

THE NUMEC REPORT

Declassified Documents Reveal Depth of Israeli Theft of U.S. Nuclear Materials

BY JOHN FRIEND & AMERICAN FREE PRESS

INTRODUCTION

Recently declassified documents published by the Institute for Research: Middle Eastern Policy (IRmep.org) prove beyond a shadow of a doubt that the state of Israel engaged in a covert operation in which agents operating on her behalf stole highly enriched nuclear material from an American nuclear power facility in Apollo, Pennsylvania during the 1960s. The massive theft of nuclear material was smuggled to Israel for use in its clandestine nuclear weapons program. The documents published reveal that this nuclear theft operation was, in fact, discovered and investigated by leading federal law enforcement agencies, including the FBI, along with federal intelligence agencies, such as the CIA, and was well known at the highest levels of the United States federal government. However, the operation has largely been downplayed and covered up by the controlled media and

corrupt political establishment, and none of the culprits have been brought to justice.

Israel, the self-proclaimed Jewish state, has a long, well-documented history of engaging in industrial, military and political espionage against the United States. Agents, assets, puppets and partisans of the Zionist regime occupying Palestine have long had a major influence—some would say a lock—on American foreign and domestic policy. Espionage, political blackmail and corruption and a wide variety of other criminal misdeeds carried out by Israel's agents and partisans dominating the American political and media establishment have been effectively covered up and kept out of view of the American public. Israel is portrayed as “America's greatest ally” and the only “democracy” in the Middle East, when in reality Israel has subverted and abused the United States of America, all the while receiving hundreds of billions of dollars in foreign and military aid in the process, not to mention unwavering diplomatic and



Keystone Generating Station in Apollo, PA

political support in the international arena.

Israel has even attacked the United States on multiple occasions. The 1967 Israeli attack on the *USS Liberty*, in which 34 American servicemen were murdered and another 174 wounded, is a prime example. Readers of AMERICAN FREE PRESS are all too familiar with the sordid details of that outrageous affair, and the manner in which it was allowed to take place and subsequently covered up at the highest levels of the American political, military and media establishment.

More recently, evidence suggests that Israel played a central role in organizing and executing the attacks in New York City and Washington, D.C. on Sept. 11, 2001. Dr. Alan Sabrosky, a Marine Corps veteran and former director of studies with the Strategic Studies Institute at the U.S. Army War College, has written and spoken extensively about Israel's role in the events of 9-11, and the way in which the Jewish state has benefitted in the aftermath of that horrific event.

“Only two intelligence agencies had the expertise, assets, access and political protection to execute 9-11 in the air and on the ground: our CIA and Israel's Mossad,” wrote Sabrosky. “Only one had the incentive, using the ‘who benefits’ principal: Mossad. And that incentive dovetailed perfectly with the neocons' agenda and explicitly expressed need for a catalytic event to mobilize the American public for the wars, using American military power to destroy Israel's enemies. . . . Thus, the evidential trail for 9-11 and the wars in Afghanistan and Iraq runs from PNAC, AIPAC and their cohorts, through the mostly Jewish neo-cons in the Bush Administration and back to the Israeli government.”

The ugly details relating to Israel's subversion, violent attacks and espionage carried out against the United States are well documented and well established at this point. However, the vast majority of the American people remain largely ignorant of these facts due to the failure of the controlled mass media, which is owned largely by organized Jewish financial and political interests with direct ties to the Zionist regime occupying Palestine, to report, expose and analyze this information.

In this special report, we will investigate and expose the fact that Israel, working in collusion with American Zionists, stole and diverted hundreds of kilograms—roughly 600 pounds—of highly enriched uranium from a nuclear facility based in Apollo, Pa. for its clandestine nuclear weapons program. This theft was discovered and investigated by federal law enforcement and intelligence agencies, and was well known in elite political circles.

However, the entire operation has been and continues to be largely covered up and ignored by the mass media. The brazen criminal actions of those owning and control-

ling the Nuclear Materials and Equipment Corporation (NUMEC), as well as their criminally negligent behavior that has resulted in unspeakable environmental and health damages to the people of Apollo and the surrounding area, will be outlined. The shameful coverup by the federal government, American political establishment and mass media of this sordid affair will be exposed as well.

TOP GEOPOLITICAL AND MILITARY GOAL

Since its inception, Israeli leaders and military strategists have largely based their geopolitical and military strategy around acquiring nuclear technology and weapons. Essentially, Israel's entire national security policy, from the very beginning, was based around the acquisition of weapons of mass destruction, particularly a nuclear weapon, a fact that is well documented by mainstream and alternative journalists and researchers alike, including AFP's own Michael Collins Piper, whose book *The Golem* is required reading on this subject.

Beginning in the early 1960s, efforts were made by Israel to acquire nuclear technology from the West—covertly and overtly—which resulted in the illegal theft of nuclear material and technology from the Nuclear Materials and Equipment Corporation, known as the NUMEC, nuclear facility based in Apollo, Pa., details of which are still coming to light after years of suppression by the federal government.

Following the establishment of the Jewish state, which came shortly after WWII and the much ballyhooed—and, in many cases, entirely fabricated—“crimes” against the Jewish people in Europe collectively known as the “Holocaust,” Israeli leaders and international Zionist organizations were primarily concerned with maintaining, solidifying and expanding their newly acquired territory in Palestine and protecting their people living there. Surrounded by hostile nations and imbued with a hysterical zeal to ensure another “Holocaust” would never again be committed against the Jewish people, the leaders of world Zionism sought to acquire and possess the weapons and technology that would guarantee their safety and wellbeing. Of course, obtaining nuclear technology and nuclear weapons were a top priority for international Jewry and their newly created state in the Middle East.

Much has been written about Israel's nuclear ambitions over the years, including important contributions by Jewish and Israeli authors. In 1991, the reputable mainstream journalist Seymour Hersh, who is Jewish himself, authored *The Samson Option*, exposing and detailing Israel's nuclear aspirations and objectives. Follow-

ing in Hersh's footsteps, Israeli journalist Avner Cohen authored *Israel and the Bomb* in 1999, which provided even more details of Israel's nuclear program and how Israeli leaders viewed the acquisition of nuclear technology and weapons as a cornerstone of their geopolitical and military agenda.

In his book, Cohen elaborates on the role David Ben Gurion, a "Founding Father" and the first prime minister of Israel, played in formulating Israeli military and geopolitical policy, and his overall worldview. Cohen wrote:

Imbued with the lessons of the Holocaust, Ben Gurion was consumed by fears for Israel's security. . . .

In his public speeches and writings as prime minister Ben Gurion rarely discussed the Holocaust. In private conversations and communications with foreign leaders, however, he returned to the lessons of the Holocaust time and again. . . .

Anxiety about the Holocaust reached beyond Ben Gurion to infuse Israeli military thinking. The destruction of Israel defined the ultimate horizon of the threat against Israel. Israeli military planners have always considered a scenario in which a united Arab military coalition launched a war against Israel with the aim of liberating Palestine and destroying the Jewish state. . . .

Ben Gurion had no qualms about Israel's need for weapons of mass destruction . . . Ben Gurion saw Arab hostility toward Israel as deep and long-lasting. . . .

Ben Gurion's pessimism . . . influenced Israel's foreign and defense policy for years. Ben Gurion's world view and his decisive governing style shaped his critical role in initiating Israel's nuclear program. . . .

Ben Gurion believed that science and technology had two roles in the realization of Zionism: to advance the state of Israel spiritually and materially, and to provide for a better defense against its external enemies.

Ben Gurion's determination to launch a nuclear project was the result of strategic intuition and obsessive fears, not of a well-thought-out plan. He believed Israel needed nuclear weapons as insurance if it could no longer compete with the Arabs in an arms race, and as a weapon of last resort in case of an extreme military emergency.

The Zionist entity viewed the acquisition of nuclear technology and weapons as a cornerstone of its national security policy—key to its very survival as a state and as

a people. Israel and its worldwide network of agents, assets and puppets would stop at nothing to acquire what was necessary to develop and build a nuclear weapon, including the technology, material, know-how and facilities. Covert programs were developed to acquire the materials and technology necessary for nuclear weapons production, and clandestine networks were created to transfer or smuggle stolen nuclear technology and material to the Jewish state for weapons production.

ZIONIST ORGANIZATION OF AMERICA & NUMEC

Zalman Shapiro, a Jewish chemist and staunch Zionist who was the president of the Pennsylvania chapter of the Zionist Organization of America, has long been at the center of the NUMEC affair, in which hundreds of kilograms of weapons-grade, highly enriched uranium went missing from the Apollo nuclear facility during the 1960s under Shapiro's direction.

IRmep's Israel Lobby Archive, perhaps the best source of information relating to the destructive and subversive role the network of pro-Israel lobbying organizations and Israeli agents and assets have had and continue to have on American foreign and domestic policy, has published a wide variety of documents, often obtained through Freedom of Information Act requests, relating to the NUMEC affair. These included a number of important documents recently declassified by the Interagency Security Classification Appeals Panel. IRmep's Israel Lobby Archive page, dedicated to exposing the NUMEC affair, summarizes the scandal in this way:

Since the mid-1960s law enforcement and regulatory agencies suspected a small nuclear processing facility in Pennsylvania had illegally diverted U.S. government-owned weapons-grade nuclear material into Israel's clandestine nuclear weapons program. The Nuclear Materials and Equipment Corporation (NUMEC) received start-up capital organized by a mysterious former smuggler with deep and ongoing ties to Israeli intelligence. FBI investigations revealed NUMEC President Zalman Mordecai Shapiro also had repeated unexplained interactions with Israeli intelligence and organized a joint venture with the primary front organization of the Israeli nuclear weapons program. According to a 2001 U.S. Department of Energy report, NUMEC still holds the record for the highest losses of bomb-grade material of any plant in the United States.

In April 1976 Attorney General Edward Levi ordered the FBI to reopen an investigation into Dr.

Zalman Shapiro and the NUMEC. The newly reopened investigation looked beyond violations of the Atomic Energy Act. The FBI's new mandate was to also uncover "any attempt by anyone in the executive branch to prevent or impede an investigation into this alleged diversion, or to withhold any information regarding this alleged diversion from any investigative body." The FBI code-named its investigation "Divert." The FBI interrogated high-level officials from U.S. government agencies and NUMEC employee eyewitnesses to nuclear diversion. Inexplicably, on Jan. 23, 1981 the FBI placed the NUMEC investigation into "closed status" until further instructions from the Department of Justice. Field offices were ordered not to destroy files without instructions from FBI headquarters. The NUMEC investigation portfolio, which had passed from LBJ, to Nixon, and on to Ford was closed at the end of the Carter administration.

NUMEC was officially incorporated on Dec. 31, 1956 by Shapiro, who admitted he "prioritized" Israel over America, and two of his associates, Leonard Pepkowitz and Frederick Foerscher. Apollo Industries holding company was created two years later on May 1, 1958 with funding from a number of Zionist sources, particularly David Lowenthal, a top-level Israeli asset involved with nuclear smuggling operations. Both NUMEC and Apollo Industries, the two organizations responsible for the missing weapons-grade uranium, and their founders had intimate ties with the state of Israel and the Zionist Organization of America, long recognized to be a front for Israeli intelligence and political interests in the U.S.

Grant Smith, direct of IRmep and author of *Divert! NUMEC, Zalman Shapiro and the diversion of U.S. weapons-grade uranium into the Israeli nuclear weapons program*, wrote in a June 27, 2013 article published by Antiwar.com:

Beginning in the 1960s, NUMEC received 25 tons of government-owned weapons-grade uranium to process into nuclear fuel for the U.S. Navy and top-secret programs such as nuclear rockets and satellite fuel. NUMEC "lost" more HEU [highly enriched uranium] than any government contractor, leading to ongoing FBI, CIA and NSA investigations into whether the plant's owners had collaborated with Israeli intelligence operatives and nuclear weapons development experts who frequented the plant. According to a Department of Energy report in 2001, the now-shuttered NUMEC now holds the dubious record of "losing"

more weapons-grade uranium than any other U.S. processing facility. Although CIA officials such as former Tel Aviv Station Chief John Hadden publicly claimed NUMEC was "an Israeli operation from the start," American presidents from LBJ to Obama successfully quashed all public requests for release of thousands of pages of NUMEC-related top-secret government documents. Official U.S. treatment of NUMEC as a pollution issue, rather than a crime scene and challenge to governance, has punished direct victims sickened by the shoddy smuggling-front's operations. . . .

According to a recent article published in the *Bulletin of the Atomic Scientists*, which firmly believes that Israel did in fact steal highly enriched uranium from NUMEC in the 1960s, roughly 100 kilograms of bomb-grade uranium was discovered to be missing from NUMEC following a 1965 inventory. By 1968, more than 330 kilograms of uranium was unaccounted for. "The close personal and commercial ties to Israel of the plant owners and operators raised suspicions that remained unresolved," the article noted.

Even Henry Kissinger was forced to admit, "There is circumstantial evidence that some fissionable material available for Israel's weapons development was illegally obtained from the United States by about 1965."

In September 1968, the U.S. attorney general requested an investigation be opened into whether or not Shapiro "is acting as an agent of the Israeli government," according to a declassified FBI memo obtained and published by IRmep. That same year, NUMEC received a visit by four highly suspicious characters connected to the clandestine Israeli nuclear weapons program: Avraham Hermoni (Israeli nuclear weapons chief), Ephraim Biegun, Avraham Bendor, and Rafael Eitan (founder of LAKAM economic espionage network). These individuals were said to have been "thermo electric generator specialists" when in reality they were covert Israeli intelligence agents.

Despite official investigations launched into the NUMEC facility, and the suspicion that Shapiro and his network of Zionist criminals and spies were smuggling stolen uranium to Israel for its covert nuclear weapons program, no one connected to this scandal has been prosecuted or brought to justice.

COVERUP AT HIGHEST LEVELS

The NUMEC scandal has been and continues to be covered up at the highest levels of the federal government and mass media establishment. Aside from IRmep

and a few independent media outlets, AMERICAN FREE PRESS in particular, no one is covering the NUMEC affair, what it says about American foreign and domestic policy and the insidious nature of Zionist influence and intrigue directed against the United States.

By April 1968, Richard Helms, then-director of the CIA, was already expressing his agency's concern about Shapiro and the NUMEC facility. A recently declassified letter Helms wrote to then-Attorney General Ramsey Clark reads:

You are well aware of the great concern which exists at the highest levels of this government with regard to the proliferation of nuclear weapons. With the expanding use of nuclear energy for power and the greater civilian involvement with nuclear material there is a real danger that clandestine traffic in these materials might occur.

In this connection I would like to bring the following matter to your attention. The Nuclear Materials and Equipment Corporation of Apollo, Pa., is one of the principal processors of nuclear materials such as plutonium and U-235 which if diverted could be used for weapons. Although NUMEC made periodic physical inventories and the United States Atomic Energy Commission [AEC] performed a number of accountability surveys, a significant quantity of enriched U-235, possibly representing a cumulative loss over a period of years, could not be accounted for in the spring of 1965. These losses came to light in the closing out of a large contract. Because of the condition of NUMEC's records and the nature of the operation, the specific disposition of this material could not be identified. At that time the AEC reported that although it could not be stated with certainty that a diversion of this material had not taken place, no evidence had been found to support the possibility of diversion and that other information did exist to reduce such a possibility.

It is critical for us to establish whether or not the Israelis now have the capability of fabricating nuclear weapons which might be employed in the Near East. Furthermore, introduction by Israel of such weapons into their arsenal would undoubtedly affect the Non-Proliferation Treaty which has been placed before the United Nations by the United States and the USSR.

Given the aforementioned circumstances, I urge that the Federal Bureau of Investigations be called upon to initiate a discreet intelligence investigation of an all source nature of Dr. Shapiro in

order to establish the nature and extent of his relationship with the government of Israel.

The FBI put Shapiro and others in his network, including David Lowenthal, who fought for Israeli independence and was involved in Israel's covert nuclear materials smuggling operations from the very beginning, under surveillance that same year. The FBI would discover "the nature of David Lowenthal's relationship and financing of NUMEC," according to IRmep. Surveillance photographs of Lowenthal showed him shaking hands with Ben Gurion and Moshe Dayan, top leaders of the Israeli government. It was also learned that he traveled to Israel once per month.

Other FBI documents obtained and published by IRmep detail Shapiro's connections with top Israeli political, military and intelligence figures—many of whom were deeply connected to Israel's clandestine nuclear weapons program—and the lax and at times criminally negligent nature of safety policy at the NUMEC facility.

A 1969 FBI memo submitted to both the AEC and the Department of Justice recommended that, due to his connections with known Israeli spies and officials involved in the Israeli nuclear weapons program and the unaccounted for U-235, Shapiro have his "classified contracts" terminated and his security clearances lifted. "The basis of the security risk posed by the subject [Shapiro] lies in his continuing access to sensitive information and material and it is believed that the effective way to counter this risk would be to preclude Shapiro from such access, specifically by terminating his classified contracts and lifting his security clearances," the memo read in part.

Despite the careful, professional investigations carried out by organizations such as the FBI and CIA and the commonsense recommendations they made to the proper authorities and agencies, the official government response was one of inaction and complacency. No arrests were made. No public relations campaign was undertaken to expose these criminal misdeeds. No one involved was brought to justice, despite the fact that federal law requires the U.S. to end all foreign or military aid to governments proliferating in nuclear weapons or materials—which Israel and agents operating on her behalf clearly were doing at the time.

The official government response to the NUMEC scandal has essentially followed the policy of "constructive ambiguity" envisioned and developed by Kissinger, a former national security advisor and secretary of state for Presidents Nixon and Ford. Nixon formally dopted the ambiguity policy in 1969.

"The Israelis, who are one of the few peoples whose

survival is genuinely threatened, are probably more likely than almost any other country to actually use their nuclear weapons,” Kissinger explained. “Israel’s secret possession of nuclear weapons would increase the potential danger in the Middle East, and we do not desire complicity in it.”

Kissinger would go on to summarize the ambiguity policy in this way: “While we might ideally like to halt Israeli possession, what we really want at a minimum may be just to keep Israeli possession from becoming an established international fact.”

And that is the exact policy the U.S. federal government has followed since the NUMEC scandal first broke, at least at an official level.

Even before Nixon officially adopted Kissinger’s ambiguity policy relating to the Israeli nuclear weapons program and their theft of highly enriched uranium from NUMEC, President Lyndon Johnson, upon receiving news that uranium stolen from NUMEC may have ended up in Israel, was quoted as stating, in 1968: “Don’t tell anyone else, even [Secretary of State] Dean Rusk and [Defense Secretary] Robert McNamara.”

Indeed, virtually all high-level American officials and politicians have covered up this outrageous affair, refusing to prosecute and bring to justice the criminals responsible for the theft and smuggling of nuclear materials from the NUMEC facility to Israel.

DEVASTATING HEALTH EFFECTS

From the outset, Shapiro and the Zionist crime network behind the founding of NUMEC were strictly concerned with their smuggling operation—certainly not the health, safety and wellbeing of their workers, the community of Apollo, Pa., or the surrounding area and its environment. Declassified FBI memos and transcripts of wiretaps detail how unconcerned Shapiro and other top officials at NUMEC were with worker safety and abiding by nuclear regulations outlined by the AEC and other federal agencies responsible for ensuring nuclear safety.

“The indifference of the company [NUMEC] to safety considerations for its workers is yet another indication that it was never taken seriously by its ultimate ‘owners’ in Israel,” noted Col. Patrick Lang, a Department of Defense military intelligence specialist for the Middle East and Southeast Asia, in 2011.

Grant Smith, the aforementioned director of IRmep who has done more than anyone to unravel and expose this scandalous affair, has described a number of civil cases filed against NUMEC operators as stemming “from decades of NUMEC’s toxic operations in Apollo and Parks Township, Pennsylvania.”

“Plaintiffs and their expert witnesses claim ongoing

emissions of radiation from the plants, located in defunct steel plant facilities too close to residential areas, led to sickness and early death of plant employees and secondary victims,” Smith wrote for the website Antiwar.com.

PRO-ISRAEL POWER IN THE US

What does the NUMEC scandal say about the nature of Jewish power in America?

The fact that a criminal network of subversives and thieves, working in collusion with a foreign government—the state of Israel—stole and transferred hundreds of kilograms of highly enriched uranium to be used in Israel’s clandestine nuclear weapons program from an American nuclear facility and was caught red-handed by the top law enforcement and intelligence agencies in the U.S. yet were never prosecuted or even publicly shamed in the media says all we need to know about organized Jewish power and influence in America.

The NUMEC scandal says a lot about both the cruel and psychopathic nature of Zionism and its immense and treasonous power. Ultimately, the murder of President John Kennedy came about because he wrote to Ben Gurion saying Israel must not acquire nuclear weapons. A few months later, as journalist and author Michael Collins Piper revealed in his brilliant Kennedy-assassination book *Final Judgment*, our last great president was murdered. Yes, Kennedy had many enemies, but the most dangerous of all were the Israelis. They wanted weapons of mass destruction, and they would stop at nothing to get them.

How instrumental was the theft and transfer of nuclear materials from NUMEC to Israel in her nuclear weapons program? In all likelihood, the highly enriched uranium stolen from NUMEC was essential to Israel’s realization of nuclear weapons, a fact that is often acknowledged or taken for granted, but rarely openly discussed or scrutinized.

Declassified documents from the U.S. government—FBI memos, wiretaps and other covert surveillance, investigative reports by the CIA, letters and memos sent to and from top officials in the United States government and other official documents—demonstrate that these outrageous crimes did indeed take place.

A hostile foreign government engaged in a brazen smuggling operation resulting in the theft of hundreds of pounds of highly enriched uranium for a clandestine nuclear weapons program, and virtually all officials responsible for ensuring justice is meted out to the perpetrators turned their backs on the American people. The NUMEC scandal should be considered an outrage by all Americans, and the perpetrators must be brought to justice.

DECLASSIFIED UNDER AUTHORITY OF THE
INTERAGENCY SECURITY CLASSIFICATION APPEALS PANEL,
E.O. 13526, SECTION 5.3(b)(3)
ISCAP APPEAL NO. 2013-062, document no. 4
DECLASSIFICATION DATE: March 18, 2014

NLF MR Case No 14-033
Document No #4

9 March 1972

MEMORANDUM FOR THE RECORD

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

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

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

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



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

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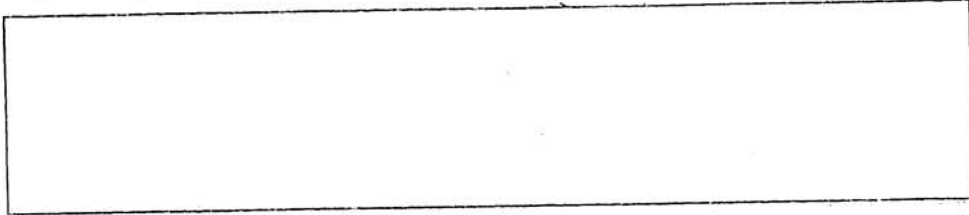
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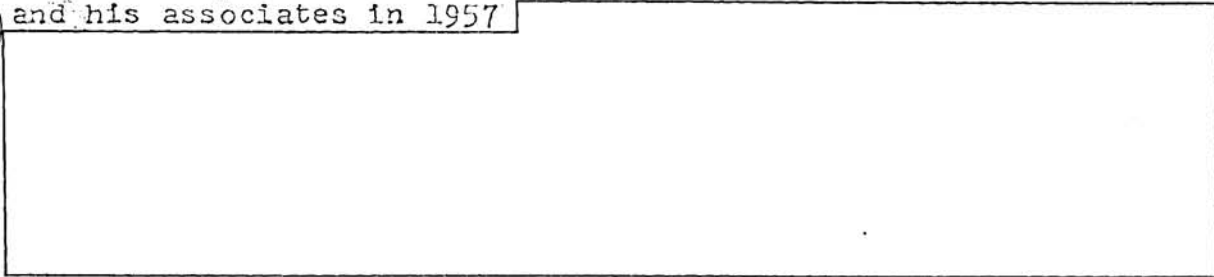
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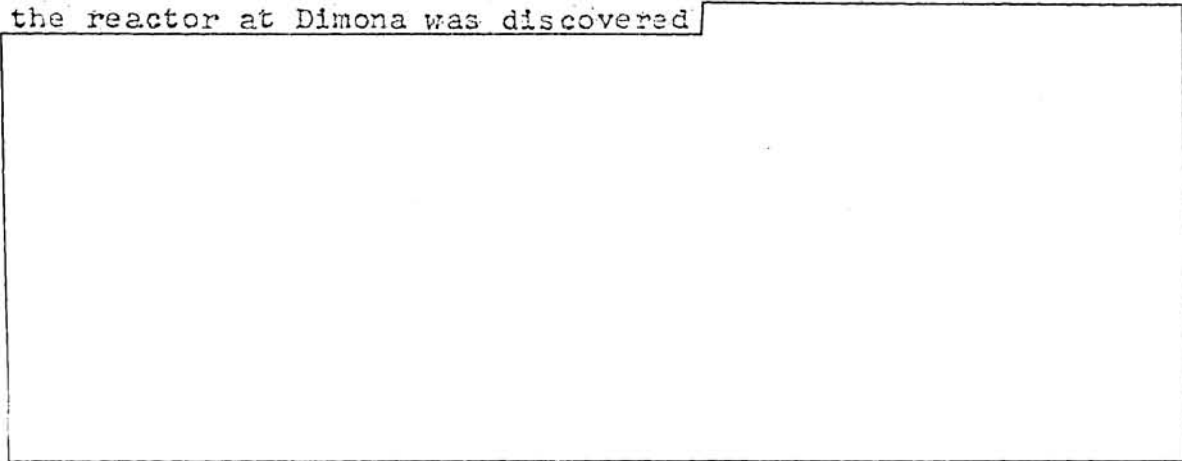
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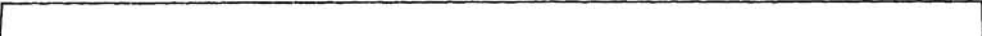


6. On the basis of the foregoing it must be assumed for the purpose of U.S. national security that diversion of special nuclear materials to Israel by Dr. Shapiro and his associates is a distinct possibility. Such a diversion might be evolutionary or revolutionary. NUMEC was formed by Dr. Shapiro and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



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



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

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

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

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

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Withheld from public release
under statutory authority
of the Federal Bureau of
Investigation-
FOIA 5 USC §552(b)(7)(C)

investigation proved fruitless.

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

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



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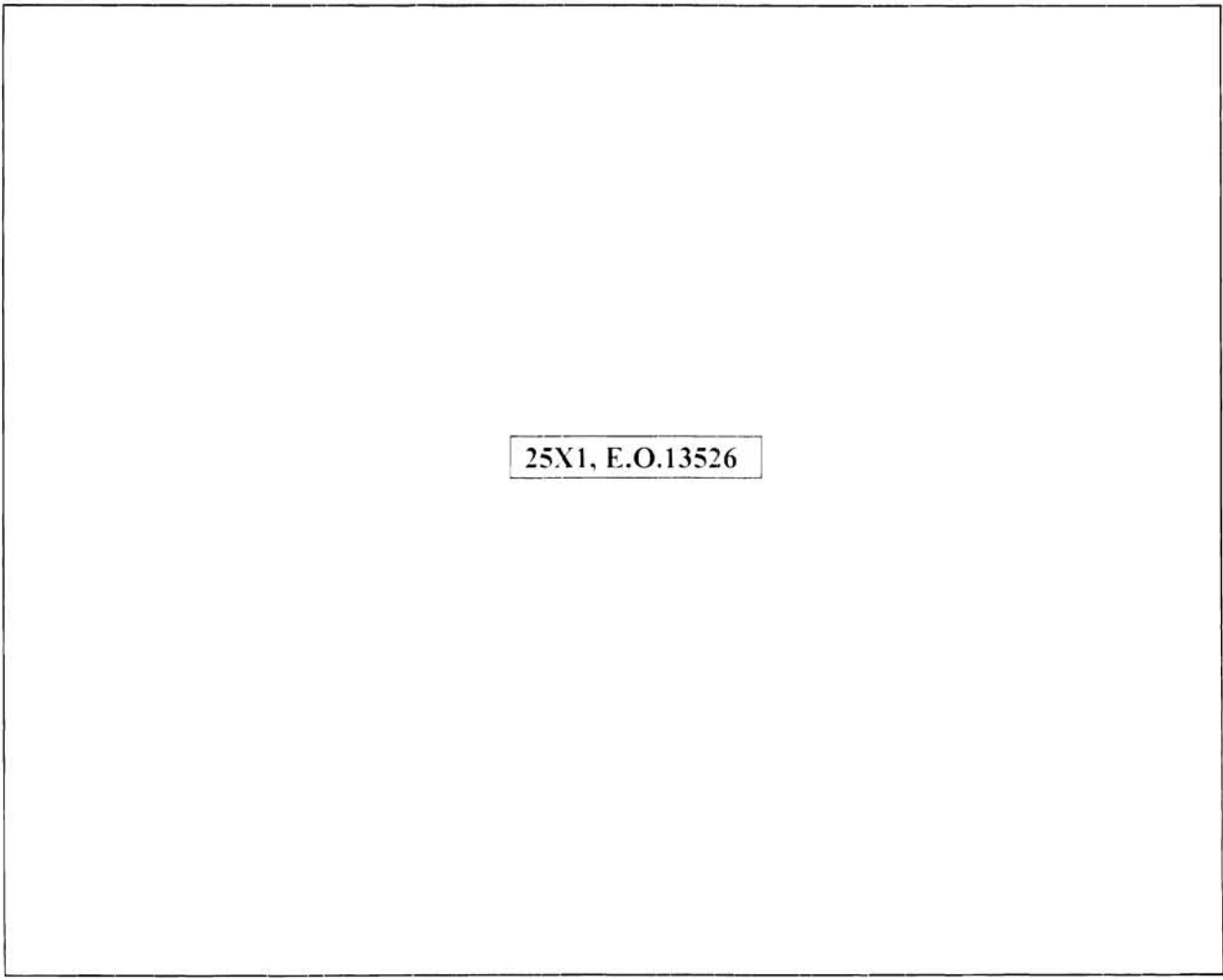
MEMORANDUM

NATIONAL SECURITY COUNCIL

July 28, 1977

MEMORANDUM FOR: JESSICA TUCHMAN
FROM: JOHN MARCUM *Joh*
SUBJECT: Israel and MUF

Ted Schackley called today on a secure line and provided the following responses to our inquiries of yesterday:



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3

I also asked Schackley to get us a rundown on the political aspects -- e.g., when were the President and Congressional officials briefed on the Israeli weapons program, on the NUMEC connection, and what were their reactions. In December, Carter was briefed on the NUMEC problem as President-elect by Bush in Georgia. I have also heard sketchy accounts of briefings for Johnson and Nixon, but it would be useful to get these details in hand in case there is a Congressional inquiry later.

We should discuss next steps on this issue and the MUF release. At this point, despite the FBI clean bill of health, I do not think the President has plausible deniability. The CIA case is persuasive, though not conclusive,

25X6, E.O.13526

OCT. 18. 2012 2:26PM

MEMORANDUM

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THE WHITE HOUSE
WASHINGTON

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5367

MEMORANDUM FOR: THE PRESIDENT

FROM: ZBIGNIEW BRZEZINSKI *ZB.*

SUBJECT: Nuclear MUF

JT
↑

A review, as directed by you on our Weekly Report.
ERDA's long-planned release of U.S. MUF (Material Unaccounted For) data will take place on Thursday (August 4). As I mentioned to you in a recent Weekly Alert, the public release will undoubtedly focus intense press and Congressional attention on the missing material from the NUMEC plant in Apollo, Pennsylvania.

At your direction I have been thoroughly briefed by ERDA, FBI and CIA. The essential conclusions are these:

- In the 1950s and '60s, the AEC did not require its licensees to make annual physical inventories of their special nuclear material. This led to the practice of a plant's borrowing on a subsequent contract in order to cover operational losses (the major contributor to MUF) in a current contract. The NUMEC plant was particularly bad in this respect. No inventory was performed between 1957 and 1965. In mid 1965, the lack of an immediate subsequent contract forced NUMEC to do a material accounting which revealed that 170 kg of highly enriched uranium was missing.
- Upon receiving this accounting, the AEC immediately began a long series of investigations which continued through 1969, and which ultimately concluded that all but 56 kg of the missing material could be physically accounted for. ERDA believes now (but has no evidence) that even this remaining 56 kg can be accounted for by operational losses, but this will be a very hotly contested conclusion. The ERDA report also reaches a very carefully guarded conclusion that no evidence of theft of significant amounts of material has been found. The key paragraph is attached at Tab A.
- The FBI has undertaken two lengthy investigations of this case. The first, beginning in 1965, looked at the question of Shapiro's (the President of NUMEC) relationship to the Israeli Government.

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NO. 449 P. 5

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2

It concluded that Shapiro did indeed have frequent contacts with Israeli officials here, particularly the Science Attache who was thought to be an intelligence officer. They also discovered that Shapiro got VIP treatment on trips to Israel for which there was no obvious explanation. This is the essential sum of their findings. When these results were transmitted to Helms, then head of the CIA (at whose request the investigation had been undertaken), he responded with a series of letters to Hoover urging that the FBI take additional steps, including wiretapping and surveillance of Shapiro. Hoover refused.

-- The AEC, at the direction of Attorney General Mitchell, undertook its own investigation leading up to a full commission interview of Shapiro in 1969. Strangely, all that Shapiro was asked in that interview was whether he had ever divulged any classified information and not whether he had participated in a diversion of material. The AEC investigation was discontinued in September 1969.

-- 25X1, E.O.13526
Not surprisingly, Baker went to President Ford who then ordered the Attorney General to undertake an immediate investigation. This time the FBI mandate covered two questions: was there a diversion, and was there a coverup of a diversion. An intensive study, involving hundreds of interviews, a full-time team of 6 senior agents, and millions of dollars was undertaken. It was concluded one week ago. The investigation was unable to uncover any evidence of a theft although the interviews included many current and former NUMEC employees.

-- 25X1 and 6, E.O.13526

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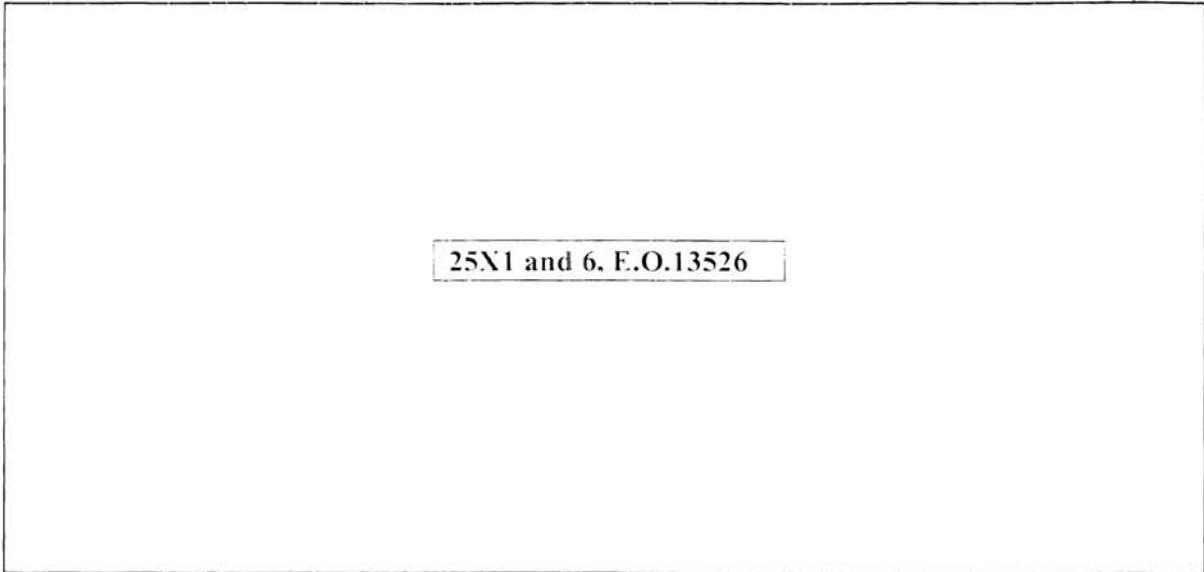
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The conclusion from all this is that while a diversion might have occurred, there is no evidence -- despite an intensive search for some -- to prove that one did. For every piece of evidence that implies one conclusion, there is another piece that argues the opposite. One is pretty much left with making a personal judgment -- based on instinct -- as to whether the diversion did or did not occur. So far as we know however, (and we have made serious effort to discover it) there is nothing to indicate active CIA participation in the alleged theft.

There is a tremendous amount of interest in this issue in Congress, both because of the existing intelligence aspect and because of the implications for U. S. safeguards standards (i. e., that such a thing could have happened over a period of years without being detected).

We face tough sledding in the next few weeks (particularly in view of Cy's Mid-East trip) in trying to keep attention focused on ERDA's technical arguments and, if necessary, on the FBI investigations, and away from the CIA's information. We run an obvious risk in releasing this information since it is quite possible that Congressional investigations and press probings could lead to leaks of the sensitive material. However, with all the public expectation of the ERDA release, and the rumors already floating around, the political costs involved in withholding the release would be unacceptable.

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6A

AEC LICENSEES

AEC LICENSEES, PRIOR TO 1968, WERE REQUIRED TO MAINTAIN ACCOUNTING RECORDS, INVENTORIES, REPORT LOSSES OTHER THAN NORMAL OPERATING LOSSES, AND AFFORD THE AEC ACCESS TO THEIR FACILITIES FOR INSPECTION. THEY WERE ALSO REQUIRED TO ADEQUATELY CONTROL ACCESS TO SNM AND SECURE MATERIAL STORAGE AREAS AGAINST UNAUTHORIZED REMOVAL OF SNM. AT THOSE LICENSEES WHICH POSSESSED SIGNIFICANT QUANTITIES OF STRATEGIC SPECIAL NUCLEAR MATERIAL, AEC CARRIED OUT SEPARATELY AND PERIODICALLY ACCOUNTING SYSTEM AND PHYSICAL PROTECTION SURVEYS. IT IS NOT EVIDENT FROM THE RECORDS STILL AVAILABLE THAT THERE WAS NORMALLY A SIMULTANEOUS AUDIT OF ACCOUNTABILITY RECORDS AGAINST A COMPLETE PHYSICAL INVENTORY. NO DIRECT EVIDENCE OF ANY THEFT ATTEMPT WAS REPORTED FROM THESE SURVEYS. THERE HAS ALSO NEVER BEEN ANY DIRECT EVIDENCE OF A BLACK MARKET IN SNM.

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ISCAP APPEAL NO. 2012-167, document no. 5
DECLASSIFICATION DATE: March 18, 2014

NLF MR Case No 18-031

Document No #1

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CENTRAL INTELLIGENCE AGENCY

WASHINGTON, D. C. 20505

OFFICE OF THE DIRECTOR

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2 APR 1968

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E.O. 13526, SECTION 5.3(b)(3)
ISCAP APPEAL NO. 2013-062, document no. 1
DECLASSIFICATION DATE: March 18, 2014

The Honorable Ramsey Clark
The Attorney General
Washington, D. C.

Dear Ramsey,

You are well aware of the great concern which exists at the highest levels of this Government with regard to the proliferation of nuclear weapons. With the expanding use of nuclear energy for power and the greater civilian involvement with nuclear material there is a real danger that clandestine traffic in these materials might occur.

In this connection I would like to bring the following matter to your attention. The Nuclear Materials and Equipment Corporation of Apollo, Pennsylvania, is one of the principal processors of nuclear materials such as plutonium and U 235 which if diverted could be used for weapons. Although NUMEC made periodic physical inventories and the United States Atomic Energy Commission performed a number of accountability surveys, a significant quantity of enriched U 235, possibly representing a cumulative loss over a period of years, could not be accounted for in the spring of 1965. These losses came to light in the closing out of a large contract. Because of the condition of NUMEC's records and the nature of the operation, the specific disposition of this material could not be identified. At that time the AEC reported that although it could not be stated with certainty that a diversion of this material had not taken place, no evidence had been found to support the possibility of diversion and that other information did exist to reduce such a possibility.

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It is critical for us to establish whether or not the Israelis now have the capability of fabricating nuclear weapons which might be employed in the Near East. Furthermore, introduction by Israel of such weapons into their arsenal would undoubtedly affect the Non-Proliferation Treaty which has been placed before the United Nations by the United States and the USSR.

Given the aforementioned circumstances, I urge that the Federal Bureau of Investigation be called upon to initiate a discreet intelligence investigation of an all source nature of Dr. Shapiro in order to establish the nature and extent of his relationship with the Government of Israel.

Sincerely,

Rich

Richard Helms



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