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3 August 1977

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MEMORANDUM FOR THE RECORD

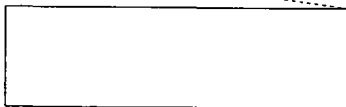
SUBJECT: The NUMEC Case - Discussion with Staff  
Members of the House Energy Committee  
and Mr. Carl Duckett, Retired CIA Employee

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

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

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

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

a. CIA Interest in the NUMEC Diversion Issue.

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

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

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Mr. Duckett then went on to point out

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

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

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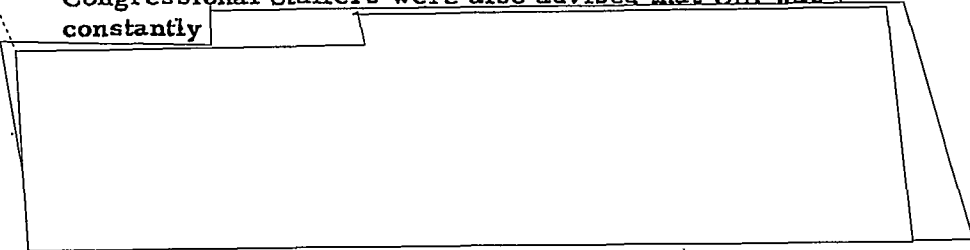
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b. CIA Investigation into NUMEC Diversion. Mr. Duckett told the Congressional Staffers that he knew of no CIA investigation into the NUMEC diversion issue. His point was that CIA was the recipient of FBI and AEC material on the alleged diversion and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



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



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

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[REDACTED]

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

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

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

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

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

e. CIA Briefing of the Nuclear Regulatory Commission.

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

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

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

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

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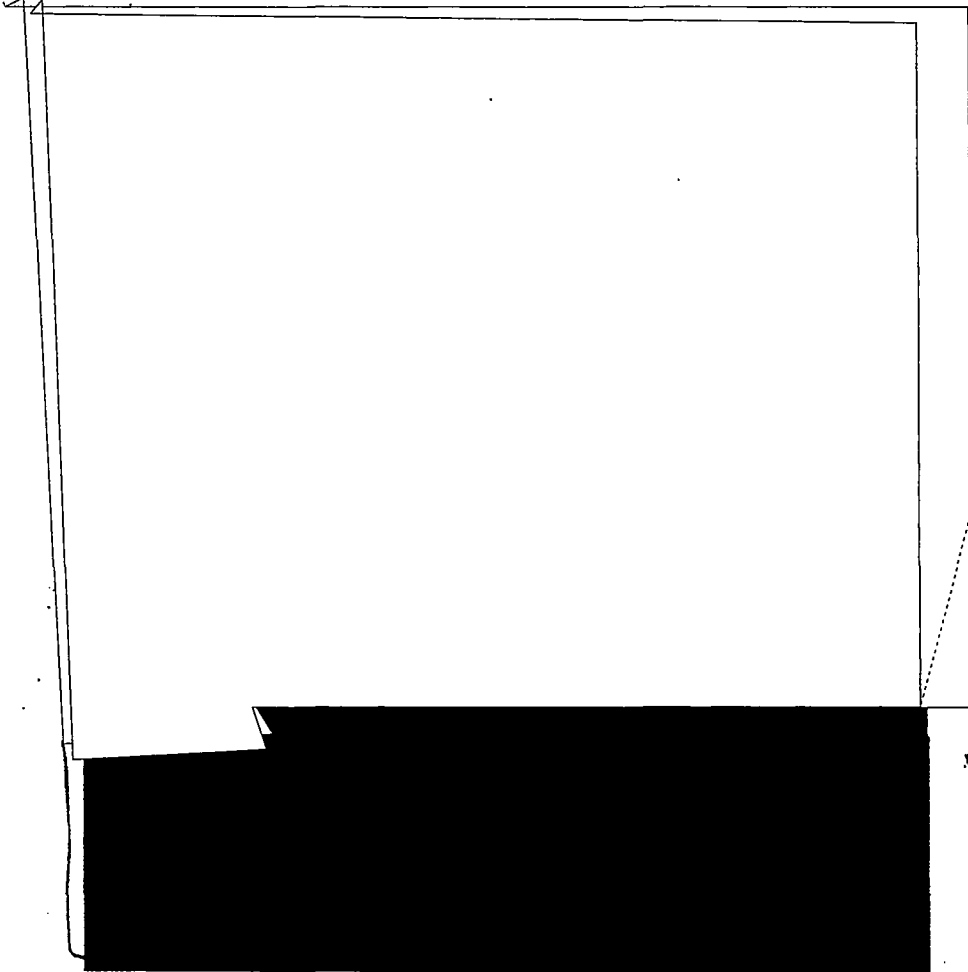
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1. Other Nuclear Diversions from U.S. Sources.  
The Congressional Staffers asked if CIA had played any role

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

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

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

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

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

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

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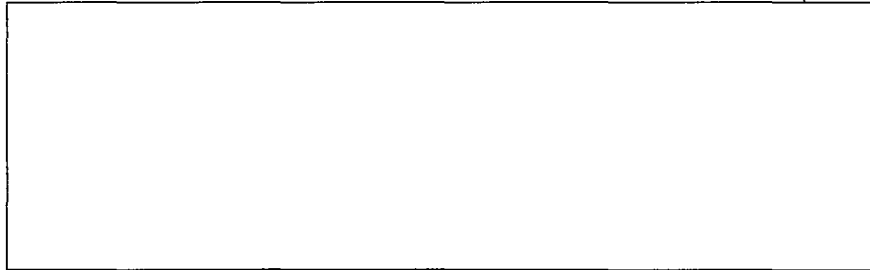
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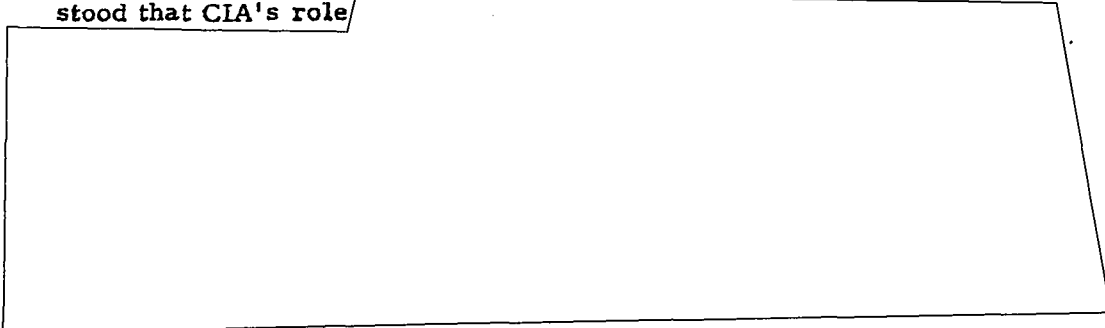
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4. Future Committee Actions. The discussion outlined in paragraph 3 terminated when Mr. Duckett indicated that he had to proceed to another appointment. Mr. Shackley then asked Mr. Potter whether he envisioned that there would be a need for any further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

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



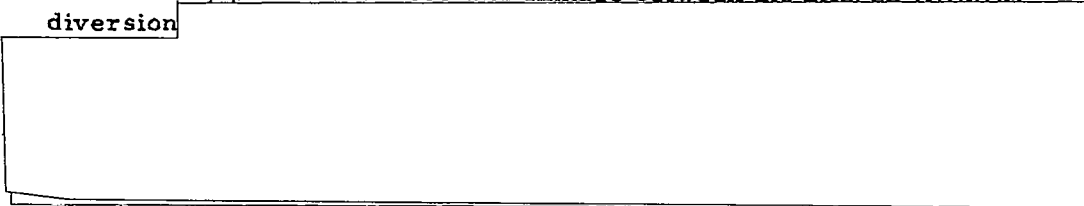
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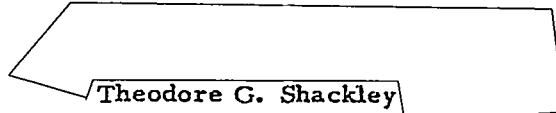
capability. It was stressed throughout, however, that CIA did not have any facts which would stand up in court which could be used to conclusively prove that there was linkage between the alleged NIUMEC diversion



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

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

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Theodore G. Shackley  
Associate Deputy Director for Operations

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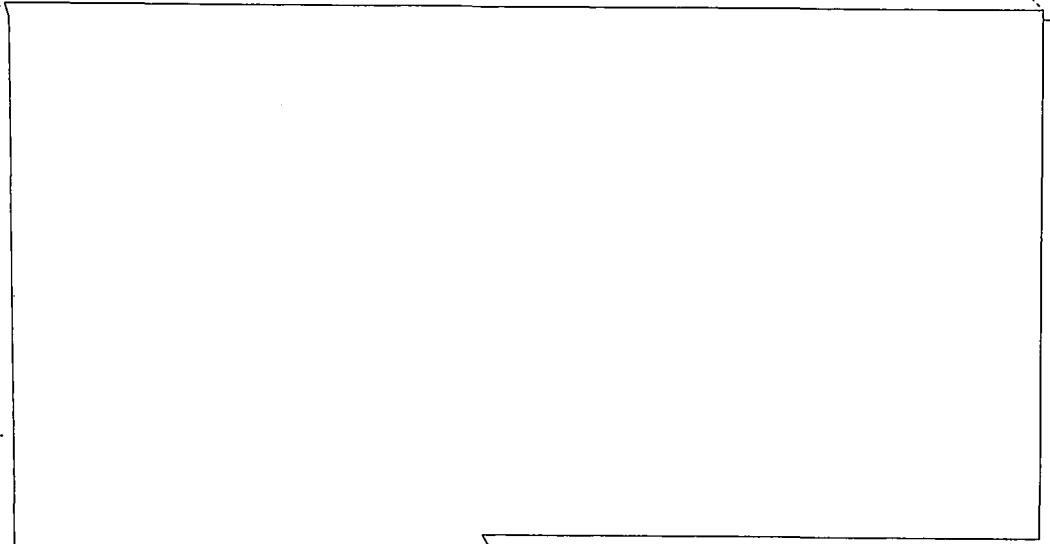
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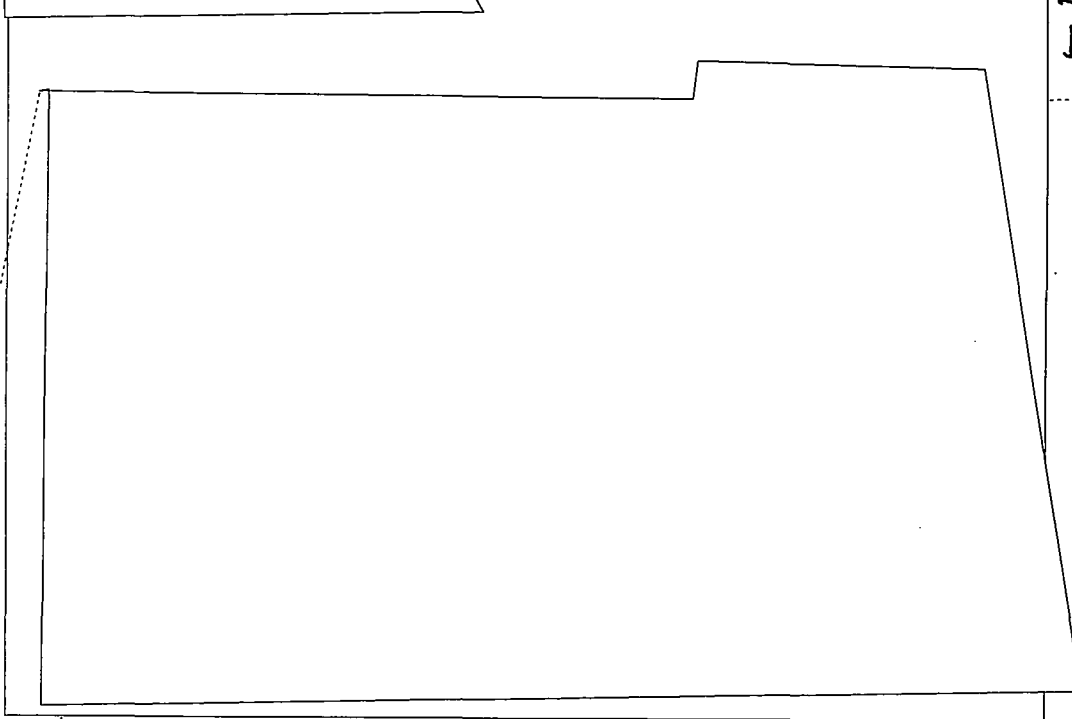
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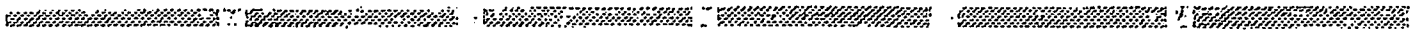


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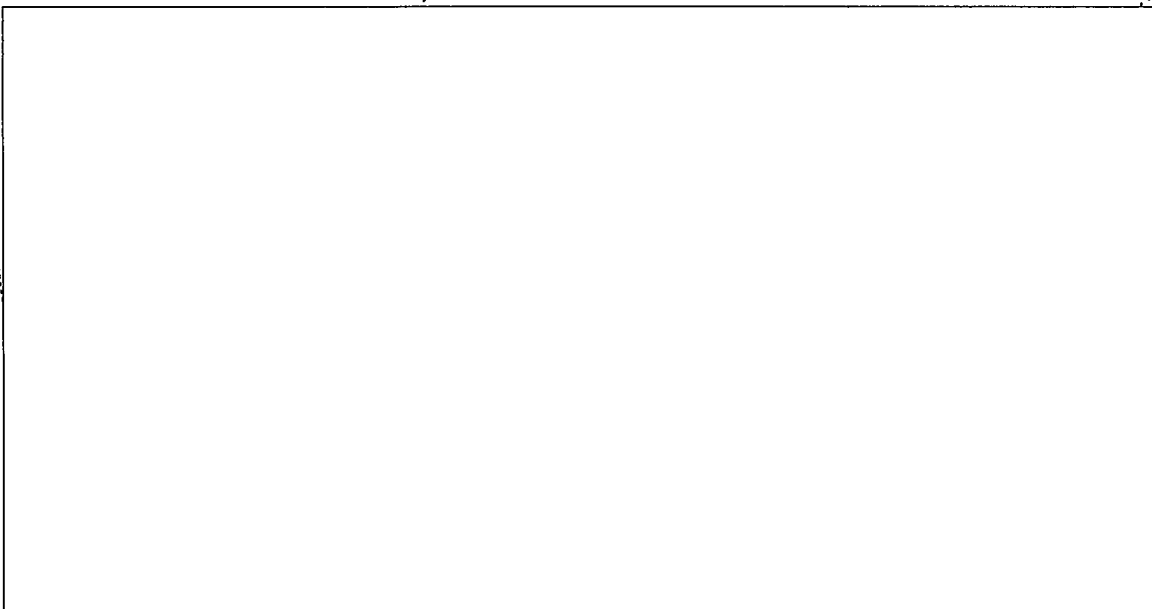


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NUMEC owned and operated a uranium processing facility at Apollo, Pennsylvania. It first received material under lease arrangement in December 1957 and received its first material as an AEC contractor in December 1957. From the start up through 31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

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

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