and others who could vouch for his background and abilities. DRUM advised that his reason for attempting to bring to the attention of the Government the causes and possible answer for the shortages at the Apollo Plant, were due to recent news media stories concerning the large shortages at this facility. DRUM pressed upon SAs [redacted] and [redacted] a brown Manila folder containing voluminous correspondence which he stated would furnish the information necessary to resolve the shortages at Apollo. b6 b7C

During conversation with DRUM, it became apparent that an overriding consideration on his part was the fact that he had been involved in a reduction in force of personnel at the Bettis Facility, Pittsburgh Naval Reactors Office, A.E.C., in 1961. DRUM also frequently repeated that he had had four Cancer operations and would be shortly going back into a hospital, unnamed, for a further operation.

A perusal of the packet of information furnished by DRUM determined that the overwhelming bulk of said information dealt with his attempts through contact with U. S. Senators, Congressmen and with the Atomic Energy Commission itself

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117-97-43

INDEXED
SERIALIZED FILED
AUG 8 1977
FBI—PITTSBURGH

Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

to gain reinstatement to his job from which he was dismissed in 1961. A close review revealed a letter, dated 2/4/63, from the Assistant Attorney General, Criminal Division, Department of Justice, Washington, D.C., stating to DRUM that an investigation by the FBI, pursuant to a letter sent by DRUM in 11/62, had failed to develop any violation of Federal law. Information furnished by DRUM to SAs [redacted] and [redacted] included no information more recent than 1962, and was apparently the same type of information which was furnished and resulted in the FBI investigation of 1963.

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Pursuant to the instructions set out in referenced Bureau letter and following the discussion of this matter with DRUM, it is the opinion of writer that there is no substance to DRUM's allegations as they were previously the subject of an investigation, approximately 14 years ago, and this matter should be closed with no further investigation conducted.

OPTIONAL FORM NO. 10
JULY 1973 EDITION
GSA FPMR (41 CFR) 101-11.6

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 10-25-2018 BY [redacted] b6 b7C

UNITED STATES GOVERNMENT

Memorandum

TO : SAC, PITTSBURGH (117-97) (C) DATE: 8/23/77

FROM : SC [redacted] b6 b7C

SUBJECT: POSSIBLE LOSS OF 85 KILOGRAMS OF
NUCLEAR MATERIAL FROM NUCLEAR MATERIALS
& EQUIPMENT CORPORATION, SUBSIDIARY OF
BABCOCK-WILCOX CORPORATION
APOLLO-LEECHBURG, PA., SITES,
BETWEEN JUNE, 1975-MAY 7,1976
AEA

On this date, [redacted] b6 b7C [redacted] telephone number [redacted] telephonically contacted the writer and advised that she understood that the FBI was conducting an investigation in the above-captioned matter.

[redacted] wanted to advise that [redacted] [redacted] and in the event we would want to question her, she could be reached at her residence on [redacted] [redacted] further advised that a [redacted] (Phonetic) held a party in honor of [redacted] forthcoming marriage and many "big shots" attended theis party.

This memo is submitted for information purposes only since [redacted] did not indicate that [redacted] wished to be interviewed nor did she indicate that she had any specific information regarding this matter.

117-97-44

2--Pittsburgh
SAR/sar

AUG 24 1977

Buy U.S. Savings Bonds Regularly on the Payroll Saving [redacted] b6 b7C

5010-110

1/3/78

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 10-25-2018 BY [redacted]

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On 1/3/78, Leslie Earl Drum, 6037 RTE 88, Finleyville, Pa., telephone 348-5595, contacted the Pittsburgh F.B.I. Office re information concerning shortages of nuclear material from a company called B+W, Apollo, Pa. Drum advised that he had furnished such material to SA [redacted] and SA [redacted] approximately one year ago.

In October of 1978 Drum recieved the pamphlets, re information, supplied to the above mentioned Agents in the U.S. Mail.

Drum said that there was no letter, or even a thank you note, from the F.B.I. enclosed with the returned information. Drum insisted that he be informed as to the results of the investigation concerning the information he supplied. Drum was informed by the writer that such information could not be revealed without authorization and was advised to contact this office at a later date. Drum then became insistent about being furnished with the contents of the file and started to ramble about his having had cancer and several operations and that he was going to contact a U.S. Senator and Congressman.

117-97-45 S.A. [redacted]

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This note is being entered into the file at the suggestion of SA [redacted] Supervisor.

OPTIONAL FORM NO. 10
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ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 10-25-2018 BY [redacted]

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UNITED STATES GOVERNMENT

Memorandum

TO : SAC Pg (117-97)

DATE: 7-17-79

FROM : SA [redacted]

b6
b7C

SUBJECT: Possible loss of 85 Kg. of nuclear material from Babcock + Wilcox Corp. Apollo, Pa. 6/75-5/76
AEA
also possible fraud against the Government.

Re: Memos to this file by [redacted] dated 8.8.77 + [redacted] dated 1.3.78.

On 7.15.79, LESLIE E. KRUM, 6037 RT. 88, FINLEYVILLE, PA. (348-5595), telephoned the writer at his home at approx. 10:30 or 11:00 PM.

He reiterated generally the same information as contained in the two 1-PG.

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Buy U.S. Savings Bonds Regularly on the Payro[redacted]

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117-97-46

referenced memos. He did this in what appeared to be a somewhat disjointed and slightly irrational manner. If he did not get some results or, at least a reply from the FBI, he threatened to go to Attny. Gen. Bell and columnist Jack Anderson with his story.

What was of interest, however, was that this individual, when asked how he got the writer's phone #, replied he had his ways. He also stated that he knew that Sa [redacted] had been transferred to Flor[redacted] and that Sa [redacted] had been transferred to Louisville, Kentucky. He also mentioned "the new female agent, [redacted]"

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