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UNITED STATES DEPARTMENT OF JUSTICE

FEDERAL BUREAU OF INVESTIGATION

Washington, D. C. 20535
June 15, 1976

SECRET

In Reply, Please Refer to File No.

ZALMAN MORDECAI SHAPIRO
ATOMIC ENERGY ACT
OBSTRUCTION OF JUSTICE

File review at the Energy Research and Development Administration (ERDA), Germantown, Maryland, commenced with contacts on May 5, 1976, with Harvey Lyon and Robert E. Tharpe, Director and Deputy Director, respectively, Division of Safeguards and Security, ERDA. It was previously reported that Tharp advised that the Nuclear Materials and Equipment Corporation (NUMEC) was founded by Zalman Mordecai Shapiro at a time when the Atomic Energy Commission (AEC) was attempting to interest industry in the manufacture of nuclear fuel rods. As part of the inducement to manufacturers, the AEC exercised very little control over the handling of material and over physical security. There was no resident on-site inspection or audit and what inspections and audits were conducted were conducted infrequently. In addition to NUMEC there were a number of other manufacturers under contract to the AEC for the production of nuclear fuel rods, but most of the other firms held only one contract at a time. NUMEC was possibly the only firm at that time to have a series of overlapping contracts spanning several years. In each contract of the NUMEC type let by the AEC, there was a provision that the manufacturer must return one hundred percent of the material provided by the government. Loss of material is inherent in the production of the U-235 used in the fabrication of the nuclear fuel rod and at the time a bid is made on the contract the manufacturer is aware of financial penalties imposed for any loss of material. Presumably, loss of material and the consequent financial penalty exacted was taken into account in the bidding. When the average contractor completed his contract, the material not lost in production was returned to the AEC and the contractor paid AEC for any loss of material.

Unclassified PW DOE letter 9-16-85 6-6-85 5668 SLD/KB 6-11-85

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.

6/11/82 SP-1 GSK/RBG

SECRET

Classified by 9598
Exempt from GDS, Category 2
Date of Declassification Indefinite

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

Para 1, 2, 6 unclassified
Per DOE letter 4-16-85 to
6-6-85
5668 SLD/KD 6-11-85

During the above contact, Tharp displayed to the interviewing agents five large boxes of correspondence and ledger material which consists primarily of correspondence and back-up papers supporting an investigation of NUMEC's operations conducted by the AEC in 1965 and 1966. This investigation was an attempt to identify the cumulative loss of Special Nuclear Material (SNM) experienced by NUMEC over the span of its contracts and particularly the nature of what was believed to be an exceptional loss of SNM on a contract NUMEC held with the Westinghouse Astronuclear Laboratory (WANL). This contract called for delivery of U-235 in the form of UC2 particles for use in the manufacture of fuel elements for Nuclear Engine for Rocket Vehicle Application (NERVA).

Tharp arranged for [redacted] Division of Safeguards and Security, to serve as a point of contact and unless otherwise noted, information used hereafter has been obtained from documents provided by [redacted] from the above-described correspondence and back-up material. b6 b7C

NUMEC had two facilities, one for the processing of uranium at Apollo, Pennsylvania, and a second for the processing of plutonium at Leechburg, Pennsylvania. The following will concern only NUMEC's uranium processing facility.

Because of the volume of material available, review of the ERDA files on NUMEC has not yet been completed; however, to date, the review has failed to locate any document which would tend to indicate that a cover-up of the NUMEC matter had occurred. Likewise, no documents have been seen that would indicate that a diversion of SNM had occurred.

The review to date has generally established the following:

In December, 1957, NUMEC received its first license to possess uranium enriched in the U-235 isotope for use in the manufacture of nuclear fuel materials, scrap recovery materials evaluation work and research and development work. Over the years NUMEC held a number of contracts involving the processing of similarly enriched U-235, but in September of 1962, WANL entered into a fixed price contract

with NUMEC under which NUMEC was furnished about 1013 kilograms of U-235 of which about 713 kilograms of acceptably processed U-235 was delivered to WANL. Under the terms of the contract NUMEC was to return to the AEC the equivalent of 300 kilograms of U-235 or pay for the material not returned. NUMEC declared losses under the WANL contract of 33 kilograms. AEC, as the result of a physical inventory, placed the loss at about 53 kilograms. The above situation resulted in a special survey conducted by a group of AEC personnel obtained from different sections of that agency. This survey team, in November of 1965, found that as of that time NUMEC had elevated its WANL losses to 38 kilograms of U-235. AEC itself calculated NUMEC's cumulative losses over all contracts as 178 kilograms, and after credit for material returned or in inventory calculated that a 61 kilogram loss was attributable to the WANL contract.

Unclassified per DOE letter 4-16-85 + 6-6-85

The above survey failed to identify the source or sources of the WANL loss but found it probable that NUMEC had underestimated reprocessing losses on other contracts closed out before and during the WANL contract so that other such losses did not surface until the close out of the WANL contract. These losses then could only be identified with the WANL contract in spite of the fact that a portion of the 61 kilogram loss may have been an accumulation of losses over several years.

Following the above survey, in September, 1966, the Joint Committee on Atomic Energy requested the General Accounting Office (GAO) to review the past procedures of NUMEC for the safeguarding and accountability of AEC owned SNM. In June, 1967, the GAO issued its report on its effort. This report, while differing in certain areas, in the matter of WANL contract losses, concurred generally that it was possible that WANL attributed losses actually occurred in a number of contracts over a period of years without being detected, finally becoming evident only with the conclusion of the WANL contract.

Both the AEC survey team and the GAO team found weaknesses in NUMEC's records and made certain recommendations directed at correction of perceived deficiencies, as well as suggesting that steps be taken to identify, in a timely fashion, areas where significant losses occur. No evidence of diversion was found by GAO.

For details of reports of both the AEC survey team and the GAO team refer to the following attached unclassified documents:

ZALMAN MORDECAI SHAPIRO

SECRET

Nuclear Materials Management
Survey Number DNMM-53
Nuclear Materials and Equipment Corp.

Report to Joint Committee on Atomic Energy
Review of Accountability Controls Over
Special Nuclear Materials, Nuclear
Materials and Equipment Corporation

Items marked "Draft" in the first named report have been compared with the same item in the final report and found to be identical.

SECRET

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 09-11-2017 BY: [redacted]

b6
b7C

FD-36 (Rev 2-14-74)

CONFIDENTIAL

FBI

Date: 6/15/76

5-13-85

Transmit the following in _____
(Type in plaintext or code)

Classified by 5668 SLD/
Declassify on: OADR

Via AIRTEL _____
(Precedence)

TO: DIRECTOR, FBI (117-2564)

SECRET

#03R0758
AUC 60290 PCE/ML
9-24-03

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

ZALMAN MORDECAI SHAPIRO
AEA; OOJ
(OO:WFO)

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

Re WFO report of SA [redacted] dated 6/8/76, and captioned as above.

b6
b7C

Enclosed for the Bureau are four copies of an LHM dated and captioned as above.

The enclosed LHM has been prepared for the purpose of acquainting FBI Headquarters, the Attorney General and the White House with two prior extensive investigative efforts in this matter. [redacted]

b5

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED EXCEPT WHERE SHOWN OTHERWISE

(U)

[redacted] Both reports portray what happened at NUMEC insofar as it was possible to determine in 1965 to 1967. Insofar as a cover-up is concerned, it appears to WFO that the investigation by GAO and report to the Joint Committee

2 - Bureau (Enc. 4)
1 - WFO

JES:jst
(3)

ENCLOSURE
1cc - Attorney General - hand carried
1cc - [redacted] C.D.
1-cc - Rm 4047

SECRET

117-2564-40

23 JUN 76

b6
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Classified by 9598
Exempt from CDS, Category 2
Date of Declassification Indefinite

Class. & Ext. By SP-1 HSK/RBH
Reason - FCIM 1-2-2
Date of Decl. 6/15/76
217,823

Approved: _____ Special Agent in Charge _____ M Per _____

ALL BEHIND FILE
See DOE letter 6-6-85 for DOE Exemptions 190-33675

84 OCT 19 1976

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DOC.

on Atomic Energy, an investigative arm of the Legislative Branch of government, separate and apart from the Executive Branch of government, belies any thought of an attempt to cover-up the situation at NUMEC.

b5

It should also be recalled that during a portion of that period the subject was associated with NUMEC, the FBI was conducting an investigation into his activities with the assistance of sophisticated techniques and surveillance. This, although not specifically directed at the matter of diversion of Special Nuclear Material, did not develop any information pointing to a possible diversion. (U)

b5

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SECRET

It has been determined that the GAO report attached to LHM is out of print but public information. The caveat at top of first page no longer applies.

Investigation continuing.

SECRET

CONFIDENTIAL

OPTIONAL FORM NO. 10
JULY 1973 EDITION
GSA FPMR (41 CFR) 101-11.6

UNITED STATES GOVERNMENT

Memorandum

TOP SECRET

TO : DIRECTOR, FBI (117-2564)

DATE: 6/17/76

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

SUBJECT: DIVERT
AEA
OO: WFO

Re San Francisco letter to Bureau, 6/11/76.

Enclosed for WFO is one (1) copy of an FD 302 reflecting interview of [redacted], Lawrence Livermore Laboratory (LLL).

b6
b7C

UACB, in view of the sensitivity of this investigation, interviews of other LLL employees who may have known [redacted] will be held in abeyance.

San Francisco has completed requested investigation to date and will place its file in an RUC status at this time.

TOP SECRET
Classified by 5478
Exempt from GDS, Category 2
Date of Declassification: Indefinite

ST. 115

REC-72 117-2564-

2 - Bureau (RM)
2 - WFO (Enc. 1)(RM)(117-273)

1 - San Francisco
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(5)

DECLASSIFIED BY SP-1 [illegible]
ON 6/9/82

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

FEDERAL BUREAU OF INVESTIGATION
COMMUNICATIONS SECTION

JUL 1 1976

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Director Sec'y ____

NR 016 WF CODE

8:11 PM NITEL 7-1-76 AEP

TO: DIRECTOR, FBI (117-2564)

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

S E C R E T

ATTENTION INTD.

DIVERT

ON JULY 1, 1976, TELEPHONIC CONTACT WITH PITTSBURGH DETERMINED SUBJECT, ZALMAN MORDECAI SHAPIRO, TO BE INTERVIEWED IN A PENDING NRC-A INVESTIGATION PERTAINING TO KARL HEINZ PUECHL, DOB [redacted] POB [redacted] PUECHL USED SHAPIRO AS A CHARACTER REFERENCE FOR A TOP SECRET "Q" CLEARANCE FOR EMPLOYMENT AT NRC, ATLANTA.

b6
b7C

REC-93 117-2564-

EX-110

PITTSBURGH WILL ATTEMPT TO DETERMINE THE EXTENT OF PERSONAL AND WORK RELATED CONTACTS BETWEEN SHAPIRO AND PUECHL. PUECHL ONCE WAS AT NUMEC.

WFO WILL VERIFY THE ARRIVAL OF JAMES E. LOVETT, FORMER MEMBER OF AEC TASK FORCE WHICH INSPECTED NUMEC DURING PERIOD IN QUESTION, AND LATER NUMEC'S CHIEF OF THE ACCOUNTABILITY SECTION. LOVETT IS CURRENTLY WITH THE INTERNATIONAL ATOMIC ENERGY AGENCY SECRETARIAT, VIENNA, AUSTRIA, AND A USDS

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE ____ BY ____

DECLASSIFIED BY SP-1GSK/RBL
ON 6/30/89

REPRESENTATIVE THERE.

UACB, WFO WILL CONTACT NECESSARY AGENCIES TO ARRANGE FOR AN INTERVIEW OF LOVETT ON OR ABOUT JULY 16, 1976, HIS EXPECTED ARRIVAL DATE IN THE WASHINGTON, D.C., AREA.

CLASSIFIED BY 9598, XGDS 2. INDEFINITE.

END.

SECRET

10/27/76

General Investigative Division

DIVERT

Divert is the administrative code word for the Atomic Energy Act investigation of the allegations of possible diversion of nuclear materials to the Israeli Government by a U.S. firm, Nuclear Material and Equipment Corporation (NUMEC), in 1960's. Reopening of the investigation ordered by Attorney General (AG) to investigate not only possible diversion but also whether U.S. Government officials failed to resolve the allegations concerning possible diversion to Israeli Government.

The AG instructed the FBI reinvestigate this matter on April 30, 1976. Since that time, extensive investigation has failed to indicate there is any basis for the allegation of a diversion or coverup. In fact, the investigation has reflected only supposition and theory based on analysis of circumstantial information. By letter dated September 3, 1976, the AG was advised of the above and the AG was requested to advise whether he desired further investigation.

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Rec. Mgmt.
Spec. Inv.
Training

1 - Mr. Held
1 - Mr. Adams
1 - Mr. Leavitt
1 - Mr. Gallagher
1 - Mr. Deegan
1 - [redacted]

b6
b7C

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DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 09-11-2017 BY: [redacted]

The attached letter from the Department of Justice advises that the Department's memorandum of April 30, 1976, suggested that there is an additional aspect of the investigation that should be resolved. From the review of the reports submitted to date, the Department believes additional investigation is necessary. (u)

That investigation should include, but not be limited to, interviews of persons employed at NUMEC during the pertinent time period who might have had knowledge of any diversion of nuclear materials. (u) Investigation being ordered to the field.

JCD

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FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 09-11-2017 BY: [redacted]

~~CONFIDENTIAL~~

1 - Mr. J. G. Deegan
1 - [redacted]

b6
b7C

~~SECRET~~

10/29/76

SAC, WFO (117-273)

Director, FBI (117-2564)

Classified by: 5668 SCD/KJ
Declassify on: OADR
5-13-85
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AS AMENDED

DIVERT

Enclosed is a copy of a self-explanatory letter received from the Department of Justice at FBIHQ on 10/26/76. (U)

In view of the fact that the Department has indicated additional investigation is necessary in captioned matter, Washington Field should advise FBIHQ what further action is deemed necessary to bring this investigation to its proper conclusion, in addition to the interviews specifically requested by the Department. (U)

Enclosure

RKM:tac
(5)

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

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Spec. Inv.
Training

NOTE:

Divert is the administrative code word for the Atomic Energy Act investigation of allegation concerning possible diversion of nuclear materials to the Israeli Government by a U. S. firm, Nuclear Material and Equipment Corporation (NUMEC) in the 1960's. Reopening of the investigation was ordered by the Attorney General on April 30, 1976. (U)(S)

By letter dated September 3, 1976, with enclosed LHM, the results of the FBI investigation in this matter were furnished to the Department and the Department was requested to advise what investigation, if any, was required. (U)

REC 27 117-2564

The enclosed letter from the Department states that further investigation in this matter should include interviews of persons employed at NUMEC during the pertinent time period who might have had knowledge of any diversion of nuclear materials. Consequently, the above instructions are being set forth. (S)

OCT 29 1976
FBI

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Classified by 6419
Exempt from GDS, Category 2
Date of Declassification, Indefinite

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~~CONFIDENTIAL~~

GPO : 1976 O - 207-526

ONAL FORM NO. 10
1973 EDITION
GSA FPMR (41 CFR) 101-11.6

UNITED STATES GOVERNMENT

Memorandum

SECRET

TO: The Director
Federal Bureau of Investigation

DATE: JC 14

FROM: John C. Keeney
Deputy Assistant Attorney General
Criminal Division

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

Assoc. Dir.	
Dep. AD Adm.	
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FBI/DOJ

Reference is made to your memorandum to the Attorney General dated September 3, 1976, captioned as above, requesting whether further investigation is desired in this matter.

My memorandum of April 30, 1976, captioned as above, suggests there is an additional aspect of this investigation that should be resolved. From a review of the reports submitted to date in this matter, we believe additional investigation is necessary to determine whether, as alleged, nuclear materials were in fact diverted from the Nuclear Material and Equipment Corporation (NUMEC), Apollo, Pennsylvania.

In this regard further investigation should include, but not be limited to interviewing persons employed at NUMEC during the pertinent time period who might have had knowledge of any diversion of nuclear materials, for example: Bertran Schwartz, Assistant to the President; Sylvester Weber, Manager, Engineering and Accountability

b6
b7C

Classification changed per memorandum of Dept. Security Officer 3/25/79

CLASSIFIED BY ROBERT L. KEUCH 3/25/79 ~~FBI~~ DAAG, Criminal Division
EXEMPT FROM GENERAL DECLASSIFICATION
SCHEDULE OF EXECUTIVE ORDER 11652
EXEMPTION CATEGORY ~~II~~ 3
AUTOMATICALLY DECLASSIFIED ON Indefinite

REC-33 117-2264-40

DECLASSIFIED BY SWG SCP/LCD
ON 6-12-85
per DOJ letter 5-23-85

SECRET

Confidential

5 OCT 22 1976

EXP. PROC.

OCT 22 1976

5010-110

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

Division; Bruce D. Rice, Manager, Security Division; Margaret Falco, Secretary, Accountabilities Division; Robert Ollinger, Security Division; Floyd E. Joyner, Accountability Representative; and Arthur M. Weis, Manager, Marketing and Security Division. Your investigation should also include interviews of any other individuals who may have been involved in packaging, shipping, or accounting for nuclear materials. (U)

Summaries of investigative results should continue to be furnished directly to the Office of the Attorney General, with copies to the Criminal Division sent to my attention. (U)

Enclosure

ORIGINAL PAGE 2 HAS BECOME DETACHED AND XEROX COPY INSERTED IN ITS PLACE. IF ORIGINAL IS LOCATED, REMOVE THIS COPY / RMM 9/3/87.

FD-36 (Rev. 12-14-74)

FBI

Date: 11/4/76

Transmit the following in _____ (Type in plaintext or code)

Via AIRTEL _____ (Precedence)

Dep. AD Adm.	
Dep. AD Inv.	
Asst. Dir.:	
Adm. Serv.	
Ext. Affairs	
Fin. & Pers.	
Gen. Inv.	
Ident.	
Intell.	
Legal Coun.	
Plan. & Insp.	
Rec. Mgt.	
S. & T. Serv.	
Spec. Inv.	
Training	
Telephone Rm.	
Director's Sec'y	

TO: DIRECTOR, FBI (117-2564)

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

SECRET

DIVERT

Re Bulet 10/29/76 with enclosure.

WFO, after multi reviews of this case, realizes that, on the surface, some additional interviews would appear to be necessary as noted in the opinion expressed in the Department of Justice letter dated 10/21/76, from the Deputy Assistant Attorney General, Criminal Division.

But in all due respect to the views of the Department, the WFO Case Agent feels that in an attempt to resolve this matter one ZALMAN MORDECAI SHAPIRO should first be contacted and asked if he would consent to an interview with the use of a polygraph before others are interviewed as suggested in the Department's letter of 10/21/76.

REC-82 117-2564-

The WFO Case Agent suggests this approach for two reasons:

21 NOV 17 1976

b7E

SECRET

(2) - Bureau
1 - WFO

AES:jst
(3)

Classified by 9598
Exempt from GDS, Category 2
Date of Declassification Indefinite

Approved: _____ Special Agent in Charge

Sent _____ M Per _____

DECLASSIFIED BY SP-1 USK/RBG
ON 6/11/82

GPO : 1975 O - 590-992

b7E

WFO, UACB will await the decision pertaining to this approach to SHAPIRO before conducting suggested interview.

FD-36 (R

FBI

Date: 11/30/76

Transmit the following in _____ (Type in plaintext or code)

Via AIRTEL _____ (Precedence)

Dir.
Dep. AD Adm.
Dep. AD Inv.
Asst. Dir.:
Adm. Serv.
Ext. Affairs
Fin. & Pers.
Gen. Inv.
Ident.
Intell.
Legal Coun.
Plan. & Insp.
Rec. Mgt.
S & T. Serv.
Spec. Inv.
Training
Telephone Rm.
Director's Sec'y

TO: DIRECTOR, FBI (117-2564)

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

DIVERT
~~AEA; OOJ~~
(OO:WFO)

117-2564-410 117-2564-409 117-2564-410

Re Bureau airtel to WFO, 11/11/76; WFO airtel to Bureau, 11/[illegible]4/76; Bu let 10/29/76 with enclosure to WFO which is a U.S. Department of Justice (USDJ) letter dated 10/21/76 from Deputy Assistant Attorney General (DAAG) KEENEY. 117-2564-408

Enclosed for Pittsburgh is one copy of each of the above described communications.

It is requested that Pittsburgh determine if the individuals mentioned in DAAG KEENEY's letter can be located for purposes of interview as set forth in the USDJ communication. Upon completion of this assessment, advise the WFO of your results.

117-2564-411X

REC-59 ~~117-2564-2~~

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 6/11/82 BY SP-1 GSK/RBG
5668 SLD/KJ 5-13-85

(2)-Bureau
2-Pittsburgh (Enc. 4)
1-WFO

AES:smv
(5)

[redacted]

6-Rm

ICC Rm. 4047 Rm

Approved: _____ Special Agent in Charge Sent _____ M Per _____

55 DEC 1976

GPO : 1975 O - 590-992

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 09-11-2017 BY: [redacted]

b6
b7C

OPTIONAL FORM NO. 10
101-11.6

TOP SECRET

UNITED STATES GOVERNMENT

Memorandum

1 - Mr. J. B. Adams
1 - Mr. T. W. Leavitt
1 - Mr. R. J. Gallagher

Assoc. Dir. ___
Dep. AD Adm. ___
Dep. AD Inv. ___
Asst. Dir.:
Adm. Serv. ___
Ext. Affairs ___
Fin. & Pers. ___
Gen. Inv. ___
Ident. ___
Inspection ___
Intell. ___
Laboratory ___
Legal Coun. ___
Plan. & Eval. ___
Rec. Mgnt. ___
Spec. Inv. ___
Training ___
Telephone Rm. ___
Director Sec'y ___

TO : Mr. R. J. Gallagher

DATE: 12/6/76

CONFIDENTIAL

FROM : Mr. J. G. Deegan

1 - Mr. J. G. Deegan
1 - [redacted]

SUBJECT: DIVERT
ATOMIC ENERGY ACT

~~Classified by 5668 SLD/KG~~
~~Declassify on: OADR~~
~~5-13-85~~

PURPOSE: The purpose of this memorandum is to advise of current developments in captioned investigation.

Divert is the administrative code word for the Atomic Energy Act investigation of the allegations of a possible diversion of nuclear materials [to the Israeli Government] by a U. S. firm, Nuclear Materials and Equipment Corporation (NUMEC), in the 1960's. The investigation was reopened upon the Attorney General's orders on April 30, 1976. The Attorney General instructed that the investigation was to determine not only if a diversion occurred but also whether U. S. Government officials failed to resolve the allegations concerning a possible diversion [to the Israeli Government]. (S) (U)

As you have been previously advised, extensive investigation conducted since April 30, 1976, has failed to indicate there is any basis for allegations of a diversion or cover up. By letter dated September 1, 1976, the Attorney General was advised of the results of our investigation and the Attorney General was requested to advise whether he desired further investigation.

By letter dated October 21, 1976, the Department of Justice requested further investigation be conducted. Specifically, the Department indicated that persons employed at NUMEC during the pertinent time period who might have had knowledge of a diversion be interviewed. The Department listed seven former officials at NUMEC who should be interviewed.

EX-100 REC-52

RKM:tac
(6)

SP-1 GSK/RPG
3
12/6/96
6/15/82

TOP SECRET
Classified by 5098
Exempt from GDS, Category 2
Date of Declassification, Indefinite

CONFIDENTIAL

CLASSIFIED BY 60290 ACE/MLT/DTG
DECLASSIFY ON: 25X6 AS AMENDED
#M03 RO 758 8-11-03

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

FBI/DOJ

5010-108

Memorandum to Mr. R. J. Gallagher
Re: Divert

Instructions were given to the field to comply with the Department's instructions. At the present time the Washington Field Office is attempting to locate those individuals mentioned by the Department in order to conduct the interviews.

ACTION: You will be kept advised of future developments in this investigation.

APPROVED:	Adm. Serv.	Legal Coun.
	Ext. Affairs	Plan. & Insp.
Director	Fin. & Pers.	Rec. Mgt.
Assoc. Dir.	Com. Inv.	S. & T. Serv.
Dep. AD Adm.	Ident.	Spec. Inv.
Dep. AD Inv.	Intell.	Training

FD-36 (Rev. 2-14-74)

~~SECRET~~ FBI

Date:

Transmit the following in _____
(Type in plaintext or code)

Via AIRTEL _____
(Precedence)

TO: DIRECTOR, FBI (117-2564)

FROM: SAC, PITTSBURGH [redacted]

SUBJECT: DIVERT
AEA; OOJ
(OO: WFO)

b3
b7E

Re Washington Field airtel to FBIHQ dated 11/30/76, requesting the current location of the following individuals:

BERTRAN SCHWARTZ

A review of captioned file reflects BERTRAN SCHWARTZ former Assistant to the President of Nuclear Materials and Equipment Corporation (NUMEC), Apollo, Pa., from 3/1/65, to 3/7/68, was interviewed by FBI Agents on 12/18/68. At that time SCHWARTZ was employed as a Consultant to the Vice President of the Consolidated Edison (Con Ed) Company, 4 Irving Place, New York, New York. His residence at that time was unknown.

SYLVESTER A. WEBER

Captioned Pittsburgh file and 1968 address and telephone directories listed WEBER as residing at 3742 Windover Road, Murrysville, Pa.

A review of current Pittsburgh and surrounding area telephone and address directories failed to show a listing for WEBER.

EX-109 117-2564-413

The Murrysville Post Office and Pittsburgh ~~Credit~~ Bureau contain no forwarding address for WEBER.

b6
b7C

3 JAN 8 1977

~~SECRET~~

Classified by 5932
Exempt from GDS, Category 2
Date of Declassification - Indefinite

2 - Bureau
2 - Washington Field (117-273)
2 - Pittsburgh
DFW/jkc
(6)

Approved: _____ Sent _____ M Per _____
Special Agent in Charge

56 JAN 18 1977

DECLASSIFIED BY SP-1 65K/RBG
ON 6/15/82

GPO : 1975 O - 590-992

[redacted]

b3
b7E

On 12/10/76, a confidential source, whose identity is set forth on a Non-Symbol Source Administrative Page, attached for the Bureau, revealed that SYLVESTER WEBER was employed at NUMEC from approximately late 1957 or early 1958, to 11/12/71, and that he is currently employed by Westinghouse at Hanford Engineering Development Laboratory, Richland, Washington.

BRUCE D. RICE

Captioned file reflects BRUCE RICE, Manager, Security Division, NUMEC, as of July, 1968, resides at 181 Conneaut Drive, Plum Boro, Pa.

On 12/10/76, source advised that RICE was employed by NUMEC from 1/2/63 until 10/31/71. His prior and current address is believed to be 181 Conneaut Drive, Pittsburgh, Pa. 15239.

The current telephone directory covering Plum Boro, Pa., shows BRUCE RICE as residing at 181 Conneaut Drive, and maintains telephone number 327-1658.

MARGARET FALCO

Captioned file reflects MARGARET FALCO and her husband, ROLAND F. FALCO, were residing at [redacted] as of August, 1968.

b6
b7C

Current Pittsburgh telephone directories reflect ROLAND F. FALCO currently resides at [redacted] and maintains telephone number [redacted]

Records of the Pittsburgh Credit Bureau, as checked on 12/14/76, disclosed that MARGARET E. FALCO continues to reside at [redacted]

ROBERT COLINGER

Captioned file reflects that during June, 1968, a source advised that a former employee of NUMEC by the name of ROBERT COLINGER, who was then with Raychord Corporation, had discussed a fire that occurred in the NUMEC vault while he was employed at NUMEC.

[redacted] b3 b7E

On 12/10/76, source advised that ROBERT OLINGER was employed at NUMEC from 8/11/59 to 1/12/66, at which time his address was listed as Box 326, North Apollo, Pa. Source could furnish no current address for OLINGER.

On 12/27/76, a second source, whose identity is set out on the Non-Symbol Source Administrative Page, advised that ROBERT OLINGER, formerly of Box 326, North Apollo, Pa., was, as of 12/31/68, residing at 5772 Georgetown Drive, Carriage Hill, Erie, Pa.

A review of Erie, Pa., current telephone directory listed ROBERT F. OLINGER as residing at 5415 West 52nd Street, Erie, Pa. 16509, and maintaining telephone number 814-838-4783.

On 1/3/77, a pretext inquiry at 838-4783 disclosed that ROBERT OLINGER is currently the sales manager, Erie Steel Products, 2420 West 15th Street, Erie, telephone number 459-2715, and residing at the above address.

FLOYD E. JOYNER

Captioned file reflects one FLOYD E. JOYNER was reportedly fired from NUMEC during approximately 1964.

On 12/10/76, first source advised that FLOYD E. JOYNER was employed by NUMEC from 4/28/58 to 7/31/64. His address while employed by NUMEC was [redacted] and this was believed to be his current residence. b6 b7C

The current Apollo - Leechburg telephone directory lists FLOYD E. JOYNER as residing at [redacted] and maintaining telephone number [redacted]

ARTHUR MARTIN WEIS

Captioned file reflects that in 1963 ARTHUR M. WEIS was employed as Manager of Marketing and Security Division, NUMEC, and residing at 552 North Neville, Pittsburgh, Pa.

b3
b7E

On 12/10/76, first source advised that ARTHUR MARTIN WEIS was employed by NUMEC from 5/18/59, to 6/30/64, at which time he was residing at 552 North Neville Street, Pittsburgh, Pa. Source advised that WEIS' resignation letter indicated that he was moving to New York City, New York.

No forwarding address for WEIS was located at the Arsenal Postal Station, covering Neville Street, Pittsburgh, Pa., which was checked on 1/5/77.

Records of the Pittsburgh Credit Bureau contained no identifiable record of WEIS. Motor Vehicle records, Harrisburg, Pa., contains no record of WEIS currently maintaining a drivers license in the State of Pennsylvania. Current address and telephone directories contain no identifiable information concerning WEIS.

[redacted]

b3
b7E

NON-SYMBOL SOURCE ADMINISTRATIVE PAGE

Re pittsburgh airtel to FBIHQ dated 1/6/77, captioned, "DIVERT; AEA; OOJ: OO: WFO."

Set out below are identities of sources utilized in reairtel:

First source is [redacted]

b6
b7C
b7D
b7E

Second source is [redacted]

FD-36 (Rev. 2-14-74)

SECRET FBI

Date: 1/26/77

Transmit the following in _____ (Type in plaintext or code)

Via AIRTEL _____ (Precedence)

TO: DIRECTOR, FBI (117-2564) SECRET

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

DIVERT
AEA; OOJ
(00:WFO)

DECLASSIFIED BY 5668SLD/KG ON 5-13-85

RePGairtel received 1/10/77. 413 Extra copies submitted to facilitate lead coverage.

For the information of Pittsburgh, New York, and Seattle, agents not fully familiar with this case, the following is noted.

This case reflects an allegation that nuclear materials were, in fact, diverted from the Nuclear Material and Equipment Corporation (NUMEC), Apollo, Pennsylvania to unauthorized individuals. (S)

The following individuals are to be interviewed to determine if they know of any unauthorized diversion of nuclear material from NUMEC during their tenure of employment: (S)

SECRET EX-109

REC-54 117-2564-414

Classified By 9598
Exempt from GDS, Category 2
Date of Declassification Indefinite

23 JAN 28 1977

b6
b7C

2- Bureau
2- Seattle
3- New York
5- Pittsburgh
1- WFO

AES:baw
(13)

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED EXCEPT WHERE SHOWN OTHERWISE

Class. & Ext. By SP-1 GSK/RBY
Reason - FCM II, 1-2-2
Date of Review 6/26/77 6/15/82

1 cc Lm
4427 Rm

DECLASSIFIED BY SP-1 GSK/RBY ON 6/15/82
217,822

Approved: _____ Special Agent in Charge Sent _____ M Per _____

54 FEB 8 1977

SECRET

GPO : 1975 O - 590-992

SYLVESTOR A. WEBER
Employed at NUMEC late 1957 - 11/21/71 as
Manager, Engineering and Accountibility.
Currently employed: Hanford Engineering
Development Laboratory, Richland, Washington

MARGARET FALCO, NUMEC Employee,
Accountability Section until 1966.
Address: [redacted]
Telephone Number: [redacted]

b6
b7C

BRUCE D. RICE
Security Officer, NUMEC
Security Division 1/2/63 - 10/31/71
Address: 181 Conneaut Drive
Pittsburgh, Pennsylvania 15239
Telephone Number: 327-1658

ROBERT OLLINGER
Officer in Charge of Inventory of Vault
at NUMEC when fire reportedly occurred in 1966
Current Employment: Sales Manager
Erie Steel Products, 2420 West 15th Street
Erie, Pennsylvania
Telephone Number: 459-2715
Residing at 5415 West 52nd Street
Erie, Pennsylvania 16509
Telephone Number: 814-838-4738

FLOYD E. JOYNER
Reportedly fired from NUMEC in 1964
Employed at NUMEC 4/28/58 - 7/31/64
Address: [redacted]
Telephone Number: [redacted]

ARTHUR MARTIN WEIS
Manager of Marketing and Security Division
1963 employed at NUMEC 5/18/59 - 6/30/64
Current employment: CAPINTEC,
Mount Vernon, New York

BERTRAN SCHWARTZ
Assistant to President of Nuclear Materials and Equipment Corporation (NUMEC) from 3/1/65 - 3/7/68
Employed (1968): Consolidated Edison Company
4 Irving Place, New York, NY

ZALMAN MORDECAI SHAPIRO
Was President of NUMEC, Apollo, Pennsylvania, during the time the above listed individuals worked for NUMEC. He is the subject of this case.

Per DOJ letter 3-22-83

This investigation was re-instituted 4/76, upon request of the U.S. Attorney General to determine whether or not a diversion of nuclear material had occurred at NUMEC, Apollo, Pennsylvania, partially owned and operated by SHAPIRO. (b)(2)

To date, no evidenciary material is available that would indicate a diversion of nuclear material.

During November, 1976, the USDJ advised that certain additional interviews of former NUMEC employees should be conducted.

Offices in receipt of the communication should conduct appropriate interviews to include at least the following types of questions:

1. Verify employment position and dates of employment at NUMEC.

2. Determine scope of position and how it affected accountability and/or security of nuclear materials handled at NUMEC.

3. Determine how loss was accounted for during any enrichment process if known.

4. Determine how nuclear materials records were maintained.

5. Determine events of the fire at NUMEC that may have destroyed nuclear material and records.

6. Determine relationship between SHAPIRO and employee.

7. Ask if any NUMEC employees pressured the interviewee into covering-up unaccountable nuclear losses.

It should be noted that the Nuclear Regulatory Commission (NRC), the Energy Research and Development Administration (ERDA), or the old Atomic Energy Commission (AEC) may have already interviewed these people concerning this matter.

All interviews should be on FD-302's and submitted to WFO.

If a diversion had taken place, the obstruction of justice statute would be the legal basis for this investigation due to possible expiration of statute of limitation clauses.

In the event, Seattle is confronted with the need for special clearances, immediately advise FBI Headquarters, Division 6, AEA Desk.

LEADS

SEATTLE

AT RICHLAND, WASHINGTON Interview SYLVESTOR A. WEBER, Hanford Engineering Development Laboratory.

NEW YORK

AT NEW YORK, NEW YORK Interview BERTRAN SCHWARTZ, Con Ed, 4 Irving Place, New York, NY

AT MOUNT VERNON, NEW YORK Interview ARTHUR MARTIN WEIS, CAPINTEC.

PITTSBURGH

AT PITTSBURGH, PENNSYLVANIA Interview BRUCE D. RICE, 181 Conneaut Drive.

FALCO, [redacted] AT [redacted] PENNSYLVANIA Interview MARGARET b6 b7C

JOYNER, [redacted] AT [redacted] PENNSYLVANIA Interview FLOYD E.

5415 West 52nd Street. AT ERIE, PENNSYLVANIA Interview ROBERT OLLINGER,

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

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 2/23/77

BERTRAN SCHWARTZ, Senior Vice-President, Consolidated Edison Company, 4 Irving Place, New York City (NYC), was interviewed regarding his knowledge of possible unauthorized diversion of nuclear material from the Nuclear Material and Equipment Corporation (NUMEC) during his tenure of employment.

Mr. SCHWARTZ advised he had worked for NUMEC from March, 1965 to March, 1968 during which time he held a position in the Marketing Department followed by his appointment to assistant to the President, Mr. ZALMAN SHAPIRO. SCHWARTZ described this position as basically a Staff Administrative post in which he would act as administrative assistant and advisor to Mr. SHAPIRO. SCHWARTZ said that the nature of his responsibilities did not include any direct involvement with the accountability or security departments at NUMEC but as the President's Assistant, he was familiar with their operating procedures and results of their activity.

SCHWARTZ advised that the radioactive material they received for processing was initially measured by weight upon its receipt at the Apollo plant. Thereafter it would be measured at various development stages by chemical formula techniques which would allow for normal loss and other elements formed as by-products. To SCHWARTZ's knowledge the supervision of loss accounting and the maintenance of pertinent records was the function and responsibility of the accountability department.

SCHWARTZ stated that during his tenure of employment he knew of no unauthorized diversion of Nuclear material at NUMEC. He said he was aware of the unusually high loss rate of this material but considered it to be at that time a result of bad management and production control. SCHWARTZ said he was never pressured into covering up these losses nor does he know of any attempt to do so by other employees.

6/15/82 SP-1 GSK/RBG
5669 SLD/KJ 5-13-85

Interviewed on 2/16/77 at New York, New York File # NY 117-394

SAs [redacted] and b6
by [redacted] /ADS:mys Date dictated 2/18/77 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.

ENCLOSURE

SCHWARTZ said that certain officers at NUMEC expressed concern over AEC's eventual reaction to these losses but SCHWARTZ said he knows of no attempt to cover up the existing facts. SCHWARTZ stated that the responsibility for providing AEC with required statistics lied with the accountability department.

SCHWARTZ further advised that he does not recall a fire occurring at the Apollo plant during his period of employment. He said the only similar type incident he remembers was an explosion at their plutonium plant located five miles north of Apollo and occurring in November of 1966.

FD-36 (Rev. 7-27-76)

FBI

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

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

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

Date 2/23/77

TO: DIRECTOR, FBI (117-2564)

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

SUBJECT: DIVERT
AEA:OOJ
(OO:WFO)

ReWFOairtel, dated 1/26/77, 414 captioned as above.

Enclosed for the Bureau are two copies and for WFO one copy and the original of an FD-302 obtained from BERTRAN SCHWARTZ, Consolidated Edison, NYC.

NYO indices re SCHWARTZ negative.

Since no further investigation appears warranted in NY at this time, this matter is being RUC'D to WFO.

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 6/15/82 BY SP-1 GAK/RBY
5668 SLD/KG 5-13-85

REC-60 117-2564-41

ENCLOSURE

6 FEB 25 1977

2 - Bureau (Encs. 2)
2 - Washington Field (Encs. 2)
1 - New York

ADS:mys
(6)

b6
b7C

Approved 5 5 MAR 8 1977

Transmitted (Number) (Time) Per

FD-36 (Rev. 2-14-74)

FBI

Date: 2/28/77

Transmit the following in _____
(Type in plaintext or code)

Via AIRTEL _____
(Precedence)

TO: DIRECTOR, FBI (117-2564) SECRET

FROM: ADIC, NEW YORK (117-394)

SUBJECT: DIVERT
AEA - OOJ
(00:WFO)

Re WFO airtel, dated 1/26/77. 414

Reairtel set forth lead to interview ARTHUR MARTIN WEIS at Capintec Corporation, Mount Vernon, NY. It has been determined that Capintec Corporation moved from 63 East Sanford Boulevard, Mount Vernon, NY, over a year ago and is now located in Montvale, New Jersey, telephone #201-391-3930. Postal authorities, Mount Vernon, NY, had no record of exact forwarding address.

Enclosed for Newark is one copy of referenced airtel consisting of four pages and setting forth the lead to be covered.

LEAD REC-49 117-2564-416

NEWARK ST-126 7 MAR 3 1977

At Montvale, New Jersey

b6
b7C

Will interview ARTHUR MARTIN WEIS as requested in enclosed WFO airtel.

SECRET

2 - Bureau
2 - Newark (117- (Encl. 1)
2 - Washington Field (117-273)
1 - New York

Classified By 7361
Exempt from GDS, Category 2
Date of Declassification Indefinite

PMB:lac
(8)

ICE Rm. 4427 RM

DECLASSIFIED BY SP-1 MSK/RBY
ON 6/15/82

Approved: 54 L/N Sent _____ M Per _____
Special Agent in Charge

57 MAR 10 1977
543

GPO : 1975 O - 590-992

OPTIONAL FORM NO. 10
JULY 1973 EDITION
GSA FPMR (41 CFR) 101-11.6

UNITED STATES GOVERNMENT

Memorandum

TO : The Director
Federal Bureau of Investigation

SECRET

DATE: FEB 28 1977

FROM : RLT Richard L. Thornburgh
Assistant Attorney General
Criminal Division

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

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

FEDERAL GOVERNMENT

Reference is made to the memorandum from Deputy Assistant Attorney General John C. Keeney, dated October 23, 1976, which suggested additional investigation to determine whether, as alleged, nuclear materials were in fact diverted from the Nuclear Material and Equipment Corporation (NUMEC), Apollo, Pennsylvania.

It is requested that we be advised whether the requested additional investigation has been completed and, if so, that the results thereof be forwarded to us for our consideration.

EXP. PROC.

38 MAR 2 1977

CLASSIFIED BY FBI
EXEMPT FROM GENERAL DECLASSIFICATION
SCHEDULE OF EXECUTIVE ORDER 11652
EXEMPTION CATEGORY II
AUTOMATICALLY DECLASSIFIED ON Indefinite

DECLASSIFIED BY 5668SLD/RJ
ON 6-12-85
Per DOJ letter 5-23-85

SECRET

REC-30

MAR 2 1977

5010-110

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

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 09-11-2017 BY: [redacted]

b6
b7C

SECRET

SECRET

CONFIDENTIAL

Assistant Attorney General
Criminal Division

FEDERAL GOVERNMENT

March 11, 1977

Director, FBI

1 - Mr. Adams
1 - Mr. Moore
1 - Mr. Ingram
1 - Mr. Maurice
1 - [redacted]

ZALMAN MORDECAI SHAPIRO;
ATOMIC ENERGY ACT

12/5/83 SP-1 GSL/ABW
Comp. #240,619

Classified by 5-1785
Declassify on: OADR

Reference is made to your memorandum RLT:JHD:TEM:njs 146-41-15-3112 dated February 28, 1977, wherein you requested that the results of our additional investigation in this matter be forwarded to you for your consideration. (S)(E) (X)(4)

By memorandum dated October 21, 1976, you suggested certain additional individuals be interviewed to determine whether as alleged, nuclear materials were, in fact, diverted from the Nuclear Materials Equipment Corporation (NUMEC), Apollo, Pennsylvania. These individuals will be interviewed as soon as they can be located. It is noted that considerable difficulty has been encountered in locating some of those who are to be interviewed due to the last known address for them being over ten years old. (X)(4)

The results of our additional investigation will be forwarded to you as soon as these additional interviews are completed.

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE [illegible] BY [illegible]
OTHERWISE

Class. & Ext. By SP-1/GSL/RBG
Reason - FCIM, II, G 2,3
Date of Decl. 3/11/97
6/15/82

RKM:clc (8)

SEE NOTE PAGE TWO

MAILED 10
MAR 14 1977
FBI

REC-33

MAR 16 1977

Assoc. Dir.
Dep. AD Adm.
Dep. AD Inv.
Asst. Dir.:
Adm. Serv.
Ext. Affairs
Fin. & Pers.
Gen. Inv.
Ident.
Inspection
Intell.
Laboratory
Legal Coun.
Plan. & Eval.
Rec. Mgnt.
Spec. Inv.
Training
Telephone Rm.
Director Sec'y

MAIL ROOM ☑ TELETYPE UNIT ☐

SECRET

Classified by 6096
Exempt from GDS, Category 2
Date of Declassification: Indefinite

CONFIDENTIAL

SECRET

GPO : 1976 O - 207-528

Assistant Attorney General
Criminal Division

~~SECRET~~ ~~CONFIDENTIAL~~

NOTE: Captioned matter has been given the administrative code word DIVERT. It relates to the Atomic Energy Act investigation of the allegations of possible diversion of nuclear materials to the Israeli Government by a United States firm, NUMEC, in the 1960s. Reopening of the investigation was ordered by the Attorney General on April 30, 1976. The investigation was to determine not only if a possible diversion occurred, but also whether United States Government officials covered up the diversion. Since this case was reopened, extensive investigation has failed to indicate there is any basis for the allegation of a diversion or a cover up. By letter dated September 3, 1976, the Attorney General was advised of that fact and he was requested to advise whether he desired further investigation. By letter dated October 21, 1976, the Attorney General advised certain individuals employed at NUMEC during the pertinent time period should be interviewed. We are attempting to locate and interview these individuals.

Nuclear Per DOJ letter 3-22-85

APPROVED:

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

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FD-36 (Rev. 5-22-64)

~~SECRET~~

FBI

Date: 3/23/77

Transmit the following in _____ (Type in plaintext or code)

Via AIRTEL _____ (Priority)

TO: DIRECTOR, FBI (117-2564)

FROM: SAC, NEWARK (117-130) (RUC)

SUBJECT: DIVERT
AEA - OOJ
(OO: WFO)

Re: WFO airtel, 1/26/77. 414
New York airtel, 2/28/77. 416

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b7C

Enclosed for WFO is an original and one copy of an FD-302 reflecting the interview of ARTHUR MARTIN WEIS, President of CAPINTEC, on 3/18/77.

Newark is unaware of the identities of [redacted] and [redacted] reported by ARTHUR WEIS, former employee of NUMEC. The Office of Origin may desire to have these individuals interviewed if it is deemed that they may be in a position to furnish facts pertinent to this investigation.

~~SECRET~~

~~CLASSIFIED BY 6199~~
~~EXEMPT FROM GDS, CATEGORIES 2 & 3~~
~~DATE OF DECLASSIFICATION INDEFINITE~~

2 - Bureau
1 - New York (Info) (117-394)
2 - WFO (Encs. 2) (117-273)
1 - Newark
FJM/lhm
(6)

REC 32
EX-109 117-2564-414

MAR 24 1977

1 copy received in Rm 4427.
1 c made for Rm 4427. Rm

DECLASSIFIED BY SP-1 GSK/RBG
ON 6/15/82

Approved: 6/[illegible] Sent _____ M Per _____
Special Agent in Charge

U.S.Government Printing Office: 1972 — 455-574

34 APR 6 1977

OPTIONAL FORM NO. 10
JULY 1973 EDITION
GSA FPMR (41 CFR) 101-11.6

UNITED STATES GOVERNMENT

Memorandum

TO : The Director
Federal Bureau of Investigation

DATE: April 1 1977

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

FROM : Benjamin R. Civiletti
Assistant Attorney General
Criminal Division

FEDERAL GOVERNMENT

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

Reference is made to your memorandum of March 11, 1977 on this subject, in which you point out that difficulty has been encountered in locating some individuals for interviews.

As you know, Attorney General Levi, at a conference on April 28, 1976, requested that the Bureau's investigation of this matter be reopened. Our memorandum of April 30, 1976 to you confirmed that request.

In order that we may determine whether prosecutive action may be warranted, it is requested that the Bureau's investigation of this matter be completed as expeditiously as possible.

EXP. PROC.
33 APR 4 1977

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 6-12-85 BY 5668SLD/KJ
Per DOJ letter 5-21-85

REC-26

X-101

117-2564-420

12

APR 4 1977

SIX

APR 21 1977

Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan
5010-110

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 09-11-2017 BY: [redacted]

~~SECRET~~

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Airtel

~~CONFIDENTIAL~~

4/6/77

To: SAC, WFO (117-273)

1 - [redacted]

From: Director, FBI (117-2564)

DIVERT

Enclosed for WFO is a self-explanatory letter from the Department of Justice requesting that our investigation of this matter be expedited. You should, therefore, make every effort to complete what outstanding investigation remains to be conducted and promptly furnish the results of same to FBIHQ for transmittal to the Department. Advise by return airtel when the results of your investigation will be submitted.

Enclosure

~~5-13-85~~

~~Classified By 5668SLD/RJ~~
~~Declassify on: OADR~~

RKM:jrg (4)

SEE NOTE PAGE TWO

8-11-03
#m03R0758 60290 BCE/MLT/JTG
~~CLASSIFIED BY~~
~~DECLASSIFY ON: 25X 6~~
AS AMENDED

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

REC-26 117-2564-

EX-101

24 APR 12 1977

Assoc. Dir. ____
Dep. AD Adm. ____
Dep. AD Inv. ____
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Adm. Serv. ____
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S. & T. Serv. ____
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Training ____
Telephone Rm. ____
Director's Sec'y ____

MAILED 17
APR 06 1977
FBI

Class. & Ext. By SP-1 GSK/RBG 6-RM
Reason - FCIM II, 1-2.4.2 2.3
Date of Review 4/6/97
217,822
6/15/82

~~CONFIDENTIAL~~

~~SECRET~~

70 APR 21 1977

MAIL ROOM ☑ TELETYPE UNIT ☐

GPO c43—16—83790-1

SECRET

Airtel to SAC, WFO
RE: DIVERT

NOTE: Captioned matter has been given the administrative code word Divert which relates to the Atomic Energy Act investigation of the allegations of possible diversion of nuclear materials to the Israeli Government by a United States firm, Numec, in the 1960's. Reopening of the investigation was ordered by the Attorney General on April 30, 1976. The investigation was to determine not only if a possible diversion occurred, but also whether United States Government officials covered up the diversion. Since this case was reopened, extensive investigation has failed to indicate there is any basis for the allegation of a diversion or a cover-up. The Attorney General was advised of that fact in September, 1976, but in October, 1976, the Attorney General advised certain additional individuals employed at Numec during the pertinent time period should also be interviewed. In February, 1977, the Department requested the results of our additional investigation. The Department was informed in March, 1977, that due to the 10 years that has passed since captioned allegedly occurred, it has been extremely difficult to locate those individuals we are trying to interview. The enclosed letter dated April 1, 1977, requests the Bureau expedite our investigation. Consequently the above is being furnished. Classified by 6076, XGDS Category 2, Indefinite.

Unclass per DOJ letter 3-22-85

SECRET

FD-36 (Rev. 7-27-76)

FBI

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

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

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

Date 4/11/77

Assoc. Dir. ____
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Dep. AD Inv. ____
Asst. Dir.:
Adm. Serv. ____
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Spec. Inv. ____
Training ____
Telephone Rm. ____
Director's Sec'y ____

TO: DIRECTOR, FBI (117-2564)

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

DIVERT

Re Bureau airtel, 4/6/77.

WFO report in dictation to be submitted within ten days.

WFO considering polygraph of subject SHAPIRO.

EX-106

REC-60 117-2564

(2) - Bureau
1 - WFO

AES:smv
(3)

APR 14 1977

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ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 6/15/82 BY SP-1 GSK/RSG
5668 SLD/KG 5-13-85

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

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 09-11-2017 BY: [redacted]

(Rev. 3-3-59)

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UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

~~TOP SECRET~~

Copy to:

Report of: [redacted]

Office: Washington, D. C.

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Date: April 27, 1977

Bureau File #: 117-2564

Field Office File #: 117-273

Title: ZALMAN MORDECAI SHAPIRO

#m03 R0758 8-11-03
CLASSIFIED BY 60290 BCE/MLT/JTG
DECLASSIFY ON: 25X6
AS AMENDED

Character: ATOMIC ENERGY ACT;
OBSTRUCTION OF JUSTICE

Synopsis:

Since 4/29/76, this investigation has been continuing, based upon a request of the United States Attorney General to determine whether or not a diversion of nuclear material had occurred at the Nuclear Materials and Equipment Corporation (NUMEC), Apollo, Pennsylvania, partially owned and operated in the past by the subject. Interviews have resulted in locating no pertinent information or evidenciary material. ~~(S)~~ (S) (U)

Unclassified Per DOJ letter 3-22-85

~~5668 SCD/CJ 12/8/83 SP-4 elw/alm~~

~~Comp # 240,619~~

- P -

DETAILS: AT WASHINGTON, D. C.

The Attorney General of the United States requested that an investigation be conducted pertaining to the question of whether or not a diversion of nuclear material had taken place at the Nuclear Materials and Equipment Corporation (NUMEC), Apollo, Pennsylvania, partially operated and owned by the subject, ZALMAN MORDECAI SHAPIRO, [and if this diversion had been for the benefit of the government of Israel.] ~~(S)~~ (U) ~~(S)~~ (S) Investigation was initiated on April 29, 1976. ~~(Top Secret)(TS)~~ (S)

The following information is considered unclassified ~~(U)~~.

~~TOP SECRET~~

Classified by 9598
Exempt from GDS, Category 2
Date of Declassification Indefinite

SP-1 GSK/RB6
2,3
4/27/97
6/15/82

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☆ U.S.GPO:1975-0-575-841

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Division; Bruce D. Rice, Manager, Security Division; Margaret Falco, Secretary, Accountabilities Division; Robert Ollinger, Security Division; Floyd E. Joyner, Accountability Representative; and Arthur M. Weis, Manager, Marketing and Security Division. Your investigation should also include interviews of any other individuals who may have been involved in packaging, shipping, or accounting for nuclear materials.

Summaries of investigative results should continue to be furnished directly to the Office of the Attorney General, with copies to the Criminal Division sent to my attention.

Enclosure

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/8/77

SYLVESTOR A. WEBER, Vice-President, Westinghouse Hanford Company, Richland, Washington, home address [redacted] advised that he was employed by Nuclear Material and Equipment Corporation (NUMEC), from June, 1957, until November, 1971. From 1967 until 1971, he was the manager of operations and therefore had control over the operations of both their Apollo and Leechburg, Pennsylvania plants. That controll also, of course, included security and accountability of nuclear materials. WEBER stated that he placed JIM LOVETT in charge of nuclear accountability, and that LOVETT maintained duplicate ledgers, one kept in the manufacturing section, the other by LOVETT himself.

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WEBER stated that the uranium used in the Apollo plant was in a gaseous form. Upon delivery from the shipper, each tank was weighed before it was placed in a vault by the accountability clerk. At the earliest convenience, samples were obtained and checked for isotopic characteristics, and total element content. The shipper also took samples from each cylinder at the time they were filled, and also made these samples available to them. The tanks were weighed at all stages of use, therefore giving a record of how much material had been used and how much was on hand.

In regard to radioactive scrap material, which was also received at the Apollo plant, it was most difficult to accurately measure its nuclear characteristics because it was not homogenous. They had to grind up all of the scrap and then take a sample for testing, hoping that it would be representative of the total.

WEBER stated that in regards to determining the loss of material during the enrichment process, one must realize that back in the late 1950's and early 1960's, technology was not the same as today. In the earlier days, you determined your loss by comparing the weights of the finished product to that which you started with, the difference in weight was your loss during the process.

Interviewed on 3/4/77 at [redacted] Washington File # 117-273-91 ~~SE 117~~-237

by SA [redacted] jsb Date dictated 3/7/77

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WEBER stated that when he took over as manager of operations in 1967, he changed the procedures. In order to begin with the new accounting procedure, it was necessary to determine the entire losses which had occurred since the plant began operations in 1957. The loss figure that they reported at that time (1967) was considerably higher than normal, but one must realize that it was a one-time adjustment to compensate for their lack of technology in the earlier days of production. WEBER also pointed out that the Atomic Energy Commission (AEC) sent teams into the plant annually to observe their inventory and at no time were they criticized for their operation. In addition, WEBER stated that he felt that their procedures were equal to, or better than, the procedures then used by the AEC.

WEBER stated that as their technology improved, their percentages of losses during the enrichment process also improved. WEBER estimated that since 1967 their losses were approximately one per cent in the gaseous form, and approximately two or three per cent with the scrap material.

WEBER stated that he was never aware of a fire at the Apollo plant, has no knowledge of any diversion of nuclear materials, and had never been asked to cover up the loss of such material.

WEBER stated that he first met ZALMAN SHAPIRO prior to 1957, when they both worked for Bettis in West Mifflin, Pennsylvania. SHAPIRO was in a high management position when he left Bettis to help form Nuclear Material and Equipment Corporation. WEBER stated that although he worked for SHAPIRO for 14 years, his contacts with him were on a professional basis and he did not know him socially.

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

FEDERAL BUREAU OF INVESTIGATION

~~SECRET~~

Date of transcription 3/7/77

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BRUCE DONALD RICE, 181 Conneaut Drive, Pittsburgh, Pa. 15239, employed as Management Consultant, Westerman and Rice Management Consultants, 500 Penn Center Boulevard, Monroeville, Pa., was interviewed at his place of employment.

RICE advised that he was employed by Nuclear Materials and Equipment Corporation (NUMEC), Apollo, Pa., a subsidiary of Atlantic Richfield Corporation in Philadelphia, Pa., from January 2, 1963, until the company was sold to Babcock and Wilcox Corporation during November, 1971. RICE stated that during this period he held the positions of Assistant Manager of Industrial Relations and Manager of Security, a title which was changed during 1968 to Manager of Communications and Security.

RICE advised that Dr. ZALMAN SHAPIRO was instrumental in the founding of NUMEC during 1957 and that NUMEC was acquired by Atlantic Richfield Corporation of Philadelphia, Pa., during approximately 1967. NUMEC of Apollo, Pa., consisted primarily of three main buildings - an administration building, a plant containing nuclear materials which was located across the street from the administration building, and a plutonium plant, which was located closer to Leechburg, Pa. He said the primary function of NUMEC was the manufacturing of fuel for nuclear reactors and to reprocess scraps left over after manufacturing the fuel to recover remaining nuclear materials from the scrap.

RICE advised that during the early years of NUMEC, security conditions, accountability of nuclear materials and bookkeeping left much to be desired, but he said it must be pointed out that the company was involved in a relatively new field with inexperienced personnel. In defense of NUMEC, RICE further pointed out that the atomic energy complex at Hanford, Washington, was disposing of nuclear waste in open trenches whereas NUMEC took extra safeguards with waste material by packaging the waste in sealed containers and then burying these containers in locations approved by the Atomic Energy Commission (AEC). RICE said accountability of nuclear materials was greatly improved subsequent to the hiring of JAMES LOVETT, who had been on AEC's inspection staff and had inspected NUMEC on numerous occasions for AEC prior to his employment with that company. He said LOVETT had the qualifications and expertise to handle accountability of nuclear materials and, in fact, wrote a book

Interviewed on 3/2/77 at Monroeville, Pa. File # Pittsburgh [redacted] b3 b7E

by SAs [redacted] and DONALD F. WISEMAN/jkc Date dictated 3/7/77 b6 b7C

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on the matter. The acquisition of SYLVESTER WEBER, who was put in charge of production and engineering, resulted in a tremendous improvement in the overall accountability of nuclear materials. He said he considered WEBER, who is currently employed at the Hanford Development Laboratory, Richland, Washington, as one of the most knowledgeable persons regarding NUMEC's prior activities. RICE revealed that both nuclear buildings at Apollo maintained vaults where nuclear materials were stored and vaguely he recalled that a fire had occurred in one of these vaults during the 1960s. RICE explained that the vaults were divided into two sections, a section where a guard and input and output of nuclear materials records were maintained and a section in which the nuclear materials were stored on metal shelves. He said the fire occurred in the section of the vault where the nuclear materials were stored and to his knowledge, no records were destroyed and he could not recall whether or not any nuclear materials were destroyed. According to RICE, the fact that there had not been more than one fire was surprising to him because some of the material maintained in the vaults ignited upon exposure to oxygen in the air.

RICE surmised that it would have probably been possible for an official of NUMEC to enter one of the vaults and remove nuclear materials without an accurate accounting made by the guard, but pointed out much safer and undetectible methods, including that of securing the materials during shipping, which depended upon the integrity of the records of shipper and receiver. He said NUMEC actively participated with other foreign countries and governments in the field of nuclear energy.

RICE said he did recall the fact that there were articles appearing in newspapers and other publications during the 1960s which inferred that NUMEC had on occasions sustained unaccountable losses of nuclear materials. He stated, however, that to his knowledge, there had never been any diversion in nuclear materials from NUMEC to unauthorized persons or countries during his employment at NUMEC. He attributed any unaccountable losses of nuclear materials to the normal loss in processing and reprocessing of scraps and possible record errors. RICE indicated that he had recently lunched with one [redacted] who had formerly worked for NUMEC and is currently employed at Oak Ridge, Tennessee, and that [redacted] had informed him that Babcock and Wilcox Corporation had practically accounted for all nuclear materials reportedly lost by NUMEC.

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Concerning Dr. SHAPIRO, RICE revealed that prior to working for NUMEC, he, RICE, was employed by Westinghouse Electric Corporation (WEC), Bettis Atomic Power Division, Pittsburgh, Pa., and although he was not then personally acquainted with Dr. SHAPIRO, knew him by reputation. He said Dr. SHAPIRO was highly regarded at WEC. RICE described Dr. SHAPIRO as a possible genius who was loyal to the United States. He said he could not believe Dr. SHAPIRO would represent any risk or would deliberately harm the security of the United States.

RICE advised that he knew of no unusual communications between Dr. SHAPIRO and any foreign Government or representative of any foreign Government. He said there were frequent visitors to NUMEC, but that prior to these visits, permission was always requested in writing of AEC for the visit of a non-citizen of the United States. RICE added that several representatives of AEC were at NUMEC on a regular basis and inspections by AEC were a normal occurrence and that at no time was he ever coached or pressed into covering-up for unaccountable nuclear losses.

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

FEDERAL BUREAU OF INVESTIGATION

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Date of transcription 3/3/77

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MARGARET ELIZABETH FALCO, [redacted] currently employed as Financial Administrator, Essex International, Inc., 137 Delta, Blawnox, Pa., was interviewed at her place of employment.

Mrs. FALCO advised that during 1955 and 1956 she was employed by Westinghouse Electric Corporation (WEC), Bettis Atomic Power Division, Pittsburgh, Pa., doing secretarial work under the supervision of Dr. ZALMAN SHAPIRO. During approximately January, 1957, Dr. SHAPIRO terminated his employment with WEC and formed, with others, the Nuclear Materials and Equipment Corporation (NUMEC), of Apollo, Pa. Several individuals then employed by WEC, including such persons as LEONARD PEPKOWITZ, FREDERICK FORSCHER, and herself, were immediately hired by Dr. SHAPIRO and this group formed the nucleus of NUMEC. She was hired as Dr. SHAPIRO's secretary; however, she subsequently became involved in NUMEC's bookkeeping and accounting work. Mrs. FALCO said she remained in a permanent employment status with NUMEC until approximately 1964, when she voluntarily resigned for personal reasons. She said that during 1965 and 1966, she returned to NUMEC and did secretarial work on a part-time basis. Mrs. FALCO revealed that she had no personal knowledge of any NUMEC activities nor any contact with Dr. SHAPIRO whatsoever since 1966. She said that during her tenure at NUMEC she became well acquainted with Dr. SHAPIRO and found him to be a very brilliant individual whose loyalty to the United States was unquestioned. She said NUMEC was the brain-child of Dr. SHAPIRO, who, she said, participated in the early development of the nuclear age.

Mrs. FALCO related that the primary function of NUMEC was the manufacturing of fuel for nuclear reactors and to reprocess scraps left over after manufacturing the fuel to recover the nuclear material remaining in the scraps. She added that during NUMEC's infancy, problems of safety regulations and accountability of NUMEC's materials were inevitable. She said the company, during its infancy, was understaffed, personnel lacked experience and knowledge of handling and maintaining appropriate accountability of nuclear materials both in the productive and administrative areas. She said, for example, that FRED JOYNER was appointed the first Accountability Officer

Interviewed on 2/28/77 at Blawnox, Pa. File # Pittsburgh [redacted]

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by SAs [redacted], and DONALD F. WISEMAN/jke Date dictated 3/3/77

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of NUMEC and that JOYNER has no prior accounting experience or knowledge. She said that because of JOYNER's lack of accounting ability, discrepancies constantly developed to the point that she was requested to assist JOYNER although she was not an accountant. NUMEC, according to Mrs. FALCO, finally during approximately 1964, hired JAMES LOVETT, former Atomic Energy Commission (AEC) employee, as NUMEC's Accountability Officer. The company also hired during the early 1960s, CHARLES ELLISON, whose primary function was to review the company's processing procedure to determine how much nuclear material was going out in waste leftovers after the scraps were processed. She said thereafter accountability both in the productive and administrative areas was greatly improved.

Mrs. FALCO advised that she had no knowledge of the formation of the Israeli NUMEC Isotopes and Radiation Enterprises formed by Dr. SHAPIRO. She was unable to recall any fire that took place at NUMEC during her tenure at that company that might have destroyed either NUMEC's materials or records. She had no knowledge of any close association between Dr. SHAPIRO and representatives of any other particular country. She emphatically stated that to her knowledge, no diversion of nuclear materials ever occurred at NUMEC during her tenure at NUMEC. Mrs. FALCO stated that she was never approached by any NUMEC employee or any other person to cover-up for unaccountable nuclear losses and, in fact, has never been interviewed by AEC personnel or any other person concerning the loss of nuclear materials at NUMEC.

Mrs. FALCO said that she knew nothing of a derogatory nature that took place at NUMEC during her employment with that company that would be pertinent to this investigation. Mrs. FALCO reiterated that she holds Dr. SHAPIRO in the highest regard, that he was a Zionist, extremely intelligent, and a loyal American citizen.

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

FEDERAL BUREAU OF INVESTIGATION

1 [redacted] Date of transcription 3/21/77

ROBERT F. OLINGER, 5415 West 52nd Street, Fairview, Pa., employed as Sales Manager, Erie Steel Products, 2420 West 15th Street, Erie, Pa., at his request was interviewed at the FBI Office, Erie, Pa.

OLINGER advised that he was employed by Nuclear Materials and Equipment Corporation (NUMEC), Apollo, Pa., from approximately August, 1959, to January, 1966, when he terminated this employment on his own volition. OLINGER revealed that his position while at NUMEC was Group Leader in charge of the nuclear materials vault. This vault, explained OLINGER, was in the Nuclear Materials Building located across the street from the Administration Building in Apollo, Pa. OLINGER said his immediate supervisors were FLOYD JOYNER until approximately 1963, CHARLES BELTRAM and then SYLVESTER WEBER. He said his responsibilities included accountability of nuclear materials placed in and removed from the vault.

OLINGER advised he recalls a fire that occurred in the vault at NUMEC in about 1964. He advised he was at work at the time the fire occurred and assisted in controlling the fire. He was subsequently awarded a letter of commendation by his supervisor, CHARLES BELTRAM, for his action in stopping the fire. He advised he recalled the fire occurred about mid-afternoon and was apparently started by some chemical reaction and affected about three or four shelves in the vault on which materials were stored. He said he believed the fire was definitely accidental and that there were no particular labor problems at the time of the fire.

OLINGER said there were no records destroyed by the fire since they were maintained in an area separated from the damaged area. He has no recollection of any nuclear materials being destroyed and that the main damage was to shelving in the storage area.

OLINGER described the vault as a long narrow room, possibly 100 yards long. There was shelving down both walls and down the center of the room. He described the accountability procedure as follows:

NUMEC used the three tag system for nuclear materials. When material was placed in the vault the cards were made out in

Interviewed on 3/15/77 at Erie, Pa. File # ~~Pittsburgh~~ [redacted] b3 b6 b7C b7E

by SAs [redacted], and DONALD F. WISEMAN/jkc Date dictated ~~3/21/77~~

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triplicate. A cardboard copy accompanied the material to the shelf where the material was stored, a paper copy was filed in a file maintained by OLINGER, and a third copy was returned to the department of NUMEC that brought the material to the vault. OLINGER said he does not recall the exact make-up of the cards, but to the best of his recollection, they contained blanks for the date, weight, job number, percentage of uranium, initials of person bringing the material to the vault and initials of vault personnel.

OLINGER advised that periodically inventories were taken of all nuclear materials maintained by NUMEC. Nuclear materials, he said, were all over the plant in various forms and types of containers. He pointed out that nuclear materials shipped from NUMEC and that received by NUMEC should have equaled the amount of material on hand; however, there were often discrepancies which, to his knowledge, were never fully explained. OLINGER recalled that Atomic Energy Commission (AEC) inspections were the result of nuclear material shortages, but that the results of these inspections were never known to him. He believed that Dr. SHAPIRO, then President of NUMEC, would have had to explain these losses to the AEC inspectors.

OLINGER said he often wondered what had happened to this missing nuclear material, but could not conceive of anyone having taken nuclear materials from the plant on their person. He said, moreover, the average worker at NUMEC who had access to nuclear materials would not have known how to dispose of it and that the average management or engineering personnel would not generally have access to the material. OLINGER said he has tried to rationalize losses but was unable to come up with reasons for shortages unless, he speculated, that the losses were due through the machines utilized to process the nuclear material or carried out on the clothing of workers, through drain systems or through faulty record keeping.

OLINGER advised that he has never had any reason to believe that shortages of nuclear materials at NUMEC were due to unauthorized removal of this material from the plant, nor was he aware of any rumor to that effect while employed at NUMEC.

OLINGER advised that subsequent to his leaving NUMEC, he was interviewed at his home by four AEC inspectors to determine if shortages of nuclear materials at NUMEC had any bearing on his leaving. He said these inspectors were persons

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who had inspected NUMEC on occasions prior to his departure. OLINGER added that he told these inspectors that shortages of nuclear material at NUMEC had absolutely no bearing on his terminating his employment with that company.

OLINGER advised that he was not personally acquainted with Dr. SHAPIRO and that his only association was strictly on an employee-employer relationship.

OLINGER advised that during his employment at NUMEC, he recalled that some Japanese scientists had visited the plant, but could not recall any other foreigners having visited, studied, or having been employed at NUMEC.

OLINGER said that during his employment at NUMEC he was never pressured in any manner whatsoever into covering-up unaccountable nuclear losses.

OLINGER said he knew of no relationship between Dr. SHAPIRO and any foreign government or representatives of any foreign government.

OLINGER revealed that subsequent to leaving NUMEC, he went to work for DAVID LOWENTHAL, Raychord Corporation of Apollo, Pa.,and remained with that company for approximately three to three and one half years. He said LOWENTHAL was very pro-Israeli and that he reportedly had been a General in the Israeli Army. LOWENTHAL frequently visited Israel during the years OLINGER worked at Raychord. OLINGER stated that he knew of no relationship between Dr. SHAPIRO and LOWENTHAL.

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

FEDERAL BUREAU OF INVESTIGATION

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SECRET

Date of transcription 3/3/77

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FLOYD E. JOYNER, [redacted], currently employed as Hardware, Houseware Buyer and Part-Time Manager, Gold Coast, Inc., Baptist and Grove Roads, Pittsburgh, Pa., was interviewed at the United States Federal Building, Pittsburgh, Pa.

JOYNER revealed that he was employed by the Nuclear Materials and Equipment Corporation (NUMEC), Apollo, Pa., from April, 1958, until July, 1964. He was employed from April, 1958, to May, 1959, in Accountability and as Shipping Clerk and was promoted during May, 1959, as the Accountability Representative and Supervisor of Shipping of Radioactive Materials. During June, 1963, he was made Supervisor of Receiving and Storeroom and was fired from NUMEC during July, 1964.

JOYNER explained that prior to his employment at NUMEC, he was employed as a fuel technician for the United States Steel Corporation, Vandergrift, Pa. His duties there consisted of general technical work to assist in maintaining control and ordering supplies of fuels used in the making and treating of various steel products. When hired by NUMEC, he was initially only responsible for maintaining records of radioactive materials and the preparing and arranging for the shipping of finished products. He stated, however, that during 1958, NUMEC only maintained regular radioactive material and it was only after working at NUMEC for approximately six months that they received licenses to manufacture higher elements such as U235 and plutonium. In May, 1959, he was suddenly given the responsibility for maintaining records of radioactive materials and reporting of these records to the Atomic Energy Commission (AEC). He also was to supervise the shipping of all radioactive finished products. At the same time he became Supervisor of the Custodians of the Radioactive Materials Vaults. His duties included the ordering and/or purchasing of all radioactive materials from U.S. AEC. Besides doing a great deal of the purchasing for the plant as a whole, he also prepared and submitted applications for special permits to the Bureau of Explosives and the Interstate Commerce Commission to ship radioactive materials and special powdered metals. He prepared all export documents relating to the exporting of radioactive materials and equipment.

Interviewed on 3/1/77 at Pittsburgh, Pa. File # pittsburgh [redacted]

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by SAs DONALD F. WISEMAN and [redacted] jkc Date dictated 3/3/77

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.

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JOYNER explained that he was not an accountant and when appointed to the above positions had no knowledge of how to perform accountability in line with AEC guidelines and that his only source of information concerning these matters was obtained through his personal contacts with people he knew at Westinghouse Electric Corporation (WEC). JOYNER advised that due to his lack of experience and knowledge in the accountability of nuclear material, record-keeping was very inadequate. He explained that during enrichment processing of nuclear materials, losses would occur for which he would receive no explanation. He said, however, that these losses were never questioned or, to his knowledge, researched.

JOYNER advised that the primary function of NUMEC was the manufacture of nuclear fuels and other materials used in converting nuclear power reactors. Another primary function of NUMEC, according to JOYNER, was the recovery of uranium from waste materials, WEC being their prime supplier of waste materials. He said frequent discrepancies occurred concerning the amount of uranium recovered by NUMEC and that to be recovered by WEC. He stated that he could not recall ever having received any reports on the amount of uranium recovered during the processing of waste material by NUMEC and therefore was not able to explain these discrepancies. JOYNER advised these discrepancies, however, were in part undoubtedly due to the inadequate record-keeping system established by NUMEC. JOYNER indicated that although there was lax accountability and records were inadequate to give strict accountability, he was unaware of any mishandling or diversion of nuclear materials during his employment at NUMEC. He stated his accountability of nuclear material was based on reports channeled to him and that he never had the opportunity or, for that matter, reason to monitor production to verify the accuracy of these reports.

JOYNER revealed that the NUMEC vault was a room approximately 12 by 18 feet with cement block walls. The vault consisted of two doors and one service window. While JOYNER was Accountability Officer, he was also in charge of the vault, which was manned 24 hours a day, seven days a week. The vault was used primarily for the purpose of storing plastic containers containing nuclear materials which were labeled and stored on metal shelves. The only records maintained within the vault were those regarding the movement in and out of the vault of nuclear materials for a given day. All other records

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pertaining to accountability were maintained in his office in the Administration Building. Nuclear materials could be obtained from the vault by any NUMEC employee possessing supervisory authority. JOYNER advised that to his knowledge, there was never any unauthorized removal of nuclear materials from the vault. There were, to his knowledge, no unusual incidents that occurred in the vault during his employment with NUMEC.

JOYNER advised that during his tenure as Accountability Officer at NUMEC, he was frequently audited by AEC personnel from New York and Washington, D.C. Figures were constantly in conflict; however, there was never any criticism or pressure exerted on him to improve his accountability procedures and records by NUMEC superiors or AEC personnel.

JOYNER advised that during June, 1963, he was replaced by a young NUMEC accountant whose name he could not recall. This accountant, however, remained in this position for only a short period of time before being replaced by a former AEC employee.

JOYNER advised that he was placed in charge of the NUMEC storeroom during June, 1963, and remained in this position until July, 1964, at which time he was dismissed without explanation.

Concerning the formation of NUMEC, JOYNER revealed that although he had no personal knowledge, he understood that the company was formed by Dr. SHAPIRO and other prominent individuals in the nuclear field. The original personnel of NUMEC included many people that SHAPIRO brought with him from WEC.

JOYNER advised that he was not personally acquainted with Dr. SHAPIRO, but knew him to be a very difficult person to work for. Employees of NUMEC did not particularly care for Dr. SHAPIRO as a person, but he could not recall any specific positive or negative comments concerning SHAPIRO.

JOYNER advised that he was never pressured by any NUMEC employee to cover-up the accountability for any nuclear losses. He had no knowledge of any unauthorized diversion of nuclear materials from NUMEC during his employment at that company.

In conclusion, JOYNER advised that he never felt that he was qualified or had adequately handled the job as Accountability

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Officer at NUMEC and felt that others employed at that time were not qualified for the positions they held. He said that for this reason he felt that any loss of nuclear materials was due to the inadequate processing, handling, and record-keeping system rather than any unauthorized diversion of nuclear material.

EDERAL BUREAU OF INVESTIGATION

Date of transcription March 22, 1977

1

ARTHUR MARTIN WEIS, President, CAPINTEC, 136 Summit Avenue, Montvale, New Jersey, was advised of the nature of the investigation requested by the United States Attorney General, concerning an allegation that nuclear materials were, in fact, diverted from the Nuclear Material and Equipment Corporation (NUMEC), Apollo, Pennsylvania, to unauthorized individuals.

Mr. WEIS advised he resides at [redacted] New Jersey, telephone number [redacted] b6 b7C
He advised he was employed as Marketing Manager and head of the Security Division of the NUMEC firm from May 18, 1959, until June 30, 1964. In that position, he headed the marketing and sale of enriched uranium to such firms as the Westinghouse Corporation and General Electric, and various other commercial companies, as a fuel for reactors and research. In his position, he handled contract negotiations with the Atomic Energy Commission, as well as the processing of personnel security questionnaires for classified clearances. He stated that NUMEC had been in business for about one and one-half years prior to his employment.

Mr. WEIS stated he headed the security of the company and recalled hiring an individual named [redacted] who had previous military and police experience, as the person in charge of NUMEC's security force. He stated the Security Division handled only the physical security of the company plant and the identification system of the employees. They did not have control over the inventory, the control of raw material, or the product produced by NUMEC.

Mr. WEIS advised that he had no knowledge of how the loss of material was accounted for during the enrichment process. He stated that this function would have been the responsibility of the laboratory of the firm. He advised he was not involved in that area of the company's operation and that he was only concerned with the area of marketing the company's product. He assumed that any losses would have been recorded as a bookkeeping function and he recalled that the bookkeeper in charge, while he was employed, was an individual named [redacted] who worked in the

Interviewed on 3/18/77 at [redacted] New Jersey File # NEWARK 117-130

by SA [redacted] lhm 7 b6 b7C

This document contains neither recommendations nor co
it and its contents are not to be distributed outside yo

is your agency.

area of the laboratory and products building.

Mr. WEIS stated he had no knowledge of how the nuclear materials records were maintained by NUMEC, as he was in no way involved with that operation of NUMEC's business.

Mr. WEIS advised he could not recall a fire having occurred at NUMEC during his employment in which nuclear material and records were destroyed. He stated that possibly this fire occurred after he terminated employment with NUMEC.

Mr. WEIS advised that he was hired for NUMEC by ZALMAN SHAPIRO, the President and a principal stockholder of NUMEC. He stated he had been acquainted with SHAPIRO since his schooldays in Passaic, New Jersey. He advised he had no family relationship with SHAPIRO and had only infrequent social contact outside of the association, which would be considered normal through his employment with NUMEC. He stated he believed that SHAPIRO is now a consultant for the Westinghouse Corporation.

WEIS advised he never experienced any pressure from any officer or employee of NUMEC to cover up unaccountable nuclear losses by the company. He noted he had no responsibility in the area of production or processing of the nuclear material by NUMEC.

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 09-11-2017 BY: [redacted]

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FD-263 (Rev. 7-25-75)

FEDERAL BUREAU OF INVESTIGATION

REPORTING OFFICE	OFFICE OF ORIGIN	DATE	INVESTIGATIVE PERIOD
WASHINGTON FIELD	WASHINGTON FIELD	4/27/77	2/16-3/8/77

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

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CHARACTER OF CASE

AEA; OOJ

REFERENCES: WFO airtel and LHM, 6/15/66; 401
Bulet, 10/29/76; 407
Bu airtel, 11/11/76. 410

- P -

SP1 GSK/RB6
3
4/27/97
6/15/82

ADMINISTRATIVE:

Due to the scope of this investigation, unless U.S. Department of Justice (USDJ) advises to the contrary, WFO will consider a polygraph examination of subject pertaining to this matter.

This report has been classified "~~Top Secret~~" due to the highly sensitive nature of the information contained on FD-204 attached, the unauthorized disclosure of same would cause grave damage to national security. (X) (W)

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 (117-2564)
1-WFO (117-273)

117-2564-

REC-134

24 MAY 3 1977

TOP ~~SECRET~~ MATERIAL ATTACHED

Dissemination Record of Attached Report

Agency	2 ccs to AAG (ISS)		
Request Recd.	5/2/77		
Date Fwd.	RKM/tmw		
How Fwd.			
By			

Notations: SP-4 elw/alm

12/8/83 Comp. #240,619

97 MAY 11 1977

COVER PAGE

c43—16—83489-1 GPO

WFO 117-273

LEAD

WASHINGTON FIELD

AT WASHINGTON, D.C. Will await USDJ opinion.

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 09-11-2017 BY: [redacted]

SECRET

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TOP SECRET

1 - Mr. J. B. Adams
1 - Mr. D. W. Moore, Jr.

Assistant Attorney General
Criminal Division

May 4, 1977

Director, FBI

1 - Mr. J. O. Ingram
1 - Mr. S. S. Mignosa
1 - [redacted]

ZALMAN MORDECAI SHAPIRO
ATOMIC ENERGY ACT

FEDERAL GOVERNMENT

Reference is made to your memorandum RLT:JHD:TEM:njs, 146-41-15-3112, dated February 28, 1977, wherein you requested that the results of our additional investigation in this matter be forwarded to you for your consideration. (4)

Enclosed are two copies of an investigative report reflecting the results of the additional investigation in this regard.

It is the opinion of the Federal Bureau of Investigation (FBI) that in order to fully resolve this matter, a polygraph examination of Shapiro is necessary. Consequently, please advise this Bureau if the Department of Justice interposes any objection to such action.

Enclosures - 2

REC 101

RKM:lek
(8)

SEE NOTE PAGE 2

117-2564

MAY 10 1977

CLASSIFIED BY 60290 BCE/MLT/HTG
DECLASSIFY ON: 25X6
AS AMENDED

#MO3 Rc 758 8-11-03

Class. & Ext. By SP4 GSK/RBG
Reason - FCIM 2.3
Date of Review 5/4/97

6/15/82

TOP SECRET

Classified by 6419
Exempt from GDS, Category Number 2
Date of Declassification Indefinite

~~TOP SECRET MATERIAL ATTACHED~~

Assoc. Dir. ____
Dep. AD Adm. ____
Dep. AD Inv. ____
Asst. Dir.:
Adm. Serv. ____
Ext. Affairs ____
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Director Sec'y ____

MAIL ROOM ☑ TELETYPE UNIT ☐

SECRET

Assistant Attorney General
Criminal Division

NOTE:

Captioned matter has been given the administrative code word DIVERT which relates to the Atomic Energy Act investigation of the allegations of possible diversion of nuclear materials to the Israeli Government by a United States firm, NUMEC in the 1960s. Reopening of the investigation was ordered by the Attorney General on April 30, 1976. The investigation was to determine not only if a possible diversion occurred, but also whether U. S. Government officials covered up the diversion. Since this case was reopened, extensive investigation has failed to indicate there is any basis for the allegation of a diversion or a coverup. The Attorney General was advised of that fact in September, 1976, but in October, 1976, the Attorney General advised certain additional individuals employed at NUMEC during the pertinent time period should also be interviewed.

The enclosed WFO report dated 4/27/77, reflects the results of these additional interviews. In addition, WFO feels that in order to fully resolve this matter Shapiro, the President of NUMEC during the pertinent period and whose actions the investigation centered upon, should be administered a polygraph examination. Due to the extreme sensitivity of this matter, the Department is being requested to advise if they have any objections to this course of action.

APPROVED:

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

Adm. Serv.
Ext. Affairs
Fin. & Pers.
Gen. Inv.
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Legal Coun.
Plan. & Insp.
Rec. Mgt.
S. & T. Serv.
Spec. Inv.
Training

UNITED STATES GOVERNMENT

memorandum

DATE: BRC RLK

REPLY TO ATTN OF: Benjamin R. Civiletti
Assistant Attorney General
Criminal Division

BRC:JHD:TEM:cab

SUBJECT: Zalman Mordecai Shapiro
Atomic Energy Act

TO: The Director
Federal Bureau of Investigation

May 13, 1977

Reference is made to your memorandum on this subject, dated May 4, 1977, which enclosed copies of a report reflecting the results of the additional investigation we had requested in this matter.

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EXP. PROC. MAY 17 1977

REC-26

ST-117

9 MAY 17 1977

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 6-24-85 BY 5668 SLP/RJ
Per DOJ letter 5-23-85

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

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 09-11-2017 BY [redacted]

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AIRTEL 1 - [redacted]

CONFIDENTIAL

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CLASSIFIED BY 6028 BCE/MLT/JTG
DECLASSIFY ON: 25X6
AS AMENDED

5/23/77

SECRET

To: SAC, WFO (117-273)

From: Director, FBI (117-2564)

Classified by 5-13-85 5668 SLD/KG
Declassify on: OADR

Class. & Ext. By SP-1 GSK/RBG
Reason - 2,3
Date of Decl. 5/23/97
6/15/82

DIVERT

Enclosed is one copy of a Department of Justice memorandum dated 5/13/77 which requests that Zalman Mordecai Shapiro be interviewed in depth regarding captioned. If, at the conclusion of the interview, it is the opinion of the interviewing agents that Shapiro should be requested to take a polygraph examination, the Department interposes no objection to such action.

Enclosure

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REC-26

117-2564-

NOTE: Captioned matter has been given the administrative code word DIVERT which relates to the Atomic Energy Act investigation of the allegations of possible diversion of nuclear materials to the Israeli Government by a United States firm NUMEC in the 1960s. Reopening of the investigation was ordered by the Attorney General on April 30, 1976. The investigation was to determine not only if a possible diversion occurred, but also whether U. S. Government officials covered up the diversion. Since this case was reopened, extensive investigation has failed to indicate there is any basis for the allegation of a diversion or a cover-up. The Attorney General was advised of that fact in September, 1976, but in October, 1976, the Attorney General advised certain additional individuals employed at NUMEC during the pertinent time period should also be interviewed. (S)(U)

Upon completion of the above interviews, the Department was advised that the only outstanding investigation remaining was to administer a polygraph examination to Shapiro. As a result, the Department furnished the enclosed letter advising as above.

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Classified by 6419 PEN
Exempt from GDS, Category Number 2
Date of Declassification Indefinite

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7 JUN 8 1977

CONFIDENTIAL SECRET

GPO : 1976 O - 207-526

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RECEIVED
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OF INVESTIGATION
COMMUNICATIONS SECTION

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FM WASHINGTON FIELD (117-273) (P)

TO DIRECTOR (117-2564) ROUTINE

PITTSBURGH [redacted] ROUTINE

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BT

E F T O

ATTENTION CID, DS-TERRORISM SECTION, R. K. MC HARGUE

DIVERT AEA; OOJ; (OO:WASHINGTON FIELD)

RE PG AIRTEL MARCH 21, 1977; BUREAU AIRTEL MAY 23, 1977 TO WFO, WITH U.S. DEPARTMENT OF JUSTICE (USDJ) LETTER DATED MAY 13, 1977, ATTACHED. REC-126

WASHINGTON FIELD REALIZES THAT PITTSBURGH IS CAPABLE OF CONDUCTING INTERVIEWS OF THIS NATURE. BUT, IN ORDER TO SAVE ON AGENT MAN HOURS, IN VIEW OF THIS VOLUMINOUS, TECHNICAL MATTER AT WASHINGTON FIELD AND PITTSBURGH, PRIOR TO INTERVIEW AND TO ENSURE CONTINUITY DURING INTERVIEW, UACB WASHINGTON FIELD WILL SEND WASHINGTON FIELD CASE AGENT ALONG WITH ANOTHER AGENT FULLY FAMILIAR WITH THIS MATTER TO INTERVIEW SUBJECT, ZALMAN M. SHAPIRO, [redacted] PITTSBURGH, PENNSYLVANIA.

24 JUN 2 1977

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54 JUN 10 1977

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 6/15/82 BY SP-1 GSK/RBG
5668 SLD/KP 5-13-85

TELEPHONE 363-2444, AS DETAILED IN REFERENCED BUREAU AIRTEL WITH ATTACHMENT.

LEADS. PITTSBURGH DIVISION. AT PITTSBURGH, PENNSYLVANIA. WILL DETERMINE THE AVAILABILITY OF SHAPIRO FOR INTERVIEW ON OR ABOUT JUNE 8, 1977.

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OF INVESTIGATION
COMMUNICATIONS SECTION

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FM PITTSBURGH [redacted] (P)

TO DIRECTOR (117-2564) ROUTINE

WASHINGTON FIELD (117-273) ROUTINE

BT

C L E A R

ATTENTION CID, DS-TERRORISM SECTION, R. K. MC HARGUE

DIVERT AEA; OOJ; OO: WASHINGTON FIELD.

RE WASHINGTON FIELD TELETYPE DATED MAY 31, 1977.

ATTEMPTS TO TELEPHONICALLY CONTACT ZALMAN N. SHAPIRO, [redacted] PITTSBURGH, PA., ON JUNE 1, 2, 3, 1977, MET WITH NEGATIVE RESULTS. IT HAS BEEN DETERMINED THAT SUBJECT NOW HAS TELEPHONE NUMBER [redacted] PERSONAL OBSERVATION OF SUBJECT'S RESIDENCE ON JUNE 3, 1977, INDICATES NO ONE PRESENTLY THERE. NO NAME PRETEXT CONTACT OF NEXT DOOR NEIGHBOR INDICATES THAT THE SHAPIROS ARE "ON VACATION," DATE OF RETURN NOT KNOWN.

PITTSBURGH WILL CONTINUE ATTEMPTS TO CONTACT SHAPIRO AND DETERMINE AVAILABILITY FOR INTERVIEW ON OR ABOUT JUNE 8, 1977.

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REC-30

ST-101

17 JUN 8 1977

1CC 4084 JOK

5668SLD/KH 5-13-85

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 6/15/82 BY SP-1 GSK/RBG

PAGE TWO, [redacted] CLEAR

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IN EVENT SHAPIRO HAS NOT RETURNED TO PITTSBURGH BY THAT DATE, WASHINGTON FIELD REQUESTED TO ADVISE PITTSBURGH ONLY IF ANY SUBSEQUENT DATES DURING JUNE, 1977, ARE NOT SATISFACTORY UNLESS OTHERWISE ADVISED BY WASHINGTON FIELD, PITTSBURGH WILL ARRANGE INTERVIEW OF SHAPIRO AT EARLIEST POSSIBLE DATE DURING JUNE.

END

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R 1081052 JUN 77

FM PITTSBURGH [redacted] (P)

TO DIRECTOR (117-2564) ROUTINE

WASHINGTON FIELD (117-273) ROUTINE

BT

E F T O

ATTENTION: CID, DS-TERRORISM SECTION, R. K. MC HARGUE

ADVERT, AEA; OOJ; (OO: WASHINGTON FIELD)

RE WASHINGTON FIELD TELETYPE DATED JUNE 6, 1977.

ON JUNE 10, 1977, DR. SHAPIRO ADVISED HE WILL NOT BE AVAILABLE FOR INTERVIEW PRIOR TO JUNE 27, 1977, BECAUSE OF PRIOR COMMITMENTS. SHAPIRO WILL BE AVAILABLE FOR INTERVIEW AT HIS OFFICE AT WESTINGHOUSE NUCLEAR CENTER, MONROEVILLE, PA., ON JUNE 27, 1977, AT 10:00 AM.

WASHINGTON FIELD ADVISE PITTSBURGH OF ESTIMATED ARRIVAL TIME OF WFO AGENTS AND PITTSBURGH WILL PROVIDE TRANSPORTATION TO THE WESTINGHOUSE NUCLEAR CENTER.

END

BT

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FEDERAL BUREAU
OF INVESTIGATION
COMMUNICATIONS SECTION

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REC-50 117-2564-4

EX-115

JUN 14 1977

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 6/15/82 BY JP-1GSK/RBG
5669SLD/R8 5-15-85

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FM WASHINGTON FIELD (117-273) (P)

TO DIRECTOR (117-2564) ROUTINE

PITTSBURGH [redacted] ROUTINE

BT

CLEAR

ATTENTION CID, DS-TERRORISM SECTION, R. K. MC HARGUE

DIVERT AEA; OOJ; (OO:WASHINGTON FIELD)

RE PITTSBURGH TELETYPE DATED JUNE 3, 1977.

WASHINGTON FIELD CASE AGENT TO BE AT QUANTICO JUNE 12, 1977 THROUGH JUNE 24, 1977, BUT CAN BE AVAILABLE FOR TRAVEL TO PITTSBURGH JUNE 16 THROUGH JUNE 24, 1977, IN THE EVENT SHAPIRO IS LOCATED FOR INTERVIEW.

BT

REC-57 117-2564-

3 JUN 30 1977

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 6/15/82 BY SP-1 GSK/RBG
56683LD/KB 5-13-85

#

UNITED STATES GOVERNMENT

Memorandum

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

TO : Mr. Moore

DATE: 6/7/78

FROM : Mr. Bassett ANB/jam

SUBJECT: FREEDOM OF INFORMATION-PRIVACY ACTS (FOIPA) REQUEST OF [redacted] FOR NUCLEAR MATERIALS AND EQUIPMENT CORPORATION (NUMEC) OF APOLLO, PA AND SHAPIRO, ZALMAN M.

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Attached is a copy of the FOIPA request for Headquarters files 117-2564 and 117-2758, which appear responsive to disclosure. Review of same must be completed and returned to FOIPA within three working days.

RECOMMENDATION:

The FOIPA Branch considers this case exempt from disclosure pursuant to Title 5, United States Code, Section 552 (b)(7)(A), which protects material compiled for law enforcement purposes the disclosure of which would interfere with law enforcement proceedings, including pending investigations. It is requested that the Criminal Investigative Division attach an addendum of this memorandum stating justification for the application of exemption (b)(7)(A). Addendum should also include total Agent time expended in the review.

ORIGINAL FILED IN [redacted]

1 - Mr. Moore
Attn: [redacted]

6/16/82 SP-1 GSK/RBG
5668SLD/KB 5-13-85

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omo:vaj (4)

SEE SLD ADDENDUM, PAGE 2

117-2564

NOT RECORDED
AUG 14 1978

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

1978

#

HBI099 1662025 WF0447 1662025

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FM WASHINGTON FIELD (117-273)

TO DIRECTOR (117-2564) ROUTINE

PITTSBURGH [redacted] ROUTINE

BT

E F T O

ATTENTION CID, DS-TERRORISM SECTION, MR. R. K. MC HARGUE

DIVERT, AEA: OOJ; (OO:WASHINGTON FIELD)

RE PITTSBURGH TELETYPE TO BUREAU AND PITTSBURGH SPECIAL AGENTS DATED JUNE 10, 1977.

FOR INFORMATION OF THE BUREAU IN PITTSBURGH SPECIAL AGENTS [redacted] AND [redacted] OF THE WASHINGTON FIELD OFFICE WILL ARRIVE AT PITTSBURGH AIRPORT ON NORTHWESTERN FLIGHT 323 AT 8:11 A.M., JUNE 27, 1977, FROM WASHINGTION NATIONAL AIRPORT IN ORDER TO CONDUCT INTERVIEW OF DR. SHAPIRO AT WESTINGHOUSE NUCLEAR CENTER, MONOREVILLE, PENNSYLVANIA, AT 10:00 A.M.

PITTSBURGH WILL CONFIRM INTERVIEW WITH DR. SHAPIRO.

BT

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Jun 15 4 35 PM '77
RECEIVED
FEDERAL BUREAU
OF INVESTIGATION
COMMUNICATIONS SECTION

Assoc. Dir.
Dep. AD Adm.
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REC 83 117-2564-4
22 JUN 17 1977

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 6/15/82 BY SP4 GSK/RBG
5668 SLD/RB 5-18-85

97 JUN 29 1977

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

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

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SECRET

EXEMPTED FROM AUTOMATIC DECLASSIFICATION AUTHORITY DERIVED FROM: FBI AUTOMATIC DECLASSIFICATION GUIDE EXEMPTION CODE: 50X(1,6-ISM/DIPLO) DATE 08-11-2017 BY: [redacted] FBI INFORMATION ONLY

DECLASSIFICATION AUTHORITY DERIVED FROM: FBI AUTOMATIC DECLASSIFICATION GUIDE DATE 07-29-2020 BY: [redacted]

b6
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Report of: [redacted]

Office: Washington Field

Date: July 21, 1977

Bureau File #: 117-2564

Field Office File #: 117-273

Title: ZALMAN MORDECAI SHAPIRO

EXEMPTED FROM AUTOMATIC DECLASSIFICATION AUTHORITY DERIVED FROM: FBI AUTOMATIC DECLASSIFICATION GUIDE EXEMPTION CODE: 25X(1,6) DATE 10-31-2008 FBI INFORMATION ONLY

Character: ATOMIC ENERGY ACT; OBSTRUCTION OF JUSTICE

Synopsis: Subject interviewed 6/27/77. SHAPIRO denied any knowledge of diversion of special nuclear material from NUMEC and termed the chance of diversion as minuscule. SHAPIRO provided detailed description of NUMEC processes and attendant problems and described losses of special nuclear material as inevitable due to inability to retrieve one hundred percent of the material from processing equipment being used. SHAPIRO also said he was never connected with the unauthorized release of restricted or classified information and to his knowledge never had any contact with any foreign intelligence officer or organization. (U)

- C -

DETAILS: AT WASHINGTON, D. C.

SP1 65K1RD6 3 7/21/97 6116182

#m03R0758 8/21/03 60290 BCE/MLT/276 6 AS AMENDED

SECRET

Classified by 9598
Exempt from GDS, Category 2
Date of Declassification Indefinite

12/8/83 SP4 [illegible] comp. #310,619 5-14-85

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☆ U.S.GPO:1975-0-575-841

CONFIDENTIAL

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 7/1/77

1

On June 27, 1977, ZALMAN M. SHAPIRO, Manager of Fusion Power Systems, Nuclear Division, Westinghouse Corporation, Pittsburgh, Pennsylvania, since June, 1971, and a resident of 1045 Lyndhurst Drive, Pittsburgh consented to be interviewed by Special Agents (SAs) [redacted] and [redacted] after they had identified themselves as SAs of the Federal Bureau of Investigation (FBI), Washington, D. C. (S)(U)

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The interview began at about 10:08 a.m. at which time SA [redacted] displayed to Mr. SHAPIRO a standard "Waiver of Rights" form. After reading the form SHAPIRO voiced certain reservations relative to its purpose and was concerned that display of the form implied certain unlawful acts on his part. He was also concerned that affixing his signature to the form and submitting to interview would in some way indicate tacit agreement on his part that he had been guilty of illegal activity. The form and its purpose were discussed with SHAPIRO at great length. Finally, at approximately 10:55 a.m. SHAPIRO elected to discuss the subject of the form and the matter of the requested interview with his attorney. He then made a telephone call to an individual he identified as [redacted] (phonetic), his attorney. After a short discussion between SHAPIRO, his attorney and the above Agents using a telephone conference box, SHAPIRO's attorney suggested to him that he agree to be interviewed relative to the Nuclear Materials Equipment Corporation (NUMEC) and his tenure with NUMEC as its President. (S)(U)

The actual interview commenced at 11:11 a.m. SHAPIRO furnished the following in response to direct questions initiated by the interviewing Agents: (S)(U)

To SHAPIRO's knowledge there was never any diversion of enriched uranium from the NUMEC facility and he termed the chances of any individual or group of individuals successfully diverting such material as minuscule. He denied emphatically that he was in any way connected with or responsible for any diversion. (S)(U)

SHAPIRO noted that NUMEC, like any similar facility, government or commercial, experienced a certain amount of material (U)

Interviewed on 6/27/77 at Pittsburgh, Pa. File # WFO 117-273

by SAs [redacted] and AES:smv Date dictated 7/1/77

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unaccounted for (MUF) during its routine operations. SHAPIRO described a very complex manufacturing process in which the uranium processed by NUMEC, particularly in the production of Nuclear Engine for Rocket Vehicle Application (NERVA) fuel, was put through a multitude of processes during which the material was alternately heated to fantastic temperatures, formed into solids, pounded and crushed to dust, and reformed into like spheroids of almost microscopic size. The spheroids were then sized and those not meeting specifications were salvaged and the entire process started over again until the maximum yield of proper sized spheroids was achieved. He noted that all work was done using equipment such as glove boxes, electric arc furnaces, vast mazes of pipes, pumps and valves and hundreds of filters. Losses of material were inevitable due to the inability to retrieve one hundred percent of the dust like material from the equipment being used. Material clung even to the clothing and shoes of the workers. In many instances it was impossible, impractical or uneconomic to even to attempt recovery of material. (S)(U)

Uranium was processed by NUMEC in batches varying in size from a few grams to many kilograms. Again because it was impractical and uneconomical to clean up and recover material after each batch, a continuous production process was used by NUMEC similar to that used at the government facility at Oak Ridge. It was likewise impractical and uneconomic to attempt recovery of material from waste and scrap on a batch by batch basis, a process which required all equipment used to be dismantled, so it was the practice of NUMEC to blend its scrap and waste and then insofar as possible recover uranium at the conclusion of "campaigns," a term used generally to signify contract periods. (S)(U)

SHAPIRO emphasized that the matter of significant diversion of special nuclear material at NUMEC was out of the question and added that Atomic Energy Commission (AEC) officials had, in fact, assured him personally that NUMEC MUF compared favorably with MUF experienced throughout the rest of the industry. (S)(U)

During November, 1965, NUMEC MUF continued to be a major concern and accountability was a focal point of AEC interest in and criticism of NUMEC. In addition to the MUF occasioned by the production process other subjective factors entered into MUF such as problems in instrumentation, assaying and weighing of material and even differences of opinion between shipper and receiver as to the weight of the material involved. The AEC was insisting that NUMEC's accountability procedures be improved and NUMEC had been looking high and low for a recognized expert in the field. NUMEC approached the AEC for recommendations of individuals who might assist the company with its accountability problems. Among a few individuals suggested by AEC was JAMES LOVETT, an AEC employee who had participated in an extensive inspection of the NUMEC facility during November, 1965. At that time it was the understanding of SHAPIRO and other officials at NUMEC that the AEC inspection as well as all paper work attendant to the inspection, including a final report, had been completed. It was particularly the understanding of NUMEC officials that LOVETT had completed his input into the final report. LOVETT was made an offer of employment by NUMEC, an offer he later accepted. NUMEC's offer of employment to LOVETT was solely a follow-up of AEC's suggestion of his name as a recognized accountability expert and an effort to improve NUMEC accountability procedures. It was in no way an effort to influence LOVETT's findings with respect to the inspection of NUMEC by AEC nor an effort to mute the AEC report of the inspection. (U)

SHAPIRO was never responsible for nor in any way connected with the unauthorized release of restricted or classified material to any individual not authorized or cleared to receive the same (U)

[At no time was SHAPIRO aware of being in contact with foreign intelligence officers or organizations.] However, at one time NUMEC formed a partnership with the Israeli government which resulted in the formation of a company known as Israel-NUMEC Isotopes and Radiation Enterprises (ISORAD). At that time there were ongoing projects in many areas looking toward the use of irradiation for the purpose of preserving food and sterilizing medical supplies. Such methods were already in use in Europe but in the United States the Food and Drug Administration (FDA) was opposed to such practices. SHAPIRO viewed it as a reasonable business opportunity and by joining with the Israelis in the ISORAD effort regarded it also as an opportunity to proceed with the venture without interference from the FDA. (U)

WFO 117-273
4

The Israelis sold considerable quantities of citrus fruit to West Germany. Fruit flies infesting the fruit had been combatted by dipping the fruit in biphenyl but the West Germans had determined that biphenyl collected in the system and was also regarded as possibly carcinogenic and for this reason informed Israel that fruit dipped in biphenyl would no longer be accepted. (U)

ISORAD was a fifty-fifty partnership between NUMEC and the Israeli government in the person of the Israeli Atomic Energy Commission. Business between the Israelis was generally conducted by board meetings or in meetings between SHAPIRO and the scientific attache at the Israeli Embassy. SHAPIRO could not recall this individual's name. When NUMEC merged with Atlantic Richfield Company, Atlantic Richfield became nervous over the ISORAD connection with Israel because Atlantic Richfield also owned Sinclair Oil Company which was doing business with Algeria. They decided to give up ISORAD and SHAPIRO is under the impression that Atlantic Richfield gave its ISORAD stock back to the Israelis. (U)

SHAPIRO continued that he had met the previously mentioned Israeli scientific attache when that individual was a teacher at a university. b3

(U)

According to SHAPIRO all work done at NUMEC was unclassified. Foreign born scientists worked at NUMEC and for a period of time NUMEC had an agreement with a Japanese firm, name unrecalled, to train some of its personnel. Also, a large number of foreign scientists from Great Britain, France, Germany and Israel visited the NUMEC on tour. All foreign scientists working at NUMEC and all who visited in any capacity were cleared through the AEC. (U)

SHAPIRO noted that NUMEC was operated under both AEC and U.S. Navy security requirements and the facility was afforded frequent inspections by both the AEC and the Navy. SHAPIRO recognized certain deficiencies in the operation of NUMEC and continually sought guidance from the AEC but the requested guidance was never forthcoming. AEC was always quick to criticize NUMEC for its deficiencies, which in most instances were brought to the agency's attention by NUMEC itself, but AEC never did provide guidance or standards so frequently requested by NUMEC. (U)

WFO 117-273
5

At the conclusion of the interview SHAPIRO wondered when the matter of NUMEC would finally be laid to rest. He recalled that the AEC and the United States General Accounting Office had made in depth studies of the situation at NUMEC and he personally had been interviewed at great length by AEC officials. This all occurred at a time when records and memories were fresh. SHAPIRO questioned first, the reason for additional inquiry into the matter of NUMEC and second, the ability of anybody to reconstruct, in detail, the situation at NUMEC ten years ago. (X) (U)

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 10-31-2008

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

S/R

FEDERAL BUREAU OF INVESTIGATION

REPORTING OFFICE	OFFICE OF ORIGIN	DATE	INVESTIGATIVE PERIOD
WASHINGTON FIELD	WASHINGTON FIELD	7/21/77	6/27/77

TITLE OF CASE
ZALMAN MORDECAI SHAPIRO

REPORT MADE BY
SA [redacted]

TYPED BY
sm

b6
b7C

CHARACTER OF CASE
AEA; OOJ

~~SP-4 elw/alm~~
12/8/83
~~Comp. # 240,619~~

REFERENCES: WFO report dated 4/27/77;
Bureau airtel dated 5/23/77.

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ADMINISTRATIVE:

Once SHAPIRO had availed himself of the services of his attorney and decided to be interviewed he appeared to be emphatic and cooperative and answered all questions without equivocation. In view of the results of this interview and

SP4 GSK/RBG
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7/21/97
6/16/82
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SECRET

Classified by 9598
Exempt from GDS, Category 2
Date of Declassification Indefinite

ACCOMPLISHMENTS CLAIMED						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

☒ NONE

APPROVED NFS/lwc
SPECIAL AGENT IN CHARGE

COPIES MADE:
(4-Bureau (117-2564)
1-WFO (117-273)

DO NOT WRITE IN SPACES BELOW

REC-26

ST-136

6/16/82 SP1GSK/RBG

Dissemination Record of Attached Report			
Agency	Ice to AAG (ASS) W. Fort		
Request Recd.		Rm. 4084	
Date Fwd.		7-22-77	
How Fwd.		RKM/hm	
By			

Notations
6-Rm
DATA PROCESSING

79 AUG 10 1977

COVER PAGE

c43—16—83489-1 GPO

all others conducted in this matter, the opinion of WFO remains unaltered from that expressed in WFO airtel LHM of 8/17/76; namely, that the lack of cover up of the NUMEC matter has been adequately demonstrated by the extensive investigations conducted by the Atomic Energy Commission (AEC) and the General Accounting Office (GAO), as well as the frequent contacts between the AEC and the Joint Committee on Atomic Energy relative to NUMEC and its problems. (U)

The interviews conducted since the preparation of the above LHM served only to strengthen the WFO opinion that nothing has changed since the mid-1960's and that evidence of diversion from the NUMEC facility has yet to surface. (U)

In view of the above, WFO feels that a polygraph examination of SHAPIRO is unwarranted on the basis of information developed to date. Consequently, this office considers that all logical leads have been covered and is now closing this case. (U)

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 09-12-2017 BY: [redacted]

OPTIONAL FORM NO. 10
JULY 1973 EDITION
GSA FPMR (41 CFR) 101-11.6

UNITED STATES GOVERNMENT

~~CONFIDENTIAL~~

~~TOP SECRET~~

Memorandum

1 - Mr. R. G. Held
1 - Mr. J. B. Adams
1 - Mr. J. A. Mintz

DATE: 7/25/77

1 - Mr. H. A. Boynton
1 - Mr. D. W. Moore, Jr.
1 - Mr. J. C. Ingram
1 - Mr. S. S. Mignosa
1 - [redacted]

Dep. AD Adm.
Dep. AD Inv.
Asst. Dir.:
Adm. Serv.
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Gen. Inv.
Ident.
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Spec. Serv.
Inv.
Training
Telephone Rm.
Director's Sec'y

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b7C

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

FROM : S. S. Mignosa

SUBJECT: DIVERT

PURPOSE: To advise that investigation into captioned matter has been concluded and the Department of Justice so advised.

RECOMMENDATION: None. For information.

~~Classified by 5419 PWB/MB~~
~~Declassify On: OADR~~
~~5-13-85~~

APPROVED:

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

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~~#m03R0758 8-12-03 60290 BCE/MLT/JTG AS AMENDED~~

(U) DETAILS: You have been previously advised that DIVERT is the administrative code word for the Atomic Energy Act investigation into the allegations of a possible diversion of nuclear materials to the Israeli Government by the Nuclear Materials Equipment Corporation (NUMEC) of Apollo, Pennsylvania, in the 1960's. The investigation was reopened upon the direct instructions of the Attorney General on April 30, 1976. The investigation was to determine not only if a possible diversion occurred, but also whether U. S. Government officials covered up the diversion.

RKM:lek
(9)

REC-126

CONTINUED - OVER

AUG 17 1977

~~TOP SECRET~~

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Exempt from GDS, Category 2
Date of Declassification Indefinite

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b7C

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

FBI/DOJ

AUG 17 1977

Memorandum to Mr. D. W. Moore, Jr.
Re: DIVERT

Since this case was reopened, extensive investigation has failed to indicate there is any basis for the allegations of diversion or cover-up. The Attorney General was advised of the results of our investigation in September, 1976. In October, 1976, the Attorney General requested that certain additional individuals employed at NUMEC during the pertinent time period be interviewed. These individuals were subsequently interviewed and the Attorney General was advised of the results of those interviews. The Department then advised that it was their opinion that Zalman Mordecai Shapiro, the President of NUMEC during the time period, should also be interviewed. By report dated 7/21/77, the office of origin advised of the results of that interview. It is the conclusion of the office of origin that the interview of Shapiro and all others conducted in this matter, indicates that the lack of a cover-up in the NUMEC matter has been adequately determined by the extensive investigations conducted by the Atomic Energy Commission (AEC) and the General Accounting Office, as well as by the frequent contacts between the AEC and the Joint Committee on Atomic Energy (JCAE) relative to NUMEC and its problems.

The above mentioned report which advises of the results of the Shapiro interview was furnished to the Department on 7/22/77. The Department was advised at that time there is no further action in this matter being taken by the FBI unless a specific request for such action is received from the Department.

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

b6
b7C

UNITED STATES DEPARTMENT OF JUSTICE

FEDERAL BUREAU OF INVESTIGATION

In Reply, Please Refer to File No.

Butte, Montana 59701
August 26, 1977

12/5/83 SP/4 elw/alm
comp. #240,619

INFORMATION CONCERNING
MISSING ENRICHED
URANIUM, NUCLEAR
MATERIALS AND EQUIPMENT
CORPORATION (NUMEC),
APOLLO, PENNSYLVANIA
1960'S

A source, who is in a position to know, who requested his identity be maintained confidential, advised on August 25, 1977, that recent articles appearing in newspapers refer to the loss of some 382 pounds of enriched uranium by the Nuclear Materials and Equipment Corporation (NUMEC), Apollo, Pennsylvania, which NUMEC was processing from the United States Atomic Energy Commission, now the United States Energy Research and Development Administration, in the 1960's.

NUMEC's manager, Mr. ZALMAN M. SHAPIRO, told the Atomic Energy Commission (AEC) this uranium was mistakenly buried as waste material at the plant site in 1963. A later search of the plant burial site accounted for only about ten percent of the amount missing.

Source said that there was a definite Zionist influence in NUMEC leadership. ZALMAN M. SHAPIRO, Manager, would be sympathetic to Israel. ARNOLD BLUM was a metallurgist for NUMEC at the time, but later left the company and moved to Israel, where he is presently operating a nuclear technical facility. FRED FORSCHER was a vice-president of NUMEC, was born in Europe, spent time in a German concentration camp, and is a devout Zionist and continues to reside in Pittsburgh, Pennsylvania, area. LEONARD PEPKOWITZ was a vice-president of NUMEC, but prior to discovery of the missing uranium,

SP-1 ASK 1 RBY 3
8/26/97 6/16/82

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AMERICAN REVOLUTION BICENTENNIAL 1776-1976

ENCLOSURE

transferred to a facility in Buffalo, New York.

Source stated that OSCAR GRAY worked for ZALMAN SHAPIRO and always seemed to come up with necessary finances to fund any worthwhile project that NUMEC was interested in working.

Source stated that certain technical publications available on nuclear developments have printed articles on the loss of enriched uranium at NUMEC in the 1960's. A recent article presented the thought that the missing uranium possibly ended up in Israel and was a quasi-legal transfer sanctioned by the United States Government.

Source has no information which would shed light on what happened to the missing 382 pounds of enriched uranium, nor did source have any idea as to the mechanism used to ship the uranium if it did, in fact, leave the United States. Source does not feel it is at all possible to lose this amount of uranium by diversion through processing. Source stated that in 1965 or 1966, NUMEC did produce, sell, and ship to Israel a food irradiator. Source stated that it is conjectural, but if properly shielded, a large quantity of enriched uranium could have been shipped with this irradiator to Israel. Once this uranium reached Israel, BLUM would have the technical knowledge and skills necessary to handle the substance and convert it to use. (X)(u)

Source has no knowledge that SHAPIRO, FORSCHER, BLUM, or anyone else at NUMEC at the time of the shortage would have knowingly risked being involved in shortages of uranium unless there was U. S. Government authorization to send the material abroad.

FD-36 (Rev. 7-27-76)

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FBI

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

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

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

Date 8/26/77

TO: DIRECTOR, FBI

FROM: SAC, BUTTE (117-) (RUC)

SUBJECT: INFORMATION CONCERNING MISSING ENRICHED URANIUM, NUCLEAR MATERIALS AND EQUIPMENT CORPORATION (NUMEC), APOLLO, PENNSYLVANIA 1960's AEA
OO: Pittsburgh

Direct

DECLASSIFIED BY SP-4 elw/alm ON 12/5/83
Comp. #240,619

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED EXCEPT WHERE SHOWN OTHERWISE

Enclosed for the Bureau is the original and five copies of an LHM and for Pittsburgh one copy of an LHM concerning captioned matter.

This information was furnished by [redacted] who expressed a desire to have his identity maintained in confidence within the FBI. [redacted]

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He has no direct knowledge of what happened to the missing uranium, but conjectured what could have happened. He was of the opinion that the integrity of Mr. ZALMAN M. SHAPIRO, FRED FORSCHER, and ARNOLD BLUM is such that if this material was sent abroad, (X) (U)

Class. & Ext. By SP-1 GSK/RBG
Reason - FCIM II, 1-2.4.2 3
Date of Review 8/26/87 8/16/82

2 - Bureau (Encs. 6) (AM)
2 - Pittsburgh (Enc. 1) (AM)
1 - Butte
BSP/hgb
(5)

ENCLOSURE REC-93

117-2564-436

EX-131

17 SEP 3 1977

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airtel to WFO RKM/jm 9/16/77

1cc to AAG (BS) 9-15-77 RKM/tm

Approved: 2 11 Bos

Transmitted _____ (Number) _____ (Time)

Per _____

79 SEP 28 1977

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GPO : 1977 O - 225-539

mainly to Israel, they would not have been involved unless it had been sanctioned by high officials of the United States Government. He is furnishing his conjectures because he is loyal to the United States Government and is concerned that Israel may have received nuclear material from the U. S. Government. If pressed to "the fence by the Arabs," Israel might revert to use of nuclear weapon. This would give the U. S. S. R. an excuse to use nuclear weapons against the U. S. Government. A nuclear-type war anyplace in the world today would be a drastic mistake and should be avoided at all costs. (X) (u)

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 09-12-2017 BY [redacted]

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b7C

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

Airtel

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~~Secret~~

#M03R0758 8-12-03
~~CLASSIFIED BY~~ 60290 BCE/MLT/FTG
~~DECLASSIFY ON~~ 25X6
AS AMENDED

September 19, 1977

~~Classified by~~ 5-11-85
~~Declassify on~~ 5668 SLD/RJ
DADR

To: SAC, Washington Field Office (117-273)

From: Director, FBI (117-2564)

DIVERT

Enclosed is one copy each of a Butte airtel and LHM captioned "Information Concerning Missing Enriched Uranium, Nuclear Materials and Equipment Corporation (NUMEC), Apollo, Pennsylvania, 1960's, AEA," dated August 26, 1977.

The enclosed airtel and LHM sets forth information obtained from [redacted] who has requested that his identity be protected. This individual claims that a definite Zionist influence existed in the NUMEC leadership. As you are aware, our intensive investigation into the alleged diversion of Special Nuclear Materials from NUMEC in the Mid-1960's to the Israeli Government and a subsequent cover-up of that diversion by certain U. S. Governmental agencies has thus far failed to develop any positive information that would lend credence to these allegations. This is, of course, not to say that such a diversion did not, in fact, occur. The FBI cannot overlook any opportunity to resolve these allegations that have been made against NUMEC and its President, ZALMON MORDECAI SHAPIRO. Consequently, you are to promptly conduct in-depth interviews of the former NUMEC officials named in the enclosed LHM in order to determine what knowledge, if any, they have regarding the matter in question. Do not reinterview SHAPIRO. (U)

b7D

MAILED 3
SEP 16 1976
FBI

Enclosures (2)
1-Pittsburgh (info.)

~~SECRET~~
~~Classified by 6419~~
~~Exempt from GDS, Category 2~~
~~Date of Declassification Indefinite~~

EC-93
EX-131

Assoc. Dir.
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(1)

SEE NOTE PAGE 2

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ROUTE IN ENVELOPE

SP-1 GSK/RBG
2,3
Class. & Ext. By
Reason - Date
Date of Review 9/19/97 6/16/85

MAIL ROOM ☑ TELETYPE UNIT ☐

GPO : 1976 O - 207-526

79 SEP 28 1977

~~SECRET~~

~~SECRET~~ ~~CONFIDENTIAL~~

Airtel to SAC, Washington Field Office
Re: DIVERT

It is noted that one of the individuals mentioned in the LHM currently [resides in Israel. (U) Determine if he does, in fact, live there. If he does, submit your recommendation as to whether or not that individual should be interviewed by the appropriate [Legal Attache]. (U)

Unclassified Per DOJ letter 3.22.85

NOTE: DIVERT is the administrative code word given to the Atomic Energy Act investigation of the possible diversion and subsequent cover-up of Special Nuclear Materials from NUMEC which was formerly owned by Shapiro. This investigation was begun upon the specific instructions of the Attorney General on April 30, 1976. (U)

Our investigation has, in essence, been completed; however, due to the extensive media coverage this matter has been afforded and because of the keen interest displayed by Congress in this matter, it is believed that any information which comes to our attention that might lead to the successful resolution of this matter should be pursued. Consequently, the above instructions are being furnished. Individuals to be interviewed have not been previously interviewed.

APPROVED:	Adm. Serv.	Legal Coun.
	Crim. Inv.	Plan. & Insp.
Director	Fin. & Pers.	Exec. Mgmt.
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FD-36 (Rev. 2-14-74)

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FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 09-12-2017 BY: [redacted]

#M03R0758 8-12-03
CLASSIFIED BY 60290 BCE/MLI/JTG
DECLASSIFY ON: 25X 6
AS AMENDED

FBI

Date: 10/12/77

b6
b7C

Transmit the following in _____ (Type in plaintext or code)

Via AIRTEL _____ (Precedence)

TO: DIRECTOR, FBI (117-2564)

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

~~5-14-85~~
~~Classified by~~ [redacted]
~~Declassify on:~~ OADR

DIVERT

Re Bureau airtel to WFO, 9/19/77, 437 captioned as above. ~~(U)~~

Enclosed for Buffalo is one copy of a letter and LHM dated 8/26/77 436 from Butte, captioned "INFORMATION CONCERNING, MISSING ENRICHED URANIUM, NUMEC, APOLLO, PENNSYLVANIA, 1960's, AEA; 00:PG". Also enclosed for Buffalo is one copy of referenced airtel dated 9/19/77 437 ~~(U)~~

For the information of Buffalo, WFO and Pittsburgh have conducted an intensive investigation in the matter of alleged missing enriched uranium from NUMEC. ~~(U)~~

Based on the enclosed, the following leads are set forth. Pittsburgh is already in possession of referenced communications. ~~(U)~~

Paragraphs marked ~~(S) are "Secret"~~, those marked (U) are "unclassified." ~~(U)~~

LEADS

BUFFALO

AT BUFFALO, NEW YORK. Will attempt to locate and interview LEONARD PEPKOWITZ, a former Vice president at NUMEC.

2 - Bureau
2 - Pittsburgh
2 - Buffalo (Enc.3)
1 - Butte (Info)
1 - WFO
AES:aih
(8)

SECRET
Classified by 9598
Exempt from GDS, Category 2
Date of Declassification Indefinite

EX-108

117-2564-440

REC-76

~~Class. & Ext. By~~ SP-1 JSK/RBY
~~Reason - FCIM II 1-2.4.2~~
Date of Review 10/12/97 6/16/02

24 OCT 18 1977

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
EXCEPT WHERE SHOWN
OTHERWISE

Approved: 21/99 18 Special Agent in Charge

Sent _____ M Per _____

~~CONFIDENTIAL~~

55 OCT 20 1977

GPO : 1975 O - 590-992

Obtain dates of NUMEC employment, contacts with Israeli officials, travels to foreign countries, and statements to any knowledge of alleged missing enriched material from NUMEC. Ask if LEONARD PEPKOWITZ was aware of any "cover-up" of any illegal activity pertaining to NUMEC's enrichment process. Determine if FORSCHER knows of any espionage activities at NUMEC during his employment. Attempt to determine location of ARNOLD BLUM (S) (U)

PITTSBURGH

AT PITTSBURGH, PENNSYLVANIA. Will attempt to locate FRED FORSCHER and interview covering points noted in Buffalo lead.

WASHINGTON FIELD

AT WASHINGTON, D.C. Will attempt to locate OSCAR SHALOM GRAY, CHARLES REICHARDT, and ARNOLD BLUM for interview.

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 09-12-2017 BY: [redacted]

~~CONFIDENTIAL~~

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FD-36 (Rev. 7-27-7[redacted]

FBI ~~SECRET~~

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

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

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

#MOR03758 8-12-03
CLASSIFIED BY ~~6298 BCE/MLT/JTG~~
DECLASSIFY ON: 25X6 AS AMENDED

Date 10/25/77

TO: DIRECTOR, FBI (117-2564)

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

~~SECRET~~

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

DIVERT

Re Bureau airtel, 10/12/77.

Enclosed for Baltimore is one copy of a letter and LHM dated 8/26/77 from Butte, captioned "INFORMATION CONCERNING MISSING ENRICHED URANIUM, NUMEC, APOLLO, PENNSYLVANIA, 1960's AEA; 00:PG." Also enclosed for Baltimore is one copy of referenced airtel dated 9/19/77. ~~(U)~~

Paragraphs marked ~~(S) are "Secret"~~, those marked (U) are "Unclassified." ~~(U)~~

For the information of Baltimore, WFO and Pittsburgh have conducted an intensive investigation in the matter of alleged mission enriched uranium from a company, "NUMEC", at Apollo, Pennsylvania. ~~(S)~~

Based on the enclosed items for Baltimore, the following lead is set forth. ~~(U)~~

ST-136

REC-93

117-2564-441

11 OCT 28 1977

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED EXCEPT WHERE SHOWN OTHERWISE

LEAD

BALTIMORE

AT BALTIMORE, MARYLAND. Will attempt ~~to contact~~ OSCAR SHALOM GRAY, Instructor or Professor, University of Maryland Law School, Baltimore, Maryland, and interview, asking the following questions. Place results on FD-302. ~~(U)~~

~~SECRET~~
~~Classified by 9598~~
~~Exempt from GDS, Category 2~~
~~Date of Declassification Indefinite~~

2 - Bureau
2 - Baltimore (ENC. 3)
1 - WFO
AES:aih
5)

~~SECRET~~

DECLASSIFIED BY SP-1 GSK/RBG
ON 6/17/82

58 NOV 3 1977

Transmitted _____ (Number) _____ (Time) Per _____

~~CONFIDENTIAL~~

GPO : 1977 O - 225-539

2. Obtain dates of NUMEC employment.

3. Contacts with Israeli officials. (S) (U)

4. [redacted] (S) (U) b3 b7E

5. Travel to Israel and any business deals there. (S) (U)

6. Statement as to any knowledge of any alleged missing enriched material from NUMEC or other facility. (Uranium or plutonium).

7. Ask if GRAY is aware of any "cover-up" of any illegal activity pertaining to NUMEC's enrichment process.

8. Determine if GRAY is aware of any espionage activities at NUMEC during his employment. (S)

9. What were the financial arrangements, if any, between DAVID LOWENTHAL, a banker in the Pittsburgh area, and ZALMAN SHAPIRO, President of NUMEC.

10. Attempt to determine location of ARNOLD BLUM. (S)

SECRET

UNITED STATES DEPARTMENT OF JUSTICE

FEDERAL BUREAU OF INVESTIGATION

In Reply, Please Refer to File No.

Butte, Montana 59701
October 7, 1977

DIVERT
ATOMIC ENERGY ACT

A source, who is in a position to know, advised the source had no information which would indicate any enriched uranium was ever taken or ever left NUCLEAR MATERIALS AND EQUIPMENT, INCORPORATED (NUMEC), Apollo, Pennsylvania, in the late 1960s. Articles read in newspapers indicated that some 382 pounds of enriched uranium was lost by NUMEC, who was processing uranium for Energy Research and Development Administration (ERDA), formerly known as Atomic Energy Commission, in the 1960s. Source stated that it did not appear to be possible for that amount of uranium to be buried as waste material. Due to the many methods of checking this uranium at NUMEC by ERDA in the 1960s, source of personal opinion that if 382 pounds of uranium was removed from NUMEC it could have only been done through the knowledge of U. S. Government officials.

Source has no first-hand knowledge that uranium was even missing from NUMEC in the 1960s and only conjectured what could have happened to missing uranium.

142
2

DECLASSIFIED BY SP-1 MSKIRBA
ON 6/17/82

SECRET

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117-2024-49

ENCLOSURE

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 09-12-2017 BY: [redacted] b6 b7C

CONFIDENTIAL
SECRET MATERIAL ATTACHED

FD-36 (Rev. 7-27-76)

FBI

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

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

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

SECRET

Date 10/7/77

TO: DIRECTOR, FBI (117-2564)

FROM: SAC, BUTTE (117-112) (RUC)

SUBJECT: DIVERT
AEA
OO: WFO

~~Classified by~~ ~~5-14-85~~ ~~3668 SLD/RD~~
~~Declassify on:~~ OADR

#M03R0758 8-12-03
CLASSIFIED BY 6029 BCE/MH/JG
DECLASSIFY ON: 25X6
AS AMENDED

Re Bureau airtel to Butte, 9/28/77.

Enclosed for the Bureau are the original and five copies of an LHM and for WFO one copy of LHM containing information obtained from [redacted] on 10/6/77, who expressed a desire to have his identity maintained in confidence, with the FBI. b6 b7C b7D

[redacted] stated that it was his personal opinion only that if nuclear material was in fact diverted from

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Class. & Ext. By SP/GAK/RBG
Reason - FCIM II, 1-2.4.2, 2.5
Date of Review 10/7/97
~~217,800~~ 6/17/82 EX-108

SECRET

Classified by 142
Exempt from GDS, Category 2
Date of Declassification Indefinite

REC-7 117-2564-442

b6 b7C

2 - Bureau (Encs. 6) (AM)
2 - WFO (117-273) (Enc. 1) (AM)
1 - Butte
BSP/ddp
(5)

ENCLOSURE

WFO ADVISED TO INCLUDE IN NEXT OO COMMUNICATION

7 OCT 17 1977

CLASSIFIED MATERIAL ATTACHED

DOC. CLASS.

Approved: 54 NOV 10 1977

Transmitted (Number) (Time)

Per

CONFIDENTIAL

GPO : 1977 O - 225-539

BT #117-112

NUCLEAR MATERIALS AND EQUIPMENT CORPORATION (NUMEC), Apollo, Pennsylvania, to Israel by SHAPIRO, FORSCHER, and BLUM, it would had to have been sanctioned by some U. S. Government official as SHAPIRO, FORSCHER, and BLUM were reputable individuals and would not have risked sending nuclear material from NUMEC on their own. (U) (S)

[redacted] has no information which would assist the FBI in its investigation in this matter other than his opinions and conjectures which have been set out.

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b7D
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b7E

[redacted] advised that subsequent to 8/25/77, when first contacted by the FBI, he furnished this same information [redacted]

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 09-12-2017 BY: [redacted]

FD-302 (REV. 11-27-70) b6 b7C

FEDERAL BUREAU OF INVESTIGATION

1

Classified by 5168 SLD/kg
Declassify on: OADR

Date of transcription 11/11/77

On October 31, 1977, Dr. FREDERICK FORSCHER, [redacted] Pittsburgh, Pa., self-employed as a consultant in nuclear energy matters, was interviewed at his residence. He was advised of the identity of the interviewing Agents by display of credentials and was advised that it was desired to interview him concerning allegations of diversion of nuclear material from the Nuclear Materials and Equipment Corp. (NUMEC), of Apollo, Pa. Dr. FORSCHER said that he desired to record the interview and did record the questions asked of him and his replies. b6 b7C

Dr. FORSCHER advised that he, Dr. ZALMAN SHAPIRO and LEONARD PEPKOWITZ had decided to form a private concern relating to nuclear energy after former President DWIGHT EISENHOWER had formulated the concept of "Atoms for Peace" during the mid-50's. He and Dr. SHAPIRO were then employees of the Westinghouse Electric Corp. in the Pittsburgh area and PEPKOWITZ was an employee of General Electric in Schenectady N.Y. The three of them felt they had the necessary expertise to build a successful private enterprise based on their different scientific backgrounds and they thus formed NUMEC early in 1957. Dr. FORSCHER said that he was associated with NUMEC as Vice-President and member of the Board of Directors from February, 1957, until he resigned in May, 1967. Dr. FORSCHER advised that to his knowledge, there was no illegal diversion of nuclear material during the time he was associated with NUMEC. He said there was considerable difference of opinion between NUMEC and certain Government agencies, particularly the Atomic Energy Commission (AEC) regarding the amount of nuclear material NUMEC had in its possession during those years. However, it is his opinion that this difference was caused by the then primitive state of accounting procedures and analysis figures and the lack of standardized control and measurement systems.

Dr. FORSCHER said that he had no contact with Israeli officials during that time and did not even visit Israel until sometime subsequent to the time he left NUMEC. He said he knew that Dr. SHAPIRO had formed a company called

(U)

Interviewed on 10/31/77 at Pittsburgh, Pa. File # Pittsburgh [redacted]

by SA [redacted], and [redacted] LMC/dao Date dictated 11/1/77 b6 b7C b3 b7E

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[redacted] b3 b7E

2

ISORAD in conjunction with Israel officials but that he, FORSCHER, had no connection with that company and had no information concerning the operation of it. (U)

Dr. FORSCHER said that he was aware of no illegal activity at NUMEC, was aware of no espionage activity and that there was no cover-up of any such activity known to him. (U)

Dr. FORSCHER said he has noted that an increasing number of news stories have been appearing in the recent past which allege that the Israelis now have a number of atomic bombs and that the material for these devices was diverted or stolen from NUMEC. He said that he personally is vitally concerned with the problem of accountability of nuclear material and has in fact prepared a study on this matter for the Library of Congress. He said his study is entitled, "A Critical Analysis of Nuclear Safeguards" and was prepared for the Congressional Research Service, Library of Congress, at the request of [redacted] b6 b7C He said a copy of this report is available at the Library of Congress. FORSCHER said this report reflects his longtime concern regarding the accurate measurement and secure protection of special nuclear material. He further added that this concern extended back to the time of his association with NUMEC and as a consequence, he believes he would have been aware of any illegal diversion. He said he is certain that any loss of nuclear material was the result of paper differences, which would include losses in manufacturing processes, and analysis differences which would include lack of accurate measurement procedures and techniques. (U)

He said he assumes that since he is aware of no diversion and does not believe that such diversion occurred, there must be some ulterior motive for the continued stories appearing in the public press relating to the possession of atomic bombs by the Israelis. He said he can only surmise these stories are being continued by either anti-Zionists who hope to discredit Israel; by persons who are opposed to the entire nuclear program and hope to bring it into disrepute by alleging an illegal proliferation of atomic bombs; or finally by some intelligence agency which may be trying to divert attention from its own shortcomings by making allegations that appear logical and possible but that are not susceptible to proof. (U)

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 09-12-2017 BY: [redacted]

11/3/77

CRIMINAL INVESTIG E DIVISION

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The attached pertains to the investigation involving the possible diversion of nuclear materials to the Israeli government in the 1960s by a U.S. firm (NUMEC) operated by Zalman Shapiro. The case was reopened under the orders of The Attorney General. (U)

The attached advises that on 11/3/77 and 11/4/77, 20 volumes pertaining to the Department of Energy's investigation of NUMEC will be released to the press. (This release is in conjunction with FOIA requests.) According to the Assistant Security Officer of the Safeguards and Security Office, Department of Energy, the press and Congress wish to show that the Johnson Administration had caused the FBI to slow down their investigation in order to cover up the activities of NUMEC.

Extensive file reviews pertaining to this investigation have failed to reveal any information that our investigation was, in fact, hindered by the Johnson Administration or individuals associated with the Federal Government.

1 - Mr. J.B. Adams
1 - Mr. J.A. Mintz
1 - Mr. T.W. Leavitt
1 - Mr. D.W. Moore, Jr.
1 - Mr. J.O. Ingram
1 - Mr. S.S. Mignosa
1 - Mr. S. Klein

SK:bmf

~~5-17-85~~

~~Classified by 5668SCD/KJ~~
~~Declassify on: OADR~~

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#MOBR0758
8-12-03
CLASSIFIED BY 60290 BCE/MM/JTG
DECLASSIFY ON: 25X 6
AS AMENDED

APPROVED:

Director
Assoc. Dir.
Dep. AD Adm.
Dep. AD Inv. BA/TWL

Adm. Serv.
Crim. Inv. 17/0
Fin. & Pers.
Ident.
Intell.
Laboratory

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

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DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 09-12-2017 BY [redacted]

FD-36 (Rev. 7-27-76)

CONFIDENTIAL
FBI

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

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

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

SECRET

CLASSIFIED BY 8-12-03
DECLASSIFY ON: 25X6
AS AMENDED

Date 11/14/77

b6
b7C

SECRET

TO: DIRECTOR, FBI (117-2564)

FROM: SAC, PITTSBURGH [redacted] (P)

SUBJECT: DIVERT

Classified by 5668 SLD/KB
Declassify on: OADR
DE-1

b3
b7E

Re Washington Field airtel to the Bureau dated 10/12/77, captioned as above. (U)

Enclosed for Washington Field are eight copies, 1 COPY BUREAU, of an FD-302 setting forth results of interview of FREDERICK FORSCHER. (U)

For information of Buffalo and Washington Field, FORSCHER advised during interview that he believes that ARNOLD BLUM has recently returned from Israel and is presently residing in the Monroeville, Pa., area although he works some place in New Jersey and commutes to this job. FORSCHER does not know his exact address or the location of his employment in New Jersey. Pittsburgh will attempt to locate and interview BLUM concerning his dates of employment at NUMEC, contacts with Israeli officials and any knowledge of alleged missing enriched material from NUMEC in accordance with the lead set out in referenced Washington Field airtel. (S) (U)

ENCLOSURE

2 - Bureau (ENCL.-1) ST-101 REC-37
2 - Buffalo
2 - Washington Field (117-273) (Encs.-8)
2 - Pittsburgh
LMC/dao
(8)

117-2564 4-11

7 NOV 15 1977

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SECRET

Classified by 5932
Exempt from GDS, Category 2
Date of Declassification Indefinite

Class. & Ext. By SP-1 GSK/RBG
Reason - FCIM
Date of Review 11/14/97 6/17/82

b6
b7C

SECRET

CONFIDENTIAL

Approved: Transmitted (Number) (Time) Per

79 NOV 25 1977

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For the information of the Bureau and Washington Field, FORSCHER advised during interview that he had recently been telephonically contacted by a [redacted] (phonetic) from the Dingell Committee of Congress who asked if FORSCHER had been interviewed by the FBI concerning the NUMEC situation. FORSCHER advised this individual that he had not been. [redacted] appeared surprised at this and asked FORSCHER why not. FORSCHER advised that he advised this individual he had at that time received no indication the FBI had any interest in interviewing him concerning NUMEC. FORSCHER added that he assumed that this was the reason for the interview of him at this particular time; that is, that there was some "pressure" on the FBI from Congress to interview him. FORSCHER was advised that the only interest the FBI has in the matter is to determine the true facts concerning the alleged diversion of enriched material from NUMEC.

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FORSCHER further advised on 10/28/77, he had received a telephone call from a reporter from the New Kensington, Pa., newspaper concerning the NUMEC matter. He further advised that he was visited by reporters on 10/31/77, just prior to the time of the interview by Pittsburgh Agents. He said he informed the reporters that he did not desire to be interviewed concerning the NUMEC matter by any representatives of the press but said that he assumed that in view of the publicity surrounding the forthcoming "Rolling Stone" article that he will be contacted by other reporters in the future.

FORSCHER advised that he believes there is some type of conspiracy to keep the "NUMEC" matter before the public and he is convinced that the reason for this is one of the three reasons he furnished as set out at the end of the FD-302.

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RR HQ UF

DE PG

P 120230Z NOV 77

FM PITTSBURGH [redacted] (P)

TO DIRECTOR (117-2564) ROUTINE

WASHINGTON FIELD (117-273) ROUTINE

BT

S E C R E T

D IVERT

Nov 12 9 37 PM '77

FEDERAL BUREAU
OF INVESTIGATION
COMMUNICATIONS SECTION

Assoc. Dir.
Dep. AD Adm.
Dep. AD Inv.
Asst. Dir.:
Adm. Serv.
Crim. Inv.
Ident.
Fin. & Pers.

b3
b7E

ON 11-12-77 FORMER SA DONALD F. WISEMAN (RETIRED) ADVISED THAT ON 11-11-77, RETIRED PITTSBURGH SUPERVISOR [redacted] WAS TELEPHONICALLY CONTACTED BY INDIVIDUAL WHO IDENTIFIED HIMSELF AS [redacted] OF HOUSE COMMERCE COMMITTEE. [redacted] ADVISED HE HAD REVIEWED BUFILES IN CAPTIONED MATTER AND WAS INTERESTED IN ANY KNOWLEDGE [redacted] HAD OF DIVERSION OF NUCLEAR MATERIAL BY NUMEC. ALSO REQUESTED THE ADDRESS OF FORMER SA WISEMAN. (X)

b6
b7C

[redacted] ADVISED [redacted] HE HAS NO PARTICULAR RECOLLECTION OF THE MATTER AND FURNISHED HIM ADDRESS OF WISEMAN. WISEMAN ADVISED THAT IF CONTACTED HE INTENDS TO TELL [redacted] THE MATTER WAS CLASSIFIED "~~TOP SECRET~~" WHEN HE RETIRED FROM THE BUREAU, THAT HE WAS SWORN TO SECRECY AND MAKE NO FURTHER COMMENT. (X)

EX-136

REC- 117-2564

24 NOV 15 1977

CLASSIFIED BY 5932, XGDS-2, INDEFINITE.

BT

DECLASSIFIED BY SP-1 GSK/RBG
ON ~~4/12~~ 6/17/82

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1838 2 11

24 NOV 25 1977

HOWARD H. BAKER, JR.
TENNESSEE

United States Senate

OFFICE OF THE MINORITY LEADER
WASHINGTON, D.C. 20510

October 25, 1977

Honorable Griffin Bell
Attorney General
Department of Justice
Washington, D.C. 20530

Dear Mr. Attorney General:

On March 2 and August 4 of this year, I wrote you concerning an extremely sensitive atomic energy matter that came to my attention while serving on the Joint Committee on Atomic Energy. The United States Senate files relating to this subject have been in the custody of the Office of Classified National Security Information, which is under the policy direction of the Majority Leader and the Minority Leader. On October 19, 1977, the Leadership transferred Senate jurisdiction of this matter to the Senate Select Committee on Intelligence.

As this matter remains of interest and concern to me, I am writing to apprise you of this recent development and to urge your ongoing cooperation with the Select Committee.

Sincerely,

Howard H. Baker, Jr.

HHBJr:sp

6-26-85 5668 SLD/FF
Per DOJ 6-3-85

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

D. Moore
Magnuson

P

Honorable Howard H. Baker, Jr.
Minority Leader
United States Senate
Washington, D.C. 20510

Dear Senator Baker:

I appreciate your October 25 letter informing me of the transfer of the Senate files on the sensitive atomic energy matter from the Office of Classified National Security Information to the Senate Select Committee on Intelligence.

I have sent a copy of your letter to the FBI and want to assure you that we are continuing to monitor this matter very closely.

We look forward to continued cooperation between the Justice Department and the Senate Select Committee on Intelligence.

Yours sincerely,

Griffin B. Bell
Attorney General

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 6-26-85 BY 5668 SLD/KG
Per DOJ 6-3-85

~~11 NOV 1977~~

file

~~ENCLOSURE~~

ENCLOSURE

United States Department of Justice
ASSISTANT ATTORNEY GENERAL
LEGISLATIVE AFFAIRS

November 3, 1977

TO: [redacted]

FROM:

Divert

The Attorney General will be responding to this letter drafted in OLA at [redacted] suggestion.

b6
b7C

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 6-26-85 BY 5668 SLD/KG
Per DOJ 6-3-85

REC 68

ST-132

11 NOV 17 1977

file 117-2564

ENCLOSURE

79 NOV 30 1977

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 09-12-2017 BY: [redacted] b6 b7C

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

~~CONFIDENTIAL~~

FEDERAL BUREAU OF INVESTIGATION

#M03R0758 8-12-03 60290 BCE/MLT/JTG 6 AS AMENDED

Date of transcription 11/21/77

On November 15, 1977, Mr. LEONARD P. PEPKOWITZ, [redacted] New York, was advised he was being interviewed concerning any knowledge he might have about possible missing enriched uranium from the Nuclear Materials and Equipment Corporation (NUMEC), Apollo, Pennsylvania, during the 1960's. b6 b7C

PEPKOWITZ voluntarily provided the following information which he stated is true to the best of his recollection:

He is currently employed as a Professor at Erie Community College, Main Street Campus, Buffalo, New York, and was one of the founders of NUMEC in about 1957 and held the position of Vice President.

His duties were in the areas of research and development, laboratory matters, also special projects.

In 1964, he moved to the Buffalo, New York area to rebuild and operate a boron isotope separation facility in the Lewiston, New York area on behalf of NUMEC operating under a U. S. Government contract.

This facility is now defunct and PEPKOWITZ recalled that contract was cancelled in 1970, at which time the facility was owned by the Atlantic-Richfield Corporation. PEPKOWITZ stated he decided to stay on in the Buffalo, New York area and seek other employment when the contract was cancelled in 1970.

PEPKOWITZ stated he never had contacts with any Israeli officials while he was affiliated with NUMEC and has no knowledge of any enriched uranium being stolen or diverted in any manner to Israel or any other country. (S) (U)

SP-1 GSK/RBY 3 11/21/97 6/17/82

Interviewed on 11/15/77 11/17/77 at [redacted] New York Buffalo, New York File # Buffalo 117-54 b6 b7C

by SA [redacted] :nnw Date dictated 11/21/77

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.

ENCLOS

PEPKOWITZ said he is not aware of any coverup pertaining to NUMEC's enrichment uranium process and is not acquainted with the identity of any individual formerly associated with NUMEC who would have been involved in any such illegal activity.

PEPKOWITZ said he can not believe that any enriched uranium products could have been stolen or diverted to Israel or any other place since the United States Government controls and materials inspection of such were most stringent and constantly made for accountability purposes. PEPKOWITZ said several processing steps were necessary at NUMEC before the final product of enriched uranium were achieved. (S)(U)

PEPKOWITZ remarked FRED FORSCHER, former Vice President of NUMEC, was in his opinion a most straight, forward, honest and trustworthy individual who, in his opinion would not have engaged in any illegal type activity connected with NUMEC operations.

PEPKOWITZ stated he possesses no information suggesting that any type espionage activity occurred at NUMEC while he, PEPKOWITZ, was affiliated with that corporation.

PEPKOWITZ stated ARNOLD BLUM, who was formerly a metallurgist with NUMEC during the 1960's, is in his opinion a loyal U. S. citizen whom he believes to be a dedicated zionist. PEPKOWITZ said he regards BLUM as a man of highest integrity who in his opinion would not engage in any activity that would be detrimental to the best interests of the U. S. Government. PEPKOWITZ said he recalls that on one occasion some time before 1964, he traveled to a uranium refinery company, name not recalled, in Port Hope, Ontario, Canada, in connection with his NUMEC employment and said the purpose of that trip was to discuss mutual analytical problems then present. PEPKOWITZ said he does not remember ever having other type foreign travel.

On November 17, 1977, PEPKOWITZ appeared at the Buffalo Office of the Federal Bureau of Investigation (FBI) and stated he now recalls that the name of the uranium refining company he had previously visited prior to 1964 in Port Hope, Ontario, Canada, was called the Eldorado Uranium Refining Company which he, PEPKOWITZ, described as being a British crown uranium corporation.

PEPKOWITZ said he now also recalls that in early 1965 or later that year, he traveled with his wife, now deceased, to Europe from Toronto, Ontario, Canada, and said the purpose of this trip was to celebrate their 25th wedding anniversary. PEPKOWITZ stated that while on this trip, they visited France, Norway, England, Denmark and Italy and while there visited with relatives and enjoyed those beautiful countries for sightseeing purposes only. [PEPKOWITZ stated at no time during those travels did he have any contact with Israeli officials.] (S) (U)

CONFIDENTIAL

FD-36 (Rev. 7-27-76)

FBI

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

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

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

Date 11/21/77

TO: DIRECTOR, FBI (117-2564) SECRET

FROM: SAC, BUFFALO (117-54) (RUC)

DIVERT
(OO: PITTSBURGH)

DE-1

Re WFO airtel to Bureau, 10/12/77 (U), and Pittsburgh airtel to Bureau, 11/14/77 (U). 444

Enclosed for the Bureau are four (4) copies, WFO eight (8) copies and Pittsburgh eight (8) copies of an FD-302 setting forth results of interviews with LEONARD P. PEPKOWITZ that are self-explanatory (U).

For information of the Bureau, WFO and Pittsburgh, PEPKOWITZ advised during interview he heard, source not recalled, that ARNOLD BLUM went to Israel during the late 1960's or early 1970's (U). (U)

BLUM at that time [redacted] reason for travel to Israel at that time unknown (U). b6 b7C

137 REC 68 DE-1

CLASSIFIED BY 6166
EXEMPT FROM GDS, CATEGORY 2
DATE OF DECLASSIFICATION INDEFINITE

117-54-447

ENCLOSURE

7 NOV 25 1977

2 - Bureau (Encs. 8) (RM)
2 - Pittsburgh [redacted] (Encs. 8) (RM)
2 - WFO (117-273) (Encs. 8) (RM)
1 - Buffalo

SECRET

b3 b7E b6 b7C

JWS:mmw
(7)

DECLASSIFIED BY SP-1 JSK/RBG
ON 6/17/82

1 CC W/ENC.
MAINTAINED Rm. 4084

Approved: Transmitted (Number) (Time) Per

FBI/DOJ

CONFIDENTIAL

BLUM reportedly returned to the United States one or two years ago and PEPKOWITZ believes [redacted] (FNU) resides in or near Monroeville, Pennsylvania, and might be cognizant of BLUM's current whereabouts (U). b6 b7C

PEPKOWITZ said he is unable to suggest anyone specifically by name who would know BLUM's current residence or place of employment (U).

PEPKOWITZ received a telephone call about one month ago from a male who identified himself by the name of [redacted] (FNU) (ph), who stated he was a member of a congressional committee in Washington, D.C., not further identified. He asked PEPKOWITZ if he had been interviewed by the FBI about missing enriched uranium from the Nuclear Materials and Equipment Corporation (NUMEC) some time ago and he, PEPKOWITZ, told this person he had not been interviewed (U).

SECRET

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 09-12-2017 BY: [redacted]

TELETYPE

PRIORITY

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~~CONFIDENTIAL~~

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L2/L6/77

FM DIRECTOR {117-2564}

TO NEW YORK {117-394} PRIORITY

PITTSBURGH [redacted] PRIORITY

WFO {117-273} PRIORITY

BT

1 - Mr. Moore
1 - Mr. Ingram
1 - Mr. Mignosa
1 [redacted]
1 - Mr. Mintz

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED EXCEPT WHERE SHOWN OTHERWISE

~~S E C R E T~~

~~Classified by 5-14-85~~
~~Declassify on: OADR~~

Class. & Ext. By SP-1GSK/RBG
Reason - FCIM II, 1-2.42 2.3
Date of Review 12/16/97
217,822 6/18/82

DIVERT.

REPGTEL TO FBIHQ DECEMBER 14, 1977, NO COPY TO NEW YORK.

AS RECEIVING OFFICES ARE AWARE, CAPTIONED MATTER CONCERNS INVESTIGATION INSTITUTED AT THE SPECIFIC REQUEST OF THE ATTORNEY GENERAL ON APRIL 30, 1976, TO DETERMINE IF THE DIVERSION OF NUCLEAR MATERIAL OCCURRED FROM NUMEC, APOLLO, PENNSYLVANIA, OPERATED BY ZALMAN M. SHAPIRO. INVESTIGATION TO DATE HAS DISCLOSED NO EVIDENCE THAT A DIVERSION OCCURRED AND REMAINING INVESTIGATION INCLUDES INTERVIEWS OF SELECTED INDIVIDUALS. (~~S~~) (U)

ON DECEMBER 15, 1977, DEPARTMENTAL ATTORNEY [redacted] FRAUD UNIT, USDJ, PROVIDED INFORMATION CONCERNING A [redacted] NEW YORK TELEPHONE NUMBER [redacted] WHO

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REC-45

RMS:pdh
(7)

FEDERAL BUREAU OF INVESTIGATION
COMMUNICATIONS SECTION
DEC 16 1977

DEC 20 1977

SEE NOTE PAGE 4

TELETYPE

~~CONFIDENTIAL~~

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

MAIL ROOM ☐ TELETYPE UNIT ☑

~~SECRET~~

FBI/DOJ

MAY HAVE KNOWLEDGE OF CAPTIONED MATTER, SPECIFICALLY, SHAPIRO HAVING DIVERTED MATERIAL TO ISRAEL. (U)

[redacted] NAME WAS MENTIONED BY ANOTHER INDIVIDUAL, [redacted] NEW YORK TELEPHONE [redacted] WHO [redacted] ACCORDING TO [redacted] APPEARS TO BE A STABLE INDIVIDUAL. [redacted] BECAME AWARE OF NUMEC MATTER THROUGH RECENT MEDIA COVERAGE AND PROVIDED [redacted] NAME TO [redacted]

NEW YORK CHECK INDICES REGARDING BOTH [redacted] AND [redacted] AND INTERVIEW [redacted] REGARDING INORMATION HE HAS CONCERNING CAPTIONED.

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FOR INFORMATION PITTSBURGH, [redacted] IS AN INVESTIGATOR FOR A CONGRESSIONAL COMMITTEE, HOWEVER, IT IS TO BE NOTED PRESENT EMPLOYMENT AGREEMENT SIGNED BY ALL FBI EMPLOYEES, PRESENT AND/OR FORMER AGENTS ARE PRECLUDED FROM TALKING TO ANY REPRESENTATIVE OF A CONGRESSIONAL COMMITTEE WITHOUT THE EXPRESS APPROVAL OF THE DIRECTOR.

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PITTSBURGH SHOULD CONTACT FORMER SA DONALD F. WISEMAN AND

SECRET

ADVISE HIM OF ABOVE AND FACT HE IS NOT RELEASED FROM AGREEMENT OF CONFIDENTIALITY WITH THE BUREAU. WISEMAN SHOULD REFER CONGRESSIONAL INVESTIGATOR TO FBIHQ'S LEGAL COUNSEL DIVISION FOR HANDLING OF INQUIRY IN CAPTIONED.

CLASSIFIED ~~BY~~ 6419, XG~~DS~~ 2, INDE~~F~~INITE.

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NOTE: DIVERT is the administrative code word given to the AEA investigation of possible diversion and subsequent coverup of nuclear materials from Numec, which was formerly owned by Shapiro. [This investigation began upon the specific instructions of the Attorney General on 4/30/76.] Investigation has, in essence, been completed. However, due to extensive Congressional and media interest and coverage, any information which comes to our attention that might lead to the successful resolution of this matter must be pursued. Consequently, the above instructions are being furnished. Pittsburgh requested FBIHQ determine bona fides of [redacted] who contacted SA Don Wiseman, Pittsburgh (retired), re captioned investigation. Response regarding employment agreement was coordinated with SA [redacted] Congressional Affairs Office, Legal Counsel Division.

(U) b6 b7C

DECLASSIFIED BY 5668 SLD/KJ
ON 5/14/85 Per DOJ letter 3-22-85

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
EXCEPT WHERE SHOWN
OTHERWISE

Class. & Ext. By SP-1GSK/RB6
Reason - FCIM, 1-2-82
Date of Review 12/16/97 6/17/82

SECRET

-2564-

PG0009 3490129Z

RR HQ

DE PG

R 150129Z DEC 77

FM PITTSBURGH [redacted] (P)

TO DIRECTOR (117-2564) ROUTINE

BT

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DIVERT

DEC 14 8-33 PM '77
RECEIVED
FEDERAL BUREAU
OF INVESTIGATION
COMMUNICATIONS SECTION

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

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RE PITTSBURGH TELETYPE DATED NOVEMBER 12, 1977.

ON DECEMBER 14, 1977, FORMER SA DONALD F. WISEMAN (RETIRED) ADVISED THAT ON THIS DATE A [redacted] WHO IDENTIFIED HIMSELF AS AN INVESTIGATOR FOR SENATE COMMITTEE TELEPHONICALLY CONTACTED HIM. [redacted] STATED THAT [redacted] HAD AN INTEREST IN INSTANT MATTER AND PROCEEDED TO REVEAL SOME KNOWLEDGE OF THE CASE. WISEMAN POLITELY DECLINED TO ANSWER ANY QUESTIONS. WISEMAN DIPLOMATICALLY INFORMED [redacted] THAT [redacted] COULD NOT IDENTIFY HIMSELF TELEPHONICALLY TO WISEMAN'S SATISFACTION, THAT THE MATTER IN QUESTION WAS HIGHLY CLASSIFIED AND THAT WISEMAN DID NOT KNOW IF FBI HQ DESIRED THAT RETIRED SA'S COMMENTS ON THE CASE.

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ST-101

REC-45

DECLASSIFIED BY SP-1 MSK/RBG
ON 6/17/82

58 DEC 29 1977

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WISEMAN IS WILLING TO BE INTERVIEWED IF INVESTIGATOR ARE PROPERLY IDENTIFIED.

FBI HQ IS REQUESTED TO ADVISE RE [redacted] BONA FIDES. b6 b7C

CLASSIFIED BY 5932, XGDS 2, INDEFINITE.

END

BT

#

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 09-12-2017 BY: [redacted]

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

FEDERAL BUREAU OF INVESTIGATION

SECRET

REPORTING OFFICE	OFFICE OF ORIGIN	DATE	INVESTIGATIVE PERIOD
WASHINGTON FIELD	WASHINGTON FIELD	12/21/77	10/7-12/15/77

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

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CHARACTER OF CASE

#M03R0758 8-12-03
60290 BCE/MLT/JTG
6
AS AMENDED

AEA; OOJ

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED EXCEPT WHERE SHOWN OTHERWISE

REFERENCE: Report of SA [redacted] at Washington, D.C., dated 7/21/77; 434
Bureau airtel to WFO dated 9/19/77; 431
Bureau airtel to WFO dated 9/28/77; 439 441
WFO airtels to the Bureau, 10/12/77 and 10/25/77;
WFO teletype to the Bureau, 11/12/77; NR222 78
Pittsburgh teletype to the Bureau, 11/12/77; 445
Pittsburgh airtel to the Bureau, 11/14/77; 444 and
Bureau teletype to New York, 12/16/77. 448

12/9/83 SP-4 elw/atm

SECRET
Classified by 7679
Exempt from GDS, Category 2
Date of Declassification Indefinite

ADMINISTRATIVE: Comp # 240,619 5-14-85 5668 SLD/KG

By LHM dated 8/26/77, the Butte Office set forth details of information furnished by [redacted] (Protect by request) [redacted]

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SP/ AK/RBY 3 12/21/97 6/17/82

ACCOMPLISHMENTS CLAIMED						ACQUITTALS	CASE HAS BEEN:
CONVIC.	PRETRIAL DIVERSION	FUG.	FINES	SAVINGS	RECOVERIES		PENDING OVER ONE YEAR ☐ YES ☒ NO PENDING PROSECUTION OVER SIX MONTHS ☐ YES ☒ NO

APPROVED NFS/GEA SPECIAL AGENT IN CHARGE

DO NOT WRITE IN SPACES BELOW

117-2564- REC-45

COPIES MADE:

4 - Bureau (117-2564)
2 - Baltimore
1 - Buffalo (117-54) (Info)
2 - New York (117-394)
2 - Pittsburgh [redacted]
2 - WFO (117-273)

2 CCS TO AG (ISS) 1/3/77

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Dissemination Record of Attached Report

Agency				
Request Recd.		1CC Rm 4084		
Date Fwd.				
How Fwd.				
By				

Notations

CONFIDENTIAL

COVER PAGE

c43—16—83489-1 GPO

[redacted] in his statement claimed that a definite Zionist influence existed in the NUMEC leadership. The Bureau therefore instructed that interviews of former NUMEC officials FRED FORSCHER and [redacted] be conducted in addition to having Butte reinterview [redacted]

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In addition, the Office of Origin located and interviewed former NUMEC officials LEONARD PEPKOWITZ and CHARLES REICHARDT. Another former NUMEC official, OSCAR SHALOM GRAY, was identified and leads have been set forth to interview GRAY.

This report sets forth interviews of PEPKOWITZ, FORSCHER, and REICHARDT.

Leads are still outstanding to interview BLUM and GRAY.

On December 15, 1977, Departmental Attorney [redacted] Fraud Unit, United States Department of Justice (USDJ), Washington, D.C. (WDC), provided information concerning one [redacted] New York telephone number [redacted] who could have knowledge of captioned matter, specifically, SHAPIRO having diverted material to Israel. (U)

[redacted] name was mentioned by another individual, [redacted] New York telephone number [redacted] According to [redacted] appears to be a stable individual who became aware of the NUMEC matter through recent media coverage and provided [redacted] name to [redacted]

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LEADS

BALTIMORE

AT BALTIMORE, MARYLAND. Will report results of investigation currently being conducted to interview OSCAR SHALOM GRAY, Professor, Maryland Law School, Baltimore, Maryland.

NEW YORK

AT NEW YORK CITY, NEW YORK. Will report results of indices checks regarding [redacted] and [redacted] and results of interview of [redacted]

WFO 117-273

SECRET

PITTSBURGH

AT MONROEVILLE, PENNSYLVANIA. Will report results of investigation currently being conducted to locate and interview former NUMEC official ARNOLD BLUM, who allegedly is currently residing in that city.

WASHINGTON FIELD

AT WASHINGTON, D.C. Will recontact Mr. GEORGE MURPHY at the Joint Committee on Atomic Energy to determine if the Committee has any documents in its possession regarding either NUMEC or Dr. SHAPIRO, and if so, review same.

C*
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CONFIDENTIAL

0-19 (Rev. 11-12-76)

Assoc. Dir. ____
Dep. AD Adm. ____
Dep. AD Inv. ____
Asst. Dir.:
Adm. Serv. ____
Ext. Affairs ____
Fin. & Pers. ____
Gen. Inv. ____
Ident. ____
Intell. ____
Legal Coun. ____
Plan. & Insp. ____
Rec. Mgt. ____
S. & T. Serv. ____
Spec. Inv. ____
Training ____
Telephone Rm. ____
Director's Sec'y ____

Report of Uranium Diversion Sparks a Hill-Agency Fight

By Thomas O'Toole
Washington Post Staff Writer

Two committees in the House are in a fight with the Nuclear Regulatory Commission over whether they were told the truth about whether uranium was ever diverted out of the United States to make nuclear weapons for Israel.

The battle has been joined over what Interior Committee Chairman Morris K. Udall called a "misrepresentation of the facts" by NRC Executive Director Lee V. Gossick about whether there was any evidence of theft 10 years ago from a uranium fabrication plant in Apollo, Pa. Gossick had testified before the Commerce Committee last summer that the NRC had "no evidence that a significant amount of nuclear material has been stolen" from Apollo.

Last month, Udall wrote NRC Chairman Joseph M. Hendrie that, in view of briefings Udall received from the FBI, the Central Intelligence Agency and the National Security Council, "we believe it to have been a serious misrepresentation of the facts to suggest . . . that there is no evidence of a diversion."

Neither Udall nor his aides would comment on what he had been told in the briefings by the security agencies. Sources have said the briefings included "circumstantial evidence" that Israel had built an atomic bomb out of highly enriched uranium about the same time that more than 200 pounds of the same material was missing from the Apollo plant, operated by the Nuclear Materials and Equipment Corp.

Less than two weeks ago, Hendrie and Gossick wrote Udall in separate but attached letters that there never was any intention to mislead any congressional committee.

Hendrie conceded that a "qualified 'no conclusive evidence' is more appropriate" than a flat "no evidence" statement but insisted Gossick tried "in good faith" to state what he thought the full commission believed. Hendrie stressed that Gossick had not been present when commissioners Victor Gilinsky and Donald Kennedy were briefed by the CIA on its doubts about what happened to the missing uranium.

Director Gossick pointed out in his letter to Udall that he had not been at the CIA briefing but that he had been told by Gilinsky that he and Kennedy felt "there has been no evidence to indicate that any diversion has taken place."

The matter might have been put to rest except that Gilinsky wrote to Commerce Subcommittee Chairman John D. Dingell to "correct the record." Gilinsky said that Gossick's statement "did not represent my view, a view I made clear to him, to the other commissioner, and to the NRC staff."

"My view is now, as it was then," Gilinsky said in a letter dated Dec. 12, "that no such categorical statement is possible."

Both Udall and Dingell are now asking themselves if they should have open hearings to air the issue in public. Should hearings be held, it's likely that Department of Energy officials will be called to testify about what they have been told by the CIA, FBI and NSC to see if it matches what Congress and the NRC have been told.

The Washington Post A-6
Washington Star-News ____
Daily News (New York) ____
The New York Times ____
The Wall Street Journal ____
The National Observer ____
The Los Angeles Times ____

Date 12-22-77

117-2564-A-
NOT RECORDED
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ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 6/18/82 BY SP-1 GSK/RBG

FBI/DOJ

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 09-12-2017 BY: [redacted]

CONFIDENTIAL CONFIDENTIAL

FBI

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

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

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

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED EXCEPT WHERE SHOWN OTHERWISE

CLASSIFIED BY 8-12-03 DECLASSIFY ON: 25X6 AS AMENDED

S E C R E T

Date 12/29/77
Class. & Ext. By
Reason - FCIM
Date of Review 12/29/97

TO: DIRECTOR, FBI

FROM: SAC, BALTIMORE (117-118) - RUC -

Classified by
Declassify on: OADR

SUBJECT: DIVERT

RE: WFO airtel to the Bureau, 10/25/77; Baltimore letter to Knoxville, 11/2/77, (no copies to Bureau or WFO); Knoxville letter to Pittsburgh (no copies to Bureau or WFO), 11/18/77; and WFO report of SA [redacted] 12/21/77, captioned "ZALMAN MORDECAI SHAPIRO."

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WFO note that referenced Baltimore letter advised Knoxville that OSCAR SHALOM GRAY was at the University of Tennessee, Knoxville, Tennessee, as a guest lecturer during early November, 1977. A lead was set forth to contact and interview GRAY, as requested in referenced WFO airtel.

On 11/18/77, Knoxville advised Baltimore that GRAY was contacted at the University of Tennessee on 11/17/77, at which time he stated he was to return home to Washington, D.C., on or about 11/23/77, and resume teaching at the University of Maryland, Baltimore, Maryland. Knoxville said GRAY was very vague in his answers and most were negative concerning the interview. He could not recall the year he made a trip to Israel or the purpose, where Isorad was located, officials contacted, etc.

Bureau and WFO note that Knoxville enclosed for Pittsburgh an investigative insert concerning the interview with GRAY on 11/17/77, with no copies for Baltimore. Baltimore is, therefore, unaware of the full extent of the interview had with GRAY by Knoxville.

EX-139 REC-55 117-2564-45 20 DEC 30 1977

No further investigation being conducted by Baltimore UACB or UAC, WFO.

2 - Bureau
2 - Knoxville (117-365)
1 - Pittsburgh (info)
2 - WFO (117-273)
3 - Baltimore (2- 117-118)
(1- [redacted] SHAPIRO)

CLASSIFIED BY 5863
EXEMPT FROM GDS CATEGORY 2&3
DATE OF DECLASSIFICATION Indefinite

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DKD:srd
(10)

S E C R E T

Approved: Transmitted (Number) (Time) Per

CONFIDENTIAL CONFIDENTIAL

GPO : 1977 O - 225-639

EADS:

KNOXVILLE DIVISION

AT KNOXVILLE, TENNESSEE

Will forward appropriate copies of the aforementioned insert concerning interview with GRAY on 11/17/77 to Bureau, WFO and Baltimore. (U)

WFO

AT WDC

Upon review of aforementioned insert, will advise Baltimore if additional interview with GRAY is desired, and set forth leads accordingly. (U)

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 09-12-2017 BY: [redacted]

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

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FEDERAL BUREAU OF INVESTIGATION

a #M03 C0758 8-12-03
60290 BCE/MLT/ZTG
AS AMENDED 6

~~CONFIDENTIAL~~

Date of transcription 12/7/77

~~Classified by~~ 5-14-85 56685LD/KB
Declassify on: OADR

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED EXCEPT WHERE SHOWN OTHERWISE

Class. & Ext. By SP-1 GSK/RBB
Reason - FCIM II, 1-3
Date of Review 12/15/97 6/18/82

On November 29, 1977, Mr. ARNOLD BLUM, [redacted] Pennsylvania, was interviewed at his residence. He was apprised of the identity of the interviewing Agent by exhibition of credentials and advised he was being interviewed for any information he might have concerning any possible illegal diversion of nuclear material from Nuclear Materials and Equipment Corporation (NUMEC), Apollo, Pennsylvania.

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Mr. BLUM advised that he had been employed at NUMEC from October, 1962 to September, 1974. During that time, NUMEC was a private corporation owned by ZALMAN SHAPIRO and others, was sold by them to Atlantic-Richfield and was subsequetly sold to Babcock and Wilcox. He worked at NUMEC during all three periods of ownership. Mr. BLUM advised he was born in Nuremburg, Germany in 1922, emigrated to the United States in 1939, became an American Citizen, served in the United States Army from 1943 to 1946, emigrated to Israel in September, 1974, and returned permanently to the United States in January, 1977. He said he had hoped to remain in Israel, but his wife did not like the life there and as a consequence, he returned to the United States. He is presently self-employed as a Consulting Engineer.

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED EXCEPT WHERE SHOWN OTHERWISE

DATE 6/18/82 BY SP-1 GSK/RBB

Class. & Ext. By SP-1 GSK/RBB
Reason - FCIM II, 1-3
Date of Review 12/7/97 6/18/82

Mr. BLUM advised that his position with NUMEC had been Manager of Special Metals Operation during most of his tenure there, although for the last six months of his employment he held the position of Manager of Nuclear Material Control. In this latter position, he was in charge of accountability matters for Nuclear Material at NUMEC.

Mr. BLUM advised that in his position as Manager of Special Metals Operation, he had not been concerned with the problem of accountability of nuclear materials although he was aware that there had been a serious problem of accountability between NUMEC and the

Interviewed on 11/29/77 at [redacted] Pa. File # [redacted]

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by SA [redacted] JR./cjt Date dictated 12/1/77

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.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

117-2564-9

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Atomic Energy Commission (AEC). He said this problem had continued after SHAPIRO sold NUMEC to Atlantic-Richfield and even after SHAPIRO left the company, and was still a problem at the time he left NUMEC in 1974. He said, however, that when he had assumed the position of Manager of Nuclear Material Control, that he had instituted new procedures which drastically reduced the problem of "material unaccounted for" (MUF) at NUMEC. He said that basically, he had instituted a computerized accountability system and a more stringent inventory system and that these two steps had done much to alleviate the MUF problem.

Mr. BLUM advised that he was aware of only one occasion of illegal removal of any nuclear material from NUMEC and this occurred in the early 1970's, when an employee removed a shipping crate from the plant, which contained some waste nuclear material. He said it is his recollection that the incident resulted when an employee wanted to use the lumber in the crate, did not realize it contained nuclear material, and was afraid to return the material because of stringent company regulations regarding the removal of nuclear material.

Mr. BLUM advised that he was well acquainted with ZALMAN SHAPIRO, FRED FORSCHER and LEONARD PEPKOWITZ, who had formed NUMEC. He considers them all to be trustworthy individuals of the highest integrity and does not believe that any of them would be involved in any illegal activity.

Mr. BLUM said he was aware of no diversion of nuclear material to any foreign country, knew of no attempt to cover up any such activity, and had no knowledge of any espionage activity at NUMEC.

Mr. BLUM advised that during the 1960's, SHAPIRO had formed a company in partnership with the Israeli Government called Isorad, and that as a consequence, SHAPIRO had considerable contact with Israeli officials, but that he knew of no questionable conduct in regard to this matter. He did say that on one occasion, NUMEC had built and shipped to Israel a five watt radio-isotopic generator, but that this device did not contain any enriched material and it is his recollection the device probably used Cobalt 60.

(b)(4)

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He said this sale was closely monitored by the appropriate United States Government Agencies, and he believes it would have been impossible to send enriched material with the device. (U)

Mr. BLUM advised that in his opinion, no illegal diversion of nuclear material had ever occurred at NUMEC. He said that any loss or MUF could be attributed to cumulative errors in weighing, errors in assay, inadequate scrap recovery procedures, transpositional errors in handwritten entries on records and material lost or unrecovered in filters, pipelines, pumps, and valves during manufacturing processes. He said that if SHAPIRO had been responsible for any illegal diversion of enriched material, it would be logical to assume that the diversion would have ceased when SHAPIRO left the company. He said he knows that MUF continued to be a problem at NUMEC after SHAPIRO left and in fact was a serious concern at NUMEC at the time he assumed the position of Manager of Nuclear Material Control in 1974, although he does feel that there was a definite improvement in material control under his leadership.

Mr. BLUM advised that he is aware of the large amount of publicity that has recently surrounded the alleged loss of enriched nuclear material at NUMEC and the alleged diversion of this material to Israel, but that he does not realistically believe that this actually happened, and in any case, does not have any information indicating that it did so happen. (U)

CONFIDENTIAL

FD-36 (Rev. 7-27-76)

FBI

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

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

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

Date 12/15/77

DECLASSIFIED BY 5668 SLD/KG
ON 5-14-85

TO: DIRECTOR, FBI (117-2564)

FROM: SAC, PITTSBURGH [redacted] (RUC)

SUBJECT: DIVERT
(OO: WFO)

Classified by
Declassify on: OADR

b3
b7E

440 Re Washington Field airtel to the Bureau dated 10/12/77, and Pittsburgh airtel to the Bureau dated 11/14/77. 446

Enclosed herewith for Washington Field are eight copies, and for the Bureau one copy, of an FD-302 containing interview of ARNOLD BLUM. Also enclosed for Washington Field is one copy of Baltimore airtel to Knoxville dated 11/2/77, Knoxville letter to Pittsburgh dated 11/18/77, and one copy of an investigative insert and original notes received as enclosures to this Knoxville letter. Latter enclosures furnished to Washington Field for completion of file, since these communications were not previously furnished to Washington Field, which is office of origin in this matter.

During interview, Mr. BLUM mentioned an incident relating to nuclear material carried from NUMEC by an employee. Investigation concerning this incident was conducted by Pittsburgh and results are contained in Bufile 117-2613 captioned [redacted] AEA."

b6
b7C

REC-55 117-2564-452

2 - Bureau (Enc.-1)
2 - Washington Field ([redacted]-12)
1 - Pittsburgh
LMC/cjt
(5)

ICC Rm 4084 EX-139

14 DEC 19

[redacted]

Class. & Ext. By SP-1GSK/RBG
Reason - FCIM N 1-2.4.2
Date of Review 12/15/97 6/18/82

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED EXCEPT WHERE SHOWN OTHERWISE

Approved: 1978

Transmitted Number (Time) Per

CONFIDENTIAL

b3
b7E

Referenced Washington Field airtel set out leads to interview LEONARD PEPKOWITZ, FRED FORSCHER, OSCAR SHALOM GRAY, CHARLES REICHARDT, and ARNOLD BLUM. Inasmuch as all except REICHARDT have been interviewed and Pittsburgh has no information concerning his location, this office is considering this case RUC.

FD-26 (Rev. 7-27-76)

FBI

TRANSMIT VIA:	PRECEDENCE:	CLASSIFICATION:
☐ Teletype	☐ Immediate	☐ TOP SECRET
☐ Facsimile	☐ Priority	☐ SECRET
XX Airtel	☐ Routine	☐ CONFIDENTIAL
		☐ E F T O
		☐ CLEAR

Date 12/15/77

TO: DIRECTOR, FBI (117-2564)

FROM: ADIC, NEW YORK (117-394) (P) (23)

SUBJECT: DIVERT
AEA - OOJ
(OO:WFO)

ReWFOairtel, 1/26/77, and Bulet, dated 11/17/77.

On 12/14/77, [redacted] (protect) was interviewed at the NYO and advised that he was aware from newspaper articles of an investigation of the theft of highly enriched uranium from Nuclear Materials and Equipment (NUMEC) plant at Apollo, Pennsylvania. b6 b7C b7D

[redacted]

REC-54 V-39 117-2564-73

ST-101 DE-70

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

1 DEC 16 1977

CHC:geg
(6)

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

70 JAN 13 1978

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

5668 SLD/RJ 5-14-85

GPO : 1977 O - 225-539

LEADS

PITTSBURGH

AT APOLLO, PENNSYLVANIA. Will determine discreetly [redacted] may be needed in the future [redacted]

b6
b7C
b7D

WASHINGTON FIELD

AT WASHINGTON, D.C. Will determine if [redacted] has ever been interviewed and advise, if feasible, for New York to make arrangements [redacted] to do so.

FD-36 (Rev. 7-27-76)

FBI

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

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

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

A I R T E L

Date 1/10/78

TO: DIRECTOR, FBI (117-2564)

FROM: SAC, PITTSBURGH [redacted] (RUC)

SUBJECT: DIVERT
AEA - OOJ
(OO: WASHINGTON FIELD)

b3
b7E

453

ReNYairtel to Bureau 12/15/77, which set out lead for Pittsburgh to determine if [redacted]

b6
b7C
b7E

Pittsburgh indices negative concerning [redacted] In event WFO, as OO, desires Pittsburgh to locate [redacted] for interview concerning captioned matter, appropriate investigation will be conducted at NUMEC. No action being taken by Pittsburgh pending request by WFO to interview [redacted]

EX-139

REC-76 117-2564-1

2 - Bureau
1 - New York (117-394)
1 - Washington Field (117-273)
1 - Pittsburgh

23 JAN 14 1978

LMC/cjb
(5)

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 6/18/82 BY SP-1GSK/RBG
5668 SLD/KG 5-14-85

Approved: JAN 26 1978 Transmitted (Number) (Time) Per

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

b6
b7C

NINETY-FIFTH CONGRE

MORRIS K. UDALL, ARIZ., CHAIRMAN

PHILLIP BURTON, CALIF.
ROBERT W. KASTENMEIER, WIS.
LLOYD MEEDS, WASH.
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DON YOUNG, ALASKA
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JAMES P. (JIM) JOHNSON, COLO.
ROBERT J. LAGOMARSINO, CALIF.
DAN MARRIOTT, UTAH
RON MARLENEE, MONT.
ELDON RUDD, ARIZ.
MICKEY EDWARDS, OKLA.

COMMITTEE ON INTERIOR AND INSULAR AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

CHARLES CONKLIN
STAFF DIRECTOR

ROBERT A. REVELES
ASSOCIATE STAFF DIRECTOR

LEE MC ELVAIN
GENERAL COUNSEL

STANLEY SCOVILLE
SPECIAL COUNSEL

LOUIS STRIEGEL
MINORITY COUNSEL

January 3, 1977

Mr. John B. Hodis
Office of Congressional Affairs
Department of Justice
Washington, D.C. 20530

Dear Mr. Hodis:

The Committee on Interior and Insular Affairs is conducting an investigation of the possible illegal diversion of highly enriched uranium from a nuclear fuel processing facility in Apollo, Pennsylvania. Our interest derives from the relationship of any diversion to the problem of safeguarding nuclear materials used in connection with commercial generation of nuclear power.

Nuclear Materials and Equipment Corporation

An essential element of the Committee's investigation will be consideration of the FBI's activities in this area. I would appreciate, therefore, your arranging for Committee staff to be briefed by the FBI with regard to the FBI's investigation. The Committee staff have discussed the possibility of such a briefing with [redacted]

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b7C

Committee staff who would attend such a briefing are [redacted] [redacted] and [redacted] Both hold NRC "Q" clearances.

Thank you for your assistance.

Sincerely,

MORRIS K. UDALL
Chairman

23 JAN 19 1978

[redacted]

SIX

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 6/18/02 BY SP-1 65K/RB6

56 FEB 3 1978

b6
b7C

1 - [redacted]
1 - Mr. J. B. Adams
1 - Mr. J. A. Mintz
1 - Mr. D. W. Moore, Jr.
1 - Mr. J. O. Ingram
1 - Mr. S. S. Magnuson

January 18, 1978

FEDERAL GOVERNMENT

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED
DATE 6/18/82 BY SP-1 GSK/RB6
5668 SLO/KB 5-14-85

Honorable Morris K. Udall
Chairman, Committee on Interior
and Insular Affairs
House of Representatives
Washington, D. C. 20515

Dear Mr. Chairman:

Reference is made to your letter dated January 3, 1978, to Mr. John B. Hotis, Office of Congressional Affairs, wherein you request a briefing for staff members of the Committee on Interior and Insular Affairs concerning the Federal Bureau of Investigation's (FBI) activities concerning the investigation of the Nuclear Materials and Equipment Corporation (NUMEC), Apollo, Pennsylvania.

b6
b7C

Pursuant to a conversation between [redacted] Committee on Interior and Insular Affairs; [redacted] Special Assistant to the Assistant Attorney General, Office of Legislative Affairs; and [redacted] Legal Counsel Division, FBI, a briefing concerning the FBI's investigation into this matter was conducted on January 6, 1978, by [redacted] for [redacted] and [redacted] Staff Members, Committee on Interior and Insular Affairs.

I look forward to cooperating with your Committee in matters of mutual interest.

ST-120

Sincerely yours,

117-2564-9

REC-

C. M. Kelley

23 JAN 19 1978

Clarence M. Kelley
Director

XEROX

JAN 30 1978

MAILED 17
JAN 18 1978
FBI

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

1 - Congressional Affairs Office

RMS:pjm (9)

SEE NOTE PAGE 2

XEROX

JAN 30 1978

56 FEB 3 1978

MAIL ROOM ☐ TELETYPE UNIT ☐

Honorable Morris K. Udall

NOTE: Congressman Udall's letter expressed an interest in the results of the FBI's investigation concerning NUMEC, which concerns a possible illegal diversion of highly-enriched uranium from a nuclear processing facility in Apollo, Pennsylvania. The interest of the Committee derives from the relationship of any diversion to the problem of safeguarding nuclear materials used in connection with commercial generation of nuclear power. A specific request was made for Committee staff members to be briefed with regard to the FBI's investigation. The letter was received by Congressional Affairs Office; and [redacted] Legal Counsel Division, with Departmental concurrence, arranged with Committee staff members to be briefed on January 6, 1978. Briefing was provided by [redacted]

b6
b7C

APPROVED:

NYC273 3552152Z

PP HI PG

DE NY 645

R 262145Z DEC. 77

DEC 20 4 56 PM '77

RECEIVED
FEDERAL BUREAU
OF INVESTIGATION
COMMUNICATIONS SECTION

FM NEW YORK (117-394) I(23)

TO DIRECTOR (117-7563) ROUTINE

too high

PITTSBURGH [redacted] ROUTINE

WASHINGTON FIELD (117-273) ROUTINE (WF VIA FBIHQ)

BT

S E C R E T

DIVERT

character??

448

RE BUREAU TELETYPE DATED DECEMBER 16, 1977.

NEW YORK OFFICE INDICES NEGATIVE REGARDING [redacted]

AND [redacted]

ON DECEMBER 19, 1977, [redacted] WAS CONTACTED AND ADVISED THAT HE HAS NO INFORMATION REGARDING A DIVERSION OF NUCLEAR MATERIAL FROM NUMEC, APOLLO, PENNSYLVANIA, OPERATED BY ZALMAN M. SHAPIRO.

BT

EX-124

V-55

REC-55 117-2564-451

DE-16

23 JAN 5 1978

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

TELETYPED TO: WF 58 FEB 6 1978

DECLASSIFIED BY SP-1 GSK/RBG
ON 6/18/82

6 - [redacted]

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

b3
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b6
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1 - [redacted]

b6
b7C

CONFIDENTIAL

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 09-12-2017 BY [redacted]

#MO3R0758 8/26/03 60290BCE/MLT/JTG
6 AS AMENDED

January 11, 1978

Honorable Daniel K. Inouye
United States Senate
Washington, D. C. 20510

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

Dear Senator Inouye:

Reference is made to your letter to the Honorable Griffin B. Bell, Attorney General of the United States, dated December 7, 1977, (your reference Q#1042), wherein you request a copy of any final report or recommendations made by the Federal Bureau of Investigation (FBI) concerning the Nuclear Materials and Equipment Corporation (NUMEC) and the possible diversion of highly-enriched uranium to the government of Israel in the mid-1960's from NUMEC. (U)

Pursuant to a conversation between [redacted] Select Committee on Intelligence; [redacted] Special Assistant to the Assistant Attorney General, Office of Legislative Affairs; and [redacted] Legal Counsel Division, FBI, a briefing concerning the FBI's investigation into this matter has been conducted on January 5, 1978, by [redacted] to members of your staff of the Select Committee on Intelligence.

b6
b7C

I look forward to cooperating with your Committee in matters of mutual interest.

Sincerely yours,

Clarence M. Kelley
Director

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
EXCEPT WHERE SHOWN
OTHERWISE

Classified by SP-6 BJA/RBG
Declassify on: OADR
4/25/84
5-14-85

1 - Assistant Attorney General
Office of Legislative Affairs
Attention: [redacted]

1 - Congressional Affairs Office

Class. & Ext. By SP-1 GSK/RBY
Reason - FCIM II, 1-1-82 3
Date of Review 1/11/98
6/18/82

RMS:pjm (5)

SEE NOTE PAGE 2

117-2364
62-119121

CONFIDENTIAL

ENCLOSURE Enclosure

CONFIDENTIAL

Honorable Daniel K. Inouye

~~CONFIDENTIAL~~

NOTE: Senator Inouye's letter expressed an interest in the results of the FBI's investigation concerning NUMEC and any conclusions which may have been drawn in the form of a copy of any final report or recommendations made by the FBI. [redacted] Special Assistant to the Assistant Attorney General, Office of Legislative Affairs, received correspondence from Senator Inouye. [redacted] in turn corresponded with [redacted] Legal Counsel Division, December 14, 1977, concerning a response to this letter. After discussion between [redacted] and [redacted] it was determined that [redacted] would contact [redacted] Staff Member, Select Committee on Intelligence, to ascertain if the Committee was amenable to a briefing regarding the NUMEC investigation. [redacted] subsequently responded that he was agreeable and arrangements were made for a briefing which was given by [redacted] [redacted] at 10:00 a.m., January 5, 1978. It was determined through [redacted] that individuals attending the briefing have appropriate security clearances to and including Top Secret.

b6
b7C

~~CONFIDENTIAL~~

CONFIDENTIAL

[illegible] of Israel's Bomb

In the mid-1960s, 200 [illegible] of enriched uranium, enough [illegible] nearly ten Hiroshima-size bo[illegible] disappeared from a small processing [illegible] in Apollo, Pa. For years, the FBI, the CIA and the now-defunct Atomic Energy Commission tried in vain to discover what happened to the missing uranium, suspecting that it was somehow diverted to Israel where it was fabricated into nuclear weapons. Their suspicions focused on Zalman Shapiro, a [illegible] Zionist and enterprising [illegible] who ran the Apollo plant. The FBI has [illegible] completed its latest probe of the [illegible] case, and reports that it finds no [illegible] committed "no provable illegal act." NEWSWEEK's David Martin has [illegible] recently declassified [illegible] files, spoken with some of the [illegible] and spent nearly five hours [illegible] Shapiro himself. His account:

Zalman Mordecai Shapiro [illegible] born 57 years ago in Canton, [illegible] the son of an orthodox rabbi from Lithuania. As a child, he endured anti-Semitic slurs and some of his relatives were killed by the Nazis. Says Shapiro, "I [illegible] strongly about the need for an independent Jewish state." But discrimination hardly hampered his career. [illegible] valedictorian of his high-school class, he went to Johns Hopkins University, earned a master's degree [illegible] on a fellowship from Stanford, [illegible] Indiana and got his Ph.D. in [illegible] 1945. During that time, he [illegible] active in the Zionist Organization of America and the American Technion Society, which raised funds and provided technical equipment and [illegible] to the Technion Institute of Technology at Haifa—Israel's MIT.

In 1948, Shapiro went to work for the Westinghouse Electric Corp. and was soon assigned to the development of a reactor for the first U.S. nuclear submarine, the Nautilus. He won a [illegible] award for distinguished [illegible] and left in 1957 to establish [illegible] firm to produce uranium-[illegible] for a growing number of commercial [illegible] plants. Says Shapiro, "There were a [illegible] things I thought could be done here." In December 1957, his Nuclear Materials and Equipment Corp. (NMEC) began operating near Apollo, Pa.

Worried: Security was [illegible] from the start. An AEC memo [illegible] reported that "security inspections at NUMEC have disclosed numerous discrepancies attributable to lack of [illegible] on the part of NUMEC management." The AEC was also worried because NUMEC had developed extensive business ties with the French and Israeli governments; there was a constant stream of foreign visitors—and three foreigners, including an Israeli, actually worked at the plant. Still, the AEC continued [illegible] NUMEC's license. "Safeguards were virtually nil" throughout the industry in those days, one nuclear expert recalls.

A routine AEC check at NUMEC in 1965, however, revealed that more than 100 pounds of weapons-grade uranium was missing, and later inventories raised the figure to 206 pounds. Many of the plant's records were gone and Shapiro said that most of the missing uranium had been buried in the plant's waste pits, although he was able to dig up only about 10 pounds. NUMEC employees told the AEC that high losses were characteristic of the plant's special process, and the agency told Congress's Joint Atomic Energy Committee that more than half the missing material could simply have gone down the drain.

"The NUMEC plant would have had to run seven days a week, 24 hours a day, since before the Revolutionary War" for that much loss, one committee staffer replied. Still, the AEC found "no evidence [of] unlawful activity or that special nuclear material had been diverted."

Traces: The Joint Committee asked the FBI to look into the matter, but the bureau concluded only that Shapiro's ties with Israel did not require him to register as a foreign agent. Then, in 1968, the CIA got into the case after receiving reports that Israel had somehow obtained a supply of enriched uranium. The agency had suspected since 1960 that the Israelis were working on an atomic bomb, but it doubted their capacity to produce the necessary nuclear fuel at an experimental plant purchased from the French in 1957 and set up secretly near Dimona in the Negev. Using sophisticated technology, the agency confirmed traces of enriched uranium in waste from Dimona. And suddenly Zalman Shapiro's foreign connections—which often had made him a valuable source to the CIA itself—brought him under suspicion.

CIA director Richard Helms took the matter to President Lyndon Johnson. No official records of their meeting are available, and Helms won't discuss it. But former CIA technical expert Carl Duckett later told government officials that Helms discussed the case with him and left the distinct impression that LBJ had ordered the agency to drop it. In any event, the FBI got involved again. Ramsey Clark, who was Attorney General, recalls authorizing electronic surveillance of Shapiro over several weeks. And an FBI agent remembers the uncovering of some "pretty astounding things . . . as to how this fellow Shapiro dealt with the Israeli intelligence service."

Agent: The FBI learned of a meeting at Shapiro's home in Pittsburgh at which a suspected Israeli intelligence official asked members of the American scientific community to obtain specific information for Israel. And Shapiro says he was questioned about another meeting with the Israeli—Avraham Hermoni—at the Pittsburgh airport. But there is apparently no proof that Shapiro knew Hermoni was anything but a scientific counselor at the Israeli Embassy in Washington, his official position. Nor is there any evidence that the agent asked the scientists for classified information.

Isaac Tetz

Scientist at Dimona nuclear plant in Israel and Shapiro in 1966: Ten years of official doubts

An AEC summary of the case takes a cautious line. "While the FBI report reveals very close ties with Israel," it said, "[it] does not produce any direct evidence of diversion or unlawful activity." But one FBI agent who reviewed the file in 1972 told NEWSWEEK "My recollection is it was pretty well tied down without ever being proved." As another bureau man recalled it, "We were told by the Justice Department there was no need to pursue it because there would be no prosecution." FBI boss J. Edgar Hoover, this agent said, "was somewhat offended at the fact that we were called off the case."

The case was reviewed again in 1976 by the newly formed Nuclear Regulatory Commission and President Gerald Ford ordered another FBI probe. It was this investigation that has now concluded there was "no provable illegal act," according to a Justice Department source.

The mystery remains, however. Several Congressional committees are still concerned about the possibility of a diversion. But recent reports from the Apollo plant, now operated by the Babcock & Wilcox Co., show continued high losses of enriched uranium—supporting the argument that the production process itself and not nuclear intrigue is to blame.

Disinformation? Some have suggested that Israel might have gotten its early supply of weapons-grade fuel from the French, who provided the Dimona plant. And others wonder if the whole story of Israel's early nuclear capability was actually "disinformation"—fabricated by a sympathetic CIA to worry Arab leaders. In any case, Israel, in the view of most experts, is now capable of producing plutonium bombs from its own low-grade uranium ore. "Even if Shapiro never existed, they would have the bomb," says one official.

As for Zalman Shapiro, he is back at Westinghouse minus his former government clearance. Though bitter at the long affair, he still cooperates with the CIA. Only six weeks ago, he told NEWSWEEK, he arranged for the agency to debrief Westinghouse employees just back from the Soviet Union.

Newsweek 2/9/78

NOT RECORDED
167 FEB 14 1978

DATE 6/18/82 BY SP-165K/RBC
5-14-88
5266 SUBJ 129

JOSEPH R. BIDEN, JR., DEL.
ROBERT MORGAN, N.C.
GARY HART, COLO.
DANIEL PATRICK MOYNIHAN, N.Y.
... MATHIAS, JR., MD.
... KANS.
RICHARD G. LL... IND.
MALCOLM WALLOP, WYO.
ROBERT C. BYRD, W. VA., EX OFFICIO
HOWARD H. BAKER, JR., TENN., EX OFFICIO
WILLIAM G. MILLER, STAFF DIRECTOR
EARL D. EISENHOWER, MINORITY STAFF DIRECTOR

United States Senate
SELECT COMMITTEE ON INTELLIGENCE
(PURSUANT TO S. RES. 400, 94TH CONGRESS)
WASHINGTON, D.C. 20510

December 7, 1977

RECEIVED
DEC 14 1977
O.L.A.

IN REPLY PLEASE
REFER TO Q# 1042

Hon. Griffin B. Bell
Attorney General of the United States
Department of Justice
Washington, D. C. 20530

#R03758
10-1-03 AUC 60290 BCE/MLT/JTG

Dear Mr. Attorney General:

Recent reports in the news media allege that highly enriched uranium was diverted to the government of Israel in the mid-1960s from a nuclear fuel processing plant operated by the Nuclear Materials and Equipment Corporation (NUMEC) at Apollo, Pennsylvania. The Senate Select Committee on Intelligence is informed that this matter was investigated by various elements of the Intelligence Community in the late 1960s and more recently was re-investigated by the Federal Bureau of Investigation. The Senate Select Committee is interested in the results of these and any related investigations and any conclusions which may have been drawn from them.

I would, accordingly, appreciate your providing to the Committee a copy of any final report or recommendations made by the Federal Bureau of Investigation on the basis of its most recent investigation. I am also asking Admiral Turner (copy enclosed) for a more comprehensive summary of the activities of the Intelligence Community in this matter and would appreciate your rendering him whatever assistance may be necessary with regard to other relevant activities of the Federal Bureau of Investigation.

Aloha,

Daniel K. Inouye
Chairman

Record LCD 12/23/77

Enclosure

b6
b7C

Enclosure #2

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

SECRET

CONFIDENTIAL

1
KX 117-365
HAM/kmw

#MC3R0758 8-12-93 60290 BCE/MM/116 6 AS AMENDED 5-14-85

Classified by 5668SLP/KG
Declassify on: OADR

The following investigation was conducted on November 17, 1977, by SA [redacted] b6 b7C

AT KNOXVILLE, TENNESSEE

OSCAR S. GRAY, Professor of Law, University of Maryland, Baltimore, Maryland, home address Post Office Box 40612, Palisades Station, Washington, D. C., 20016, and a guest lecturer at the College of Law, University of Tennessee (U.T.), until November 23, 1977, advised as follows: (U)

He stated he was employed as Vice President and later as a Director of Numec, Apollo, Pennsylvania, from 1957 to 1970, with the period from 1967 to 1970 being on a part-time basis. (U) He indicated that he was in contact with Israeli official during this time; however, he does not recall any dates or persons contacted. He said to the best of his knowledge he was never in contact with any foreign intelligence employees. He indicated these contacts with officials were business contacts and that he made a business trip to Israel in the 1960s. At the time of this visit Isorad, located in Israel, was a subsidiary of Numec and jointly owned by Numec and some citizens from Israel. (U) (S) (U)

He further stated he had no knowledge of any missing enriched materials from Numec or other facilities other than what he had read in the newspaper or was aware of any "cover up" in this matter or any espionage activities during his employment at Numec. (S)

He stated he was acquainted with DAVID LOWENTHAL, believed to be at one time secretary of the now defunct Apollo Steel Company, Apollo, Pennsylvania; however, he was not aware of any arrangements between LOWENTHAL, a Pittsburgh banker, or ZALMAN SHAPIRO. (U)

He said he slightly recalled the name ARNOLD BLUM, however, does not know his present whereabouts. (U)

Class. & Ext. By SP-1 GSK/RBG
Reason - FCIM II, 1-1-1-98
Date of Declass. 6/18/82

DECLASSIFIED BY SP-1 GSK/RBG
ON 6/18/82

117-

Classified by 186
XGDS 2 & 3
Date of Declassification Indefinite

SECRET

CONFIDENTIAL

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED EXCEPT WHERE SHOWN OTHERWISE

FBI

Date: 1/11/78

Transmit the following in _____ (Type in plaintext or code)

Via AIRTEL _____ (Precedence)

TO: DIRECTOR, FBI

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

SUBJECT: DIVERT

Re Baltimore airtel to Bureau, 12/29/77. (U)

Enclosed for the Bureau, WFO and Baltimore are two copies each of an investigative insert reflecting investigation conducted at Knoxville, Tennessee on 11/17/77. (U)

Referenced airtel requested copies of enclosed insert be sent to receiving offices. No further investigation being conducted by Knoxville UACB or UAC, WFO. (U)

SECRET MATERIAL ATTACHED

EX-111

ENCLOSURE

RUC-92

117-2564-458

2 - Bureau (Enc. 2)
2 - Baltimore (1-117-118) (1-[redacted] (Enc. 2)
2 - WFO (117-273) (Enc. 2)
1 - Knoxville

FWE/cjm
(7)

23 JAN 27 1978

[redacted]

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ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 6/18/82 BY SP-1 GSK/RBJ 5668 SCT/KG 5-14-85

1cc w/enc. Rm 4084

Approved: _____ Special Agent in Charge

Sent _____ M Per _____

DOC. CLASS. OFFICE

CPO : 1975 O - 590-992

0-19 (Rev. 4-29-77)

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

CIA Repeats Fears on Missing Uranium

JOSEPH M. HENDRIE
. . told of suspicions involving Israel

By Thomas O'Toole
Washington Post Staff Writer

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

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

Sources said the CIA briefers repeated last Feb. 6 the same suspicions that different briefers had mentioned two years ago about the missing uranium. Basically, the CIA suspected a connection because 206 pounds of uranium disappeared from a factory in Apollo, Pa., about the same time the CIA felt Israel had developed nuclear weapons.

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

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

The Washington Post A-6
Washington Star-News ___
Daily News (New York) ___
The New York Times ___
The Wall Street Journal ___
The National Observer ___
The Los Angeles Times ___

Date 2-28-78

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5668 SLD/KA 5-15-85

NOT RECORDED
167 MAR 21 1978

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FBI/DOJ
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su[illegible]n and moved to Israel," one source insisted. "The CIA said this two years ago and they reaffirmed this belief at the briefing on Feb. 6."

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

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

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

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

Testifying before the House subcommittee on energy and the environment, Gossick said one reason he said a year [illegible] that there was "no evidence" for a diversion is that he had not attended the CIA briefing two years ago.

"I have since recognized that I did not properly answer that question," Gossick said. "I was asked for my personal assurance, which I could not give since I had not attended the CIA briefing given the Nuclear Regulatory Commissio nin February, 1976."

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

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

FROM: SAM PAPICH, 3/2/78
Governor's Organized Crime Prevention Commission

TO: SAC FORREST S. PUTMAN

This is to advise that on March 2, 1978, I was contacted in Albuquerque by [redacted] a reporter for the American Broadcasting Corporation (ABC). She gave her address as [redacted] Washington, D. C., phone [redacted] b6 b7C

She advised that she has been conducting an extensive investigation relating to NUMEC, which she described as a firm which allegedly illegally transmitted nuclear materials to the Israeli Government. She pointed out that the FBI had conducted investigation over a period of years; that CIA had been involved; and that she had been referred to me by FBI Agents and CIA intelligence officers. She wanted to know what I recalled concerning the investigation.

I told her that I could recall very little about the investigation other than one had taken place, but in no way could I furnish any particulars. I also emphasized that I could remember very little on the subject. She asked if I knew the identity of a high level sensitive CIA source. I stated that I didn't, and that if I did I would not give the identity under any circumstances.

She then expressed considerable criticism concerning the overall lack of intelligence in the United States Government pertaining to the safeguarding of nuclear weapons and materials. She asked for comments and I suggested that she contact the people such as Senator CHURCH, who, in my opinion, has virtually destroyed the U. S. intelligence capabilities.

I received the impression that she is moving around the country to contact other people. She clearly indicated that she has been in frequent contact with SA [redacted] She is also in contact with some member of a Congressional Committee which is looking into the safeguarding of nuclear materials. b6 b7C

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 6/18/82 BY SP-1 GSK/RBC
5668 SW/KG 5-15-85

ENCLOSURE

FD-36 (Rev. 7-27-76)

FBI

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

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

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

Date 3/2/78

TO: DIRECTOR, FBI

FROM: SAC, ALBUQUERQUE

DOCUMENTARY BEING PREPARED BY AMERICAN BROADCASTING COMPANY CONCERNING NUMEC

NO LOC. ZALMAN [illegible] SAPIRO

Enclosed is a memo which was prepared for me by SAM PAPICH, former Bureau Agent, who is presently associated with the New Mexico Governor's Organized Crime Prevention Commission. The enclosed is self-explanatory and is being submitted for the information of the Bureau.

ENCLOSURE

2 - Bureau (Enc.-1) (RAM)
1 - Albuquerque
FSP:fd
(3)

REC 13
V-29
EX-130 DE-59

117-2564-4

2 MAR 15 1978

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 6/18/82 BY SP-1GSK/RBG
5668 SLD/KB 5-15-85

117-2564

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Approved: APR 4 1978

Transmitted _____ (Number) (Time)

Per _____

GPO : 1977 O - 225-539

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 09-12-2017 BY: [redacted]

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Airtel ~~SECRET~~ 1 - [redacted]

~~CONFIDENTIAL~~

~~SECRET~~

4/10/78

#N03R03758

~~DECLASSIFY ON: 20 YRS~~

6028 BCC/MLT/176
6
AS AMENDED

To: SAC, WFO (117-273)

From: Director, FBI (117-2564)

DIVERT

~~Classified by~~ 5 ~~Declassify on:~~ OADR

Enclosed for WFO is a self-explanatory letter from the Office of Inspector and Auditor, Nuclear Regulatory Commission (NRC), Washington, D. C., and attachments which set forth an interview of former Atomic Energy Commission (AEC) employee, [redacted] [redacted] makes several statements concerning the operation of NUMEC and the changes in AEC security regulations in 1964 which specified that AEC contractors or subcontractors were exempt from security safeguards. These changes along with poor management procedure by NUMEC provides hypothesis for the theory, according to [redacted] that a diversion may have occurred at NUMEC. (2)

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WFO will interview [redacted] concerning statements he made to NRC and specifically for any factually or evidentiary indication that a diversion had occurred at NUMEC.

Enclosures

RMS:bmf
(4)

EX-101

~~SECRET~~

REC-79

SEE NOTE PAGE TWO

Classified by 6419
Exempt from GDS Category 2
Date of Declassification Indefinite

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

6 APR 14 1978

[redacted]

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AMPOT
APR 10 1978
FBI

Class. & Ext. By SP-1 GSK/RBS
Reason - FCIM II 1.2.4.2, 2,3
Date of Review ~~3/10/98~~ 6/18/82

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

MAIL ROOM

84 APR 21 1978

~~SECRET~~ ~~CONFIDENTIAL~~

ROUTING SLIP ONLY

FBI/DOJ

Airtel to WFO
Re: DIVERT
117-2564

NOTE:

(4) (S) Captioned matter has been given the administrative code word DIVERT which relates to the AEC investigation of the allegations of possible diversion of nuclear materials to the Israeli government by a U.S. firm, NUMEC, in the 1960s. Reopening of the investigation was ordered by the Attorney General on 4/30/76. The investigation was to determine not only if a possible diversion occurred, but also whether U.S. Government officials covered up the diversion. To date there has been no indication from an extensive review of past records of AEC, Energy Research and Development Administration (ERDA) (now Department of Energy) or from interviews of associates and employees of NUMEC, including its founder and past president Zalman Mordecai Shapiro, that such a diversion occurred. Investigation is continuing to determine whether evidence exists to support the theory that nuclear material was diverted from the Nuclear Materials and Equipment Incorporated (NUMEC), Apolla, Pennsylvania.

(S) (U)

CONFIDENTIAL
SECRET

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 09-12-2017 BY: [redacted]

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UNITED STATES GOVERNMENT

Memorandum

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

1 - Mr. R. E. Long
1 - Mr. D. W. Moore, Jr.
1 - Mr. J. O. Ingram

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

TO : Mr. Long

~~CONFIDENTIAL~~ 1 - [redacted]

DATE: 6/19/78

FROM : H. E. Woodby

Classified by 5668 SLD/KG
Declassify on: OADR

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

PURPOSE: To advise of providing a draft copy of GAO report on captioned matter for sensitivity review to the Substantive and Civil Disorder Unit (Atomic Energy Act), Criminal Investigative Division, on 6/16/78.

DETAILS: GAO has provided a single copy of a "~~SECRET~~" draft report captioned as above with a request for a sensitivity review. Although the only information provided to GAO on this matter was in the form of briefings, the report does contain some information that will need review. The only copy of the report was hand-carried to the office of SA [redacted] Criminal Investigative Division, who will handle the review. GAO has requested a response within three days (BUDED 6/21/78). A letter from John M. Ols, Jr., Assistant Director, General Government Division, GAO, setting forth the sensitivity request is attached.

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RECOMMENDATION: That the GAO draft report supplied to SA [redacted] be reviewed for sensitivity, the results be orally supplied to [redacted] GAO Site Manager, FBIHQ, with a follow-up letter if deemed necessary by Criminal Investigative Division.

ST-128 REC-76 V-10 DE-22

22 AUG 22 1978

Enclosure

1 - Mr. Moore
(Attention: [redacted]

DMG:rjw
(3)

SEE CID ADDENDUM, PAGE 2

117-2564

Class. & Ext. By SP-1 GSK/RBG
Reason - FCIM II, 1.2.4.2, 2.3
Date of Review 6/19/98

6 SEP 22 1978

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

~~CONFIDENTIAL~~

FBI/DOJ

ADDENDUM: CRIMINAL INVESTIGATIVE DIVISION (CID) PEN:pjm 6/21/78

On 6/16/78, review of the draft copy of the GAO report captioned "Review of Information Developed on the Alleged Diversion of Nuclear Material From the Nuclear Material and Equipment Corporation" was made by SA [redacted] of the Domestic Security and Terrorism Section, CID. This review was made solely from the standpoint of sensitivity and did not involve matters of substance with respect to the content of this draft report. It was determined that the GAO report, which is in its overall sense, sensitive and classified "~~Secret~~," does not jeopardize Bureau sources or informants, nor does it disclose sensitive investigative techniques. It is the understanding of the CID that this draft copy of the GAO report is to be formally submitted to the Department of Justice for its review and, thence, back to the Bureau for its review and commentary with respect to the veracity and content of the report as it involves FBI investigative activity. Therefore, no comment with respect to the latter subject matters is being made at this time. It is further noted that the classification of "~~Secret~~," which has been assigned to this report, is in complete accord with the classification of this investigation, which is presently ongoing, as directed by the Attorney General of the United States. This has been coordinated with SA [redacted] of the Administrative Services Division. This information has been orally furnished to [redacted] GAO's Site Manager at FBIHQ on this date.

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(b)(2)
(b)(4)

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

UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

GENERAL GOVERNMENT
DIVISION

FILE 03 R0758

8-12-03 602 90 BCC/MLT/JTG

JUN 1 1978

FEDERAL GOVERNMENT

TO : Assistant Director, Administrative Services Division, FBI - Richard E. Long

FROM : Assistant Director, General Government Division - John M. Ols, Jr. John M. Ols Jr.

SUBJECT: DRAFT REPORT ENTITLED "REVIEW OF INFORMATION DEVELOPED ON THE ALLEGED DIVERSION OF NUCLEAR MATERIAL FROM THE NUCLEAR MATERIALS AND EQUIPMENT CORPORATION"

DIVERT

In keeping with our general agreement, I am forwarding the subject draft report for your review of its contents for matters of sensitivity. The report was prepared by our Energy and Minerals Division based on its review of an alleged diversion of nuclear material which supposedly took place about 13 years ago.

Your attention is directed to the restrictions stated on the cover of the draft report concerning its use and the need to prevent public or other improper disclosure of its contents. No copies should be made of the draft. The draft belongs and must be returned to GAO on demand.

We would appreciate receiving your response within 3 days so the report can be forwarded to the Department of Justice for official comment.

To assist in this rather tight timeframe, we would be glad to discuss any problems you might encounter. If any questions arise, please contact me on 739-4370 or [redacted] on 324-2887.

b6
b7C

Enclosure

REC 32 117-3561-

22 AUG 22 1978

62 SEP 22 1978

ABRAHAM RIBICOFF, CONN., CHAIRMAN
HENRY M. JACKSON, WASH.
EDMUND S. MUSKIE, MAINE
THOMAS F. EAGLETON, MO.
LAWTON CHILES, FLA.
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JOHN C. DANFORTH, MO.
H. JOHN HEINZ III, PA.
RICHARD A. WEGMAN
CHIEF COUNSEL AND STAFF DIRECTOR

United States Senate

COMMITTEE ON
GOVERNMENTAL AFFAIRS
SUBCOMMITTEE ON ENERGY, NUCLEAR
PROLIFERATION AND FEDERAL SERVICES
WASHINGTON, D.C. 20510

SUBCOMMITTEE:
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THOMAS F. EAGLETON, MO.
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JACOB K. JAVITS, N.Y.
TED STEVENS, ALASKA
CHARLES MC C. MATHIAS, JR., MD.
LEONARD WEISS, STAFF DIRECTOR
6206 DIRKSEN BUILDING

September 8, 1978

SEP 13 12 35 PM '78
DEPT OF JUSTICE
MAIL UNIT

Honorable Griffin Bell
Attorney General
Department of Justice
Constitution Avenue
between 9th & 10th Streets
Washington, D.C. 20530

Direct

Dear Attorney General Bell:

I understand that the Nuclear Regulatory Commission has requested and received a briefing on the latest investigation by the FBI of the NUMEC incident. I request that this same briefing be provided to [redacted] of my staff.

[redacted] can be contacted at 224-2627.

Best regards.

REC-39 117-2564-
OCT 18 1978
LEGAL COUNSEL
FEDERAL BUR. OF INV.

Sincerely,

John Glenn

John Glenn

JG/lwp

b6
b7C

FOIPA
8-12-03 6038BCE/mlt/jk

FROM	DATE OF DOCUMENT	SUSPENSE DATE
Glenn, John Chmn Subc. on Energy	9/8/78	9/29/78
TO	DATE RECEIVED	CONTROL NO.
Griffin B. Bell Attorney General	9/15/78	C2856
DESCRIPTION	REFERRED TO	DATE
Request for briefing on NUMEC	FBI	9/15/78
	cc: [redacted]	
REMARKS		
For appropriate action after clearing with [redacted]--ADVISE OLA OF FINAL DISPOSITION	PREPARE REPLY FOR SIGNATURE OF	

MAIL CONTROL

REPLACES AD-820 WHICH MAY BE USED DJ-295 7-5-73

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2

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 09-12-2017 BY: [redacted]

~~CONFIDENTIAL~~

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b7C

FD- (Rev. 10-7-75)

FEDERAL BUREAU OF INVESTIGATION

REPORTING OFFICE	OFFICE OF ORIGIN	DATE	INVESTIGATIVE PERIOD
WASHINGTON FIELD	WASHINGTON FIELD	9/18/78	3/17/78-7/20/78

TITLE OF CASE: ZALMAN MORDECAI SHAPIRO

REPORT MADE BY: SA [redacted]

TYPED BY: b6 b7C

CHARACTER OF CASE: ATOMIC ENERGY ACT-OOJ

~~#[illegible] 8/25/03 60270BCC/MNT/TAG~~ ~~AS AMENDED~~ ~~Classified by~~ ~~Declassify on:~~ OADR ~~5/15/85~~

REFERENCE: WFO report of SA [redacted] 2/6/78, at WFO;
Bureau airtel, 4/10/78.

-P-

DECLASSIFIED ON 12/6/82 SP-1 GSK/RBS Comp. # 240,619

ADMINISTRATIVE:

The Pittsburgh Office is being furnished one copy of this report for information purposes in view of their continuing interest in captioned matter.

Since the interview of [redacted] as noted in this report, extensive file review and comparisons have been made to determine if additional leads should be set forth in this matter. b6 b7C

~~#[illegible] R0758 60270BCC/MNT/TAG AS AMENDED~~

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: NFS/GDD SPECIAL AGENT IN CHARGE

DO NOT WRITE IN SPACES BELOW

117-2564

REC-24

COPIES MADE:

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

b3
b7E

Dissemination Record of Attached Report			
Agency	ICC	Rm 4084	
Request Recd.		HRG (155)	
Date Fwd.			
How Fwd.		RMS/DMR	
By			

Notations: [redacted]

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED EXCEPT WHERE SHOWN OTHERWISE

Class. & Ext. By SP-1 GSK/RBS 2
Reason - FCIM II, 1-2.4.2
Date of Review 9/18/98 6/18/82

b6 b7C

~~CONFIDENTIAL~~

COVER PAGE

62 SEP 27 1978

c43—16—83489-1

Airtel

1 - Mr. D. W. Moore, Jr.
1 - Mr. J. O. Ingram
1 - Mr. S. S. Mignosa
1 - [redacted] b6 b7C

9/20/78

To: SAC, WFO (117-273)

From: Director, FBI (117-2564)

DIVERT

Re Bureau airtel to WFO, 4/10/78.

The Criminal Division, U. S. Department of Justice, by letter dated 9/12/78, has requested the following investigation be conducted concerning captioned matter:

Locate and interview in depth [redacted] an employee of the Atomic Energy Commission (AEC), who was the head of the survey team from Oak Ridge that conducted an inspection of the NUMEC plant; William T. Riley, former Director of Security, AEC; Admiral Hyman Rickover; and all former AEC Commissioners who have not been interviewed regarding captioned. b6 b7C

Additionally, WFO should review any material in its files concerning former AEC Commissioner James Ramey and former AEC Director of Intelligence Reichardt. This information should be furnished in report form to FBIHQ. WFO will ascertain whether the Department of Energy (DOE) has a file on Zalman Mordecai Shapiro, which DOE informed the Nuclear Regulatory Commission (NRC) contains no safeguards-related material. If DOE has such a file, WFO will report complete review of same.

REC-89 117-2564

This matter should receive immediate attention and expeditious reporting of results of investigation.

SEP 20 1978 FBI

RMS:pjm (7)

22 SEP 22 1978

NOTE: Attached letter from the Criminal Division, U. S. Department of Justice, dated 9/12/78, requests investigation as set forth supra. This matter is subject to continual scrutiny by congressional committees and subject to extensive media coverage.

Dir. ___
AD Adm. ___
AD Inv. ___
Dir.: ___
Servs. ___
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Insp. ___
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Rm. ___
Sec'y ___

MAIL ROOM ☑

OCT 17 1978

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 6/18/82 BY SP-1 GSK/RBG 5668 SLD/KG 5-15-85

1 - Mr. Adams
1 - Mr. Moore
1 - Mr. Mignosa
1 - [redacted] b6 b7C
1 - Mr. Mintz

September 26, 1978

2 - [redacted]
1 - [redacted]

Honorable John Glenn
Chairman
Subcommittee on Energy, Nuclear
Proliferation and Federal Services
United States Senate
Washington, D. C. 20510

Dear Mr. Chairman: FEDERAL GOVERNMENT

Regarding your letter of September 8, 1978, concerning information on the [illegible] investigation, the Federal Bureau of Investigation would be happy to provide an oral briefing to [redacted] of your staff. b6 b7C

For arrangements regarding this briefing, please contact Special Agent [redacted] Legal Liaison and Congressional Affairs Unit, Legal Counsel Division, Federal Bureau of Investigation, at telephone number 202-324-4515.

Sincerely yours,

William H. Webster
Director

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 6/18/82 BY SP-1 GSK/RBG
668 SLD/KG 5-15-85

DE-50 REC-39 117-2564-

1 - 9-79
20 ~~[illegible]~~

1 - Assistant Attorney General - enclosure
Office of Legislative Affairs

NOTE: This answer was coordinated with CID. [redacted] currently has a top secret clearance.

RH/jd
(12)

Hand delivered LCD 9/27/78

APPROVED: 1 SEP 1978
Director
Assoc. Dir.
Dep. AD Adm.
Dep. AD Inv.
Adm. Serv.
Crim. Inv.
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MAIL ROOM

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30 OCT 78 03 12z

RECEIVED
FEDERAL BUREAU
OF INVESTIGATION
COMMUNICATIONS SECTION

. OCT 78

WASHINGTON FIELD (117-273) (P)

ECTOR FBI (117-2564) ROUTINE

ATTN: CID, DS-TERRORISM UNIT, [redacted]

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

b6
b7C

LAS E F T O

VERT

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

EX-124 REC-79 117-2564-76

20 OCT 10 1978

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ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 6/18/82 BY SP-1GSK/RBG
5668SLD/KJ 5-15-85

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APG (ISS)
10/3/78
KMS/mr
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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." AS THE ADMIRAL WAS AGAIN BECOMING AGITATED, IT APPEARED THAT ANY FURTHER CONVERSATION WOULD BE FRUITLESS AND THE CONVERSATION WAS TERMINATED.

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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. WFO advised to set forth lead re interview of [redacted] AT Oak Ridge.

FEDERAL BUREAU OF INVESTIGATION
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FOI/PA# 1210156-0

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

FEDERAL BUREAU OF INVESTIGATION

REPORTING OFFICE	OFFICE OF ORIGIN	DATE	INVESTIGATIVE PERIOD
WASHINGTON FIELD	WASHINGTON FIELD	12/7/79	10/2/79-11/14/79

TITLE OF CASE

ZALMAN MORDECAI SHAPIRO

REPORT MADE BY: SA [redacted]

TYPED BY: aih

b6
b7C

CHARACTER OF CASE

ATOMIC ENERGY ACT
OBSTRUCTION OF JUSTICE

REFERENCE: WFO report of SA [redacted] dated 11/9/79.

-P-

ADMINISTRATIVE:

Referenced report indicated that the Pittsburgh and Washington Field Offices were unable to locate CHARLES BELTRAM. However, after extensive investigation by Pittsburgh, BELTRAM was located and interviewed as enclosed report reflects.

Only two interviews remain, those of DAVID L. PURDY and [redacted] While Pittsburgh reports it will interview PURDY, [redacted] still has not returned calls to this office. Further attempts will be made to interview [redacted]

b6
b7C

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

APPROVED M/GB

SPECIAL AGENT IN CHARGE

DO NOT WRITE IN SPACES BELOW

COPIES MADE:

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

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b7E

6 DEC 10 1979

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b7C

Dissemination Record of Attached Report				
Agency				
Request Recd.				
Date Fwd.				
How Fwd.				
By				

Notations

1cc 4084
1cc J.

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84 MAY 27 '80

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DATE 09-18-2017 BY [redacted]

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

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

SECRET

Copy to:

Report of: SA [redacted]
Date: 12/7/79

Office: Washington, D.C.

b6
b7C

Field Office File #: 117-273

Bureau File #: 117-2564

Title: ZALMAN MORDECAI SHAPIRO

Character: ATOMIC ENERGY ACT;
OBSTRUCTION OF JUSTICE

Synopsis: Interviews of EDWARD MASON, CARL H. BUILDER, MEREDITH S. JOHNSON [redacted] CHARLES BELTRAM, DAVID L. LOWENTHAL, and JOSEPH SWARTZ set forth. Also set forth is information reflecting that PRESSLY MC CANCE is deceased.

-P-

DETAILS:

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
EXCEPT WHERE SHOWN
OTHERWISE

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

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AS AMENDED

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☆ U.S.GPO:1975-0-575-841

SECRET

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 10/10/79

Meredith S. Johnson, [redacted] Pennsylvania (PA), telephone number [redacted] was interviewed at his place of employment, Lord Manufacturing Company, Erie, PA, where he is the Vice President and Treasurer. After being advised of the identity of the interviewing Agent and the nature of the interview, Johnson provided the following information: b6 b7C

Johnson advised that he was employed by the Nuclear Materials and Equipment Corporation (NUMEC) from December, 1964 through July 1965, as the Controller and Assistant Treasurer. Johnson's immediate supervisor was Oscar S. Gray.

Johnson was responsible for managing the accounting aspects of NUMEC's business and reporting the results of financial efforts. He prepared the quarterly financial reports to stockholders and attempted to improve the budget system. Johnson was not responsible for the accountability and/or security of nuclear materials handled at NUMEC. Figures relating to the nuclear inventory at NUMEC were prepared by another group of people within the plant and supplied to him. Johnson cannot be certain but believes that Fred Forscher was the individual responsible for the accountability of nuclear materials. Forscher was the operational Vice President at NUMEC.

According to Johnson, the difference in weight at the end of the enrichment process compared to the weight at the beginning of the enrichment process was considered loss. This loss was attributed to that nuclear material which was lost in filters, brooms, and dust cloths.

Nuclear material records were maintained by a group of people within the plant who kept the inventory and who reported directly to Fred Forscher. Johnson could not be more specific.

Johnson was unaware of the fire at NUMEC that may have destroyed nuclear material and records.

Johnson had an employer/employee relationship with Zalman M. Shapiro. Shapiro conducted Johnson's pre-employment

Investigation on 10/2/79 at Erie, PA File # [redacted] WFO 117-273 b3 b7E b6 b7C

by SA [redacted] /jar Date dictated 10/2/79

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interview and after being hired met with Johnson once a month. Johnson had no social relationship with Shapiro. Johnson described Shapiro as extremely intelligent and likable.

Johnson was unaware that NUMEC had unaccountable nuclear losses.

Johnson left NUMEC in July, 1965, to accept employment at Lord Manufacturing Company. Johnson sited concern with the accounting ethics used by NUMEC as his primary reason for his resignation. Johnson indicated that NUMEC misled stockholders in its quarterly reports by the manipulation of figures to distort earnings. Though these accounting practices were acceptable at that time, Johnson did not subscribe to NUMEC's accounting philosophy.

Johnson reiterated that he has no knowledge of the alleged diversion of special nuclear material from the NUMEC plant.

FEDERAL BUREAU OF INVESTIGATION

1

Date of transcription 10/12/79

[redacted] Pennsylvania, telephone number: [redacted] was interviewed at his place of employment, Westinghouse Electric Corporation, Nuclear Center, Northern Pike, Monroeville, Pa., telephone number (412) 373-4466. b6 b7C

[redacted] advised he was employed by Nuclear Materials and Equipment Corporation (NUMEC), Apollo, Pa, from 1967 to February, 1972. He stated he was originally hired as Assistant Manager, Mechanical Design - Energy Conversion, but that shortly after coming with the company he was made a Project Manager and worked the utilization of radioisotopes in pacemakers at NUMEC's Leechburg, Pa., plant.

[redacted] stated that as a Project Manager, he was responsible for accountability of plutonium and americium materials received by his group. He said he could recall no losses of material at the Leechburg plant and that he had no knowledge of any losses at the Apollo facilities.

[redacted] was asked if he recalled a fire at the Apollo plant or if he had heard anything about the fire. He replied that he was unaware of a fire and suggested it must have taken place prior to his employment with NUMEC.

[redacted] stated that he was acquainted with Zalman Shapiro primarily because Shapiro got involved with all aspects of NUMEC's projects and operations. However, he added that he had no social contact with Shapiro.

[redacted] advised that he was aware of the fact that losses of nuclear material from NUMEC had been reported in the past. He said that this information was obtained through other employees and through newspaper accounts. He stated he had heard other employees speculate that the losses were caused in the processing, accounting methods and that some of the material may have gotten into things that were later burried. He stated that the newspapers were the only place he had seen speculation that (U)

Interviewed on 10/11/79 at Monroeville, Pa. File # Pittsburgh [redacted] WFO 117-273 b3 b7E b6 b7C

by SA [redacted] drg Date dictated 10/12/79

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[redacted]

WFO 117-273

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b7E

(U) (S) [the material may have been diverted to Israel.] He stated he had no fixed opinion because he was not with NUMEC when the losses took place.

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

FEDERAL BUREAU OF INVESTIGATION

1 Date of transcription 11/7/79

Charles Beltram, [redacted] telephone number: [redacted] was interviewed at his residence. b6 b7C

Mr. Beltram advised that he was employed by the Nuclear Materials and Equipment Corporation (NUMEC) from September, 1961, until the Fall of 1967. He stated he was the Production Manager at NUMEC's Apollo, Pa., plant from 1961 until 1965, at which time he took over NUMEC's metals plant at Leechburg, Pa., as Plant Manager. He stated he might be a little off on his dates because of the time that has elapsed.

He advised that as production manager he had no security responsibilities but that he was very much involved in the accountability of the nuclear materials at NUMEC. He stated he was constantly taking inventory to insure that all material was accounted for and that any differences were resolved. He said that NUMEC produced uranium pellets for atomic cores. The pellets were made of low grade uranium and consisted of almost 99% of the uranium handled at the plant. The other 1% was highly enriched weapon grade uranium which was reclaimed from scrap material sent to NUMEC by Government laboratories for reprocessing. He stated the recovery of the high grade uranium presented the most problems, the resolution of which took an inordinate amount of his time. He described the problem as follows:

A contractor would send NUMEC barrels of scrap and state there were 10 Kgs. (Kilograms) of uranium present. NUMEC would process the scrap and recover only 7 or 8 Kgs. Because of the high price-tag on highly enriched uranium, a conflict arose and samples would have to be sent out to an independent testing laboratory for analysis. The contractor would do the same and eventually NUMEC and the contractor would adjust their figures. Sometimes NUMEC won the argument and sometimes they lost.

According to Mr. Beltram, this was a constant problem and NUMEC was always in the process of tightening up their plant and procedures in an effort to eliminate

Interviewed on 11/6/79 at [redacted] Pa. File # PG [redacted] WFO 117-273 b3 b7E b6 b7C

by SA [redacted] /drg Date dictated 11/7/79

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the losses. As he recalled, NUMEC had 96 Kgs. unaccounted for when he came with the company and the figure increased gradually until it was over 200 Kgs. when he left the company six years later. He stated he has read a number of newspaper stories over the years which suggest the unaccounted for uranium was actually diverted to the Israeli Government for the production of a nuclear weapon. (U) He stated that he cannot place any reliance on these stories because he, personally, never felt the material was ever there in the plant in the first place. He said he felt the losses were nothing more than a paper accounting of a contractor's claim of so many Kgs. and NUMEC's claim of recovering a lesser number of Kgs.

Mr. Beltram stated he was never pressured nor does he know of anyone else who was pressured to cover up unaccountable nuclear losses. To the contrary, he stated, their problems with losses were well known and everyone at the plant was involved in trying to find out if there was a loss and if so, how could it be stopped.

FEDERAL BUREAU OF INVESTIGATION

1 ~~[illegible]~~ Date of transcription 11/14/79

David Luzer Lowenthal was interviewed at his residence, 144 North Dithridge Street, Apt. 614, Pittsburgh, Pennsylvania, 15213, telephone number: (412) 683-7203.

Mr. Lowenthal advised he became involved with the Nuclear Materials and Equipment Corporation (NUMEC) of Apollo, Pa., some time around 1955 or 1956. He stated he helped to organize the company as a business investment and persuaded his friend, Zalman Shapiro, who had the technical know-how, to leave Westinghouse Electric Corporation and go into business as NUMEC. He said that his interest in the company was solely monetary and he had nothing to do with the actual running of NUMEC.

According to Mr. Lowenthal, his ownership in NUMEC lasted until 1964 or 1965, when the company was sold to Atlantic Richfield Corporation. Lowenthal described the sale as a "forced sale" and explained that shortages of nuclear material put a great financial strain on NUMEC and that the Atomic Energy Commission (AEC) was insisting on a change in management and an infusion of new capital. He stated that those involved with NUMEC were unwilling or unable to go along with the AEC demands and the sale to Atlantic Richfield was the result.

Mr. Lowenthal advised he was aware of some losses of nuclear material at NUMEC but did not realize it was a problem until he talked with Oscar Gray, date and Gray's position in NUMEC unrecalled, who told him some problems NUMEC was having with the AEC and the Navy. He stated he could not recall discussing the losses with Shapiro but that they were very close and probably did discuss the problem.

Mr. Lowenthal stated he has no personal knowledge of any loss of nuclear material from NUMEC. He said he has read newspaper accounts from time to time which claim there was a diversion of nuclear material from NUMEC to Israel. He said he has read articles concerning losses from other companies which also intimated sinister activities on the part of the companies involved. (U)

Interviewed on 11/13/79 at Pittsburgh, Pa. File Pittsburgh [redacted] b3 b7E
WFO: 117-273 b6
by SA [redacted] drg Date dictated 11/14/79 b7C

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Mr. Lowenthal advised that he, personally, does not believe that there was any diversion of nuclear material from NUMEC and that he has no explanation of the losses that took place at NUMEC.

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

FEDERAL BUREAU OF INVESTIGATION

1 ~~SECRET~~ Date of transcription 11/7/79

CARL H. BUILDER, Director of Theatre of Conflict Research, The Rand Corporation, 1700 Main Street, Santa Monica, California, telephone (213) 393-0411, was advised of the identity of the interviewing Agent and the purpose of the interview, and he then provided the following information:

BUILDER stated he had no knowledge of the diversion of nuclear material to Israel by ZALMAN MORDECAI SHAPIRO or anyone else during the early to mid 1960's or at any other time. (U)

BUILDER said he had joined the Nuclear Regulatory Commission (NRC) in July of 1975 and was employed by them until about August or September of 1976 and during that time he had heard hallway gossip about Numec Atomic Material Processing Facility at Appollo, Pennsylvania, and about SHAPIRO's diverting nuclear materials, but he never heard any specific facts about the matter.

BUILDER stated that by the time he had assumed his position at the NRC, new strict accounting procedures relating to nuclear material had been introduced and since the purported earlier incidents had not involved him or his department, he never inquired into the diversion matter.

[redacted] b3 b7E

[redacted] (BUILDER) (U) had given the NRC a complete disposition relating to any information he had relating to the nuclear diversion matter.

Interviewed on 11/5/79 at Los Angeles, California File # LA 117-283

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

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~~SECRET~~

[redacted]

WFO 117-273
WFM/drg
1

[redacted] b3 b7E

On October 2, 1979, [redacted] telephone number: [redacted] advised her husband, Pressly H. McCance, is deceased. Mr. Pressly was formerly a Director of the Nuclear Materials and Equipment Corporation (NUMEC) of Apollo, Pa. b6 b7C

On October 11, 1979, Dr. Frederick Forscher, former NUMEC Director, advised that Joseph Swartz, an attorney and friend of Zalman M. Shapiro, former NUMEC President, is deceased.

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

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 09-18-2017 BY: [redacted]

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FBI

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

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

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

~~CONFIDENTIAL~~

Date 12/20/79

TO: DIRECTOR, FBI (117-2564)

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

DIVERT
~~(OO:~~WFO)

ReWFOreport of SA [redacted] dated 12/7/79. (No copy to Albany).

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For the information of Albany, this office is currently conducting interviews at the request of the Department of Justice (DOJ) of individuals who may have knowledge of or had been associated with ZALMAN MORDECAI SHAPIRO and the NUMEC facility at Apollo, Pennsylvania. SHAPIRO, subject of this matter, formed his NUMEC company to process nuclear fuel during the early years of nuclear development. During the 1960's, accounting of the fuel under Government contract indicated a substantial loss of nuclear material. Attempts were made to locate this material at the NUMEC facility with negative results. There was some belief at the time that SHAPIRO may have diverted this material to Israel with whom he had a close relationship. (U)

WFO has been attempting to contact one [redacted] former Executive Assistant to the Chairman, Nuclear Regulatory Commission (NRC), for interview. [redacted] failed to respond to previous telephone calls and the most recent attempt indicated that he was no longer living in Washington D.C. (WDC). A forwarding telephone number of [redacted] indicated that [redacted] had relocated to New York State.

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On 12/13/79, [redacted] was contacted at the above telephone number. He apologized for not returning previous telephone calls, stating that he was relocating at the time and missed many of his calls. [redacted] was cooperative and agreed to an interview by SAs [redacted] also furnished his home telephone number as [redacted]

2 - Bureau
2 - Albany
1 - WFO
RJD:aih
(5)

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Classified by SP6 BJA/RBG
Declassify on: OADR 4/18/84

~~CONFIDENTIAL~~

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

97 JUN 4 1980

WFO realizes that this has been an extensive investigation, to which Albany has not been a party. The results of any interview should include answers to the following questions: Does [redacted] know ZALMAN MORDECAI SHAPIRO or any NUMEC officers personally? Did he ever visit the NUMEC facility? [Does he have any personal knowledge concerning a possible diversion of nuclear material to Israel?] Does he know of any attempt by SHAPIRO or anyone else to interfere with or direct the course of this investigation? ~~(S)~~ (U)

b6
b7C

It is noted that [redacted] has been interviewed by a Congressional Committee also conducting an investigation of this matter and he may be able to furnish additional information other than the above.

If Albany needs any other assistance, it can contact this office, extension 7710.

LEAD

ALBANY

AT [redacted] NEW YORK. Interview [redacted] (work) or [redacted] (home) and furnish FD-302 reflecting results.

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

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HEREIN IS UNCLASSIFIED
DATE 09-18-2017 BY [redacted] b6 b7C

FEDERAL BUREAU OF INVESTIGATION

CONFIDENTIAL

Date of transcription 1/14/80

[redacted] was advised of the nature of the investigation being conducted and of the identity of the interviewing Agent. b6 b7C b3 b7E

[redacted] advised as follows:

He joined the Nuclear Regulatory Commission (NRC) in 1974 and left that organization in October 1977. [redacted] (U)

His knowledge of ZALMAN MORDECAI SHAPIRO is not first hand, never having met the man. Neither has he ever visited the NUMEC facility at Apollo, Pennsylvania. He has no personal knowledge of any diversion of nuclear material to Israel nor of any attempt by SHAPIRO or anyone else to interfere with this investigation, though he does state he is cognizant of rumors to "interference" allegations. (U)

By way of background, [redacted] stated that NUMEC, under government contracts, was provided processed nuclear materials and were to separate the materials into component parts, e.g., plutonium or uranium. The process, a complicated one, was to extract enriched nuclear material. Subsequent to each process, and each contract, there was no accountability for the final results. Tolerances were set by government standards. Per [redacted] during the process some material was left in the pipes and vats, some lost in the process and some just spilled or otherwise lost. NUMEC was not the only facility with such contracts, but NUMEC did have the highest amount of Material Unaccounted For (MUF). b6 b7C

SHAPIRO had been doing a lot of business with Israel and made frequent trips there. He had set up another company (name unknown) through which he had been doing business with Israel.

[redacted] believes the contracts with the government had started in the fifties and into the late 1960's when the story regarding SHAPIRO broke in the New York Times and the matter of the alleged disappearance of nuclear material became public.

Investigation on 1/9/80 at [redacted] New York File # AL 117-126 b6 b7C

by SA [redacted] /vep Date dictated 1/10/80

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Declassify on: OADR 4/18/84

[redacted] said his knowledge of SHAPIRO and his activities came from a review of records at the NRC during the course of the many investigations into this matter. He was not with the NRC at the time of the alleged incident. He added there had been problems with MUF subsequent to the primary loss at NUMEC. After that SHAPIRO sold the business and was later shut down by the NRC.

b6
b7C

[redacted] has no personal knowledge of a diversion of any nuclear material.

UNITED STATES GOVERNMENT

memorandum

DATE: 1/30/80

REPLY TO ATTN OF: SAC, ALBANY (117-126) (RUC)

SUBJECT: DIVERT
OO: WFO

TO: DIRECTOR, FBI (117-2564)

Re WFO airtel to the Bureau, 12/10/79.

Enclosed for the Bureau and WFO are three copies each of an FD 302 reflecting investigation at [redacted] New York. Original FD-302 will be furnished WFO at later date. b6 b7C

2 - Bureau (Enc. 3)
2 - WFO (Enc. 3)
1 - Albany
JD/vep
(5)

[redacted] b6 b7C

5 FEB 1 1980

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DATE 6/22/82 BY SP-1 JSK/RBS
5668 SCD/RJ 5-16-85

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

MAY 27 '80

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

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

0302

FEDERAL BUREAU OF INVESTIGATION

REPORTING OFFICE	OFFICE OF ORIGIN	DATE	INVESTIGATIVE PERIOD
WASHINGTON FIELD	WASHINGTON FIELD	2/7/80	12/7/79-1/10/80

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

CHARACTER OF CASE

ATOMIC ENERGY ACT b6
OBSTRUCTION OF JUSTICE b7C

REFERENCE: WFO airtel dated 12/20/79.

-C-

ADMINISTRATIVE:

Final two interviews as requested by the Department of Justice have been completed and are enclosed herein. Since no further investigation remains, this matter is being closed at WFO.

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

APPROVED M/GB SPECIAL AGENT IN CHARGE

DO NOT WRITE IN SPACES BELOW

117-2 512

COPIES MADE:

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

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b7E

Dissemination Record of Attached Report

Agency	1-AAG CDISS			
Request Recd.				
Date Fwd.	2/27/80	68 FEB 2[illegible] 1980		A*
How Fwd.	0-14			
By	RMS/BJS			

Notations

5668SCD/KJ 5-16-85

1-4084
1-DESTROYED 2/27/80

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DATE 09-18-2017 BY [redacted]

b6
b7C

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

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

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Copy to:

Report of: SA [redacted] Office: Washington, D.C. b6 b7C
Date: 2/7/80

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

Title: ZALMAN MORDECAI SHAPIRO

Character: ATOMIC ENERGY ACT
OBSTRUCTION OF JUSTICE

Synopsis: Interviews of DAVID C. PURDY, former employee of the Nuclear Materials and Equipment Corporation (NUMEC) of Apollo, Pennsylvania, and [redacted] former Executive Assistant to the Chairman, Nuclear Regulatory Commission (NRC), set forth. Neither individual could furnish information regarding diversion of material from NUMEC or any evidence of Obstruction of Justice.

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DETAILS:

[redacted]

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~~5668 SCO/CJ 5-16-85 SP-6 BJA/RBG Classified by Declassify on: OADR 4/18/84~~

~~9-9-03 #03R0758 CLASSIFIED BY: 60290 BCE/MLT/JTG REASON: 1.4 (C) DECLASSIFY ON: X1 AS AMENDED~~

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☆ U.S.GPO:1975-0-575-841

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

FEDERAL BUREAU OF INVESTIGATION

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Date of transcription 12/10/79

David L. Purdy, [redacted] telephone number: [redacted] was interviewed at his place of business, Coratomic, Inc., 300 Indian Springs Road, Indiana, Pa., 15701, telephone number (412) 349-1811. b6 b7C

Mr. Purdy advised he started working for the Nuclear Materials and Equipment Corporation (NUMEC) of Apollo, Pa., in either January or February, 1964, and remained with the company until April, 1972. He stated he originally started as a unit manager of their energy conversion systems, which had the job of finding commercial uses for radio isotopes, and eventually ended up on development of an atomic pacemaker for heart cases. As a result of his particular project, which was located at NUMEC's Leechburg plant, he had little or nothing to do with the Apollo plant, which produced and reclaimed nuclear materials.

He stated that he had accountability for nuclear materials on his project only, and there were never any losses. He said he was aware, through staff meetings, of an accountability problem at Apollo and got the impression that it was a gradual loss over a long period of time.

(U) Mr. Purdy advised that he was aware, through the newspapers, that the missing nuclear material may have found its way to Israel. He stated he, personally, does not believe the missing material was diverted to any country. He said his information, again obtained from staff meetings, indicated the loss was attributable to the processing and measurement procedures.

Purdy stated he could not recall any fire at NUMEC and said it must have been before he came with the company. In regards to any pressure being put on employees to cover-up NUMEC's losses, Mr. Purdy stated there was no pressure and that NUMEC never tried to cover-up their accountability problem.

Investigation on 12/7/79 at Indiana, Pa. File [redacted] WFO 117-273 b3 b7E b6 b7C

by SA [redacted]/drg Date dictated 12/10/79

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NOTE: Information concerning [redacted] was provided by [redacted] b6
and [redacted], NRC Headquarters, Washington, D.C., who requested FBI b7C
investigation concerning the validity of this information. Subsequently, this matter was discussed with [redacted] Internal Security Section, DOJ, who concurred in the need for investigation to determine validity of statements made. Both Pittsburgh and Philadelphia have been involved previously in conducting investigation in the captioned matter.

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DATE 09-18-2017 BY: [redacted]

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FM DIRECTOR, FBI {117-2564}

TO FBI, PITTSBURGH [redacted] PRIORITY

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FBI, PHILADELPHIA {117-174} PRIORITY

FBI, WASHINGTON FIELD {117-273} PRIORITY

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UNCLAS

DIVERT, AEA, OO: WASHINGTON FIELD

AS RECIPIENTS ARE AWARE, CAPTIONED IS CODEWORD FOR FBI INVESTIGATION INTO THE ALLEGED DIVERSION OF SPECIAL NUCLEAR MATERIAL FROM THE NUCLEAR MATERIAL EQUIPMENT CORPORATION {NUMEC}. IN APRIL, 1976, THE ATTORNEY GENERAL INSTRUCTED THE FBI TO IMMEDIATELY REOPEN THE INVESTIGATION CONCERNING SHAPIRO, PRESIDENT AND FOUNDER OF NUMEC, TO INCLUDE NOT ONLY REINVESTIGATION OF ALLEGED DIVERSION, BUT ALSO THE POSSIBILITY THAT CURRENT OR FORMER GOVERNMENT OFFICIALS DID NOT TAKE APPROPRIATE ACTION TO THOROUGHLY RESOLVE ALLEGATIONS INVOLVING SHAPIRO. (b)(4) DURING THE COURSE OF THE INVESTIGATION, NUMEROUS INTERVIEWS WERE

RMS:gm 3/7/80 4084 4651

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1 - [redacted]

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PAGE TWO DE HQ 0127 UNCLAS ~~SECRET~~ ~~CONFIDENTIAL~~

CONDUCTED OF FORMER OFFICIALS OF THE ATOMIC ENERGY COMMISSION; NUMEC; FORMER ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION, NOW THE DEPARTMENT OF ENERGY (DOE); AND INDIVIDUALS WHO WERE ASSOCIATES AND ACQUAINTANCES OF SHAPIRO.

WASHINGTON FIELD OFFICE SUBMITTED A CLOSING REPORT DATED FEBRUARY 7, 1980, COPY TO PITTSBURGH BUT NONE TO PHILADELPHIA, COMPLETING INTERVIEWS WHICH HAD BEEN REQUESTED BY DEPARTMENT OF JUSTICE (DOJ). DURING THE INVESTIGATION, APRIL, 1976 TO FEBRUARY, 1980, THERE WAS NO SUBSTANTIVE EVIDENCE TO INDICATE THAT A DIVERSION OCCURRED AND THERE WAS NO EVIDENCE TO PROVE THE ALLEGATION THAT GOVERNMENT OFFICIALS SOUGHT TO OVERLOOK VIOLATIONS OF SECURITY AND ACCOUNTING PROCEDURES THAT OCCURRED AT THE NUMEC FACILITY.

ON MARCH 7, 1980, OFFICIALS OF THE NUCLEAR REGULATORY COMMISSION (NRC) FURNISHED INFORMATION PROVIDED BY THE REGION ONE NRC OFFICE AT KING OF PRUSSIA, THAT A FORMER EMPLOYEE OF NUMEC, [redacted] b7D

[redacted] PENNSYLVANIA, TELEPHONE NUMBER [redacted] PROVIDED INFORMATION CONCERNING POSSIBLE DIVERSION OF SPECIAL NUCLEAR MATERIAL FROM NUMEC TO ISRAEL. [ ] ~~(X)(S)~~ (U)

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PAGE THREE DE HQ 0127 UNCLAS

[redacted] INITIALLY CONTACTED REGION ONE, NRC, FEBRUARY 27, 1980, INDICATING HIS DESIRE TO TALK TO AN OFFICIAL OF NRC ABOUT SEVERAL DEATHS, POSSIBLY CANCER RELATED, OF BABCOCK AND WILCOX (B & W) EMPLOYEES. IT IS NOTED THAT B & W PURCHASED NUMEC FROM SHAPIRO IN THE EARLY 1970'S. THIS INITIAL CONTACT WAS FOLLOWED UP BY NRC CONTACT WITH [redacted] ON FEBRUARY 7, 1980, BY HEALTH PHYSICIST [redacted] OF THE REGION ONE, NRC, OFFICE. AFTER [redacted] DISCUSSED HIS CONCERN WITH [redacted] CONCERNING POSSIBLE CANCER DEATHS RELATED TO EMPLOYMENT AT B & W, APOLLO, PENNSYLVANIA, HE VOLUNTEERED INFORMATION TO THE EFFECT THAT WHILE HE [redacted] WAS EMPLOYED AT NUMEC, HE, AT ONE TIME, SAW CONTAINERS ON THE LOADING DOCK WHICH HAD SHIPPING DOCUMENTS INDICATING ISRAEL AS THE DESTINATION AND THE SHIPPING CONTAINERS APPEARED TO [redacted] TO BE THE TYPE WHICH WOULD HAVE HOUSED SPECIAL NUCLEAR MATERIAL.

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INFORMATION PROVIDED BY NRC WAS DISCUSSED WITH OFFICIALS OF DOJ, WHO REQUESTED INVESTIGATION BE INSTITUTED TO ASCERTAIN THE VALIDITY OF THE STATEMENTS MADE BY [redacted] LEADS SET FORTH SHOULD BE HANDLED IN AN EXPEDITIOUS MANNER, AND SUMMARY RESULTS OF INTERVIEWS SHOULD BE FURNISHED BY TELETYPE TO THE

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PAGE FOUR DE HQ 0127 UNCLAS

~~CONFIDENTIAL~~

TERRORISM SECTION, CRIMINAL INVESTIGATIVE DIVISION, WITH FULL DETAILS OF INTERVIEWS FURNISHED IN A FORM SUITABLE FOR DISSEMINATION.

PHILADELPHIA SHOULD CONTACT THE FOLLOWING REGION ONE, NRC, OFFICIALS FOR ANY KNOWLEDGE THEY MAY HAVE CONCERNING STATEMENTS MADE BY [redacted] JAMES ALLEN, DIRECTOR; WALTER MARTIN, CHIEF, SAFEGUARDS BRANCH; JAMES DEVLIN, CHIEF OF SECURITY INVESTIGATIONS; AND [redacted], HEALTH PHYSICIST, TO WHOM [redacted] FURNISHED THE STATEMENTS CONCERNING DIVERSION OF NUCLEAR MATERIAL.

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UPON RECEIPT OF THE SUMMARY RESULTS OF THE INTERVIEWS FROM PHILADELPHIA, PITTSBURGH SHOULD CONTACT [redacted] AND INTERVIEW HIM CONCERNING HIS STATEMENTS MADE ABOUT THE ALLEGED DIVERSION OF SPECIAL NUCLEAR MATERIAL FROM NUMEC [TO ISRAEL.] (S) (U) THIS INTERVIEW SHOULD BE ALL ENCOMPASSING, INCLUDING DATES OF EMPLOYMENT AT NUMEC, HIS JOB TITLE, HIS ACCESS TO SPECIAL NUCLEAR MATERIAL OR ACCOUNTING RECORDS FOR SPECIAL NUCLEAR MATERIAL, THE NAMES AND POSITIONS OF ANY OTHER INDIVIDUALS AT NUMEC HE SUSPECTED MAY HAVE BEEN INVOLVED IN THIS ALLEGED DIVERSION. THE COMPLETE DETAILS, INCLUDING EXACT DESCRIPTION OF THE INCIDENT AT THE

PAGE FIVE DE HQ 0127 UNCLAS

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LOADING DOCK AND THE CONTAINERS HE SAW SHOULD BE OBTAINED, AS WELL AS ANY INFORMATION CONCERNING SHIPPING DOCUMENTS ATTACHED TO THESE CONTAINERS AND THE DATE THIS INCIDENT OCCURRED.

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NOTE: Leads set forth for Pittsburgh, in an attempt to corroborate allegations of [redacted] that special nuclear material was being sent to Israel. (S)(U) b7D

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DATE 09-18-2017 BY: [redacted]

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3/25/80 UNCLAS ~~CONFIDENTIAL~~ PRIORITY

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FM DIRECTOR, FBI {117-2564}

TO FBI, PITTSBURGH {117-108} PRIORITY

FBI, PHILADELPHIA {117-174} ROUTINE

FBI, WASHINGTON FIELD {117-273} ROUTINE

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DIVERT, AEA, OO: WFO

9-9-03 #R030758 60290 BCE/MLT/JTG
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AS AMENDED

REFERENCE FBIHQ TELETYPE DATED MARCH 7, 1980, AND PITTSBURGH TELETYPE DATED MARCH 24, 1980, CAPTIONED AS ABOVE.

ADDITIONAL INVESTIGATION IS AUTHORIZED IN AN ATTEMPT TO CORROBORATE INFORMATION PROVIDED BY [redacted] DURING INTERVIEW. DETERMINATION SHOULD BE MADE AS TO WHETHER [redacted] REFERRED TO AS LOADING DOCK FOREMAN BY [redacted] AND [redacted] DESCRIBED BY [redacted] AS NUMEC TRUCK TRIVER, ARE STILL EMPLOYED AT THE APOLLO FACILITY, NOW OPERATED BY BABCOCK AND WILCOX, INC. {B & W}.

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ONCE LOCATION IS ESTABLISHED FOR [redacted] AND [redacted]

FMM/F RMS/grr 3/25/80 4084/6 4651

1 - [redacted]

See NOTE Page Three

~~5668SC01R2 8-18-86~~

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117-2564

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PAGE TWO DE HQ 0102 UNCLAS

ARRANGEMENTS SHOULD BE MADE FOR AN IMMEDIATE INTERVIEW OF BOTH CONCERNING THEIR RECOLLECTION AND RENDITION OF EVENTS AS DESCRIBED BY [redacted] WHICH OCCURRED DURING THE TIME FRAME OF LATE MARCH OR EARLY APRIL, 1965, AT APPROXIMATELY 10:00 P.M., AT THE LOADING DOCK OF THE APOLLO FACILITY. IF [redacted] OR [redacted] ARE RESIDING OUTSIDE PITTSBURGH'S TERRITORY, LEADS SHOULD BE SET FORTH TO EFFECT THEIR IMMEDIATE INTERVIEW.

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THE INTERVIEWS OF [redacted] AND [redacted] SHOULD BE ALL ENCOMPASSING, INCLUDING DATES OF EMPLOYMENT AT NUMEC, JOB TITLES, ACCESS TO SPECIAL NUCLEAR MATERIAL OR ACCOUNTING RECORDS FOR SPECIAL NUCLEAR MATERIAL, THEIR ASSOCIATION WITH FORMER PRESIDENT AND OWNER OF NUMEC, DR. ZALMAN SHAPIRO, [AND ~~(S)~~ ANY KNOWLEDGE OR INFERENCE THAT SPECIAL NUCLEAR MATERIAL WAS ~~(S)~~ (U) BEING SHIPPED TO ISREAL.] IF APPROPRIATE, THE INTERVIEWEES SHOULD BE FURNISHED THEIR RIGHTS DURING THE INTERVIEW.

SUMMARY RESULTS OF INTERVIEWS SHOULD BE FURNISHED BY TELETYPE TO THE TERRORISM SECTION, CRIMINAL INVESTIGATIVE DIVISION, WITH FULL DETAILS OF THE INTERVIEWS FURNISHED IN A FORM SUITABLE FOR DISSEMINATION.

BT

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

FEDERAL BUREAU OF INVESTIGATION

REPORTING OFFICE	OFFICE OF ORIGIN	DATE	INVESTIGATIVE PERIOD
PHILADELPHIA	WASHINGTON FIELD OFFICE	3/28/80	3/10-11/80

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

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CHARACTER OF CASE

ATOMIC ENERGY ACT; OOJ

REFERENCE

Bureau teletype to Pittsburgh, 3/7/80;
Philadelphia teletype to Bureau, 3/11/80

-RUC-

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

APPROVED

SPECIAL AGENT IN CHARGE

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COPIES MADE:

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

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Agency				
Request Recd.				
Date Fwd.				
How Fwd.				
By				

Notations

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

FEDERAL BUREAU OF INVESTIGATION

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REPORTING OFFICE	OFFICE OF ORIGIN	DATE	INVESTIGATIVE PERIOD
PHILADELPHIA	WASHINGTON FIELD OFFICE	3/28/80	3/10-11/80

TITLE OF CASE

ZALMAN MORDECAI SHAPIRO

REPORT MADE BY [redacted]

TYPED BY jmd

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CHARACTER OF CASE

ATOMIC ENERGY ACT; OOJ

REFERENCE

Bureau teletype to Pittsburgh, 3/7/80;
Philadelphia teletype to Bureau, 3/11/80

-RUC-

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DATE 6/22/82 BY SP-1 USK/RBG
5668 SLD/KD 5-18-85

ACCOMPLISHMENTS CLAIMED [X] NONE

CONVIC.	PRETRIAL DIVERSION	FUG.	FINES	SAVINGS	RECOVERIES	ACQUIT-TALS

CASE HAS BEEN:
PENDING OVER ONE YEAR [ ] YES [X] NO
PENDING PROSECUTION OVER SIX MONTHS [ ] YES [X] NO

APPROVED

SPECIAL AGENT IN CHARGE

COPIES MADE:

2 - Bureau (117-2564)
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1 - Philadelphia (117-174)

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Agency				
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How Fwd.				
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FD-204 (Rev. 3-3-59)

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DATE 12-29-2008

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

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Report of: [redacted]

Date: MARCH 28, 1980

Office: PHILADELPHIA, PENNSYLVANIA

Field Office File #: 117-174

Bureau File #: 117-2564

Title: ZALMAN MORDECAI SHAPIRO

Character: ATOMIC ENERGY ACT
OBSTRUCTION OF JUSTICE

Synopsis: Interviews of James Allen, Deputy Director, Nuclear Regulatory Commission (NRC), Region I, King of Prussia, Pa., Walter Martin, Chief, Safeguards Branch, NRC, Region I and James Devlin, Chief of Security and Investigations, NRC, Region I set forth. [redacted] Fuel Facilities Inspector, NRC Region I interviewed re his interview of [redacted] concerning health hazards of the Babock and Wilcox Nuclear Materials Facility in Apollo, Pa., as well as [redacted] allegations concerning diversion of special nuclear material from the Numec Plant in Apollo, Pa. Details contained herein.

-RUC-

DETAILS: At King of Prussia, Pa.

~~9-9-03 #03R0758 60290 BCE/MLT/JTG D 6 AS AMENDED~~

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FEDERAL BUREAU OF INVESTIGATION

1 ~~CONFIDENTIAL~~ Date of transcription 3/19/80

James Allan, Deputy Director, Nuclear Regulatory Commission (NRC), Region 1, King of Prussia, Pa., was interviewed at his place of employment. He was advised of the identity of the interviewing agent and that the purpose of the interview was to discuss any knowledge he might have regarding allegations received at his office from an individual identified as [redacted] Also present during the interview was [redacted] Investigator, Office of Inspector and Auditor, NRC. Allan furnished the following information:

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Allan stated that he is currently the Acting Director of the Nuclear Regulatory Commission, Region 1 Facility, in the absence of Director Boyce Greer. Allan stated that his office received a complaint from [redacted] on February 27, 1980, alleging health problems in the area of the Babcock and Wilcox Plant in Apollo, Pa. Allan stated that the Babcock and Wilcox Plant was formerly owned by the Atlantic Richfield Company, and prior to ARCO's ownership, it was owned by Zalman Shapiro. Under Shapiro's ownership the facility was known as the Nuclear Materials and Equipment Corporation (NUMEC), Apollo, Pa.

Based on [redacted] allegations, Allan indicated that [redacted] of the Fuel Facilities Materials Safety Branch was dispatched to interview [redacted] and determine the extent of the allegations. Allan explained that allegations concerning health problems is the responsibility of the Fuel Facilities and Materials Safety Branch. Hilbert Crocker is the Chief of the Fuel Facilities Section. Allan indicated that accountability for special nuclear material is the responsibility of the Safeguards Branch. Walter Martin is Chief of the Safeguard Branch and James Devlin is Chief of the Security and Investigations Section of the Safeguard Branch.

2

Investigation on 3/11/80 at King of Prussia, Pa. File # Philadelphia 117-174 (SQ12)

by SA [redacted] /adb Date dictated 3/17/80

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Allan stated that he has no direct knowledge regarding the allegations made by [redacted] b7D He did believe that the original complaint concerned [redacted] belief that the Babcock and Wilcox Plant was causing health problems, particularly cancer, in the Apollo, Pa., area. Allan stated that the NRC has not yet pursued these allegations as it relates to health problems since it will require some epidemiological studies and, therefore, some of this responsibility would be referred to the state of Pennsylvania.

Allan was unable to provide any additional pertinent information.

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

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/19/80

1 ~~CONFIDENTIAL~~

Walter Martin, Chief, Safeguards Branch, Nuclear Regulatory Commission (NRC), Region 1, King of Prussia, Pa., was interviewed at his place of employment. He was advised of the identity of the interviewing agent and that the purpose of the interview was to discuss any knowledge he might have regarding an allegation made to [redacted] an NRC employee on March 5, 1980, by [redacted] concerning the Babcock and Wilcox Nuclear Materials Facility in Apollo, Pa. Also present during the interview was [redacted] Office of Inspector and Auditor, NRC. Martin furnished the following information: b6 b7C b7D

Martin advised that he was aware of the interview that [redacted] had with [redacted] on March 5, 1980. He stated that his office, that is the Safeguards Branch, was concerned only with the allegation made by [redacted] regarding that the diversion of nuclear material from the Nuclear Materials and Equipment Corporation of Apollo, Pa., (the former owner of the Babcock and Wilcox Facility in Apollo, Pa.). The allegations regarding health and safety hazards to the Apollo, Pa., area were of concern to the Fuel Facilities and Materials Safety Branch of which [redacted] is a part.

Martin stated that he was unable to provide any additional information regarding the allegations made by [redacted] since he did not participate in the interview. He did indicate, however, that his office is interested in the allegation since his office is responsible for accountability for special nuclear material.

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Investigation on 3/11/80 at King of Prussia, Pa. File # Philadelphia 117-174 (SQ12)

by SA [redacted] /adb Date dictated 3/17/80 b6 b7C

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FEDERAL BUREAU OF INVESTIGATION

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Date of transcription 3/19/80

James Devlin, Chief, Security and Investigations Section, Safeguards Branch, Nuclear Regulatory Commission (NRC), Region 1, King of Prussia, Pa., was contacted at his place of employment. He was advised of the identity of the interviewing agent and that the purpose of the interview was to determine any knowledge he might have regarding allegations of diversions of nuclear material from the Nuclear Material and Equipment Corporation, Apollo, Pa. Also present during the interview was [redacted] Investigator, Office of Inspector and Auditor, Nuclear Regulatory Commission. Devlin furnished the following information:

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He indicated that he was aware of an allegation of health hazards made by [redacted] to NRC employee [redacted] on March 5, 1980. Devlin said that he or his office did not conduct any investigation in this regard regarding these allegations. He did indicate, however, that in 1965 - 1966 the Atomic Energy Commission (the NRC's predecessor) did not impose any safeguard requirements on organizations like NUMEC and NUMEC did not have a security force per se. According to Devlin, NUMEC's only armed guard was an individual by the name of [redacted] who was also a Deputy Policeman for the local town which he believed to be Leechburg Township, Pa. According to Devlin, the only other security coverage at the NUMEC facility were unarmed, ununiformed watchmen who patrolled after hours.

Devlin was unable to provide any additional information regarding security at the NUMEC facility during the 1965 - 1966 period.

Investigation on 3/11/80 at King of Prussia, Pa. File # Philadelphia 117-174 (SQ12)

by SA [redacted] /adb Date dictated 3/17/80

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FEDERAL BUREAU OF INVESTIGATION

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Date of transcription 3/19/80

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[redacted] Fuel Facilities Inspector, Fuel Facility Projects Section, Fuel Facility and Materials Safety Branch, Office of Inspection and Enforcement, Nuclear Regulatory Commission (NRC), Region 1, King of Prussia, Pa., was interviewed at his place of employment. He was advised of the identity of the interviewing agent and that the purpose of the interview was to discuss an interview he had on March 5, 1980, with [redacted] Also present during the interview was investigator [redacted] Office of Inspector and Auditor, NRC. [redacted] furnished the following information:

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[redacted] stated that at approximately 3:25 p.m. on February 27, 1980, Region 1, NRC, King of Prussia, Pa., Public Affairs Officer [redacted] received a phone call from [redacted] alleged that there were several hazards at the Babcock and Wilcox Nuclear Materials Facility at Apollo, Pa. As a result of this contact with the NRC, [redacted] was assigned to locate and interview [redacted] at his residence, [redacted] Pa., telephone number [redacted]

[redacted] stated that he interviewed [redacted] at the above address on March 5, 1980, at which time [redacted] alleged that various health problems of residence in the Apollo, Pa., area may be attributable to the Babcock and Wilcox Nuclear Materials Facility located in Apollo, Pa. [redacted] stated that [redacted] indicated that he [redacted] was a case in point. [redacted] alleged that in the Fall of 1977 he began to experience various symptoms including dizziness, nausea, depression, and light-headedness. This condition continued for several months. In June of 1978 a Babcock and Wilcox physician identified by [redacted] as [redacted] examined [redacted] Results of the

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Investigation on 3/11/80 at King of Prussia, Pa. File # Philadelphia 117-174 (SQ12)

by SA [redacted] adb Date dictated 3/17/80

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examination were received and determined to be negative, and towards the end of July, 1978, [redacted] told [redacted] that he could return to work. He did so for approximately one week and then entered Citizens General Hospital in New Kensington, Pa., complaining of sore throat and oxygen deficiency. At the time [redacted] was experiencing these symptons he was residing at [redacted] Pa., which according to [redacted] is very close to the Babcock and Wilcox Plant.

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[redacted] stated that in August of 1978, [redacted] allegedly was in contact with the Babcock and Wilcox nurse complaining of the same symptoms. In September of 1979 [redacted] was treated by a [redacted] of the Miners Clinic in North Apollo, Pa., for the same symptoms. At that time [redacted] suggested that [redacted] move away from the Babcock and Wilcox Plant in Apollo, Pa. It was around this time that [redacted] moved to his present address.

On October 12, 1979, [redacted] told [redacted] that he returned to the Miners Clinic and saw a [redacted] who told him that he was fit to return to work.

[redacted] stated that according to [redacted] he attempted to return to work but was told by the Babcock and Wilcox Personnel Officer, [redacted] that he [redacted] had abandoned his job, and he was unable to return to work.

[redacted] stated that [redacted] believes that there are several health problems with not only the employees but also the community adjacent to the Babcock and Wilcox Plant. [redacted] had discussed these problems with several individuals including personnel of the Pennsylvania Department of Environmental Resources, [redacted] of the University of Pittsburgh, [redacted] of the State Health Department, Pennsylvania State Representative Henry Livengood, [redacted] of the Governor's Action Line.

~~CONFIDENTIAL~~

According to [redacted] stated that [redacted] advised him to contact the Nuclear Regulatory Commission. b6 b7C b7D

[redacted] stated that [redacted] is currently undergoing a grievance process between the union and Babcock and Wilcox in an effort to obtain his job back. [redacted] believed that [redacted] wanted to wait until this grievance was settled before he considered contacting NRC because both the company and the union consider the Nuclear Regulatory Commission as the "enemy."

[redacted] Towards the end of the interview, [redacted] asked if there were any security problems at the Babcock and Wilcox Plant. [redacted] mentioned that he was aware that someone had taken some radioactive samples from the plant sometime ago (date not recalled), and there was talk of some employees taking radioactive pellets from the Babcock and Wilcox Plant, but these items were later recovered.

[redacted] told [redacted] that when he read an article in the newspaper concerning losses of nuclear material when Mr. (Zalman) Shapiro was here, he had to laugh. When [redacted] asked for an explanation, [redacted] related the following information which he requested be off the record:

[redacted] stated that sometime in 1965 or 1966 (during the early part of his employment), he and another individual who he was unable to identify were walking near the loading dock at the Nuclear Materials and Equipment Corporation, Apollo Facility. He observed some people, who he was unable to identify, loading cans into some equipment. According to [redacted] the cans were of the approximate size and dimension that would contain high enriched uranium, that is, six inches high and three and a half to four inches in diameter. [redacted] noticed that the shipping papers for the equipment indicated that the material was destined for Israel. He stated that there was a guard with a gun who ordered them to leave the area. As a result of this confrontation, he and his associate left the area. The only individuals on the dock which [redacted] b7D

(U) ~~(S)~~ ~~(S)~~

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provided to [redacted] were a foreman by the name of [redacted] and a truck driver by the name of [redacted] Both were NUMEC employees, and according to [redacted] both are currently employed at the Babcock and Wilcox facility at the present time.

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According to [redacted] claimed to be a Class VI technician and was employed as a HEX operator in the low enriched area during the 1965 - 1966 period. According to [redacted] the loading dock is next to the low enriched area, and, therefore, it would not have been unusual for [redacted] to be in the area. [redacted] indicated that he did not verify any personnel records at the Babcock and Wilcox Plant to determine if, in fact, [redacted] was employed at that facility. However, in his opinion, based on the information furnished by [redacted] it was definite that [redacted] had a working knowledge of the plant operations, and, therefore, it was his opinion that he worked at that facility.

[redacted] stated that he did not go into too much details regarding any diversion of nuclear material from the NUMEC facility since the original purpose of his interview was to discuss any health problems that [redacted] had and the allegations that he had made regarding the Babcock and Wilcox Plant.

[redacted] was unable to provide any additional pertinent information.

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v. 7-15-75)

FEDERAL BUREAU OF INVESTIGATION

REPORTING OFFICE	OFFICE OF ORIGIN	DATE	INVESTIGATIVE PERIOD
PITTSBURGH	WASHINGTON FIELD OFFICE	4/23/80	3/11/80 - 4/15/80

TITLE OF CASE: ZALMAN MORDECAI SHAPIRO

RE [redacted]

TYPED BY: clr

CHARACTER OF CASE: ATOMIC ENERGY ACT; OBSTRUCTION OF JUSTICE

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REFERENCE

Bureau teletype to Pittsburgh dated 3/25/80.
Pittsburgh teletype to Bureau dated 4/7/80.
Pittsburgh teletype to Bureau dated 4/17/80.

- RUC -

ENCLOSURES

Enclosed for Washington Field are the original and one copy each of two FD-302s and original notes regarding interviews of [redacted] and [redacted] at Pittsburgh.

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ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 6/22/82 BY SP-1 GSK/RBY

ACCOMPLISHMENTS CLAIMED ☐ NONE

CONVIC.	PRETRIAL DIVERSION	FUG.	FINES	SAVINGS	RECOVERIES	ACQUIT-TALS
				5668 SLD/RD	5-20-80	

CASE HAS BEEN:
PENDING OVER ONE YEAR ☐ YES ☐ NO
PENDING PROSECUTION OVER SIX MONTHS ☐ YES ☐ NO

APPROVED WAW/mjm — SPECIAL AGENT IN CHARGE

DO NOT WRITE IN SPACES BELOW

117-2564-

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Enc. (6)

~~NOT~~ RECORDED
1 MAY 1 1980

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Dissemination Record of Attached Report

[illegible]	[illegible]	[illegible]	
1 CC to 4084 TO [illegible]			

Notations

~~Spec. Ing.~~

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UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

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Copy to:

Report of: [redacted]
Date: 4/23/80

Office: Pittsburgh, PA

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Field Office File #: 117-108

Bureau File #: 117-2564

Title: ZALMAN MORDECAI SHAPIRO

Character: ATOMIC ENERGY ACT
OBSTRUCTION OF JUSTICE

Synopsis: Interviews of [redacted] Laborer and Truck Driver, Babcock and Wilcox Company, Incorporated, Nuclear Materials Division (B & W, NMD), Apollo, Pennsylvania and [redacted] Transportation Specialist, B & W, NMD, Apollo, PA, are set forth. Both individuals interviewed regarding their knowledge of possible diversion of Special Nuclear Materials from the Numec Plant, Apollo, PA, [to Israel.] (U) (S) Details contained herein.

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- RUC -

DETAILS

9-9-03 #03 EO 758
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☆ U. S. GOVERNMENT PRINTING OFFICE : 1970 O - 406-840

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

FEDERAL BUREAU OF INVESTIGATION

[redacted] CONFIDENTIAL Date of transcription 4/8/80

[redacted] telephone [redacted] was interviewed at his place of employment, Babcock and Wilcox, Nuclear Materials Division, Apollo, PA. After being advised of the identity of the interviewing Agent and the nature of the interview, [redacted] provided the following information: b6 b7C

[redacted] advised that he was employed by Nuclear Materials and Equipment Corporation (NUMEC) in approximately 1961 (exact date unknown) and has been continuously employed at the Apollo, PA, nuclear facility until the present. [redacted] advised he was initially hired as a laborer in the Maintenance Department, but he believed he worked approximately two months and was transferred to the Shipping and Receiving Department as a laborer and truck driver, where he has worked until the present.

[redacted] advised that his job included loading trucks and driving the company trucks. He advised that Shipping and Receiving was under the direct supervision of [redacted] and that [redacted] was responsible for obtaining trucks, insuring the materials were ready for shipment, insuring the proper documentation was ready, and insuring that the trucks were loaded properly. [redacted] stated that on occasion, [redacted] would help load a truck, but due to union restrictions, [redacted] help was infrequent. He further stated that [redacted] is currently the traffic manager for the plant's present owner, Babcock and Wilcox, Inc. (U)

When asked if he recalled any shipment of special nuclear materials or any shipment of equipment to Israel, [redacted] advised he did recall handling a piece of equipment in the middle or late 60s (month, day and year unrecalled), that [redacted] told him he was going to Israel. [redacted] (U) advised that the equipment consisted of a crate measuring approximately four feet by four feet by four feet, containing a piece of equipment he described as cast metal, like a radiator. He stated he believed the truck was loaded in the early afternoon hours when he was instructed to move the truck. (U) (S)

Investigation on 4/3/80 at Apollo, PA File # PG 117-108

by SA [redacted]/dlm Date dictated 4/7/80 b6 b7C

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containing the piece of equipment to the NUMEC Park Township Facility where he believed it was stored for approximately one or two days. [redacted] advised that after one or two days' storage, he received instructions from [redacted] to drive the equipment to New York City for loading aboard a ship. [redacted] stated he could not recall exactly, but thought he delivered the crate to Pier 34 in the New York Harbor. He further advised he could not remember what time of year it was, but stated that he remembered leaving in warm rainy weather in Pittsburgh, but encountered icy road conditions, which caused him to be late delivering the crate at New York City. He further recalled receiving a message at a toll booth on the New Jersey Turnpike for him to call [redacted] and explain why he was late with the delivery. He believed his route of travel was via the Pennsylvania Turnpike to the New Jersey Turnpike. [redacted] stated he recalled when he delivered the crate at the pier in New York, there was no delay in off-loading it from his truck directly onto the ship. He further stated he does not recall the name of the ship. [redacted] volunteered that he did not know if anything was contained inside the cast metal equipment. ~~(U)~~ (S)

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[redacted] advised that his normal work area was the loading dock area at the Apollo nuclear facility which consisted of a single truck bay, which adjoined the low enriched uranium manufacturing area. He advised that it would be unlikely that people from the manufacturing area of the Apollo plant would come out to the loading dock, because they were not allowed to do so. He explained that people in the manufacturing area, which he described as the "hot area" wore white uniforms and shoes and were prohibited from entering the outer areas of the plant, including the Shipping and Receiving area, because their uniforms may contain traces of radioactive materials. [redacted] stated that people who worked in the Shipping and Receiving areas and other non-contaminated areas wore blue uniforms and everyone in the plant knew exactly where the dividing lines were between the clean areas and the "hot areas."

[redacted] advised that he knew Dr. Zelman Shapiro (phonetic), NUMEC's owner, only by sight, but stated he

had observed Dr. Shapiro walking through the plant usually about two times per week. [redacted] further advised he had heard that Dr. Shapiro roamed freely in the plant at any time of day or night, but rarely talked with any of the employees. [redacted] advised he at no time ever observed Dr. Shapiro during the evenings on the loading dock, nor could he remember ever seeing Dr. Shapiro at the NUMEC facility during the evening hours. b6 b7C

[redacted] advised he remembered doing one favor for Dr. Zelman Shapiro, which consisted of moving a glass cabinet from Dr. Shapiro's office at NUMEC to his Squirrel Hill home on his departure from NUMEC. [redacted] stated that in this instance, it was not Dr. Shapiro, but [redacted] who asked him to move the cabinet for Dr. Shapiro.

When [redacted] was asked how he knew the difference between high enriched and low enrichard materials, he provided the following descriptions: He stated that high enriched materials were always packed in a silver-colored can that were approximately the size of a one-quart paint can. He stated low enriched materials, however, were shipped in two-gallon buckets that were much larger and weighed approximately 60 pounds. [redacted] further stated that high enriched materials were always shipped by taking a small container and placing it in a larger container, which he described as a 6M can, approximately the size of a five-gallon can, which contained formiculite insullation and was sealed with a snap ring.

[redacted] advised that the only other person who might have been aware of any equipment or materials being shipped out of the country was the shipping clerk, [redacted] who prepared the bills of lading. [redacted] then stated he could recall no further information concerning this incident.

The following description of [redacted] was obtained through observation and interview:

Name
Date of Birth
Place of Birth

Race	White
Sex	Male
Height	6'
Weight	220 pounds
Frame	Large
Hair	Grey
Eyes	Hazel
Complexion	Medium
Marital Status	Married, [redacted]
U.S. Army Service	[redacted]
U.S. Army Serial #	
Social Security #	
Present Residence	
Scars, Marks and Tattoos	[redacted]

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

FEDERAL BUREAU OF INVESTIGATION

1 ~~CONFIDENTIAL~~ 4/18/80

[redacted] telephone number: [redacted] was interviewed at his place of employment, Babcock and Wilcox, Nuclear Materials Division, Apollo, Pa. After being advised of the identity of the interviewing Agents and the nature of the interview, [redacted] provided the following information: b6 b7C

[redacted] advised that he was employed by the Nuclear Materials and Equipment Coproration (NUMEC) on February 15, 1960, as a Quality Control Supervisor. He then stated that sometime during 1962 or 1963, NUMEC appointed him Transportation Supervisor, a job he retained until June, 1979, during the changes in ownership from NUMEC to Atlantic Richfield Company to the present owner, Babcock and Wilcox, Inc. In June, 1979, Babcock and Wilcox appointed [redacted] to his present position as a Transportation Specialist.

[redacted] advised that in his job as Transportation Supervisor, his office was located on the loading dock in the main production facility at Apollo, Pa. [redacted] related that there were other NUMEC facilities located at Parks Township, Pa., and Quehanna, Pa., but that any shipping done from these facilities was done through his office at the main Apollo plant. [redacted] advised that during the 1960's, [redacted] a Shipping Clerk, was also located in his office beside the loading dock at Apollo, Pa. [redacted] advised his own job required him to arrange for air, sea and land transportation for shipments of materials leaving the NUMEC facilities. [redacted] then stated that [redacted] job was to prepare the documentation for each shipment and insure the loads were arranged properly. [redacted] then related that both he and [redacted] had access to the accounting records concerning the manufacture and shipment of any nuclear materials produced by NUMEC. Both men had access to special nuclear materials when they were delivered to the loading dock for shipment and while they were aboard NUMEC company trucks.

[redacted] advised that in order to ship products, a "shipper's list" was sent to his office after having been signed off by representatives from the following departments at NUMEC: Health, Nuclear Safety, Security, Accountability,

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Investigation on 4/15/80 at Apollo, Pa. File # PG 117-108

by SAs [redacted] and [redacted]:JPO/drg Date dictated 4/17/80 b6 b7C

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and finally Shipping. [redacted] related that low-enriched nuclear materials were packed by the Shipping Department and loaded aboard the trucks at the loading dock. He stated that high-enriched nuclear products were loaded by the vault handlers into special packaging in the "hot cell," which he described as a clean room where manipulater arms were used to handle the materials. The high-enriched products were loaded into "casks with cooling fins" and closed in the hot cell before they were delivered to the loading dock. [redacted] stated the only function performed on the loading dock was to place a final seal on these casks and then load them aboard the trucks. Storage of nuclear materials was not allowed on the loading dock; therefore, they had to be immediately loaded aboard trucks and dispatched to their destination. [redacted] further advised that the shipper's list usually noted what kind of material was located within these casks, but under no circumstances were the casks opened on the loading dock to verify either the type of substance or the amount. [redacted] stated they always took the vault handler's word for what was contained in the shipping containers. [redacted] stated the aforementioned casks always contained "hot" materials and were delivered to the loading dock by the vault handlers rather than day laborers from the loading dock entering the plant to obtain the shipping containers. [redacted] then stated that employees working in the manufacturing areas of the Apollo facilities wore white coveralls and shoe covers and there were specific limits within the plants to which these people had access. Similarly, those people who worked on the loading dock in the non-manufacturing areas wore blue coveralls with no shoe covers and were not allowed to walk inside the plant. [redacted] stated that some of the high-enriched materials, which he described as 20% uranium, arrived at the loading dock in temporary storage containers known as stovepipes, which were made out of corrugated sheet metal. [redacted] stated that contained in these stovepipes would be three smaller containers, measuring approximately 3" x 8", which his shipping personnel removed from the stovepipe and placed in a single steel container, known as a 2R inner container. This container was then placed in another drum, he described as a 55 gallon drum with insulation, and sealed for shipping. [redacted] stated this is the only time he or his personnel come in contact with any high-enriched uranium products.

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When asked if he recalled any shipment of special nuclear materials or equipment to Israel, [redacted] advised he recalled at least four separate nuclear material shipments to Israel as set forth below: (S) b6 b7C

1. On approximately October 26, 1962 or 1963 (remembered because date coincides with [redacted] advised he received a shipper's list requiring him to load one cask with cooling fins aboard a three-ton NUMEC company truck for shipment to New York City. [redacted] recalled he thought this particular shipment contained Strontium 90. [redacted] advised the cask was loaded in the afternoon or early evening hours and prepared for shipment early the next morning. [redacted] advised that Dr. Zalman Shapiro called him at home early in the morning of the following day and told him to move the shipment immediately to its destination. [redacted] advised he arrived at work early in the morning, perhaps 7:00 AM, and was then told by Dr. Shapiro to unload the truck, that the shipment had been canceled. The truck was duly unloaded according to Dr. Shapiro's order, but at approximately 11:30 AM on the same morning, Dr. Shapiro called [redacted] and told him to reload the truck, the material had to be in New York City by 4:00 PM that day. [redacted] advised he dispatched the load driven by company driver [redacted] approximately noon of the same day. [redacted] then advised that frequently (possibly hourly) Dr. Shapiro called him to determine the progress of the truck. [redacted] advised that he had left messages at turnpike toll booths for his driver, [redacted] to report his progress. [redacted] then stated the truck finally arrived at its destination, Pier 32, Zim-Israel Steamship Lines, New York City, New York, at approximately 2:30 AM the following day. [redacted] related that [redacted] stated the cargo was off loaded directly from the back of the truck immediately on to the ship (name unknown). [redacted] provided the following telephone contact from his personal telephone index, which he believed was related to this shipment: [redacted] telephone number: [redacted] advised that he believed this shipment occurred around the time of the B52 bomber crash in Spain, because at the time Spain did not allow the presence of nuclear materials on its soil, due to the loss of the atomic bombs contained on the B52. [redacted] stated he recalled the ship's original destination (S)

(U) was Barcelona, Spain, then to Haifa, Israel, but had to be rerouted to Haifa, Israel, first. (S)

2. [redacted] then recalled that between October, 1964, and September, 1965, he shipped a "remote weather station," which he described again as a large cask with cooling fins containing hot material, to Israel. [redacted] advised the method of shipment was again by truck to New York City, then aboard a Zim-Israel Steamship Lines ship to Israel. [redacted] could not recall the exact destination, name of the ship, nor the contents of the cask, again citing the fact that he took the vault handler's word on the materials contained in the cask, inasmuch as opening this type of container would expose himself and his crew to extreme danger. (S) b6 b7C

(U)

3. [redacted] advised that during the late summer or early fall of 1965 (exact time period unknown) he was told by Dr. Shapiro to personally take a crate containing unknown materials to New York City. [redacted] advised the crate measured approximately 3½' x 3½' x 3½' and he believed it may have contained radioactive material. [redacted] advised he personally took the crate, as directed by Dr. Shapiro, to TWA Airlines at Greater Pittsburgh International Airport (GPIA) and accompanied the crate to New York city, New York, where he personally delivered the crate via rented station wagon to a representative of the Israeli Defense Ministry (name unknown) in Manhattan, New York. [redacted] related that prior to his departure, Dr. Shapiro told him to call the Israel Consul if he needed any help. Again [redacted] provided from his personal telephone index the following name at the Israeli Consulate: [redacted] telephone number: [redacted] home telephone number: [redacted] (S) (S)

(U)

4. [redacted] advised that in approximately September, 1966, Dr. Shapiro again told him to personally escort a shipment from the NUMEC Facility at Quehanna, Pa., to the Newark, New Jersey, area. [redacted] described the NUMEC Facility at Quehanna, Pa., as the site of an experimental nuclear reactor previously owned by Penn State University. [redacted] advised he was also accompanied on this trip by [redacted] (phonetic), a NUMEC Safety Official, and Marlin Ebert (phonetic), a NUMEC Contracts Administrator. [redacted] recalled that this shipment consisted of two crates, one measuring approximately (S)

(U)

8' x 10' x 8', and the second crate measuring approximately 4' x 5' x 4'. These crates were marked with radioactive symbols. He stated he recalled this shipment was escorted to the Pennsylvania-New Jersey border by the Pennsylvania State Police and was monitored in New Jersey by the New Jersey Department of Health. [redacted] then advised that unlike the previous shipments, this shipment was delivered to the Maheir Steamship Lines at Newark, New Jersey. [redacted] related that upon arrival at the Maheir Lines docks, the crates were off loaded directly from the trucks into the ship's hold. [redacted] advised he believed the name of this particular ship was the Yafo, which he recalled had a destination of Haifa, Israel. (U) (S)

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[redacted] could not recall any other instances of shipment of nuclear materials to Israel nor any other specifics about the foregoing shipments. [redacted] further advised he could not recall ever shipping any materials to any other country but Israel and further related that it was highly unusual that materials would be taken directly from the backs of the trucks on to ships. He stated it was his experience that materials are usually removed from incoming trucks and placed in a warehouse prior to being loaded on a ship. [redacted] then advised that NUMEC's shipping agent in New York City who handled the arrangements with both Zim-Israel and Maheir Steamship Lines was W. J. Burns and Company, New York City, New York. (U) (S)

[redacted] advised that until approximately 1978, the Apollo Nuclear Facility handled low-enriched uranium, high-enriched uranium products and plutonium products, further advising that plutonium products normally were shipped from the Parks Township Facility. [redacted] advised that the casks with the cooling fins were usually reserved for those materials that were highly radioactive, such as the highly-enriched uranium or plutonium products. (U)

When querried as to his relationship with Dr. Shapiro, [redacted] advised that their relationship was strictly a boss-employee type of relationship. [redacted] described Dr. Shapiro as a very difficult, demanding man to work for, as he would call and demand action on very short notice. [redacted] described Dr. Shapiro as a very fair man and that he would place a requirement on an employee but leave it (U)

up to the employee as to how he accomplished it. [redacted] further advised that he can recall only doing one favor for Dr. Shapiro and advised that when Dr. Shapiro left NUMEC, the company driver, [redacted], moved a glass cabinet from Shapiro's office at NUMEC to his home in the Squirrel Hill Section of Pittsburgh, Pa. (S)

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[redacted] advised that Dr. Shapiro made frequent visits at odd hours to the manufacturing area of the NUMEC, Apollo Facility, but rarely said more than hello to the employees. [redacted] advised that Shapiro would often see something wrong and would tell the employee to correct it or contact the employee's supervisor to see that a correction was made. He described Dr. Shapiro as a very calm man.

[redacted] advised that he was aware and it was common knowledge throughout the Apollo, Pa., Facility that Dr. Shapiro made several trips to Israel during the 1962-1966 time frame. [redacted] could not, however, align Dr. Shapiro's trips with any shipments made to Israel, nor could he recall any phone calls received from Dr. Shapiro while he was in Israel. [redacted] did recall receiving phone calls from [redacted] a NUMEC Engineer, who was located in Israel. He recalled that [redacted] would request items from the NUMEC machine shop, located at Parks Township, Pa. [redacted] could not recall the items requested by [redacted] that were shipped to Israel. (S) (S)

(U)

At the conclusion of the interview, [redacted] provided another name contact for Zim-Israel Shipping Lines as follows: Zim-Israel Lines Representative [redacted] telephone number: [redacted] then advised that there is a possibility that the shipping records for the time period 1962-1966 are still maintained by the Accountability Department at the Apollo Nuclear Facility. (S) (S)

(U)

NOTE: Referenced communication from Pittsburgh provided information resulting from an interview of [redacted] former employee of Numec, in the transportation area, concerning shipments of (S) materials from Numec to Israel. Additional interviews are to be conducted, based on information provided by [redacted] of individuals who may have additional knowledge concerning the operation at Numec or associated with former president and owner Dr. Z. M. Shapiro. b6 b7C

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FM DIRECTOR, FBI

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FBI, NEW HAVEN ROUTINE

FBI, NEW YORK ROUTINE

FBI, PITTSBURGH {117-108} ROUTINE

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DIVERT, AEA; OO: WASHINGTON FIELD OFFICE

REFERENCE PITTSBURGH TELETYPE DATED APRIL 17, 1980.

BASED ON THE INFORMATION PROVIDED BY PITTSBURGH IN THE REFERENCED COMMUNICATION, WASHINGTON FIELD OFFICE SHOULD ENSURE THAT NEW HAVEN AND NEW YORK RECEIVE SUFFICIENT BACKGROUND INFORMATION TO CONDUCT INTERVIEWS OF [redacted] A FORMER ACCOUNTABILITY OFFICER AT NUCLEAR MATERIALS AND EQUIPMENT CORPORATION {NUMEC}, APPOLO, PENNSYLVANIA, {62-65}, WHO IS CURRENTLY EMPLOYED AT UNITED NUCLEAR, WOOD RIVER JUNCTION, CONNECTICUT, WITH ARRANGEMENTS

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RMS/gnp 4/24/80 4084/6 4651

1 - [redacted]

See NOTE Page Four

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FED. BUREAU OF INVESTIGATION
COMMUNICATIONS CENTER
APR 25 1980

APR 29 1980

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PAGE TWO DE HQ 0050 UNCLAS

MADE FOR INTERVIEW OF [redacted] THROUGH UNITED SECURITY DIRECTOR [redacted] TELEPHONE 203/848-1511.

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APPROPRIATE OFFICIALS AT W. J. BURNS AND COMPANY, NEW YORK, NEW YORK, SHIPPING AGENT FOR NUMEC, SHOULD BE INTERVIEWED CONCERNING RECOLLECTION OF SHIPMENTS DURING THE PERTINENT TIME PERIODS, AS WELL AS ANY HISTORIC DOCUMENTATION OF SHIPPING PERFORMED FOR THE NUMEC CORPORATION AND ITS PRESIDENT, ZALMAN MORDECAI SHAPIRO, [FOR SHIPMENTS OF MATERIAL FROM NUMEC TO ISRAEL.] ~~(S)~~ (U)

WFO SHOULD ATTEMPT TO DETERMINE THROUGH THE NUCLEAR REGULATORY COMMISSION LOCATION OF [redacted] A FORMER NUMEC NUCLEAR SAFETY OFFICER WHO ACCOMPANIED [redacted] DURING A SHIPMENT OF MATERIAL FROM THE NUMEC FACILITY, QUEHANNA, PENNSYLVANIA, TO NEWARK, NEW JERSEY, AND INTERVIEW HIM CONCERNING HIS KNOWLEDGE OF SHIPPING PROCEDURES AT NUMEC, HIS ASSOCIATION WITH FORMER PRESIDENT AND OWNER, DR. SHAPIRO, DATES OF EMPLOYMENT AT NUMEC, JOB TITLES, ACCESS TO SPECIAL NUCLEAR MATERIAL OR ACCOUNTING RECORDS FOR SPECIAL NUCLEAR MATERIAL, [OR ANY KNOWLEDGE THAT SPECIAL NUCLEAR MATERIAL WAS BEING SHIPPED TO ISRAEL.] ~~(S)~~ (U)

~~CONFIDENTIAL~~

PITTSBURGH SHOULD ATTEMPT TO DETERMINE THROUGH APPROPRIATE OFFICIALS OF BABCOCK AND WILCOX, INC., APPOLO, PENNSYLVANIA, THE LAST KNOWN ADDRESS OF MARLIN EBERT, A FORMER NUMEC CONTRACTS ADMINISTRATOR. LEADS SHOULD BE SET FORTH WHEN LOCATION FOR EBERT ASCERTAINED TO INTERVIEW HIM ALONG THE SAME LINES AS SET FORTH FOR INTERVIEW OF [redacted]

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IF APPROPRIATE, INTERVIEWEES SHOULD BE FURNISHED ADVICE OF RIGHTS DURING THE INTERVIEWS. SUMMARY RESULTS OF INTERVIEWS SHOULD BE FURNISHED BY TELETYPE TO THE TERRORISM SECTION, CRIMINAL INVESTIGATIVE DIVISION, WITH FULL DETAILS OF INTERVIEWS FURNISHED IN A FORM SUITABLE FOR DISSEMINATION.

BT

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DATE 09-18-2017 BY: [redacted] b6 b7C

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CLASSIFIED BY: 9903 #03R0758 60290 BCE/MLT/[illegible]
REASON: 4 (D)
DECLASSIFY ON: X6 [illegible]

FM PITTSBURGH (117-108) (RUC)

TO DIRECTOR (117-2564) ROUTINE

PHILADELPHIA (117-174) (INFO) ROUTINE

SAN FRANCISCO ROUTINE

WASHINGTON FIELD (117-273) ROUTINE

BT

UNCLAS

ATTENTION: CRIMINAL INVESTIGATIVE DIVISION, TERRORISM SECTION

DIVERT; AEA; (OO: WFO)

RE BUREAU TELETYPE TO WFO DATED APRIL 24, 1980. (U)

FOR THE INFORMATION OF SF, CAPTIONED IS CODEWORD FOR FBI [illegible]GATION INTO ALLEGED DIVERSION OF SPECIAL NUCLEAR MATERIALS [illegible] NUCLEAR MATERIALS AND EQUIPMENT CORPORATION (NUMEC), [illegible] PA. [TO ISRAEL. INVESTIGATION AT PG REVEALED APPROXIMATELY [illegible]LEGED SHIPMENTS OF MATERIALS FROM NUMEC TO ISRAEL BETWEEN [illegible]MATELY ~~1962~~ 1962 AND 1966] (U)

INTERVIEW OF [redacted], FORMER NUMEC TRANSPORTATION b6 b7C

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED EXCEPT WHERE SHOWN OTHERWISE

Classified by SP6 BJA/RBG
Declassify on: OADR
5668 SLD/KG 4/18/84
5-21-85

~~CONFIDENTIAL~~

84 MAY 28 '80

16 MAY 9 1980

SUPERVISOR, ON APRIL 18, 1980, REVEALED A SHIPMENT OF MATERILAS DEPARTED A NUMEC FACILITY AT QUEHANNA, PA (SITE OF AN EXPERIMENTAL NUCLEAR REACTOR), APPROXIMATELY SEPTEMBER, 1966, FOR HAIFA, ISRAEL. THIS ALLEGED SHIPMENT WAS ACCOMPANIED TO THE MAHEIR

(U) STEAMSHIP LINES DOCKS AT NEWARK, NJ BY [redacted] b6 b7C

A NUMEC NUCLEAR SAFETY OFFICIAL AND MARLIN EBERT, A NUMEC CONTRACTS ADMINISTRATOR. THIS ALLEGED SHIPMENT CONSISTED OF TWO CRATES, ONE MEASURING APPROXIMATELY EIGHT FEET BY TEN FEET BY EIGHT FEET, THE OTHER APPROXIMATELY FOUR FEET BY FIVE FEET BY FOUR FEET. THE CRATES WERE MARKED WITH RADIOACTIVE FORM SYMBOLS.

INVESTIGATION AT PG DETERMINED MARLIN J. EBERT, DOB DECEMBER 2, 1938, LEFT THE APOLLO, PA, NUCLEAR FACILITY APPROXIMATELY 1970 AFTER NUMEC HAD BEEN SOLD TO ATLANTIC RICHFIELD COMPANY AND RELOCATED TO CA. SOURCE INFO INDICATES MARLIN EBERT IS BELIEVED EMPLOYED BY GENERAL ELECTRIC CORPORATION AT VALLESITOS, CA. CA DMV RECORDS REFLECT THE FOLLOWING INFO: MARLIN J. EBERT, 1447 SUNSET DRIVE, LIVERMORE, CA, DOB DECEMBER 2, 1938, HEIGHT 5'8", WEIGHT 163, HAIR BROWN, EYES BROWN. IN ADDITION, THE PA COMMONWEALTH LAW ENFORCEMENT ASSISTANCE NETWORK (CLEAN) ALSO REFLECTS A CURRENT DRIVERS LICENSE ONLY FOR MARLIN J. EBERT,

DOB DECEMBER 2, 1938, AT 3001 MARLIN ROAD, BRYN ATHYN, PA 19009.

SF CONDUCT ALL ENCOMPASSING INTERVIEW OF MARLIN J. EBERT, TO INCLUDE HIS KNOWLEDGE OF SHIPPING PROCEDURES AT NUMEC, HIS ASSOCIATION WITH FORMER NUMEC PRESIDENT AND OWNER, DR. ZALMAN MORDECAI SHAPIRO, DATES OF EMPLOYMENT AT NUMEC, JOB TITLES, ACCESS TO SPECIAL NUCLEAR MATERIALS OR ACCOUNTING RECORDS FOR SPECIAL NUCLEAR MATERIALS [OR ANY KNOWLEDGE THAT SPECIAL NUCLEAR MATERIALS WERE SHIPPED TO ISRAEL.] IF APPROPRIATE, THE INTERVIEWEE SHOULD BE FURNISHED HIS RIGHTS DURING INTERVIEW. ~~(S)~~ (U)

SUMMARY RESULTS OF INTERVIEW SHOULD BE FURNISHED BY TT TO. THE TERRORISM SECTION, CRIMINAL INVESTIGATIVE DIVISION, WITH FULL DETAILS OF INTERVIEWS FURNISHED IN A FORM SUITABLE FOR DISSEMINATION.

BT

#

HOLD

~~CONFIDENTIAL~~

UNITED STATES GOVERNMENT

memorandum

DATE: April

REPLY TO ATTN OF: Philip B. Heymann
Assistant Attorney General
Criminal Division

FEDERAL GOVERNMENT

PBH:JLM:GGM:rtd
146-41-15-3112

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

DOJ Info Unclassified Per DOJ letter 5-23-85

TO: The Director
Federal Bureau of Investigation

Reference is made to your communication dated March 25, 1980 reporting on the Bureau's interview with [redacted] a former employee of Nuclear Materials and Equipment Corp. (NUMEC). Your communication indicated that during the interview, [redacted] advised that late one evening, during late March or early April 1965, he observed other employees of NUMEC loading what he thought were containers of highly enriched materials onto a truck. [redacted] also noted that the apparent destination of the materials was Israel

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[redacted]

EXP PROC.
APR 24 1980

Classified by 5[illegible] 6-26-85
Declassify on: OADR
FBI Info

9-9-03 #03R0758
FBI INFO.
60290 BCE/MLT/JTG
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5/27
APR 1980

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DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 09-18-2017 BY [redacted]

~~CONFIDENTIAL~~

Info provided [redacted]
4/22/80

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

☆ U.S. Government Printing Office: 1977—241-530/3474

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

97 JUN 4 1980

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FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 12-29-2008

UNITED STATES DEPARTMENT OF JUSTICE

FEDERAL BUREAU OF INVESTIGATION

In Reply, Please Refer to File No.

Pittsburgh, Pennsylvania

March 25, 1980

[redacted]

b7D

FORMER EMPLOYEE OF NUCLEAR MATERIALS AND EQUIPMENT CORPORATION, APOLLO, PENNSYLVANIA; ATOMIC ENERGY ACT

On March 21, 1980, [redacted] was interviewed at his residence and provided the following information:

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9-9-03 # R030758 60290 BCE/MLT/2+G 4 D 6 AS AMENDED

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Classified by SP-6BJH/RBG
Declassify on: OADR
5668 SCD/KG 4/18/84
5-21-85

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

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

FEDERAL BUREAU OF INVESTIGATION

~~CONFIDENTIAL~~ 3/24/80

Date of transcription

[redacted] Pa., telephone [redacted] was interviewed at his residence. After being advised of the identities of the interviewing Agents and the nature of the interview, [redacted] provided the following information: b7D

[redacted] advised that he was employed by Nuclear Materials and Equipment Corp. (NUMEC) in February, 1965, (exact date unknown) and was continuously employed at the Apollo, Pa., facility through two ownership changes until October, 1978. [redacted] advised that he was fired in October, 1978, by the present owner, Babcock and Wilcox, Inc., for job abandonment following an alleged job related illness.

[redacted] advised that upon being hired at NUMEC, he was given three days of schooling on the equipment he was to operate and briefed by the Personnel Manager and Low Enrichment Facility Foreman concerning the security measures at the Apollo facility nuclear plant. He then commenced his production line job upon completion of this brief schooling. [redacted] related that his exact position was Senior Ammonator Operator in the Low Enriched Operations area, which was immediately adjacent to the loading dock area of the Apollo nuclear facility. [redacted] further described the NUMEC Apollo plant as being broken down into four areas: the Low Enriched area, the High Enriched area, the Sphere area, and the Peletizer area. He advised that although his full-time job was on the Low Enriched Area Ammonator, he worked overtime in the High Enriched area on several occasions.

[redacted] advised in late March or early April, 1965 (exact date unknown) while working on a swing shift from 3:30 p.m. until 12:00 a.m., his Ammonator was shut down between approximately 9:00 and 10:00 p.m. in the evening. He stated that because of the negative air pressure within the plant area, conditions were usually very warm so he walked out to the loading dock for a breath of air. The loading dock was located approximately 20 feet from his equipment through a single door. [redacted] advised that

Investigation on 3/21/80 at [redacted] Pa. File # Pittsburgh 117-108

by SAs [redacted] and [redacted] JPO/dao Date dictated 3/24/80

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employees often went to the loading dock to get a breath of air and further said he thought he remembered an employees' eating area on the dock.

[redacted] related that when he entered the loading dock area on this particular evening, he noticed a flatbed truck backed up to the loading dock with some strange equipment on it. He described the equipment as several steel cabinets with some kind of gauges on the front of them and other equipment which looked like a lathes. [redacted] opined the equipment may have come from the Peletizer area of which he was not familiar. [redacted] advised he then noticed the NUMEC owner, Dr. Zalman Shapiro, pacing around the loading dock while [redacted] (Shipping and Receiving Foreman) and [redacted] (truckdriver for NUMEC) were loading "stove pipes" into the steel cabinet type equipment that he observed on the truck. [redacted] recalled that there were four or five of the steel cabinets on the flatbed truck. [redacted] stated that [redacted] and [redacted] never loaded trucks themselves, always employing other workers.

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[redacted] stated that the "stove pipes" are cylindrical storage containers used to store canisters of high enriched materials in the vaults located at the Apollo nuclear facility. [redacted] stated that the "stove pipes" contained three or four canisters which were described as highly polished aluminum with standard printed square yellow labels, approximately three inches in diameter by six inches tall, that normally were used to store high enriched uranium products which [redacted] defined as 95 percent uranium.

[redacted] stated that he observed two workmen, whose names he could not recall, bringing the "stove pipes" from the High Enriched vault area located approximately 150 feet from the docks to the dock area where [redacted] and [redacted] opened the "stove pipes" and withdrew the canisters located in the "stove pipes". He then said [redacted] checked the label on each canister for information and checked it off on a shipping order he had attached to a clipboard. [redacted] advised that the canisters were then replaced in the "stove pipe" and then the "stove pipe" itself was loaded into the cabinet type equipment after being wrapped with a brown paper type insulation. [redacted] advised that he observed one cabinet being loaded and that the "stove pipes" were placed one in each back corner of the cabinet and one in the front center of the cabinet directly behind the door.

[redacted] described the canisters found in the "stove pipes" as approximately three inches by six inches, bright polished aluminum canisters with yellow labels containing typewritten information and nuclear "fan" symbols in the upper corners of the label. [redacted] said he had

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never observed typewritten information on the labels that he had previously seen on the dock.

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[redacted] advised he was sure this was High Enriched uranium products due to the size and shape of the container and the labeling. He stated that the containers he used in the Low Enriched area were much larger than the canisters he observed and used a different label

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[redacted] stated he had never seen "stove pipes" used as shipping containers but whenever High Enriched uranium products were shipped, the canisters were unloaded from the "stove pipes" and loaded into cement lined steel drums. [redacted] further advised that the route the workmen transporting the "stove pipes" used took them away from the Low Enriched area and brought them onto the dock through a different door. The Low Enriched materials vaults were located approximately 50 feet from the dock area down an angled corridor. [redacted] said the normal route for High Enriched materials from the High Enriched vaults was down the same corridor where the Low Enriched vaults were located.

[redacted] citing his natural curiosity, stated he observed [redacted] lay his clipboard down on an empty drum located on the dock, whereupon [redacted] proceeded to read the information contained on the shipping order. He said he noticed that the destination for the equipment on the truck was Israel, and that it was to be transported by ship. He recalled that the ship had a long foreign name which he believed to be Greek, and its location at the time was in New York City. (S) (S)

(U)

[redacted] advised that he believed the ship's name was Greek because when he was in the U.S. Navy (1956-60), he was a radio man third class stationed at the Naval Radio Facility, Londonderry, Northern Ireland, and had handled messages from Greek shipping among others. (S) (S)

(U)

[redacted] stated that after he had quickly read the information contained on the shipping order, [redacted] grabbed the clipboard away from him, telling him in words to the effect that the material contained in the shipping order was confidential and not for his eyes. [redacted] advised that shortly thereafter, an armed guard ordered him off the loading dock. [redacted] stated he did not observe anybody call the armed guard nor did he see the guard on the dock, but that he believed the guard came from one of the hallways adjoining the dock. [redacted] stated that he was on the loading dock for approximately 15 minutes and that at no time did Dr. Shapiro, [redacted] or [redacted] or anybody else ask him to leave.

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[redacted] further advised that it was highly unusual to see Dr. Shapiro in the manufacturing section of the Apollo nuclear facility; it was unusual to see Dr. Shapiro there at night; and very unusual to see Dr. Shapiro so nervous as to pace around. [redacted] described Dr. Shapiro as a very calm, cool and collected man who never got upset.

[redacted] advised that the only records and documentation he had access to were the shift productions records for the Low Enrichment Area and then only during the specific shift on which he was working. He stated that at the completion of each shift, the records were removed from the manufacturing area and taken across the street to the administrative offices.

[redacted] advised that most of the shipping was normally done at daytime but did state that occasionally there was some shipping activity in the early evenings. He stated it was highly unusual though that any equipment would be shipped at night.

[redacted] advised that he had not seen previously the equipment he noted on the loading dock and flatbed trailer and that he had not seen the equipment subsequent to that incident or any equipment like it in the NUMEC Apollo nuclear facility.

[redacted] stated he became aware of the alleged diversion of nuclear materials through newspaper articles which caused him to think. He said that "everyone" at the plant knew there were losses of materials from the High Enriched area but nobody seemed to care during the time the facility was owned by NUMEC. He stated when Atlantic Richfield Company purchased NUMEC, the losses stopped. [redacted] further stated that newspaper accounts of the alleged diversion mentioned Doctor Shapiro, and he recalled that just prior to the previously mentioned incident, it was an open plant rumor that Doctor Shapiro had just returned from an extensive vacation in Israel.

[redacted] advised he had not come forward before because he had a large family to support and the day following the incident, the plant Personnel Manager (name unrecalled) of NUMEC threatened to fire [redacted] if he "did not keep his mouth shut" concerning what he had seen on the loading

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dock the night before. [redacted] further advised he mentioned the threat he received from the Personnel Manager to his union steward, whereupon [redacted] claims he was visited by "sone union goons" from Kittanning, Pa., and again told to keep his mouth shut.

[redacted] stated the prevailing attitude at the plant in 1965 by management, union and the employees was that the Atomic Energy Commission was the enemy looking for a reason to shut the facility down with the resultant job losses. In addition, he stated he did not know how or who to contact in authority who would take action.

[redacted] advised that he could recall no other information concerning this incident which occurred in late March or early April, 1965.

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FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 12-29-2008

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

FBI

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

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

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

SECRET

~~CONFIDENTIAL~~

Date 3/25/80

TO: DIRECTOR, FBI (117-2564)
ATTN: CRIMINAL INVESTIGATIVE DIVISION,
TERRORISM SECTION

FROM: SAC, PITTSBURGH (117-108) (RUC)

SUBJECT: DIVERT
AEA
(OO: WASHINGTON FIELD)

9-9-03 #03R0758
CLASSIFIED BY: 60290 ACE/MLT/276
REASON: 1.4 (D)
DECLASSIFY ON: X6 AS AMENDED

Re Bureau teletype to Pittsburgh dated 3/7/80; and Philadelphia teletype to the Bureau dated 3/11/80.

Enclosed for the Bureau are the original and four copies of LHM captioned [redacted] FORMER EMPLOYEE OF NUCLEAR MATERIALS AND EQUIPMENT CORPORATION, APOLLO, PENNSYLVANIA; ATOMIC ENERGY ACT." Enclosed for Philadelphia is one copy of LHM for information. Enclosed for Washington Field are one copy of the LHM, the original FD-302, interview of [redacted] and notes. b7D

For the information of the Bureau and other offices, instant matter is now carried as PG 117-108, formerly carried as [redacted] b3 b7E

On 3/21/80, [redacted] was interviewed at his home concerning his knowledge of alleged diversion of special nuclear materials to Israel. b7D

117-2564-520

[redacted] advised interviewing Agents that he presently has an outstanding grievance being processed by the union and Babcock and Wilcox, Inc. (B&W) over his firing in 10/79.

3 - Bureau (Encs. 5) ENCLOSURE
2 - Philadelphia (117-174) (Sq. 12) (Enc. 1)
2 - Washington Field (117-273) (Encs. 3)
1 - Pittsburgh
JPO/drg
(8)

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~~11 MAR 28 1980~~

[redacted] b6 b7C

1- AAG-CD ISS
SP6BJA/RB6JOE TAFE
3/28/80
RMS/BJS

Classified by: SP6BJA/RB6JOE TAFE
Declassify on: OADR
5668SLD/ 4/18/84
5-21-85

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

☆ U.S. GOVERNMENT PRINTING OFFICE: 1980-305-750/5402

07 JUN 4 1980

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[redacted] stated he began having health problems in 1973, which he claims are job related, and was disabled. [redacted] advised that he had contacted every state and Federal agency that might help concerning alleged past and present health problems to both himself and the residents of the Apollo, Pa., area who are exposed to the B&W nuclear facility. [redacted] claims he was disabled in 7/78, and attempted to return to work in 10/79, at which time he was advised by B&W personnel that he had abandoned his job. [redacted] claimed he was disabled until 10/79; therefore, he filed the grievance. b7D

[redacted] then advised he does not want to return to work at the B&W Apollo facility because he is fearful that his health will deteriorate further. [redacted] further suggested he is fearful of "Union Goons" taking retribution for his speaking out about health concerns.

Inasmuch as requested investigation is completed, UACB, Pittsburgh considers this matter RUC.

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FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 12-29-2008

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Exec. AD-Adm. ____
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Crim. Inv. ____
Ident. ____
Intell. ____
Laboratory ____
Legal Coun. ____
Plan & Insp. ____
Rec. Mgmt. ____
Tech. Servs. ____
Training ____
Public Affs. Off. ____
Telephone Rm. ____
Director's Sec'y ____

PG003 085 0410Z

PP HQ PH WFO

DE PG

P 085 0410Z MARCH 80

FM PITTSBURGH (117-108) (P)

TO DIRECTOR (117-2564) PRIORITY

PHILADELPHIA (117-174) (SQ 12) PRIORITY

WASHINGTON FIELD (117-273) PRIORITY

BT

UNCLAS

9-10-03 #03R0758
CLASSIFIED BY: 60290 BCP/MLT/JTG
REASON: 1.4 (D)
DECLASSIFY ON: X6 AS AMENDED

ATTENTION: CRIMINAL INVESTIGATIVE DIVISION, TERRORISM SECTION

DIVERT, AEA, (OO: WFO)

RE BUTEL TO PG DATED MARCH 7, 1980, AND PHTEL TO PG DATED MARCH 11, 1980.

ON MARCH 21, 1980, SAS [redacted] b6 b7C b7D

[redacted] PG FBI, INTERVIEWED [redacted]

[redacted] PA, REGARDING HIS

17-2564-521

POSSIBLE KNOWLEDGE ABOUT ALLEGED DIVERSION OF SPECIAL NUCLEAR MATERIALS FROM NUCLEAR MATERIALS AND EQUIPMENT CORPORATION ~~(NUMEC)~~

(U) [TO ISRAEL.] (X) (S)

11 ~~MAR 31~~ 5/27 1980

[redacted] ADVISED THAT IN LATE MARCH/EARLY APRIL ~~1965 (EXACT~~

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
EXCEPT WHERE SHOWN
OTHERWISE

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AAG CD 155
[redacted]
3/25/80
RMS/BJS

6- [redacted]

Classified by SR6BTA/RBG
Declassify on: CADR
4/18/84

b6
b7C

~~CONFIDENTIAL~~

97 JUN 4 1980

~~SECRET~~ ~~CONFIDENTIAL~~

DATE UNRECALLED) AT APPROXIMATELY 10 PM IN THE EVENING HE WALKED ONTO THE NUMEC (APOLLO FACILITY) LOADING DOCK. HE OBSERVED WORKERS BRINGING SILVER COLORED CANNISTERS WITH YELLOW LABELS FROM A VAULT AREA TO THE LOADING DOCK. TWO OTHER NUMEC EMPLOYEES, [redacted] (LOADING DOCK FOREMAN) AND [redacted] [redacted] (NUMEC TRUCK DRIVER), WERE OBSERVED BY [redacted] TO CHECK OFF EACH CANNISTER AGAINST A SHIPPING ORDER FORM AND PACK THE CANNISTERS IN STEEL CABINETS WITH GAUGES ON THE DOORS. [redacted] SAID HE HAD NOT SEEN EQUIPMENT LIKE THE CABINETS BEFORE OR AFTER THIS INCIDENT AT NUMEC.

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DURING THE LOADING OPERATION, [redacted] ADVISED HE OBSERVED DR. ZALMAN SHAPIRO, OWNER OF NUMEC, PACING AROUND THE DOCK. [redacted] ADVISED IT WAS UNUSUAL TO SEE DR. SHAPIRO IN THE MANUFACTURING PART OF THE PLANT AND EVEN MORE UNUSUAL TO TO SEE HIM AT 10 PM AT THE FACILITY. [redacted] ADVISED MOST OF THE SHIPPING WAS DONE DURING THE DAY.

[redacted] ADVISED THAT DURING THE 10 - 15 MINUTES HE WAS ON THE LOADING DOCK, HE DID NOT OBSERVE ANY PACKING LISTS (U) OR SHIPPING DOCUMENTS ATTACHED TO THE LOADED EQUIPMENT C BUT DID READ A SHIPPING ORDER ATTACHED TO A CLIPBOARD THAT [redacted] (4) (5)

~~CONFIDENTIAL~~

LAID DOWN ON AN EMPTY DRUM. [redacted] SAID HE REMEMBERED THE DESTINATION WAS ISRAEL VIA SHIP FROM NEW YORK CITY. THE NAME OF THE SHIP WAS UNRECALLED, BUT [redacted] SAID IT WAS LONG FOREIGN NAME HE BELIEVED TO BE GREEK. ~~(S)~~ ~~CONFIDENTIAL~~

(U) [redacted] ADVISED WHEN [redacted] OBSERVED HIM READING THE SHIPPING ORDER HE GRABBED THE CLIPBOARD, TELLING [redacted] IN WORDS TO THE EFFECT THAT THE INFORMATION ON THE SHIPPING ORDER WAS CONFIDENTIAL AND NOT FOR HIM.

SHORTLY THEREAFTER [redacted] ADVISED HE WAS ORDERED TO LEAVE THE LOADING DOCK BY AN ARMED GUARD AND DID NOT SEE THE EQUIPMENT AGAIN. [redacted] HAD NOT SEEN THE GUARD ON THE DOCK AND DID NOT RECALL SEEING ANYBODY MAKE A CALL FOR THE GUARD.

ADMINISTRATIVE: [redacted] ADVISED HE DOES NOT WANT TO RETURN TO WORK AT THE APOLLO FACILITY BECAUSE OF HEALTH CONCERNS, THREATS MADE BY THE PERSONNEL MANAGER AND THREATS BY HIS UNION TO KEEP HIS MOUTH SHUT, AT THE TIME OF THE INCIDENT.

[redacted] ADVISED THAT HE HAD NOT PREVIOUSLY REPORTED THE INCIDENT BECAUSE OF THREATS, LACK OF KNOWLEDGE OF WHO TO REPORT THE INCIDENT TO, AND HIS INCLINATION NOT TO GET INVOLVED IN SOMETHING THAT WAS NOT HIS BUSINESS.

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[redacted] ADVISED HE WAS CONTINUOUSLY EMPLOYED BY THE APOLLO FACILITY FROM FEBRUARY, 1965, UNTIL OCTOBER, 1978, THROUGH TWO OWNERSHIP CHANGES, FROM NUMEC TO ARCO TO BABCOCK AND WILCOX INC. (B&W). B&W FIRED [redacted] IN OCTOBER, 1978, FOR JOB ABANDONMENT, FOLLOWING AN ILLNESS [redacted] CLAIMS IS JOB RELATED. [redacted] CLAIMS A UNION GRIEVANCE IS PENDING. LHM FOLLOWS. b7D

BT

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O-73 (Rev. 10-26-78)

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DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 09-18-2017 BY: [redacted] b6 b7C

MESSAGE RELAY VIA TELETYPE

DATE	CLASSIFICATION	PRECEDENCE
3/25/80	UNCLASSIFIED	PRIORITY

FM DIRECTOR FBI

TO

[redacted] GOVERNMENT

CONFIDENTIAL

9-10-03 #03R0758 60290 BCE/MIT/JTG
CLASSIFIED BY
DECLASSIFY ON: 4 6 0 AS AMENDED

- [ ] The President
- [ ] The Vice President
- [ ] White House Situation Room
  - [ ] Attn: National Security Council
- [ ] Department of the Air Force (AFOSI)
- [ ] Department of the Army
- [ ] Naval Investigative Service
- [ ] Commandant, U. S. Coast Guard
- [ ] National Security Agency (DIRNSA/NSOC (ATTN: SOO))
- [ ] Director, Defense Intelligence Agency
- [ ] Director CIA
- [ ] U. S. Secret Service (PID)
  - [ ] Attn: Executive Protective Service
- [ ] ZEN/U. S. Postal Service
  - [ ] Attn: Chief Postal Inspector
- [ ] Nuclear Regulatory Commission
- [ ] Department of Energy
- [ ] Department of Treasury
  - [ ] Attn: U. S. Customs
- [ ] Department of Treasury
  - [ ] Attn: Bureau of Alcohol Tobacco & Firearms
- [ ] Department of Transportation
  - [ ] Attn: Director of Security
- [ ] Drug Enforcement Administration
- [ ] General Services Administration (WASHDC area, specify office)
- [ ] (Other Areas, specify CITY/STATE)
- [ ] Federal Aviation Administration
- [ ] Federal Protective Service
- [ ] Secretary of State
  - [ ] Attn: Director Bureau of Intelligence & Research
  - [ ] Attn: SCA - VISA Office Room 709 - SA2
- [ ] Attorney General
- [ ] Deputy AG
  - [ ] Attn: Emergency Programs Center
- [ ] Assistant AG, Civil Rights Div.
- [XX] Assistant AG, Criminal Div.
  - [XX] Attn: Internal Security Section
  - [ ] Attn: General Crimes Section
- [ ] Assistant AG for Administration
  - [ ] Attn: Security & Administrative Services Staff
- [ ] Immigration & Naturalization Service

ATTN: [redacted] b6 b7C

Direct

SERVICE ALSO AVAILABLE TO GOVERNMENT AGENCIES NOT LISTED. [ ]
CONTACT COMMUNICATIONS CENTER FOR ADDRESSING INFORMATION) [ ]

SUBJECT:

DR ZALMAN SHAPIRO
AEA

~~5668 SLB/KB 5-21-85~~
~~Classified by SP/6 BJH/RBG~~
~~Declassify on: CADR 4/18/84~~

5/22 1980

APPROVED BY	ORIGINATOR	ROOM	TELE EXT.
RMS/EJS	[redacted]	4084	4650

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3/25/2000
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PP HQ PH WFO

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DE PG

P 085 0410Z MARCH 80

FM PITTSBURGH (117-108) (P)

TO DIRECTOR (117-2564) PRIORITY

PHILADELPHIA (117-174) (SQ 12) PRIORITY

WASHINGTON FIELD (117-273) PRIORITY

BT

UNCLAS

ATTENTION: CRIMINAL INVESTIGATIVE DIVISION, TERRORISM SECTION

DIVERT, AEA. (OO: WFO)

~~RE BUTEL TO PG DATED MARCH 7, 1980, AND PHTEL TO PG DATED MARCH 11, 1980.~~

ON MARCH 21, 1980, SAS [redacted]., AND [redacted] PG FBI, INTERVIEWED [redacted] REGARDING HIS POSSIBLE KNOWLEDGE ABOUT ALLEGED DIVERSION OF SPECIAL NUCLEAR MATERIALS FROM NUCLEAR MATERIALS AND EQUIPMENT CORPORATION (NUMEC) TO ISRAEL. (U)

[redacted] ADVISED THAT IN LATE MARCH/EARLY APRIL 1965 (EXACT

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[redacted]

DISS TO [redacted]

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

CONFIDENTIAL

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~~CONFIDENTIAL~~

DATE UNRECALLED) AT APPROXIMATELY 10 PM IN THE EVENING HE WALKED ONTO THE NUMEC (APOLLO FACILITY) LOADING DOCK. HE OBSERVED WORKERS BRINGING SILVER COLORED CANNISTERS WITH YELLOW LABELS FROM A VAULT AREA TO THE LOADING DOCK. TWO OTHER NUMEC EMPLOYEES, [redacted] (LOADING DOCK FOREMAN) AND [redacted] [redacted] (NUMEC TRUCK DRIVER), WERE OBSERVED BY [redacted] TO CHECK OFF EACH CANNISTER AGAINST A SHIPPING ORDER FORM AND PACK THE CANNISTERS IN STEEL CABINETS WITH GAUGES ON THE DOORS. [redacted] SAID HE HAD NOT SEEN EQUIPMENT LIKE THE CABINETS BEFORE OR AFTER THIS INCIDENT AT NUMEC.

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DURING THE LOADING OPERATION, [redacted] ADVISED HE OBSERVED DR. ZALMAN SHAPIRO, OWNER OF NUMEC, PACING AROUND THE DOCK. [redacted] ADVISED IT WAS UNUSUAL TO SEE DR. SHAPIRO IN THE MANUFACTURING PART OF THE PLANT AND EVEN MORE UNUSUAL TO TO SEE HIM AT 10 PM AT THE FACILITY. [redacted] ADVISED MOST OF THE SHIPPING WAS DONE DURING THE DAY.

[redacted] ADVISED THAT DURING THE 10 - 15 MINUTES HE WAS ON THE LOADING DOCK, HE DID NOT OBSERVE ANY PACKING LISTS OR SHIPPING DOCUMENTS ATTACHED TO THE LOADED EQUIPMENT BUT DID READ A SHIPPING ORDER ATTACHED TO A CLIPBOARD THAT [redacted] (U)

LAID DOWN ON AN EMPTY DRUM. [redacted] SAID HE REMEMBERED THE DESTINATION WAS ISRAEL VIA SHIP FROM NEW YORK CITY. THE NAME OF THE SHIP WAS UNRECALLED, BUT [redacted] SAID IT WAS LONG FOREIGN NAME HE BELIEVED TO BE GREEK. (S) (U) ~~CONFIDENTIAL~~

[redacted] ADVISED WHEN [redacted] OBSERVED HIM READING THE SHIPPING ORDER HE GRABBED THE CLIPBOARD, TELLING [redacted] IN WORDS TO THE EFFECT THAT THE INFORMATION ON THE SHIPPING ORDER WAS CONFIDENTIAL AND NOT FOR HIM.

SHORTLY THEREAFTER [redacted] ADVISED HE WAS ORDERED TO LEAVE THE LOADING DOCK BY AN ARMED GUARD AND DID NOT SEE THE EQUIPMENT AGAIN. [redacted] HAD NOT SEEN THE GUARD ON THE DOCK AND DID NOT RECALL SEEING ANYBODY MAKE A CALL FOR THE GUARD.

~~ADMINISTRATIVE: [redacted] ADVISED HE DOES NOT WANT TO RETURN TO WORK AT THE APOLLO FACILITY BECAUSE OF HEALTH CONCERNS, THREATS MADE BY THE PERSONNEL MANAGER AND THREATS BY HIS UNION TO KEEP HIS MOUTH SHUT, AT THE TIME OF THE INCIDENT.~~

~~[redacted] ADVISED THAT HE HAD NOT PREVIOUSLY REPORTED THE INCIDENT BECAUSE OF THREATS, LACK OF KNOWLEDGE OF WHO TO REPORT THE INCIDENT TO, AND HIS INCLINATION NOT TO GET INVOLVED IN SOMETHING THAT WAS NOT HIS BUSINESS.~~

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[redacted] ADVISED HE WAS CONTINUOUSLY EMPLOYED BY THE APOLLO FACILITY FROM FEBRUARY, 1965, UNTIL OCTOBER, 1978, THROUGH TWO OWNERSHIP CHANGES, FROM NUMEC TO ARCO TO BABCOCK AND WILCOX INC. (B&W). B&W FIRED [redacted] IN OCTOBER, 1978, FOR JOB ABANDONMENT, FOLLOWING AN ILLNESS [redacted] CLAIMS IS JOB RELATED. [redacted] CLAIMS A UNION GRIEVANCE IS PENDING. LHM FOLLOWS.

BT

DECLASSIFICATION AUTHORITY DERIVIED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 12-29-2008

SF0115 1411944

RR HQ WF

DE SF 0009

R 201940Z MAY 80

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Exec. AD-LES ____
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Adm. Servs. ____
Crim. Inv. ____
Ident. ____
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Laboratory ____
Legal Coun. ____
Plan & Insp. ____
Rec. Mgmt. ____
Tech. Servs. ____
Training ____
Public Affs. Off. ____
Telephone Rm. ____
Director's Sec'y ____

FM SAN FRANCISCO (117-280)(P)(BERKELEY RA)

TO DIRECTOR (117-2564) ROUTINE

WFO (117-273) ROUTINE

BT

UNCLAS

ATTENTION CRIMINAL INVESTIGATIVE DIVISION, TERRORISM SECTION

DIVERT, ATOMIC ENERGY ACT, OO: WFO

REFERENCE PITTSBURGH TELETYPE TO THE BUREAU DATED, MAY 6, 1980.

ON MAY 9, 1980 FORMER NUMEC EMPLOYEE, MARLIN J. EBERT WAS INTERVIEWED REGARDING HIS KNOWLEDGE OF SHIPPING PROCEDURES ACCESS TO SPECIAL NUCLEAR MATERIALS, ACCOUNTING RECORDS FOR NUCLEAR MATERIALS AND OTHER INFORMATION PERTAINING TO STANDARD OPERATING PROCEDURES AT NUMEC.

EBERT WAS EMPLOYED AS A PROJECT ENGINEER AND SUPERVISOR OF RADIATION PROCESS DEVELOPMENT AT NUMEC FROM OCTOBER, 1968 TO JUNE 1970. HE HELD A "Q" CLEARANCE FROM THE UNITED STATES

24 MAY 21 1980

9-10-03 #R030758
CLASSIFIED BY: 6028 BCE/DCT/JTG
REASON: 1.5 (C)
DECLASSIFY ON: X6 AS AMENDED

Classified by: SP-6 BJA/RBG 0-73
Declassify on: OADR
4/18/84
5-21-85
5668 SD/KB

AAG-CD 155
ATTN [redacted]
5/21/80
TDM/BJS

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED EXCEPT WHERE SHOWN OTHERWISE

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97 JUN 6 1980

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ATOMIC ENERY COMMISSION AT THE TIME. FROM JUNE 15, 1970 TO JULY 31, 1976 HE WAS EMPLOYED AS A MARKETING AND PRODUCT DEVELOPMENT SPECIALIST BY GENERAL ELECTRIC COMPANIES, VALLECITOS NUCLEAR REACTOR, PLEASANTON, CALIFORNIA. ON JULY 31, 1976 HE BECAME PRESIDENT OF HIS OWN COMPANY, LIVERMORE ENGINEERING LABORATORIES, 4049 FIRST STREET, LIVERMORE, CALIFORNIA AND CONTINUES TO CONDUCT THE AFFAIRS OF THAT COMPANY. HE CURRENTLY HOLDS ELECTIVE OFFICE AS A CITY COUNCILMAN FOR THE CITY OF LIVERMORE.

EBERT ADVISED HIS RESPONSIBILITIES AT NUMEC DID NOT REQUIRE ACCESS TO SPECIAL NUCLEAR MATERIALS, ALTHOUGH HIS CLEARANCE PERMITTED ACCESS. AT NO TIME DID HE REQUEST ACCESS TO SUCH MATERIALS. HIS RESPONSIBILITIES AT NUMEC WERE TO DESIGN SHIPPING CONTAINERS FOR COBALT 60 AND HE WAS

(U) INVOLVED IN THE SHIPMENT OF COBALT 60 TO ISRAEL. (X) (S)

HE EXPLAINED NUMEC OWNED FIFTY PERCENT OF SUBSIDEARY LOCATED IN ISRAEL KNOWN AS ISOMED, THE ISRAELIS OWN THE OTHER FIFTY PERCENT OF THE COMPANY. COBALT 60 WAS SHIPPED

(U) FROM NUMEC TO ISOMED AND WAS TO BE UTILIZED AS FIELD IRRADIATOR DESIGNED FOR DISINFESTATION OF POTATOE SPROUTS. (X) (S)

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EBERT DESIGNED THE SHIPPING CONTAINERS FOR COBALT 60 WHICH HE DESCRIBED LEAD CASKS, FIVE FEET BY THREE FEET WHICH WERE ENCASED IN WOODEN BOXES, FIVE FEET BY FIVE FEET BY SEVEN FEET.

DURING LATE 1969 OR 1970 EBERT PREPARED SHIPPING CONTAINERS FOR ONE LARGE SHIPMENT OF COBALT 60 TO ISRAEL. NUMEC HAD SENT BETWEEN TWENTY TO FORTY SMALLER SHIPMENTS TO ISRAEL IN CONTAINERS DESCRIBED AS TWO INCH BY THREE INCH CUBES FOR USE IN A "SNAP" GENERATOR BUT HAD NOT SENT A SHIPMENT OF SUCH PROPORTION AS THIS PARTICULAR ONE. THE FIVE FEET BY THREE FEET SHIPPING CONTAINERS DESCRIBED ABOVE WERE (U) UTILIZED ON THIS OCCASION. (S) (S)

EBERT REMARKED THERE WAS A DEVIATION FROM USUAL SHIPPING PROCEDURES IN THIS INSTANCE IN THAT THE SHIPPING CONTAINERS WERE PACKED AND SEALED LATE AT NIGHT BY NUMEC EMPLOYEE, [redacted] AND HIS CREW. EBERT WAS NOT PRESENT AT NIGHT TO WITNESS THE PACKING PROCEDURES. b6 b7C

EBERT REMARKED THERE WAS EXCESS SPACE IN THE LEAD CASKS AFTER THE COBALT 60 WAS PACKED AND OTHER MATERIALS COULD BE PLACED INTO THE CASKS IN ADDITION TO THE COBALT 60 IF SOMEONE

DESIRED TO SHIP THEM IN THIS MANNER. HE ADVISED HE HAD NO KNOWLEDGE THAT ANYONE DID IN FACT PLACE OTHER ITEMS IN THE CASKS BUT COMMENTED WITH THIS PARTICULAR SHIPMENT HE PLACED

(U) A PACKAGE OF CIGARETTES AND NYLONS IN ONE CASK WITH A NOTE TO UNSPECIFIED ISRAELIS. HE DID THIS AS A FRIENDLY GESTURE AND SUBSEQUENTLY RECEIVED A NOTE OF APPRECIATION FROM THE INDIVIDUALS WHO RECEIVED THE PACKAGES. HE PLACED THE ITEMS IN THE SHIPPING CASK BEFORE THEY WERE TURNED OVER TO [redacted] FOR PACKING. [redacted] IS PRESENTLY EMPLOYED BY WESTINGHOUSE IN PITTSBURGH, PENNSYLVANIA.

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THIS LARGE SHIPMENT OF COBALT 60 WAS PLACED ON A TRUCK OPERATED BY TRI STATE SHIPPING FOR TRANSPORTATION TO NEWARK, NEW JERSEY. NUMEC PROVIDED ESCORT TO THE NEW JERSEY BORDER AND ADDITIONAL ESCORT WAS THEN PROVIDED BY NEW JERSEY STATE AUTHORITIES. THE SHIPMENT WAS TAKEN TO THE MAHEIR STEAMSHIP

(U) LINES DOCKS AT NEWARK, NEW JERSEY AND PLACED ON BOARD AN ISRAELI SHIP FOR TRANSPORTATION TO HAIFA.

NUMEC EMPLOYEES, [redacted] AND

(U) EBERT ESCORTED THE ABOVE SHIPMENT UNTIL IT WAS PLACED ON BOARD THE FANTAIL OF THE ISRAELI SHIP.

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EBERT ADVISED HE HAD NO KNOWLEDGE OF ACCOUNTING PROCEDURES AT NUMEC NOR DID HE HAVE ACCESS TO ACCOUNTING RECORDS. IT WAS GENERAL KNOWLEDGE AMONG EMPLOYEES AND PERSONS OUTSIDE THE COMPANY THAT NUMEC WAS "CASH POOR" AND CUT CORNERS IN ITS ACCOUNTING PROCEDURES. IT WAS ALSO WELL KNOWN THERE WAS A DISCREPANCY IN ACCOUNTING FOR A SIZABLE QUANTITY OF SPECIAL NUCLEAR MATERIAL. DURING THE LATE NINETEEN SIXTIES NUMEC'S ACCOUNTING PROCEDURES WERE ALMOST A JOKE AND THERE WAS A FLIPPANT ATTITUDE CONCERNING THEM.

EBERT STATED HE WAS CASUALLY ACQUAINTED WITH NUMEC PRESIDENT AND OWNER, DOCTOR ZALMAN M. SHAPIRO, BUT DID NOT ASSOCIATE WITH HIM OFTEN.

HE ADVISED HE HAD NO KNOWLEDGE OF UNAUTHORIZED SPECIAL NUCLEAR MATERIALS BEING DIVERTED TO ISRAEL ALTHOUGH HE HAD HEARD RUMORS AND SEEN REPORTS IN THE NEWS MEDIA ALLEGING

(U) NUMEC HAD DIVERTED SPECIAL NUCLEAR MATERIALS TO ISRAEL. (C) (S)

EBERT STATED HIS OPINION THAT SPECIAL NUCLEAR MATERIALS COULD HAVE BEEN SHIPPED TO ISRAEL FROM NUMEC FOR ALTRUISTIC REASONS. DOCTOR SHAPIRO AND OTHERS AT NUMEC WHILE BEING

(U) LOYAL UNITED STATES CITIZENS WERE ALSO CONCERNED FOR THE (C) (S)

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WELFARE OF ISRAEL. EBERT EMPHASIZED THIS WAS ONLY A
(U) POSSIBILITY AND AGAIN STATED HE HAD NO KNOWLEDGE OF ANY DIVERSION. (S) (S) ~~CONFIDENTIAL~~

EBERT STATED HIS OPINION THAT SPECIAL NUCLEAR MATERIALS COULD HAVE BEEN SHIPPED TO ISRAEL FROM A PLANT SUCH AS NUMEC BY CONCEALING SAME IN CASKS WITH COBALT 60. LIKELIHOOD OF
(U) CUSTOMS OFFICIALS OR SHIPPING PERSONNEL EXAMINING CONTENTS OF SUCH A CONTAINER WOULD BE REMOTE BECAUSE OF DANGER OF CONTAMINATION FROM THE COBALT 60. (S) (S)

EBERT SUGGESTED FORMER NUMEC EMPLOYEES, [redacted] b6 b7C
[redacted] BE INTERVIEWED FOR THEIR INSIGHT INTO OPERATIONS AT NUMEC. [redacted] WAS A HEALTH PHYSICIST AT QUEHANNA, PENNSYLVANIA AND CURRENTLY RESIDES AT MAELU, MASSACHUSETTS. [redacted] WAS A HEALTH PHYSICIST AT NUMEC AND LIVED ON [redacted] IN PITTSBURGH, PENNSYLVANIA A FEW YEARS AGO.

LEADS FOR INTERVIEW OF THE ABOVE MENTIONED NUMEC EMPLOYEES ARE BEING LEFT TO WFO AS OFFICE OF ORIGIN IN VIEW OF THE FACT THAT SAN FRANCISCO DOES NOT KNOW WHETHER THEY HAVE ALREADY BEEN INTERVIEWED.

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DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 09-18-2017 BY: [redacted] b6
b7C

UNITED STATES DEPARTMENT OF JUSTICE

FEDERAL BUREAU OF INVESTIGATION
San Francisco, California

In Reply, Please Refer to File No.

May 15, 1980

~~CONFIDENTIAL~~

DIVERT

On May 9, 1980, former NUMEC employee, Marlin J. Ebert was interviewed at his place of business, Livermore Engineering Laboratories, 4049 First Street, Livermore, California. Results of interview are as follows:

#R03R0758 9-10-03
60290 BCE/MLT/JTG
D
6 AS AMENDED

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

~~Classified by SP-6BJA/RB6~~
~~Declassify on: CADR~~
~~5668SLD/KD 5-21-85~~
A/18/84

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~~CONFIDENTIAL~~

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

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 5/15/80

~~CONFIDENTIAL~~

Marlin J. Ebert was interviewed regarding his knowledge of shipping procedures access to special nuclear materials, accounting records for nuclear materials and other information pertaining to standard operating procedures at NUMEC.

Ebert was employed as a project engineer and supervisor of radiation process development at NUMEC from October, 1968 to June, 1970. He held a "Q" clearance from the United States Atomic Energy Commission at the time. From June 15, 1970 to July 31, 1976 he was employed as a marketing and product development specialist by General Electric Company's, Vallecitos Nuclear Reactor, Pleasanton, California. On July 31, 1976, he became president of his own company, Livermore Engineering Laboratories, 4049 First Street, Livermore, California and continues to conduct the affairs of that company. He currently holds elective office as a city councilman for the city of Livermore.

Ebert advised his responsibilities at NUMEC did not require access to special nuclear materials although his clearance permitted such access. At no time did he request access to these type of materials. His responsibility at NUMEC was to design shipping containers for Cobalt 60 and he was involved in the shipment of Cobalt 60 to Israel. ~~(S)~~ (U)

He explained NUMEC owned fifty percent of a subsidiary located in Israel known Isomed. Cobalt 60 was shipped from NUMEC to Isomed and was to be utilized as a field irradiator designed for disinfestation of potatoe sprouts. ~~(S)~~ (U)

Ebert designed shipping containers for the Cobalt 60 which he described as lead casks, five feet by three feet which were encased in wooden boxes, five feet by five feet by seven feet.

During late 1969 or early 1970, Ebert prepared shipping containers for one large shipment of Cobalt 60 to Israel. NUMEC had sent between twenty to forty smaller shipments to Israel in containers described as two inch by three inch cubes for use in a "Snap" generator but had not sent a shipment of such proportion as this particular one. The five foot by three foot shipping containers described above were utilized on this occasion. ~~(S)~~ (U)

Interviewed on 5/9/80 at Livermore, California File # SF 117-280

SA [redacted] /djo Date dictated 5/13/80

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Ebert remarked there was a deviation from usual shipping procedures in this instance in that the containers were packed and sealed late at night by NUMEC employee, Joe Miles and his crew. Ebert was not present at night to witness the packing procedures.

Ebert remarked there was excess space in the lead casks after the Cobalt 60 was packed and other materials could be placed into the casks in addition to the Cobalt 60 if someone desired to ship them in this manner. He advised he had no knowledge that anyone did in fact place other items in the casks but commented on this particular occasion he placed a package of cigarettes and nylons in one cask with a note to unspecified Israelis who might receive the packages. He did this as a friendly gesture and subsequently received a note of appreciation from those receiving the packages. He placed the items in the shipping casks before they were turned over to [redacted] for packing. [redacted] is presently employed by Westinghouse in Pittsburgh, Pennsylvania. (U)

This large shipment of Cobalt 60 was placed on a truck operated by Tri State Shipping for transportation to Newark, New Jersey. NUMEC provided escort to the New Jersey border and additional escort was then provided by New Jersey state authorities. The shipment was taken to the Maheir steamship lines docks at Newark and placed on board an Israeli ship for shipment to Haifa. (U)

NUMEC employees, [redacted] and Ebert escorted the above shipment until it was placed on board the fantail of the Israeli ship. (U)

Ebert advised he had no knowledge of accounting procedures at NUMEC nor did he have access to accounting records. It was general knowledge among employees and persons outside the company that NUMEC was "cash poor" and cut corners in its accounting procedures. It was also well known there was a discrepancy in accounting for a sizable quantity of special nuclear material. During the late 1960s NUMEC accounting procedures were almost a joke and there was a flippant attitude concerning them.

Shortly before Ebert resigned his position with NUMEC, ARCO purchased the company and accounting procedures became more professional and were strictly enforced.

Ebert stated he was casually acquainted with NUMEC president and owner Doctor Zalman M. Shapiro but did not associate with him often.

He advised he had no knowledge of unauthorized special nuclear materials being diverted to Israel although he had heard rumors and seen reports in the news media alleging NUMEC had diverted special nuclear materials to Israel. (U)

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Ebert stated his opinion that special nuclear materials could have been shipped to Israel from NUMEC for altruistic reasons. Doctor Shapiro and others at NUMEC while being loyal United States citizens were also concerned for the welfare of Israel. Ebert emphasized this was only a possibility and again stated he had no knowledge of any diversion. ~~(S)~~ (U)

It was Ebert's opinion if NUMEC had in fact shipped unauthorized special nuclear materials to Israel the impetus for such a shipment may have originated outside of NUMEC. Any important person or government official who was seriously concerned about the balance of world power could have contacted a company such as NUMEC to assist in the proliferation of nuclear materials to other nations. ~~(S)~~

Ebert suggested a logical way for NUMEC to ship special nuclear materials to Israel would be to place the materials in the lead casks with Cobalt 60. Typical Customs Officials or shipping employees would avoid opening any such containers to avoid possible contamination from the Cobalt 60. ~~(S)~~ (U)

Ebert concluded by advising approximately two years ago he viewed a television talk show wherein two representatives of General Services Administration (GSA) were being interviewed regarding their investigation into operations at NUMEC. Ebert subsequently mailed to GSA in Washington, D.C. a NUMEC telephone book which may have been useful for lead purposes in identifying NUMEC employees.

He suggested that former NUMEC employees, [redacted] and [redacted] be interviewed for their insight into operations at NUMEC. [redacted] was a health physicist at Quehanna, Pennsylvania and currently resides at Maelu, Massachusetts. [redacted] was a health physicist at NUMEC and lived [redacted] in Pittsburgh, Pennsylvania a few years ago.

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

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 09-18-2017 BY: [redacted]

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FBI

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

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

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

~~CONFIDENTIAL~~

Date 5/15/80

TO: DIRECTOR, FBI (117-2564)

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

SUBJECT: DIVERT
ATOMIC ENERGY ACT
OO: WFO

WDN/S

9-10-03 #R03758
CLASSIFIED BY: 60290 BCE/MLT/JTG
REASON: 1.4 (D)
DECLASSIFY ON: X6 AS AMENDED

Enclosed for the Bureau are five (5) and for WFO two (2) copies of an LHM reporting interview of former NUMEC employee, Marlin J. Ebert.

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Reference San Francisco teletype to the Bureau dated, 5/14/80 and Pittsburgh teletype to the Bureau dated, 5/6/80.

Ebert was interviewed at his place of business Livermore Engineering Laboratories, 4049 First Street, Livermore. During the interview he advised he is presently serving in an elected capacity as a city councilman at Livermore.

As set forth in referenced San Francisco teletype Ebert suggested former NUMEC employees, [redacted] and [redacted] be interviewed regarding their insight into operations at NUMEC. San Francisco is unaware as to whether these individuals have been interviewed previously and setting forth this information for consideration of WFO as office of origin.

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HEREIN IS UNCLASSIFIED
EXCEPT WHERE SHOWN
OTHERWISE

ENCLOSURE

5668 SLD/KD 5-21-85

Classified by 26 BJA/RBG
Declassify on: OADR 4/18/84

22 MAY 22 1980

2 - Bureau (Enc. 5)
2 - WFO (Enc. 2)(117-273)
1 - San Francisco
PWS/djo
(5)

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 6/22/82 BY SP-1 GSK/RBG

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

84 JUN 24 '80

SF 117-280
PWS/djo

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Ebert advised he believes he may have a photograph of NUMEC employees, [redacted] and himself standing in front of the shipping containers described in the LHM for shipment of Cobalt 60 to Israel. WFO may advise if this photograph would be useful in this investigation. (U) b6 b7C

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DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 09-18-2017 BY: [redacted]

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Public Affs. Off.
Telephone Rm.
Director's Sec'y

FM PHILADELPHIA (117-174)(SQ12)(P)

TO DIRECTOR (117-2564) PRIORITY

PITTSBURGH [redacted] PRIORITY

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WFO (117-273) PRIORITY

BT

UNCLAS E F T O

DIVERT; AEA; OO:WFO

9-10-03 #R03758
CLASSIFIED BY: 60290 BCE/MLT/JT
REASON: 1.4 (D)
DECLASSIFY ON: X6 AS AMENDED

RE BUREAU TELETYPE TO PITTSBURGH DATED MARCH 7, 1980.

ON MARCH 11, 1980, SA [redacted] PHILADELPHIA FBI IN CONJUNCTION WITH [redacted] INVESTIGATOR, OFFICE OF INSPECTOR AND AUDITOR, NUCLEAR REGULATORY COMMISSION (NRC), WASHINGTON, D.C. (WDC) INTERVIEWED [redacted] FUEL FACILITY INSPECTOR, FUEL FACILITY PROJECT SECTION, FUEL FACILITY AND MATERIALS SAFETY BRANCH, REGION ONE, OFFICE OF INSPECTION AND ENFORCEMENT, NUCLEAR REGULATORY COMMISSION (NRC), KING OF PRUSSIA, PA, REGARDING HIS CONTACT WITH [redacted]

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23 MAY 28 1980

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ATTN [redacted]
3/12/80 RMS/BJS

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Classified by SP/6BJA/RB6
Declassify on: OADR
4/18/84
5668/SLD/KO 5-21-85

61 JUN 12 '80

[redacted] TELEPHONE NUMBER

[redacted]

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[redacted] SAID [redacted] HAD INITIALLY CONTACTED THE NRC, KING OF PRUSSIA, PA ALLEGING VARIOUS HEALTH PROBLEMS TO BOTH HIMSELF, HIS FAMILY AND RESIDENTS OF THE APOLLO, PA AREA AS WELL AS EMPLOYEES OF THE BABOCK AND WILCOX (B & W) NUCLEAR MATERIALS FACILITY ALSO LOCATED IN APOLLO, PA. IT IS NOTED THAT THE B & W FACILITY WAS FORMERLY OWNED BY THE ATLANTIC RICHFIELD COMPANY (ARCO) AND PRIOR TO ARCO'S OWNERSHIP BY THE NUCLEAR MATERIALS AND EQUIPMENT CORPORATION (NUMEC).

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[redacted] FORMERLY WORKED AT THE B & W PLANT AS WELL AS FOR THE OTHER OWNERS ACCORDING TO [redacted] HE WAS EMPLOYED AS A HEC TECHNICIAN AT THE PLANT WORKING ON LOW ENRICHED URANIUM.

[redacted] STATED THAT [redacted] ALLEGED THAT HE HAS HAD SOME HEALTH PROBLEMS WHICH STARTED IN LATE 1973 AND WHICH HAVE KEPT HIM FROM WORK. HE BELIEVES HIS ILLNESS HAS RESULTED FROM THE EMPLOYMENT AT THE APOLLO PLANT. HE HAS MADE ALLEGATIONS ABOUT THE HEALTH HAZARDS TO A VARIETY OF STATE AGENCIES AND INDIVIDUALS OF PROMINENCE IN THE COMMUNITY. WHEN HE WAS DECLARED FIT BY A DOCTOR TO RETURN TO WORK IN LATE 1979, HE WAS TOLD BY THE B & W

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PERSONNEL OFFICER THAT NO JOB WAS AVAILABLE SINCE HE HAD ABANDONED IT. HE IS CURRENTLY UNDERGOING A GRIEVANCE PROCESS BETWEEN UNION AND COMPANY OFFICIALS IN AN EFFORT TO GET HIS JOB BACK.

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[redacted] STATED THAT TOWARDS THE END OF HIS INTERVIEW WITH [redacted] HE ASKED [redacted] FOR COMMENTS ON THE FACILITY'S SECURITY PROGRAM. [redacted] RECALLED THAT AFTER MENTIONING SOME INCIDENTS OF PEOPLE REMOVING "SAMPLES" FROM THE FACILITY, [redacted] STATED THAT WHEN HE READ THE NEWSPAPER ARTICLES ON THE "LOSSES WHEN MR. SHAPIRO WAS HERE" HE HAD TO LAUGH. [redacted] STATED THAT WHEN ASKED TO EXPLAN [redacted] RELATED THE FOLLOWING INFORMATION "OFF THE RECORD."

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[redacted] SAID THAT SOME TIME IN 1965 OR 1966, HE AND ANOTHER INDIVIDUAL WHOSE IDENTITY HE WAS UNABLE TO RECALL, WERE WALKING ON THE LOADING DOCK AT THE NUMEC APOLLO FACILITY. HE OBSERVED PEOPLE WHO HE WAS UNABLE TO IDENTIFY, LOADING CANS INTO SOME EQUIPMENT. [redacted] SAID THAT HE COULD TELL THE CANS CONTAINED HIGH ENRICHED URANIUM BY THEIR SIZE AND SHAPE. [redacted] NOTED (S) THAT THE SHIPPING PAPERS FOR THE EQUIPMENT INDICATED THAT THEY (U) WERE DESTINED FOR ISRAEL.] (S) HE SAID THAT A GUARD WITH A GUN ORDERED THEM TO LEAVE THE AREA AND SINCE THEY WERE SCARED THEY LEFT THE

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DOCK IMMEDIATELY. THE ONLY NAMES OF THE INDIVIDUALS ON THE DOCK WHICH [redacted] WAS ABLE TO PROVIDE TO [redacted] WERE [redacted] (A FOREMAN) AND [redacted] (A TRUCK DRIVER) BOTH NUMEC EMPLOYEES AND [redacted] BELIEVES ARE CURRENTLY EMPLOYED AT THE B & W FACILITY. [redacted] SAID THAT THE LOADING DOCK IS NEXT TO THE LOW ENRICHED AREA AND THEREFORE IT WOULD NOT HAVE BEEN UNUSUAL FOR [redacted] TO HAVE BEEN IN THAT AREA. [redacted] SAID THAT [redacted] DUTIES WOULD NOT HAVE INCLUDED HANDLING SHIPPING RECORDS SO PRESUMABLY THE RECORDS HE SAW WERE ON THE EQUIPMENT ITSELF. [redacted] MENTIONED THAT HE HAS NOT VERIFIED [redacted] CLAIM OF EMPLOYMENT WITH EITHER B & W OR NUMEC, BUT IT IS HIS OPINION THAT [redacted] DEFINITELY WORKED AT THE FACILITY BASED ON THE FACT THAT HE WAS FAMILIAR WITH THE PROCEDURES AT THE PLANT AS WELL AS SOME INCIDENTS THAT HAD BEEN REPORTED TO NRC.

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JAMES ALLAN, DEPUTY DIRECTOR, REGION ONE, NRC, WALTER MARTIN, CHIEF, SAFEGUARDS BRANCH, AND JAMES DEVLIN, CHIEF OF THE SECURITIES INVESTIGATIONS OF NRC, REGION ONE, WERE ALSO CONTACTED. IT IS NOTED THAT THEY HAVE NO ADDITIONAL INFORMATION REGARDING THE DIVERSION OF NUCLEAR MATERIAL AT THE NUMEC FACILITY OTHER THAN WHAT WAS REPORTED BY [redacted] TO [redacted]

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DEVLIN NOTED HOWEVER THAT IN 1965 AND 1966 THERE WERE NO SAFEGUARD REQUIREMENTS IMPOSED ON ORGANIZATIONS LIKE NUMEC, AND NUMEC HAD NO SECURITY ORGANIZATION PER SE. HE SAID NUMEC'S SECURITY OFFICER AND ONLY GUARD DURING THIS PERIOD WAS A [redacted] WHO WAS ALSO A DEPUTY POLICEMAN FOR THE LOCAL TOWN WHICH HE BELIEVED WAS LEECHBURG TOWNSHIP, PA. HE SAID THE ONLY OTHER SECURITY COVERAGE NUMEC HAD WAS UNARMED, UNUNIFORMED WATCHMEN WHO PATROLLED AFTER HOURS.

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ADMINISTRATIVE: IT IS NOTED THAT [redacted] ADVISED THAT HIS SUPERIOR, JAMES CUMMINGS, DIRECTOR OF THE OFFICE OF INSPECTOR AND AUDITOR, NRC, WDC, REQUESTED THAT [redacted] ACCOMPANY THE INTERVIEWING AGENT WHEN [redacted] IS INTERVIEWED BY THE FBI. THE BUREAU IS REQUESTED TO CONTACT CUMMINGS AND CONFIRM THIS REQUEST, AND IF APPROVED, NOTIFY PITTSBURGH SO THAT [redacted] CAN BE [redacted] INTERVIEWED IN DEPTH REGARDING HIS ALLEGATIONS.

PITTSBURGH, UPON RECEIPT OF INSTRUCTIONS FROM THE BUREAU, WILL INTERVIEW [redacted] IT IS NOTED THAT [redacted] MADE HIS COMMENTS TO [redacted] REGARDING A SECURITY VIOLATION OFF THE RECORD. LHM FOLLOWS.

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O-73 (Rev. 10-26-78)

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MESSAGE RELAY VIA TELETYPE

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 09-18-2017 BY: [redacted]

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DATE	CLASSIFICATION	PRECEDENCE
3/12/80	UNCLASSIFIED	PRIORITY

FM DIRECTOR FBI

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TO

FEDERAL GOVERNMENT

- [ ] The President
- [ ] The Vice President
- [ ] White House Situation Room
  - [ ] Attn: National Security Council
- [ ] Department of the Air Force (AFOSI)
- [ ] Department of the Army
- [ ] Naval Investigative Service
- [ ] Commandant, U. S. Coast Guard
- [ ] National Security Agency (DIRNSA/NSOC (ATTN: SOO))
- [ ] Director, Defense Intelligence Agency
- [ ] Director CIA
- [ ] U. S. Secret Service (PID)
  - [ ] Attn: Executive Protective Service
- [ ] ZEN/U. S. Postal Service
  - [ ] Attn: Chief Postal Inspector
- [ ] Nuclear Regulatory Commission
- [ ] Department of Energy
- [ ] Department of Treasury
  - [ ] Attn: U. S. Customs
- [ ] Department of Treasury
  - [ ] Attn: Bureau of Alcohol Tobacco & Firearms
- [ ] Department of Transportation
  - [ ] Attn: Director of Security
- [ ] Drug Enforcement Administration
- [ ] General Services Administration (WASHDC area, specify office)
- [ ] (Other Areas, specify CITY/STATE)
- [ ] Federal Aviation Administration
- [ ] Federal Protective Service
- [ ] Secretary of State
  - [ ] Attn: Director Bureau of Intelligence & Research
  - [ ] Attn: SCA - VISA Office Room 709 - SA2
- [ ] Attorney General
- [ ] Deputy AG
  - [ ] Attn: Emergency Programs Center
- [ ] Assistant AG, Civil Rights Div.
- XXX Assistant AG, Criminal Div.
  - [ ] Attn: Internal Security Section
  - XXX Attn: General [redacted]mes Section
- [ ] Assistant AG for Administration
  - [ ] Attn: Security & Administrative Services Staff
- [ ] Immigration & Naturalization Service

ATTN: [redacted]

(SERVICE ALSO AVAILABLE TO GOVERNMENT AGENCIES NOT LISTED. [ ]
CONTACT COMMUNICATIONS CENTER FOR ADDRESSING INFORMATION) [ ]

SUBJECT: ZALMAN MORDECAI SHAPIRO
AEA

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APPROVED BY	ORIGINATOR	ROOM	TELE EXT.
	[redacted]	4084	4650

Classified by [redacted]
Declassify on: OADR
4/8/84

Class. & Ext. By SP-1 GSK/RBG
Reason - FCIM II, 1-2-3
Date of Review 3/12/2000
6/22/82

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61 JUN 12 '80

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FBI/DOJ

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

MAR 12 1980

FEDERAL GOVERNMENT

[redacted]
Special Agent
Federal Bureau of Investigation
10th & Pennsylvania Avenue, NW
Washington, D. C. 20535

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ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 6-26-85 BY 5668SLD/KJ
Per NRC letter
6-4-85

Dear [redacted]

Enclosed for your information is the Office of Inspector and Auditor's (OIA) interview of Region I Office of Inspection and Enforcement (IE) staff relative to the allegations regarding B&W Leechburg.

All data developed by OIA on this matter will be furnished the FBI.

Sincerely,

~~CLASSIFIED~~ INFORMATION ENCLOSED

James J. Cummings, Director
Office of Inspector and Auditor

Enclosure:
Rpt of Interview

117-2564

cc: SA [redacted]
Federal Bureau of Investigation
600 Arch Street
Philadelphia, PA 19106

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61 JUN 12 '80

DECLASSIFICATION AUTHORITY DERIVED FROM:
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DATE 09-18-2017 BY: [redacted]

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NRC Info unclassified per NRC letter 6-4-85

REPORT OF INTERVIEW

Classified by 6-26-85 S668SLD/KJ
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[redacted] Fuel Facilities Inspector, Fuel Facility Projects Section (FFPS), Fuel Facility and Materials Safety Branch, Region I, Office of Inspection and Enforcement, U. S. Nuclear Regulatory Commission (NRC), was interviewed at Region I on March 10, 1980, by Investigator [redacted] Office of Inspector and Auditor, NRC. Also present were: James Allan, Acting Director; Walter Martin, Chief, Safeguards Branch (SB); James Devlin, Chief, Security and Investigation Section, SB; and Hilbert Crocker, Chief, FFPS (all of Region I).

[redacted] advised that on March 5, 1980, he interviewed [redacted] after [redacted] had called Region I alleging that various health problems of residents in the Apollo, Pennsylvania, area may be attributable to Babcock and Wilcox's (B&W) nuclear materials facility there. [redacted] said [redacted] claimed to have been an employee of the facility through its successive ownership by Nuclear Materials and Equipment Corporation (NUMEC), Atlantic Richfield Company (ARCO) and B&W. He reported that [redacted] said he stopped going to work there in the fall of 1977 due to health problems; he did not work steadily until October 1979 when his doctor said he was fit to return to work. [redacted] related that, when he attempted to return to work, a B&W personnel relations officer advised him that B&W considered him to have "abandoned" his job; he now has a grievance pending on this matter.

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[redacted] said [redacted] initial concerns were the health of himself, his family, and his neighbors. [redacted] said that towards the end of their three hour interview, he asked [redacted] for comments on the facility's security program. [redacted] recalled that, after mentioning two incidents of people removing "samples" from the facility, [redacted] said that, when he read the newspaper articles on the "losses when Mr. Shapiro was here," he had to laugh. [redacted] said that, when asked to explain, [redacted] related the following information "off-the-record:"

> [redacted] said that sometime in 1965 or 1966 (during the first year of his employment) he and another individual (not identified) were walking on the loading dock at the NUMEC Apollo facility. He observed people (not identified) loading cans into some equipment. [redacted] said that he could tell the cans contained high-enriched uranium by their size and shape. [redacted] noticed that the shipping papers for the equipment indicated they were destined for Israel. He said that a guard with a gun ordered them to leave; he said they were "scared" and left the dock immediately. The only names of individuals on the dock which [redacted] provided to [redacted] were [redacted] (a foreman) and [redacted] (truck driver) - both NUMEC employees. With respect to these two employees [redacted] said something to the effect of "they were getting what they wanted from it, so they are not going to say anything." [redacted] did not indicate whether there were others also on the dock at this time.

(S) (U)

[redacted] said that [redacted] claimed to be a Class 6 technician and worked as a hex operator in the low-enriched area during the 1965-66 period. [redacted] said the loading dock is next to the low-enriched area, therefore, it would not have been unusual for [redacted] to have been in that area. [redacted] said [redacted] duties would not have included handling shipping records so presumably the records he saw were on the equipment itself. [redacted] said he has not checked personnel records to verify that [redacted] was employed as claimed during 1965-66. [redacted] said he understood [redacted] and [redacted] are still employed there.

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[redacted] said that, based upon the knowledge that [redacted] had of the facility, he believed [redacted] definitely had worked there. [redacted] said that he was already familiar with some of the incidents [redacted] related in connection with his initial allegations and he found [redacted] accounts to be fairly accurate with only minor embellishments.

Crocker said high-enriched uranium can be identified by the size and shape of the cans. He said the cans are much smaller than the five gallon cans used for low-enriched uranium. Allan said the size of the high-enriched uranium cans approximates that of #3 or #5 tomato cans.

Various members of the group offered that NUMEC did ship a great deal of equipment in addition to their nuclear material business. They indicated that this equipment may have been legitimately shipped to Israel. ~~(S)~~ (U) However, all agreed that it was not legitimate for special nuclear material to be inserted in any of the equipment NUMEC shipped.

Devlin said that in 1965-66, the Atomic Energy Commission (NRC's predecessor) did not impose any safeguards requirements on organizations like NUMEC and NUMEC had no security organization per se. He said NUMEC's security officer (and only armed guard) during this period was [redacted] Devlin recalled that [redacted] was also a deputy policeman for the local town, which he believed was Leechburg Township. He said the only other security coverage NUMEC had was unarmed, un-uniformed watchmen who patrolled after hours.

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[redacted] said he interviewed [redacted] at home: [redacted] Pennsylvania [redacted]

INVESTIGATOR'S NOTE: [redacted] Allan, Martin, and Devlin were interviewed on March 11, 1980, by Special Agent [redacted] FBI. Investigator [redacted] was present at these interviews. [redacted] advised [redacted] of the following additional details:

[redacted] call to Region I was received by [redacted] at 3:05 PM on February 27, 1980. [redacted] had no contacts with B&W on this matter, but he has discussed it with [redacted] NRC's Resident Inspector at B&W. [redacted] address until the fall of 1979 was [redacted] Pennsylvania. [redacted] said he went back to work for about a week during the period of his absence from

work, but had to leave again due to health problems (this was around August 1978). [redacted] said the B&W personnel relations officer who told him he had "abandoned" his job was [redacted] (this occurred on October 12, 1979). [redacted] said he was considered to be a troublemaker because of the health and safety concerns he had expressed. [redacted] said he was in contact with a number of people about his health concerns (e.g., Pennsylvania health officials) and it was at the suggestion of one of them that he called NRC. He said he hesitated to call NRC because both the company and the union regard NRC as an enemy. [redacted] described the size of high-enriched uranium cans as six inches high and three and one-half to four inches in diameter.

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DATE 09-18-2017 BY: [redacted]

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OF INVESTIGATION
COMMUNICATIONS SECTION

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M PITTSBURGH (117-108) (P)

TO DIRECTOR (117-2564) ROUTINE

PHILADELPHIA (117-174) ROUTINE

WASHINGTON FIELD (117-273) ROUTINE

BT

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ATTN: CRIMINAL INVESTIGATIVE DIVISION, TERRORISM SECTION

DIVERT, AEA. OO: WFO.

RE BU TELETYPE TO PITTSBURGH, MARCH 25, 1980.

ON APRIL 3, 1980, [redacted] b6 b7C

PA., FORMER EMPLOYEE OF NUMEC AND PRESENT EMPLOYEE OF BABCOCK AND WILCOX, INC., APOLLO, PA., WAS INTERVIEWED REGARDING HIS KNOWLEDGE OF ALLEGED DIVERSION OF SPECIAL NUCLEAR MATERIALS TO ISRAEL. (U)

[redacted] ADVISED HE HAS BEEN EMPLOYED CONTINUOUSLY AT THE APOLLO, PA., NUCLEAR FACILITY FOR MORE THAN 18 YEARS AS A LABORER IN SHIPPING AND RECEIVING, WHICH INCLUDED DRIVING COMPANY TRUCKS.

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OTHERWISE

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5668 SLD/KO 5-21-85

Classified by SP-6 BJA/RBL
Declassify on: OADR 4/18/84

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ICC - HAND CARRIED TO [redacted]
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[redacted] ADVISED HE HAD NO ACCESS TO ACCOUNTING RECORDS AND THE ONLY TIME HE HAD ACCESS TO SPECIAL NUCLEAR MATERIALS WAS WHILE MATERIALS WERE ON THE LOADING DOCK OR ON HIS TRUCK. [redacted] STATED MOST MATERIALS SHIPPED BY TRUCK WERE SHIPPED ON CONTRACTED RATHER THAN COMPANY TRUCKS. ~~CONFIDENTIAL~~

WHEN QUERIED IF HE HAD HANDLED ANY EQUIPMENT DESTINED FOR ISRAEL, [redacted] ADVISED HE RECALLED THAT SOMETIME IN THE MIDDLE OR LATE SIXTIES HE HAD TAKEN A CRATED PIECE OF EQUIPMENT TO NEW YORK CITY, NEW YORK, WHICH THE SHIPPING FOREMAN [redacted] HAD TOLD HIM WAS DESTINED FOR ISRAEL. [redacted] COULD NOT RECALL, THE YEAR OR MONTH BUT STATED HE REMEMBERED HE WAS LATE WITH THE DELIVERY BECAUSE HE STARTED THE TRIP IN WARM WEATHER BUT ENCOUNTERED ICY ROADS. [redacted] STATED THE EQUIPMENT WAS OF CAST METAL WHICH HE DESCRIBED AS LIKE A RADIATOR, FURTHER STATING HE THOUGHT THE EQUIPMENT CRATE MEASURED AN ESTIMATED 4 FEET BY 4 FEET BY 4 FEET. ~~(S)~~ (U)

[redacted] ADVISED HE HAD NO KNOWLEDGE WHETHER ANYTHING WAS CONTAINED INSIDE THE EQUIPMENT. HE FURTHER STATED HE THOUGHT THE EQUIPMENT WAS LOADED DURING THE AFTERNOON HOURS AS NUMEC DID NOT SHIP ANYTHING AT NIGHT. HE DID ADVISE TRUCKS WERE LOADED AT NIGHT.

[redacted] STATED THIS PARTICULAR PIECE OF EQUIPMENT WAS NOT SHIPPED DIRECTLY FROM NUMEC APOLLO FACILITY. IT WAS LOADED ON THE TRUCK AT APOLLO AND STORED AT ANOTHER NUMEC PLANT AT PARKS TOWNSHIP FOR ONE OR TWO DAYS BEFORE HE DROVE IT TO NEW YORK. ~~CONFIDENTIAL~~

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[redacted] ADVISED HE KNEW DR. ZALMAN SHAPIRO, NUMEC OWNER, ONLY BY SIGHT AND NEVER HAD PERFORMED OR WAS REQUESTED TO PERFORM ANY SPECIAL TASKS AT HIS REQUEST.

FOR THE INFORMATION OF THE BUREAU AND RECEIVING OFFICES, [redacted] IS ALSO EMPLOYED BY BABCOCK AND WILCOX, INC., AT APOLLO, PA., BUT IS PRESENTLY UNAVAILABLE FOR INTERVIEW DUE TO VACATION. PITTSBURGH WILL INTERVIEW [redacted] UPON HIS RETURN FROM VACATION.

LHM FOLLOWS.

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DATE 09-18-2017 BY [redacted]

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Adm. Servs.
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FM PITTSBURGH (117-108) (P)

TO DIRECTOR (117-2564) ROUTINE NEWARK (INFO) ROUTINE

NEW HAVEN (INFO) ROUTINE

NEW YORK (INFO) ROUTINE

PHILADELPHIA (117-174) ROUTINE

WASHINGTON FIELD (117-273) ROUTINE

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~~SECTION 1 OF 2~~

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9-10-03 HC3 R0758
CLASSIFIED BY: 60290 BCE/MLT/ITR
REASON: 14 (D)
DECLASSIFY ON: X6
AS AMENDED

ATTENTION: CRIMINAL INVESTIGATIVE DIVISION, TERRORISM SECTION

DIVERT, AEA, OO: WFO.

RE BUREAU TELETYPE TO PITTSBURGH, MARCH 25, 1980, AND PITTSBURGH TELETYPE TO THE BUREAU, APRIL 7, 1980.

ON APRIL 15, 1980, [redacted] FORMER EMPLOYEE OF NUMEC AND PRESENT EMPLOYEE OF BABCOCK AND WILCOX, INC., APOLLO, PA, WAS INTERVIEWED RE HIS KNOWLEDGE OF ALLEGED DIVERSION OF SPECIAL NUCLEAR MATERIALS TO ISRAEL. (S) (U)

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23 MAY 80

6 [redacted] (info)

HAND CARRIED TO [redacted]

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Classified by SP-6 BJA/RB6
Declassify on: OADR
5668 SLD/KD 4/18/84 5-21-85

[redacted] HAS BEEN EMPLOYED CONTINUALLY AT THE APOLLO, PA, NUCLEAR FACILITY SINCE FEBRUARY, 1960, INITIALLY AS A QUALITY CONTROL SUPERVISOR, THEN BECAME TRANSPORTATION SUPERVISOR APPROXIMATELY 1962, UNTIL JUNE, 1979. [redacted] PRESENT POSITION IS TRANSPORTATION SPECIALIST. AS TRANSPORTATION SUPERVISOR AND IN HIS PRESENT POSITION AS TRANSPORTATION SPECIALIST, [redacted] WAS RESPONSIBLE FOR SHIPPING ALL MATERIALS FROM NUMEC FACILITIES. b6 b7C

[redacted] ADVISED HE DID HAVE ACCESS TO MANUFACTURING RECORDS THROUGH NUMEC ACCOUNTABILITY OFFICE, BUT HE PREPARED SHIPMENTS FROM A DOCUMENT KNOWN AS A SHIPPERS LIST. THIS LIST NEEDED APPROXIMATELY SIX SETS OF INITIALS FROM DEPARTMENTS SUCH AS HEALTH, SAFETY, SECURITY, ACCOUNTABILITY, AND SHIPPING BEFORE MATERIALS LEFT THE FACILITIES. [redacted] ADVISED HE WORKED ONLY FROM THE SHIPPERS LIST AND NOT FROM MANUFACTURING RECORDS.

[redacted] ADVISED HE RECALLED AT LEAST FOUR SEPARATE NUCLEAR MATERIALS SHIPMENTS TO ISRAEL. THE FIRST INSTANCE WAS OCTOBER, 1962 OR 1963; THE SECOND BETWEEN OCTOBER, 1964, AND SEPTEMBER, 1965; THE THIRD INSTANCE, LATE SUMMER OR EARLY FALL, 1965; THE FOURTH INSTANCE WAS BELIEVED TO BE IN SEPTEMBER, 1966. IN THE FIRST THREE INSTANCES, [redacted] DESCRIBED THE LOADS AS "CASKS WITH COOLING FINS," WHICH WERE

Information material?

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LOADED IN THE "HOT CELL." [redacted] STATED THE SHIPPERS LIST WOULD STATE THE TYPE OF MATERIAL, AND ALTHOUGH HE DID NOT PHYSICALLY SEE THE MATERIAL, HE TOOK THE VAULT HANDLERS INFO ON THE SHIPPERS LIST AT FACE VALUE. [redacted] ADVISED THIS TYPE OF SHIPPING CONTAINER CONTAINED "HOT" MATERIALS AND WAS LOADED AT THE STORAGE VAULTS RATHER THAN IN SHIPPING. (S) (U)

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INCIDENT I - [redacted] ADVISED HE FOLLOWED A SHIPPERS LIST AND LOADED ONE CASK WITH COOLING FINS, CONTAINING WHAT HE BELIEVED TO BE STRONTIUM 90, ON A COMPANY TRUCK IN THE AFTERNOON OR EARLY EVENING OF OCTOBER 26, 1962 (POSSIBLY 1963; DATE COINCIDES WITH [redacted] [redacted] ADVISED DR. ZALMAN SHAPIRO CALLED HIM TO MOVE THE SHIPMENT IMMEDIATELY TO ITS DESTINATION. [redacted] ADVISED HE ARRIVED AT WORK EARLY THE FOLLOWING MORNING AND WAS TOLD BY DR. SHAPIRO TO UNLOAD THE TRUCK; THE SHIPMENT WAS CANCELLED. AT APPROXIMATELY 11:30 A.M., THE SAME MORNING, DR. SHAPIRO CALLED [redacted] AND TOLD HIM TO RELOAD THE TRUCK; THE MATERIAL HAD TO BE IN NEW YORK BY 4 P.M. THAT DAY. [redacted] ADVISED THE NUXEC TRUCK DEPARTED NUMEC, DRIVEN BY COMPANY DRIVER [redacted] [redacted] ADVISED DR. SHAPIRO CALLED HIM FREQUENTLY (POSSIBLY HOURLY) TO DETERMINE THE TRUCK'S PROGRESS. [redacted] ADVISED HE LEFT MESSAGES AT (U) (S)

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TURNPIKE TOLL BOOTHS FOR [redacted] TO REPORT PROGRESS. [redacted] b6 b7C
ADVISED THE TRUCK ARRIVED AT PIER 32, ZIM-ISRAEL STEAMSHIP LINES, NEW YORK CITY, APPROXIMATELY 2:30 A.M. THE CARGO WAS OFF-LOADED FROM TRUCK IMMEDIATELY ONTO A SHIP (NAME UNKNOWN). FROM HIS PERSONAL RECORDS, [redacted] PROVIDED FOLLOWING TELEPHONE CONTACT: [redacted] TELEPHONE [redacted] [redacted] BELIEVED SHIP'S DESTINATION WAS HAIFA, ISRAEL. (X)(S) (U)

INCIDENT II - [redacted] ADVISED BETWEEN OCTOBER, 1964, AND SEPTEMBER, 1965, HE RECALLED SHIPPING A "REMOTE WEATHER STATION," WHICH HE DESCRIBED AS A LARGE CASK WITH COOLING FINS CONTAINING "HOT" MATERIAL TO ISRAEL. [redacted] BELIEVED THE METHOD OF SHIPMENT AND ROUTE WERE SIMILAR TO INCIDENT I. [redacted] BELIEVED ZIM-ISRAEL STEAMSHIP LINES WAS THE SEA CARRIER. (X)(S) (U)

INCIDENT III - [redacted] ADVISED LATE SUMMER OR EARLY FALL, 1965, HE WAS TOLD BY DR. SHAPIRO TO PERSONALLY TAKE A CRATE CONTAINING UNKNOWN MATERIALS (CRATE MEASURED APPROXIMATELY 3 1/2 FEET BY 3 1/2 FEET BY 3 1/2 FEET) TO NEW YORK CITY. [redacted] ADVISED HE PERSONALLY TOOK THE CRATE TO TWA AIRLINES AT GREATER PITTSBURGH INTERNATIONAL AIRPORT AND ACCOMPANIED THE CRATE TO NEW YORK CITY, WHERE HE PERSONALLY DELIVERED THE CRATE VIA RENTED (U) (X)(S)

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STATION WAGON TO A REPRESENTATIVE OF THE ISRAELI DEFENSE MINISTRY (NAME UNKNOWN) IN MANHATTAN. [redacted] ADVISED DR. SHAPIRO TOLD HIM TO CALL THE ISRAELI CONSUL IF HE NEEDED HELP. [redacted] PROVIDED FROM HIS PERSONAL RECORDS THE FOLLOWING NAME AT THE ISRAELI CONSULATE: [redacted] TELEPHONE [redacted] HOME TELEPHONE [redacted] (S) (U)

INCIDENT IV [redacted] ADVISED APPROXIMATELY SEPTEMBER, 1966, DR. SHAPIRO AGAIN TOLD HIM TO PERSONALLY ESCORT A SHIPMENT FROM THE NUMEC FACILITY AT QUEHANNA, PA, (ACCORDING TO [redacted] THE SITE OF AN EXPERIMENTAL NUCLEAR REACTOR PREVIOUSLY OWNED BY PENN STATE UNIVERSITY) TO NEWARK, NJ. [redacted] ADVISED HE WAS ALSO ACCOMPANIED ON THE TRIP BY [redacted] A NUMEC NUCLEAR SAFETY OFFICIAL (POSSIBLY EMPLOYED BY NRC PRESENTLY) AND MARLIN EBERT, A NUMEC CONTRACTS ADMINISTRATOR (NO LONGER EMPLOYED AT NUMEC). [redacted] ADVISED THIS SHIPMENT CONSISTED OF TWO CRATES, ONE MEASURING APPROXIMATELY 8 FEET BY 10 FEET BY 8 FEET; THE SECOND CRATE MEASURING APPROXIMATELY 4 FEET BY 5 FEET BY 4 FEET, MARKED WITH RADIOACTIVE SYMBOLS. [redacted] STATED THIS SHIPMENT WAS ESCORTED TO THE PA BORDER BY THE PSP AND WAS MONITORED IN NEW JERSEY BY NJ DEPARTMENT OF PUBLIC HEALTH. [redacted] STATED THIS SHIPMENT WAS DELIVERED TO MAHEIR STEAMSHIP LINES AT NEWARK, NJ. UPON DELIVERY, (S) (U)

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b7D

THE CRATES WERE OFF-LOADED DIRECTLY FROM THE TRUCK INTO THE SHIPS HOLD. [redacted] ADVISED HE BELIEVED THE NAME OF THE SHIP WAS THE YAFO, WHICH HAD A DESTINATION OF HAIFA, ISRAEL. (S) (U) SECRET

[redacted] ADVISED IT WAS COMMON KNOWLEDGE AT THE APOLLO., PA, FACILITY THAT DR. SHAPIRO MADE SEVERAL TRIPS TO ISRAEL DURING THE 1962 - 1966 TIME FRAME. [redacted] COULD NOT ALIGN SHAPIRO TRIPS WITH SHIPMENTS. [redacted] RECALLED RECEIVING PHONE CALLS FROM [redacted] A NUMEC ENGINEER LOCATED IN ISRAEL, REQUESTING SEVERAL ITEMS. [redacted] COULD NOT RECALL ITEMS REQUESTED. (S) (U)

[redacted] ADVISED THE NUMEC SHIPPING AGENT W.J. BURNS AND CO., NEW YORK, NY, ARRANGED TO THE OVERSEAS SHIPMENT OF NUMEC MATERIALS. [redacted] FURTHER ADVISED THAT OTHER THAN A NEWS MEDIA INQUIRY APPROXIMATELY SIX MONTHS AGO, NOBODY HAS DISCUSSED THE ALLEGED DIVERSION OF MATERIALS TO ISRAEL WITH HIX. (S) (U)

[redacted]

BT

SECRET

[redacted]

b6
b7C
b7D

SECRET

LEADS DEVELOPED AT NEW YORK AND NEW HAVEN AS A RESULT OF PITTSBURGH INVESTIGATION ARE LEFT TO THE DISCRETION OF OO. WASHINGTON FIELD IS REQUESTED TO FURNISH NEW YORK, NEW HAVEN, AND NEWARK PERTINENT BACKGROUND INFO IF INVESTIGATION IS DESIRED.

LHM FOLLOWS.

BT

#

SECRET

NHC001 116 1835Z

PP HQ PG WF

DE NH

P 251835Z APR 80

FM NEW HAVEN (117-69)

TO DIRECTOR, FBI PRIORITY

PITTSBURGH (117-108) PRIORITY

WASHINGTON FIELD (117-273) PRIORITY

BT

UNCLAS E F T O

DIVERT; AEA; OO: WFO.

REBUTEL, APR. 24, 1980.

FOR INFORMATION RECIPIENTS, UNITED NUCLEAR, WOOD RIVER JUNCTION, IS LOCATED IN RHODE ISLAND; HOWEVER, NEW HAVEN MAINTAINS CONTACT WITH UNITED SECURITY DIRECTOR [redacted] AT MONTVILLE, CT. UACP, NEW HAVEN WILL HANDLE LEAD.

BT

b6
b7C

RECEIVED
TELETYPE UNIT

25 APR 80 16

RECEIVED
FEDERAL BUREAU
OF INVESTIGATION
COMMUNICATIONS

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

117-2564-530

23 MAY 28 1980

66 JUN 3 1980

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 6/22/82 BY SP-1 GSK/RBG
56683LD/KJ 5-28-85

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 09-18-2017 BY [redacted]

b6
b7C

73 (Rev. 10-26-78)

SF115

O
A
R

082

MESSAGE RELAY VIA TELETYPE

SECRET

DATE	CLASSIFICATION	PRECEDENCE
5/21/80	UNCLASSIFIED	ROUTINE

~~CONFIDENTIAL~~

FM DIRECTOR FBI

TO

FEDERAL GOVERNMENT

9

- [ ] The President
- [ ] The Vice President
- [ ] White House Situation Room
  - [ ] Attn: National Security Council
- [ ] Department of the Air Force (AFOSI)
- [ ] Department of the Army
- [ ] Naval Investigative Service
- [ ] Commandant, U. S. Coast Guard
- [ ] National Security Agency (DIRNSA/NSOC (ATTN: SOO))
- [ ] Director, Defense Intelligence Agency
- [ ] Director CIA
- [ ] U. S. Secret Service (PID)
  - [ ] Attn: Executive Protective Service
- [ ] ZEN/U. S. Postal Service
  - [ ] Attn: Chief Postal Inspector
- [ ] Nuclear Regulatory Commission
- [ ] Department of Energy
- [ ] Department of Treasury
  - [ ] Attn: U. S. Customs
- [ ] Department of Treasury
  - [ ] Attn: Bureau of Alcohol Tobacco & Firearms
- [ ] Department of Transportation
  - [ ] Attn: Director of Security
- [ ] Drug Enforcement Administration
- [ ] General Services Administration (WASHDC area, specify office)
- [ ] (Other Areas, specify CITY/STATE)
- [ ] Federal Aviation Administration
- [ ] Federal Protective Service
- [ ] Secretary of State
  - [ ] Attn: Director Bureau of Intelligence & Research
  - [ ] Attn: SCA - VISA Office Room 709 - SA2
- [ ] Attorney General
- [ ] Deputy AG
  - [ ] Attn: Emergency Programs Center
- [ ] Assistant AG, Civil Rights Div.
- [XX] Assistant AG, Criminal Div.
  - [XX] Attn: Internal Security Section
  - [ ] Attn: General Crimes Section
- [ ] Assistant AG for Administration
  - [ ] Attn: Security & Administrative Services Staff
- [ ] Immigration & Naturalization Service

ATTN [redacted]

b6
b7C

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED EXCEPT WHERE SHOWN OTHERWISE

(SERVICE ALSO AVAILABLE TO GOVERNMENT AGENCIES NOT LISTED. [ ]
CONTACT COMMUNICATIONS CENTER FOR ADDRESSING INFORMATION) [ ]

SUBJECT:

DR. ZALMAN MORDECAI SHAPIRO
ATOMIC ENERGY ACT

~~5668 SLD/KG~~ 5-23-85
~~Classified by~~ SP-6 BJA/RBG
~~Declassify on: OADR~~ 4/18/84

APPROVED BY	ORIGINATOR	ROOM	TELE EXT.
FMM/JA	[redacted]	4084	4650

117-2564-5

9-10-03 #RC3P0758
CLASSIFIED BY: 60290 BCE/MLT/JTG
REASON: 1.4 (D)
DECLASSIFY ON: X6 AS AMENDED

MAY 27 1980

DO NOT FILE WITHOUT COMMUNICATIONS STAMP

SECRET

~~CONFIDENTIAL~~

07 JUN 17 1980

MAY 28 1980

USE OF FORM 0-73

1. Only incoming teletype messages which require transmission relay may be prepared for transmission using form 0-
   Use of form 0-73 is restricted to incoming teletype messages received within the last 3 days which require transmission relay; all other teletype messages must be prepared using form 0-93.

2. Additions such as notes and administrative data for a specific addressee are not allowed. If a note or administrative data is required for a particular addressee a separate 0-73 form must be prepared.

3. The message will be transmitted just as it appears. The person approving the message is solely responsible for assuring all necessary editing changes have been made.

PREPARATION OF FORM WHICH CONSISTS OF A PREPRINTED YELLOW.

1. Complete appropriate boxes: date, classification & precedence.
2. List addresses immediately following the "TO" or place a check mark in the appropriate boxes.
3. Type or PRINT the subject in the space provided.
4. Print or type originator's name, room number and telephone extension.
5. Indicate approval for transmission by initialing the "Approved By" box.

PREPARATION OF MESSAGE TO BE TRANSMITTED

1. Xerox 1 copy of incoming teletype message. A notation shall be made on the original incoming teletype "1 copy made for relay to SACS _____ , (OR LEGATS) _____ , (OR GOVERNMENT AGENCIES) _____ ."
2. Minor editing changes shall be made on the xerox as follows: using a lead pencil ONLY draw single line through the first and last lines of the heading and connect these lines from top right to bottom left forming a "Z," figure. (DO NOT OBLITERATE THE HEADING.) Use horizontal lines to delete sentences or words. Printed changes of word or two to the text of the message may be made; however, changes to the existing text involving more than a word or two necessitate the originator to initiate a new message using form 0-93.
3. Administrative data or notes may be typed immediately following the text and will be transmitted to all addressees.
4. When using the 0-73 form to disseminate information to field offices, Legal Attaches and other Government agenc simultaneously, the text, notes and administrative data must be identical for all addressees.

NITED STATES GOVERNMENT

memorandum

DATE: June 19, 1980

REPLY TO ATTN OF: Philip B. Heymann
Assistant Attorney General
Criminal Division

FEDERAL GOVERNMENT

PBH:JLM: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

There is attached hereto a copy of a letter, dated June 11, 1980, from the Office of Inspector and Auditor, Nuclear Regulatory Commission (NRC) concerning the subject investigation. As the letter indicates, the NRC requests copies of all existing and future reports arising from the Bureau's current investigation of the allegations reported by [redacted] b7D

To assist us in determining whether to authorize the release of the reports to the NRC, we would appreciate receiving the Bureau's views on the matter. Please advise whether, and to what extent and with what limitations, if any, the reports should be provided to the NRC.

Your response should be directed to the Internal Security Section.

Enclosure

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 6-13-85 BY 5668SLD/KJ
Per DOJ letter 5-23-85
DE-49 117-2544

ENCLOSURE

EXP. PROC.
31 JUN 24 1980

7/8
JUN 24 1980

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

☆U.S. Government Printing Office: 1977—241-530/3474

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

84 AUG 18 '80

1 - Mr. O. B. Revell
1 - Mr. C. P. Monroe
1 - Mr. R. J. Ivey
1 - Mr. T. D. Mahoney

Honorable Philip B. Heymann
Assistant Attorney General
Criminal Division
Attn: Internal Security Section
Oliver B. Revell
Assistant Director
Criminal Investigative Division
ZALMAN MORDECAI SHAPIRO;
ATOMIC ENERGY ACT

July 1, 1980

9 b5 b7D

MAILED 13
JUL 03 1980

Exec AD I
Exec AD A
Exec AD L
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

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 6/22/82 BY SP-1 GSK/RBG

FBI/DOJ

NH0001 197 1943Z

RR HQ

DE NH

R 151943Z JUL 80

15 JUL 80 1950Z

FM NEW HAVEN (117-69)(P)

TO DIRECTOR, FBI PRIORITY

WASHINGTON FIELD (117-273)PRIORITY

BT

UNCLAS E F T O

DIVERT; AEA; OO:WFO.

RE PITTSBURGH TELETYPE TO THE BUREAU, APRIL 17, 1980; BUREAU TELETYPE TO WFO, APRIL 24, 1980; AND NEW HAVEN TELETYPE TO BUREAU, APRIL 24, 1980.

FOR THE INFO OF WFO, NEW HAVEN HAS NOT RECEIVED ANY BACKGROUND INFO FROM WFO AS WAS TO BE FORWARDED.

IN REGARD TO THE LEADS IN REFERENCED TELETYPES FOR WFO TO FORWARD BACKGROUND INFO TO NEW HAVEN, PRIOR TO CONDUCTING AN INTERVIEW WITH [redacted] NEW HAVEN HAS NOT RECEIVED ANY INFO FROM WFO, AND IS HOLDING INTERVIEW WITH [redacted] IN ABEYANCE UNTIL THIS INFO IS RECEIVED.

IF WFO DESIRES TO HAVE [redacted] INTERVIEWED, WILL FORWARD APPROPRIATE BACKGROUND INFO TO NEW HAVEN.

BT

b6
b7C

117-

6-

2 AUG 4 1980

5668 SLD/KG 5-23-83

84 AUG 26 '80

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 6/22/82 BY SP-1 GSK/RBG

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

B-0322

FBI

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

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

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

Date 8/12/80

TO: DIRECTOR, FBI (117-2564)

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

LM

DIVERT
(00:WFO)

ReNew Haven teletype dated 7/15/80.

WFO acknowledges receipt of New Haven and New York teletypes in this matter and apologizes for the delay in responding. However, due to a succession of specials originating from this squad, this matter has been set aside pending their completion.

b5

[redacted]

Therefore, prior to requesting New Haven and New York to conduct leads in this matter, WFO would like a statement of direction from the Department as to the aforementioned problems.

117-2564-535

AUG 14 1980

2 - Bureau
1 - New Haven (117-69) (Info)
1 - New York (117-394) (Info)
1 - Pittsburgh (117-108) (Info)
1 - WFO

RJD:aih
(6)

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 6/22/82 BY SP-1GSK/RBG

Approved: CRM/SDM Transmitted 5668 SLD/KS 5-23-85 (Number) (Time) Per

84 OCT 3 '80

☆ U.S. GOVERNMENT PRINTING OFFICE: 1980-305-750/5402

SECRET

ALL FBI INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 09-18-2017 BY [redacted]

b6
b7C

1 - [redacted]
1 - [redacted]

AIRTEL

SECRET

9/17/80

Director, FBI (117-2564)

SACs, Boston (Enclosures - 2)
Pittsburgh (117-108) (Enclosures - 2)
WFO (117-273)

LM

9-10-03 #R03758 60290 BCE/MM/JTG
4 D,C
6,1
AS AMENDED

DIVERT;
AEA, OOJ
OO: WFO

Enclosed for both Boston and Pittsburgh Offices are two copies of an FD-302 dated 5/15/80, regarding a 5/9/80 interview of Marlin J. Ebert, at Livermore, California. (U)

For the information of the Boston Office, "Divert" is the code word for the case captioned, "Zalman Mordecai Shapiro; AEA, OOJ, OO: WFO." (U)

Background information for Boston's benefit is set forth. In June, 1965, Atomic Energy Commission (AEC), now the Department of Energy (DOE), requested the FBI conduct a Foreign Agent's Registration Act (FARA) investigation of Zalman Mordecai Shapiro, founder and chief executive officer of Nuclear Materials and Equipment, Incorporated (NUMEC), Apollo, Pennsylvania, based on Shapiro's alleged business dealings with the Government of Israel (GOI). NUMEC was a licensed nuclear processing plant at the time. [The investigation was closed in September, 1969, and the results were furnished to [redacted] AEC, and the Department of Justice (DOJ). However, this matter received a great deal of attention from [redacted] Congress, and the media. On 4/30/76, the Attorney General ordered the FBI to conduct an extensive investigation into the alleged diversion of special nuclear material from NUMEC during the 1960's [redacted] The allegation concerned approximately 178 kilograms of special nuclear material being diverted to the GOI.] (S) (U)

b3
b7E

MAILED 13
SEP 18 1980

117-2564

Based on the enclosed FD-302, the following leads are set forth. (U)

Exec AD Inv.
Exec AD Adm.
Exec AD LES
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

ENCLOSURE

SECRET

Classified and Extended by 8024
Reason for Extension FCIM, II, 1-2.4.2 (2)
Date of Review for Declassification 9/17/2000

AES:grr (9)

See NOTE Page Two

SP-1 GSK/RBY 2,3
9/17/2000
6/22/82

Class. & Ext. By
Reason
Date of Review
217,822

MAIL ROOM

SECRET

FBI/DOJ

Airtel to SACs, Boston
Pittsburgh
WFO

Re: DIVERT

Leads

Boston (at Maelu, Massachusetts):

Interview [redacted] former NUMEC employee, Maelu, Massachusetts, pertaining to the allegations of diversion at NUMEC and events in the enclosed FD-302. (U) b6 b7C

Pittsburgh (at Pittsburgh, Pennsylvania):

Interview [redacted] Pittsburgh, Pennsylvania, a former NUMEC employee, pertaining to the allegations of diversion at NUMEC and the events in the enclosed FD-302. (U)

Both Boston and Pittsburgh should submit results using FD-302's, suitable for dissemination. (U)

NOTE: An interview of Marlin Ebert resulted in two additional names of former NUMEC employees to be interviewed regarding the captioned investigation. (U)

(Rev. 9/17/80)

DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
INTERNAL ROUTING/ACTION SLIP

TO	BLDG.	ROOM	NAME/TITLE/ORGANIZATION
	TL #		DIVISION FRONT OFFICE
	233	5012	Mr. O. B. Revell
	233	5012	Mr. C. P. Monroe
	231	3012	Mr. D. E. Caro
	231	3012	[redacted]
	233	5012	
	233	5012	
			SECTION FRONT OFFICES
	233	5030	Mr. W. R. Gilbert
	233	5155	Mr. J. E. Henehan
	242	4042	Mr. R. J. Ivey
	231	3076	Mr. S. M. McWeeney
	231	3823	Mr. J. P. Schulte
			SECTION FRONT OFFICE
	242	4042	Mr. J. F. Price
	242	4042	[redacted]
	242	4042	
			RECORDS SECTION
	222	5648	Filing
✓	111	4437	Mail Processing
	111	4336	Place on record/return
	152	1B327	Mail Room
	244	6247	Teletype Unit

TO	BLDG.	ROOM	NAME/TITLE/ORGANIZATION
	TL #		UNIT CHIEFS
	253	1427	[redacted]
	242	4051	
	242	4084	
	242	4062	
			SECTION SUPERVISORS
	242	4062	[redacted]
	242	4062	
	242	4062	
	242	4062	
	242	4051	
	242	4051	
	242	4084	
	242	4084	
	242	4051	
	242	4051	
	253	1427	
	253	1427	
	253	1427	
	253	1427	
	242	4084	
	242	4084	
			**********
	242	4437	Reading Room
	243	5425	Name Check Section
	115	5443 A	Name Searching Unit

PLEASE PLACE THE ATTACHED ROUTING SLIP AND LHM IN FILE # 117-2564.

b6
b7C

☐ RECOMMENDATION/COMMENT
☐ SEE REMARKS ON REVERSE
☐ MAKE COPIES (NO.)
☐ RETURN (BY)
☐ LOG
☐ FILE
☐ SEE ME
☐ CALL ME
☐ NECESSARY ACTION
☐ COORDINATE
☐ PER INQUIRY
☐ INFORMATION

FROM [redacted]
TERRORISM SECTION
CRIMINAL INVESTIGATIVE DIVISION

BLDG. J. Edgar Hoover (JEH)
ROOM 4084
PHONE 4650
DATE 12/2[illegible]

FORM DOJ-359A
8-1-74

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 9-26-80

0322

TO : DIRECTOR, FBI (117-2564)

FROM : SAC, BOSTON (117-NEW)

SUBJECT: DIVERT
AEA; OOD
(OO: WFO)
WFO file 117-273

ReBuairtel 9-17-80.

For the information of the Bureau and receiving offices, the Boston Division's Territorial List does not reflect a town by the name of Maelu, Mass. In addition, a check of the Postal Guide for the State of Massachusetts also failed to list a city by that name.

b6
b7C

LEAD

SAN FRANCISCO

AT LIVERMORE, CALIF. Will recontact Marlin J. Ebert, Livermore Engineering Lab., 4049 First St., Livermore, and attempt to obtain additional information concerning location of [redacted]

117-2564-537

SEP 29 1980

2-Bureau
1-Pittsburgh (117-108) (Info)
2-San Francisco (117-280)
1-Washington Field (117-273)
1-Boston

FSK:po'b
(7)

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 6/22/82 BY SP-1 GSK/RBG
5668 SLD/KG 5-23-86

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

☆ U.S. GOVERNMENT PRINTING OFFICE: 1980-305-750/5402

9'80

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

FBI

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

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

0322

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

Date 9/30/80

TO: DIRECTOR, FBI (117-2564)

FROM: SAC, PITTSBURGH (117-108) (RUC)

WAW/mgm

SUBJECT: DIVERT
AEA, OOJ
(OO: WASHINGTON FIELD)

Re Bureau airtel to Boston dated 9/17/80, with enclosed San Francisco LHM dated 5/15/80.

On 9/26/80, [redacted] (Protect-Request-Granted), [redacted]

b6
b7C
b7D

DE-24 117-2564-5
117-2564

2 - Bureau
2 - Washington Field (117-273)
1 - Pittsburgh
JPO:gs
(5)

16 OCT 1 1980

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 6/22/82 BY SP-1 JSK/RBY
5668SLD/KJ 5-23-85

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

☆ U.S. GOVERNMENT PRINTING OFFICE: 1980-305-750/5402

84 OCT 16 1980

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 11/4/80

TO: DIRECTOR, FBI (117-2564)

FROM: SAC, SAN FRANCISCO (117-280) (RUC) (BERKELEY RA)

SUBJECT: DIVERT
AEA
OO: WFO

Re Boston airtel, 9/26/80, and Bureau airtel, 9/17/80.

On 10/15/80, and 11/3/80, Marlin J. Ebert, Livermore Engineering Laboratory, 4049 First Street, Livermore, California, advised [redacted] is employed by the Mutual Atomic Engineering Liability Underwriters (MAELU), located at Farmington, Connecticut. [redacted] did not have the specific address for MAELU, but provided telephone number (203) 677-7715 as [redacted] business phone. [redacted] had mistakenly advised previously that [redacted] resided at Maelu, Massachusetts.

Since San Francisco did not receive a copy of Bureau airtel dated 9/17/80, Boston is requested to communicate background and lead information to the New Haven Division for coverage of appropriate leads.

V-28 DE-80 117-2651

[redacted] RECORDED
23 NOV 7 1980

2 - Bureau (RM)
2 - Boston (RM)
1 - Pittsburg (117-108) (INFO) (RM)
1 - WFO (117-273) (RM)
1 - San Francisco
PWS/lb
(7)

1 - CC in 4084

SIX

b6
b7C
b7D

UNRECORDED COPY FILED IN 117-2651

b6
b7C

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 6/22/82 BY SP-1 GJK/RBG

NOV 15 1980

Approved 5668 SCD/KJ 5/23/85 Transmitted _____ (Number) _____ (Time) Per _____

84 DEC 10 1980

PG 117-108

LEADS

WASHINGTON FIELD

AT WASHINGTON, D.C.

Locate and interview [redacted] a former NUMEC employee, pertaining to the allegations of diversion of special nuclear materials at NUMEC, Apollo, PA, and the events contained in San Francisco LHM dated 5/15/80.

b6
b7C

0322

Department of Energy
Washington, D.C. 20545

FEDERAL GOVERNMENT

NOV 7 1980

Honorable William H. Webster
Director
Federal Bureau of Investigation
Attn: Legal Counsel Division
U. S. Department of Justice
Washington, DC 20535

Dear Mr. Webster:

The Department of Energy (DOE) is in receipt of an informal inquiry from the staff of the Committee on Internal and Insular Affairs chaired by the Honorable Morris K. Udall, U. S. Congress, as to the basis for the continued classification of certain DOE documents related to the FBI's investigation of the Nuclear Materials and Equipment Corporation (NUMEC) matter.

We have advised [redacted] of Mr. Udall's staff that it is the understanding of the DOE that the FBI investigation of this matter remains open and that the declassification and public dissemination of any documentation associated with the investigation cannot be made available by this Department. b6 b7C

In view of the above, we would appreciate any advice by the Bureau that could be of assistance to this Department as to the current status of the NUMEC investigation case in order that we may properly deal with such inquiries as received in this instance.

Sincerely,

Martin J. Dowd
Director
Division of Security
Office of Safeguards and Security
Defense Programs

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 6-10-85 BY 5668SLD/LS Per DOE letter 6-6-85

1-4

FROM
DEC 22 1980

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

FBI

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

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

0322

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

Date 11-13-80

TO : DIRECTOR, FBI (117-~~2564~~ 2564)

FROM : SAC, BOSTON (117-167)(RUC)

SUBJECT: DIVERT
AEA
(OO: WFO)

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 6/22/82 BY SP-1 GSK/RBG
5668 SLD/KJ 5-23-85

117-2564-536

ReBuairtel to Boston, Pittsburgh, and WFO dated 9-17-80; BSairtel, 9-26-80, and SFairtel, 11-4-80.

Enclosed for the New Haven Division are:

1. One (1) copy of reBuairtel, 9-17-80, with enclosure.
2. One (1) copy of reBSairtel 9-26-80.
3. One (1) copy of reSFairtel, 11-4-80.

New Haven Division should review information contained in the above-listed enclosures and conduct investigations previously set forth for Boston in reBuairtel of 9-17-80.

68

LEAD

NEW HAVEN

AT FARMINGTON, CONN. Will interview [redacted] at the Mutual Atomic Engineering Liability Underwriters (MAELU). b6 b7C

117-2564-540

2-Bureau (RM)
2-New Haven (Encs. 3)(RM)
1-Pittsburgh (117-108)(Info)(RM)
1-San Francisco (117-280)(Info)(RM)
1-Washington Field (117-273)(Info)(RM)
1-Boston

FSK:po'b'
(5)

1-CC in 4084

[redacted]

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

78 DEC 22 1980

☆ U.S. GOVERNMENT PRINTING OFFICE: 1980-305-750/5402

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

DECLASSIFICATION AUTHORITY DERIVIED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 12-29-2008

FEDERAL BUREAU OF INVESTIGATION

1 ~~CONFIDENTIAL~~ Date of transcription 12/15/80

On December 3, 1980, [redacted] Washington, D.C. (WDC), was interviewed at his office at 1200 18th Street, N.W., WDC, Room [redacted] b6 b7C

[redacted] advised that he was previously employed at NUMEC, Apollo, Pennsylvania, from May, 1963, to September, 1970, when he resigned from his position. He stated that all but the last year of his employment, he was located at the plutonium laboratory of NUMEC working as a Health Physicist. The final year of his employment was spent at the corporate headquarters, where he had responsibility for monitoring shipping. His immediate supervisor at the time was [redacted]

[redacted] advised that he knew Dr. Zalman M. Shapiro, head of NUMEC, on a professional basis, having frequent contact with him at the plant facility. He described Shapiro as an intelligent man with little administrative ability, but of high character and integrity.

[redacted] stated that he had responsibility for monitoring shipping of nuclear material from the NUMEC facility in the sense of insuring that the shipments were not a health hazard. Although he cannot recall any specific shipment, he advised that there were about 12 shipments a year from the facility. All were "emergency" shipments in the sense that they were usually late in departing and that trucks were standing by which were expensive to hire. Thusly, some shipments were loaded at night as soon as they were prepared. (U) The shipments of cobalt shipped to Israel under a contract to irradiate Israeli crops, were packed in various sized containers, usually oversized for sufficient shielding. Due to poor detection equipment of the time, it was impossible to determine the type of material that was in each container.

[redacted] as well as everyone at the NUMEC facility, was aware of the alleged loss of nuclear material there. He participated in searches for the material, especially in the dump site at the plant. Although he has no specific knowledge of the loss, [redacted] believes that the losses were the result of

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED EXCEPT WHERE SHOWN OTHERWISE

~~Classified by SP-6BJA/RBG~~
~~Declassify on CADR~~
4/18/84

Investigation on 12/3/80 at Washington, D.C. File # WFO 117-273

by SA [redacted] aih Date dictated 12/8/80 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.

~~CONFIDENTIAL~~

6/22/82 SP-1GSK/RBG

9-12-03 #03 RO 758 60290 BCE/MLT/JTG 4 D 6 AS AMENDED

~~CONFIDENTIAL~~

chemical processing of the uranium and that, as he believes, the loss was probably discharged into the river with the waste water. He stated that this is impossible to verify exactly, especially after such an extended period of time.

[redacted] stated that there were many foreign visitors to the plant to observe the facility in action. However, he can remember no specific individual from these visits, nor any unusual circumstances regarding these visits.

b6
b7C

[redacted] stated that he has had no contact with Shapiro since leaving NUMEC in 1970.

~~CONFIDENTIAL~~

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

SR B0322

FBI

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

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

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

Date 12/16/80

TO: DIRECTOR, FBI (117-2564)

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

DIVERT
(00:WFO)

RePittsburgh letter dated 9/30/80.

Enclosed for FBIHQ are two copies of an FD-302 reflecting the interview of former NUMEC employee, [redacted] b6 b7C

Since a lead is currently outstanding at New Haven, this matter will be maintained in an open status pending completion of that investigation.

16

541

117-2564

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 6/22/82 BY SP-1 GSK/RBG
5668 SLD/KJ 6-23-85

DEC 17 1980

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

1-4084
12/19/80

RJD:aih
(3)

AES/BJS

1 - AAGCDISS
1 - DOE

SIX

cc LHM SENT
DOE
DOJ

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 6/22/82 BY SP-1 GSK/RBG

Approved: TMG/BD Transmitted (Number) (Time) Per

84 JAN 14 1981

DECLASSIFICATION AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
DATE 09-18-2017 BY: [redacted]

b6
b7C

UNITED STATES DEPARTMENT OF JUSTICE

FEDERAL BUREAU OF INVESTIGATION

WASHINGTON, D.C. 20535

~~CONFIDENTIAL~~

December 19, 1980

ZALMAN MORDECAI SHAPIRO

On December 3, 1980, the following interview was conducted:

9-11-03 #03R0758
60290 BCE/MLT/JTE
4 D
6 AS AMENDED

SP-6 BJA/RBG
4/20/84
5668 SLD/KG 5-23-85

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 6/22/82 BY SP-1 GSK/RBG

~~AES/BJS~~

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0322

0-6 (Rev. 1-24-77) FEDERAL GOVERNMENT

From
Director
Federal Bureau of Investigation

To:

Date 12/22/80

RE:

- [ ] The Attorney General
- [ ] The Solicitor General
- [ ] The Deputy Attorney General
  - [ ] Emergency Programs Center
- [ ] Assistant Attorney General
  - [ ] Antitrust Division
  - [ ] Civil Division
  - [ ] Civil Rights Division
  - [ ] Office of Legislative Affairs
- [ ] Office of Legal Counsel
- [ ] Director, U. S. Marshals Service
- [ ] Director, Bureau of Prisons
- [ ] The Pardon Attorney
- [ ] Assistant Attorney General for Administration
- [ ] Immigration and Naturalization Service
- [ ] Drug Enforcement Administration
- [ ] Law Enforcement Assistance Administration
- [ ] Director, Management Programs and Budget Staff
- [ ] Director, Administrative Services Programs Staff
- [ ] Director, Personnel and Training Staff
- [ ] Director, Department Security Staff
- [ ] General Litigation Section, Civil Division
- [ ] Community Relations Service

- [XX] Criminal Division (DOJ)
  - [XX] Internal Security Section
  - [ ] General Crimes Section
  - [ ] Special Litigation Unit
  - [ ] Registration Unit

ATTN: [redacted]

b6
b7C

- [ ] A. No further action will be taken in this case in the absence of a specific request from you.
- [ ] B. Please advise what further investigation, if any, is desired in this matter.
- [ ] C. For your information, I am enclosing a communication regarding the holder of a diplomatic or international organization visa.
- [XX] D. For your information.
- [ ] E. Please note change in caption of this case.
- [ ] F. Pursuant to your inquiry, attached information is being furnished.
- [ ] G. Investigation is continuing.
- [ ] H.

ORIGINAL SENT TO 6-AES/Bols

MAILED 12/22/80

cc:
- [ ] Attorney General
- [ ] Deputy Attorney General
  - [ ] Emergency Programs Center
- [ ] Antitrust Division
- [ ] Civil Division
- [ ] Civil Rights Division
- [ ] Criminal Division
  - [ ] Int. Sec. Section
  - [ ] General Crimes Section
  - [ ] Special Litigation Unit
  - [ ] Registration Unit

1-Executive Secretary

217,822

69 JAN 21 1981

Bufile: 117-2564

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 6/22/82 BY SP-1 GSK/RBS

FBI/DOJ

1-AE [redacted]

5668 SLO/KJ 5-23-85

FD-36 (Rev. 7-27-76)

0322

FBI

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

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

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

Date 1/6/81

TO: DIRECTOR, FBI (117-2564)

FROM: SAC, NEW HAVEN (177-69) (RUC)

SUBJECT: [redacted]
AEA
OO: WFO

Re Butel to BS, PG, and WFO dated 9/17/80; BS airtel 9/26/80; SF airtel 11/4/80; and BS airtel dated 11/13/80.

Enclosed for Columbia Division are:

1. One copy of reBuairtel, 9/17/80, with enclosure.
2. One copy of reBS airtel, 9/26/80.
3. One copy of reSF airtel, 11/4/80.

Columbia Division should review information contained in the above-listed enclosures and conduct investigation previously set forth for Boston in reBuairtel of 9/17/80.

For information OO and Bureau, [redacted] Secretary, American Nuclear Insurance Corp., Farmington CT, (203-677-7715) advised on 1/5/81 that [redacted] left the above corporation approximately one year ago. She furnished his present place of employment as follows:

Westinghouse Electric, Nuclear Fuel Division
Bluff Road, Rt. 48, Columbia, South Carolina
Telephone: (803) 776-2610

b6
b7C

117-[illegible] 542

2 - Bureau (RM)
2 - Columbia (Encs.3)(RM)
1 - Pittsburgh (117-108)(INFO)(RM)
1 - San Francisco (117-280)(INFO)(RM)
1 - WFO (117-273)(INFO)(RM)
1 - New Haven
WBG:wap
(8)

2 JAN 12 1981

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 6/22/82 BY SP-1 GSK/RBS

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

JAN 31 1981

5668 SCD/RG 5-23-85

NH 117- 69

LEAD:

COLUMBIA

At Columbia, S.C.

Will interview [redacted] at Westinghouse Electric, Nuclear Fuel Division, pertaining to the allegations of diversion at NUMEC and events in the enclosed FD-302.

b6
b7C

0322

1 - [redacted]
1 -

b6
b7C

AIRTEL

UNCLAS 1/23/81

Director, FBI (117-2564)

SAC, WFO (117-273)(C)

DIVERT;
AEA

ReCOairtel dated 1/16/81.

Place matter in a closed status until further instructions are received from U. S. Department of Justice (DOJ).

No destruction of such files or Agent's personal notes are to be made without FBIHQ authority. All closed volumes are to be retained in appropriate safe, as required.

AES:grr (5)

MAILED 13
JAN 23 1981
FBI

543

JAN 23 1981

Exec AD Inv. ___
Exec AD Adm. ___
Exec AD LES ___
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 ☑

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 6/22/82 BY SP1 GSK/RBY
5668 SP/RB 5-23-85

FBI/DOJ

UNITED STATES DEPARTMENT OF JUSTICE

FEDERAL BUREAU OF INVESTIGATION

In Reply, Please Refer to File No.

Columbia, South Carolina
January 16, 1981

DIVERT
ATOMIC ENERGY ACT

On January 15, 1981, former Nuclear Materials and Equipment Incorporated (NUMEC) employee, [redacted] was interviewed at his place of employment, Westinghouse Electric, Nuclear Fuel Division, Bluff Road, Route 48, Columbia, South Carolina. The results of this interview are as follows: b6 b7C

DATE 6/22/82 BY SP-1 GSK/RBY
5668SCD/KJ 5-23-85

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Do Not Destroy

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

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 1/16/81

~~CONFIDENTIAL~~

[redacted] who resides at [redacted] South Carolina, and has telephone number [redacted] was interviewed at his place of employment, Westinghouse Electric Nuclear Fuel Division, Bluff Road, Route 48. [redacted] was advised that he was being interviewed regarding his past employment by Nuclear Materials and Equipment Incorporated (NUMEC). [redacted] stated that since January, 1979, he has been employed by Westinghouse as a Fellow Engineer - Radiological and Environmental Engineering Section. He stated that he was employed by NUMEC from approximately August, 1968, until February, 1974, and that from August, 1968, until August, 1970, was the supervisor of Radiation Protection and the NUMEC plant near Karthaus, Pennsylvania. He advised that this was the Atlantic Richfield Company (ARCO), Radiation Process Center. He stated that Dr. Zalman M. Shapiro, the founder of NUMEC, had sold NUMEC to ARCO in approximately 1965, but had been retained by ARCO as president of NUMEC.

b6
b7C

[redacted] stated that he could recall having escorted a shipment of nuclear material from NUMEC to the Port of Newark, New Jersey, during what he believes to have been the winter of 1969 - 1970. He stated that he was unable to recall what month it was, but does remember that the weather was very cold. He said that it was his understanding that this was a larger than usual shipment of Cobalt 60, which was to be shipped to Israel for use as a field irradiator primarily to reduce disease infestation of potato sprouts. He said that the procedure in this particular instance was that the large lead cask was loaded on a flatbed truck and that the cask itself was surrounded by a cage, which he believes was probably a chain link fence type cage. He stated that the purpose of the cage was to prohibit anyone from getting close enough to the cask to be exposed to excessive radiation, and also to meet the Department of Transportation (DOT) requirements. He said that the purpose for this special escort was that the cask containing the radioactive material did not strictly meet the DOT regulations, and that NUMEC was required to get a special permit to transport the cask. He said that his special responsibility was due to his being a radiation specialist. He said that his specific responsibility was to periodically check the amount of radiation being emitted from the cask, and to assure that it did not

(U)

(S)

Investigation on 1/15/81 at Columbia, S. C. File # CO 117-15

S A [redacted] /cmh 1/16/81

by Date dictated

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.

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exceed specific limits. He said that he had been told that the cask contained Cobalt 60, and that the measurements of the radiation which he made were consistent with the radiation emitted by Cobalt 60.

[redacted] stated that he rode in an automobile with another NUMEC employee, [redacted] who was the NUMEC shipping and receiving expert. [redacted] stated that another NUMEC employee, Marlin Ebert, who was an engineer, also went along as an escort, but did not ride with him. He stated that they followed the flatbed trailer, which was carrying the cask of radio-active material from Karthaus, Pennsylvania, to the Port of Newark, New Jersey, and always had visual contact with the shipment. He stated that the Pennsylvania State Police escorted them from NUMEC to the New Jersey state line, and then they were escorted to the Port of Newark by officers of the New Jersey State Police. [redacted] stated that he cannot recall actually seeing the lead cask lifted onto the Israeli ship that was to take it to Israel, but that he was in the immediate vicinity while that was accomplished. [redacted] said that he was aware of media reports of the possibility (U) that other nuclear materials may have been shipped to Israel, and had often considered the possibility that a cask such as this one that he escorted could have, in fact, contained other materials.] (~~A~~) (~~S~~) He stated that he had no personal knowledge of what was actually contained in this cask, as he did not see the cask being packaged or have access to the actual contents. He said that the only thing that he could say regarding the contents is that the radiation emitted from the cask was consistent with what would be emitted by Cobalt 60.

b6
b7C

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

0322

FBI

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

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

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

Date 1/16/81

MF

TO: DIRECTOR, FBI (117-2564)

FROM: SAC, COLUMBIA (117-15) (RUC)

SUBJECT: DIVERT
AEA
OO:WFO

Re New Haven airtel with enclosures to Director, dated 1/6/81.

Enclosed for the Bureau are the original and one copy and for WFO two copies of an LHM reflecting the interview of [redacted] on 1/15/81.

b6
b7C

2-Bureau (Enc. 2) (RM)
2-WFO (117-273) (Enc. 2) (RM)
1-Columbia

WRT/cmh
(5)

DE-60

note corrected LHM
1-CC to DOJ Hand Carried
1-CC to DOE by Routing Slip
1-CC in 4084 117-2564-544
AES/DEL
1/21/81

3 JAN 10 1981

SIX

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 6/22/82 BY SP-1 GSK/RBY
5668SLD/KG 5-23-85

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

33 FEB 17 1981

FBI/DOJ

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 10-31-2008 BY 60324 [redacted] b6 b7C

Routing Slip
FD-4 (Rev. 6-28-78)

Date 1/19/81

To: [X] Director (117-2564)
Att.:

FILE # CO 117-15

Title DIVERT
AEA
~~(OO: WFO)~~

[ ] SAC
[ ] ASAC
[ ] Supv.
[ ] Agent
[ ] OSM
[ ] Rotor #
[ ] M
Room

RE: CO airtel to Bureau, 1/16/81

[ ] Acknowledge
[ ] Assign [ ] Reassign
[ ] Bring file
[ ] Call me
[ ] Correct
[ ] Deadline
[ ] Delinquent
[ ] Discontinue
[ ] Expedite
[ ] File

[ ] For Information
[ ] Handle
[ ] Initial & return
[ ] Leads need attention
[ ] Open case
[ ] Prepare lead cards
[ ] Prepare tickler
[ ] Recharge file [ ] serial
[ ] Send to

[ ] Return assignment card
[ ] Return file [ ] serial
[ ] Return with action taken
[ ] Return with explanation
[ ] Search and return
[ ] See me
[ ] Type

Enclosed for the Bureau are two corrected copies of an FD 302. Cask was inadvertently spelled cast on the original. Corrected copies are being sent WFO. Columbia copies have been corrected.

1 CC in 4084
1 CC to DOJ Next

2 DETACHED
X FILED IN
Sec 544
MB 2/27/81

~~SAC~~ GARRY OWEN WATT

~~See reverse side~~ Office COLUMBIA

~~6/22/82 SP/GSK/RBG~~
~~217,822 5668SCD/KJ 5.23.85~~

FEB 27 1981

5/12/82 Revised

BABCOCK AND WILCOX, APOLLO, PENNSYLVANIA

Highly Enriched Uranium Operations

- o Processing activities involving highly enriched uranium began in 1957 and ceased in 1978.
- o Decommissioning began in 1978 and is still continuing.
- o There is no fixed date as to when decommissioning activities will be completed.

Cumulative HEU Inventory Difference

- o The cumulative ID for the operating period from 1957-1978 is 463 kilograms U-235
- o The total amount of material accounted for to date as a result of the decommissioning effort is 95 kilograms U-235. 71 kilograms U-235 of the 95 kilograms U-235 were returned to the DOE in the form of U_3O_8; the remainder was shipped to burial. Additionally, licensee measurements indicate that approximately 31 kilograms U-235 are heldup in the walls and floors. The resulting total cumulative ID for the period from 1957 to the present is 368 kilograms U-235.

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 6-13-85 5668 SCD/KJ
Per NRC letter 6-4-85

117-2561

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

322

May 19, 1982

FEDERAL GOVERNMENT

[redacted]
Federal Bureau of Investigation
10th & Pennsylvania Ave., N.W.
Room #4249
Washington, D.C. 20535

b6
b7C

Direct

Dear [redacted]

Attached is the summation of the material accounted for during the decommissioning effort being pursued at Apollo. This was provided to our Public Affairs Office and to the Washington Post. Mr. Tom O'Toole of the Post, is writing an article concerning Apollo and requested up-to-date information.

Robert F. Burnett, Director
Division of Safeguards
Office of Nuclear Material Safety
and Safeguards

Attachment:
As stated

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 6-13-85 BY 5668LD/KJ
Per NRC letter 6-4-85

117-2561

61 JUL 19 '82

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 09-18-2017 BY [redacted]

b6
b7C

Memorandum

Subject
Congressional Request for Access to the Department's File on the NUMEC Investigation

Date 1982

DLJ:MR:JLM:TEM:ps
146-41-15-3112

To Director
Federal Bureau of Investigation

From D. Lowell Jensen
Assistant Attorney General
Criminal Division

Reference is made to our memorandum dated December 4, 1981, captioned as above, and to subsequent discussions between a member of the Internal Security Section and a representative of your Criminal Investigative Division.

As a result of our discussions, it is this Division's understanding that the FBI does not object to and will authorize the disclosure of its information in the Department's file if the privacy of individuals is protected and if no disclosure is made of classified investigative techniques. To insure that this understanding of the FBI's position is correct, it would be appreciated if the Bureau would arrange to have the FBI material in the Department's file reviewed and that we be advised specifically as to which portions should be withheld for privacy, national security or other reasons.

In the interest of expediting this matter, it is requested that your representative communicate directly with Attorney [redacted] (724-7075) of the Internal Security Section.

b6
b7C

TO FOIPA 4/27

[redacted]

~~#R03 758~~
~~60290 BCE/MLT/JTG~~
9-11-03

ENCLOSURE #1

111-2564-

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 09-18-2017 BY [redacted]

FD-491 (Rev. 4-21-80)

Memorandum

b6
b7C

To : DIRECTOR, FBI 117-2564

Date 3/26/88

From : SAC, CHICAGO 117-198

☐ RUC

☒ File Destruction Program

Subject: DIVERT AEA
(Title)

#03R0758
9-11-03 60290 BCE/MLT/JT

Enclosed are 1 items.
These items are forwarded your office since:

☐ All logical investigation completed in this Division

☒ You were OO at the time our case was RUC'd.

Enclosures are described as follows:

___ Original 302

___ FD 192-green sheet

1 FD 340a

___ Original Lab reports

___ Other

1-

Enc.

NOTE: DO NOT BLOCK STAMP ORIGINAL ENCLOSURES.

FBI/DOJ

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 09-18-2017 BY [redacted]

FD-340 REV. (6-14-77)

b6
b7C

Field File No. 117-198-1A'

00 and File No. WFO

Date Received 11/9/79

From

(NAME OF CONTRIBUTOR)

(ADDRESS OF CONTRIBUTOR)

By [redacted]

(NAME OF SPECIAL AGENT)

b6
b7C

To Be Returned ☐ Yes ☑ No

Receipt Given ☐ Yes ☑ No

Description:

R/D notes re
Edward mason

9-10-03 #R03758 ON THIS ENVELOPE
9-11-03 60290 BCE/MLT/JTG

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 09-18-2017 BY [redacted]

b6
b7C

11/7/79 Edward Mason.

Dir. of Resea . Ionics Research, contract research 53-57

a P.D.

Westinghouse Nuclear Research.

met in 53-54 @ Westinghouse > Pittsburgh

Bettis Atomic Power.

b6
b7C

[redacted] NRC, 1961 next met Shapiro.

an associate of Ed. Shapiro, worked for ZS at Bettis

MUFS.

R.B. set up Nuc Sci. & Eng. (Radio chemistry)

↳ went to NRC.

Z.S. set up NUMEC. make fuel for nuclear navy program.

called EM @ MIT &

offered job - chief eng. visited one month later.

No discussion re politics

heard rumors in late 60's

10/67 to India + Israel as adviser on Nuc. dev. ? re weapons grade material.

Ed Shapiro took suitcase U-235 Stuff.

1st 5 commissioners. 1/75 - 1/77

Office of Nuclear Safeguards.

72-85 adviser nuclear reactor safeguards

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 09-18-2017 BY [redacted]

b6
b7C

#R03758

9-10-03 60290 BCE/MLT/JTG

[redacted]

b6
b7C
b3
b7E

felt there was a big coverup in E.R.D.A. [redacted]

[redacted] also a commissioner

I allowed to get info
I commission
I quoted N.U.C. SAFEGUARDS
D.N. DIR.

safety director [redacted] left out

[redacted]

not testified before congress

one of seven A.F. [redacted] now in JACA. WEAPONS PROGRAM. — MAJ. General — Div. of Office on Mat of Nuclear Safe.

we know how to take care of guys like that. His friends had control over files military retirees acted as if none of NRC's business. Military installations that had nuclear materials.