

Doc 36188

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EO 13526 3.3(b)(6)>25Yrs

3 February 1978

MEMORANDUM FOR THE RECORD

SUBJECT: Meeting with the NRC

(b)(3) CIAAct
(b)(3) NSC

1. On 2 February, the ADDO briefed officials of the Nuclear Regulatory Commission at their request, on the CIA role and position relating to the NUMEC case. The briefing was based upon the attached outline. The purpose of the meeting, NRC attendees, and follow-up action are noted in the Spot Report to the DCI, also attached [redacted] and [redacted] accompanied the ADDO.

2. The first briefing session was attended by Chairman Hendrie, Commissioner Kennedy and three other NRC officials.

a. After the ADDO's initial remarks the NRC officers read the attached Talking Paper and were invited to ask questions. Commissioner Kennedy noted the reference in the Talking Paper [redacted] with the alleged NUMEC diversion" which he characterized as far from saying that a diversion had occurred. We agreed with his assessment, confirmed that there was no legal evidence of diversion from NUMEC. [redacted]

[redacted] which prompted CIA interest in the nuclear material missing from NUMEC.

b. Chairman Hendrie asked whether the precise timing of the NUMEC MUF was known. Mr. Kennedy said that MUF had been going on for some time but that the NUMEC bookkeeping system postponed its discovery. [redacted] said that the expiration of the WANL contract and resulting accounting led to its discovery. Mr. Hendrie concluded, as a result of this discussion, that the time frame of the MUF -- mid '60's -- was compatible with the time phasing expressed in the Talking Paper.

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c. Mr. Patterson asked if CIA had asked for the FBI reports on Shapiro. He was told that this would have been inappropriate but that we did have a continuing dialogue with the FBI during the course of its investigation.

Snyder

d. We were asked by Dr. Schnieder (ph) whether CIA had examined the MUF problem at facilities other than NUMEC. The answer was in the negative which led to our reiteration of the factors that caused CIA to become interested in [redacted]

[redacted] and our request for an investigation.

3. The second briefing was attended by Commissioners Gilinsky and Bradford, Executive Director Gossick and several other NRC officials. The same procedure was followed in this briefing; and below summarizes issues or questions and our response.

a. Asked if CIA had requested former DCI Helms' views on the NUMEC case, we said that, instead, we had relied upon a reconstruction of events based upon our files. The ADDO noted that as a frequent witness before the Congress he was adverse to rehearsing testimony with other potential witnesses.

b. Mr. Gossick asked for an explanation of the term "evidence" as we view it. In this context, the ADDO cited the deductive analysis that led to CIA's interest in NUMEC, making clear that the total picture did not constitute legal evidence. Mr. Gossick returned to the subject near the end of the briefing and asked what CIA would say if confronted with the question: "Do you have evidence of diversion?" Our response was that we would say that there is no hard evidence, but a series of events and facts led to our intelligence conclusion that a diversion was a likely possibility.

c. In response to a question, we said that no other MUF had been brought to CIA's attention and that

[redacted] we said that export controls would appear to have precluded this route.

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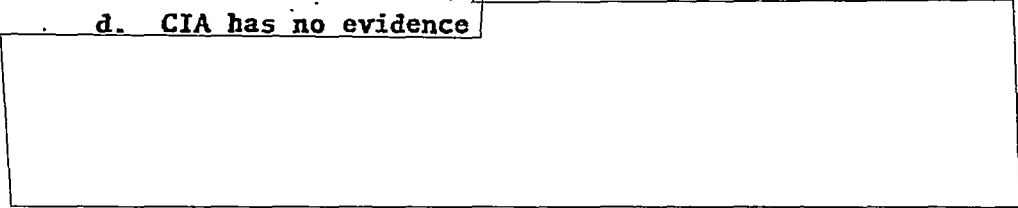
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d. CIA has no evidence



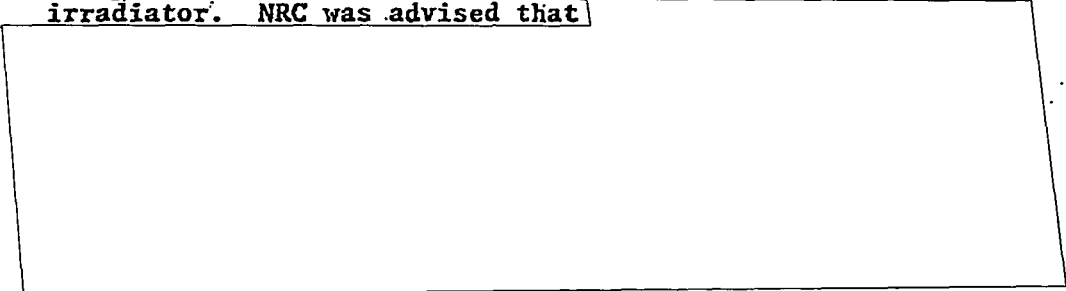
f. What is the objective of the current FBI investigation relating to NUMEC? We don't know.

g. The NRC said that while it could now state it had been briefed by CIA, there apparently is other intelligence that should be made available to them. Would DIA have the same basic material as CIA? Is the intelligence data brought together in one place? We responded by citing the community estimative process and noted the 1974 estimate on nuclear proliferation, adding that DIA may have produced a Departmental assessment of Israeli nuclear development.

h. Asked what major unknown existed with regard to the alleged diversion, we stated that no one had told us positively that such a diversion occurred.

i. Does CIA have any specific suggestions regarding nuclear safeguards? No. We noted that we are not concerned with domestic facilities.

j. We were asked to comment on the NUMEC manufactured irradiator. NRC was advised that



4. Mr. Gilinsky's post-meeting approach to the ADDO is cited in the Spot Report.

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(b)(3) NSC

Attachments:
As Stated

(b)(3) CIAAct

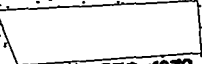
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28 FEB 1978

MEMORANDUM FOR: Director of Central Intelligence

FROM : Lyle L. Miller, Acting Legislative Counsel

SUBJECT : Article by Thomas O'Toole "CIA Repeats
Fears on Missing Uranium" 28 February 1978
Washington Post

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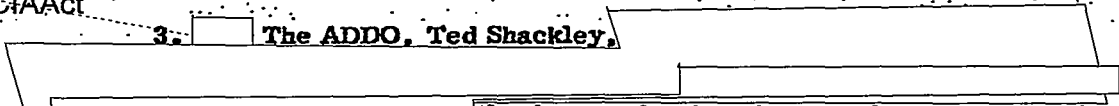
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1. Action Requested: None, for your information only.

2. Background: The attached article refers to a CIA briefing of the Nuclear Regulatory Commission reportedly held on 6 February 1978 concerning the alleged disappearance of uranium from the nuclear facility in Apollo, Pennsylvania. According to the article, the briefer reported the Agency's suspicions that the uranium may have been diverted to Israel. The author notes the briefing was classified Secret and does not reveal the source of his information. Mr. Thomas McTiernan, who serves in an Inspector General capacity at NRC, was contacted and confirmed that this was not an official NRC release. He presumes this story came from someone in the NRC and is attempting to determine who gave the information and will advise the DDO.

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3. The ADDO, Ted Shackley,

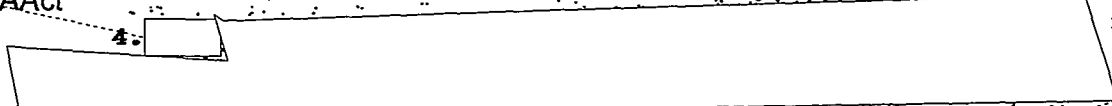


the Agency developed no conclusive hard evidence to substantiate these suspicions. Attached is a copy of Mr. Shackley's Memorandum for the Record, the talking points paper, and a listing of the NRC attendees.

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4.



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5. Recommendation: The DDO will confer with the NRC to preclude any discussions of the CIA position on NUMEC with the press in the future.

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Lyle L. Miller

Attachments

Distribution:

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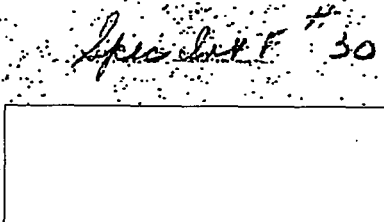
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OLC [Redacted] 28 Feb 78

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CIA Repeats Fears on Missing Uranium



JOSEPH M. HENDRIE
...hold 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 weapons.

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 1206 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

stolen 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 later, 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 of NRC officials, including Chairman Joseph Hendrie and executive operations director Lee V. Goslick, 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, Goslick said one reason he said

two years ago that there was "no evidence" of 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," Goslick 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 Commission in February, 1972."

Rep. Mervyn D. Dymally (D-Ariz.), chairman of the House subcommittee, criticized Goslick 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."

The President's Schedule

The president's announced appointments today:

- 1:15 a.m.—National Security Adviser
- 1:45 a.m.—Commissioner Robert Frank Moore
- 2 a.m.—Rep. Walter P. Flowers (D-Me.)
- 2:15 a.m.—Announcement of secondary and secondary education proposals
- 11:15 a.m.—Sen. Charles Burdick (D-N.D.)
- 11:20 a.m.—Vice President Mondale, CIA Director Harold Brown, National Security Adviser James Bracken and Gen. Maxwell Taylor
- 11:35 a.m.—Sen. J. Bennett Johnston (D-La.)
- 1 a.m.—Sen. Robert Morgan (D-La.) and Gov. James Hunt Jr., of North Carolina
- 7:30 a.m.—Reading with newspaper

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NRC --- TALKING PAPER OUTLINE FOR

2 FEBRUARY 1978

1. PROLOGUE

A. NO SCIENTIST.

B. NOT A FIRST-HAND PARTICIPANT.

C. SUPERVISING RESEARCH OF DOCUMENTS ON

NUMEC.

1) SUPPORT TO DDCI - 15 APRIL 1977

2) PREPARE FOR CONGRESSIONAL

INQUIRIES.

3) NOT ALL RECORDS AVAILABLE WHEN

WE STARTED IN APRIL 1977.

(A) ARCHIVES SEARCHED

(B) NO MEMOS WRITTEN.

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2. BRIEFING BACKGROUND

A. NATIONAL LEVEL INTELLIGENCE ESTIMATE - *69 draft*

[Redacted]

B. PROCESS OF DEDUCTIVE REASONING TO FIND

OUT HOW URANIUM OBTAINED.

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3. RESULTS OF DEDUCTIVE ANALYSIS

A. NUMEC

B. SHAPIRO

C. CENTRIFUGE

D. [Redacted]

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4. KEY ISSUES

A. NO INVESTIGATION OF NUMEC BY CIA

B. NO DIVERSION BY CIA

C. NO HARD EVIDENCE.

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5. BRIEFINGS OF OTHER

A. PRESIDENT

B. CONGRESS

C. JUSTICE/FBI

D. ERDA.

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SPOT REPORT

DDO/es

(b)(3) CIAAct

SUBJECT: NMEC: Meeting with the NRC

DATE: 3 February 1978

REFERENCE: None

DESCRIPTION: FYI

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1. On 2 February, the ADDO briefed officials of the Nuclear Regulatory Commission on the NMEC case. The briefing was at the request of Chairman Hendry for the stated purpose of ensuring that key NRC officers were aware of the CIA role and position relating to NMEC as the NRC responds to Congressman Udall's current inquiry into the matter.

2. In attendance at the briefing, in addition to the Chairman, were Commissioners Kennedy, Galinsky and Bradford; Executive Director Gossick; and representatives of the offices of the NRC General Counsel, Inspector General, and Nuclear Security and Safeguards. The briefing was in two consecutive sessions to obviate the need for a tape recording of the briefing required when a quorum of the Commissioners are present.

3. The ADDO's presentation followed the outline used in several similar briefings and explained the deductive analysis that led to the CIA interest in a possible diversion. Stressed were the facts that there was no investigation of NMEC by CIA, no diversion by CIA, and no hard evidence that the Israeli supply of enriched uranium came from the NMEC facility. The NRC attendees were then permitted to read the attached brief Talking Paper which was retrieved from them. Of particular concern to the Commissioners was the question of what constitutes evidence of diversion and whether the CIA could take the position that a diversion in fact occurred. The answer was in the negative and it was explained again that

to the
missing material from NMEC.

4. The Commissioners and other NRC attendees appeared satisfied with the presentation and the responses to their questions. After the briefing, Commissioner Galinsky said that he would like to prepare a brief statement on the issue of "evidence" of diversion for presentation to Congressman Udall as one coordinated with the CIA. While expressing some reluctance to become involved in the current Udall-NRC confrontation, we agreed to look at the statement and seek DCI guidance on the proper CIA posture in this regard.

DCI'S RECOMMENDATIONS FOR DDO ACTION:

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REPORT

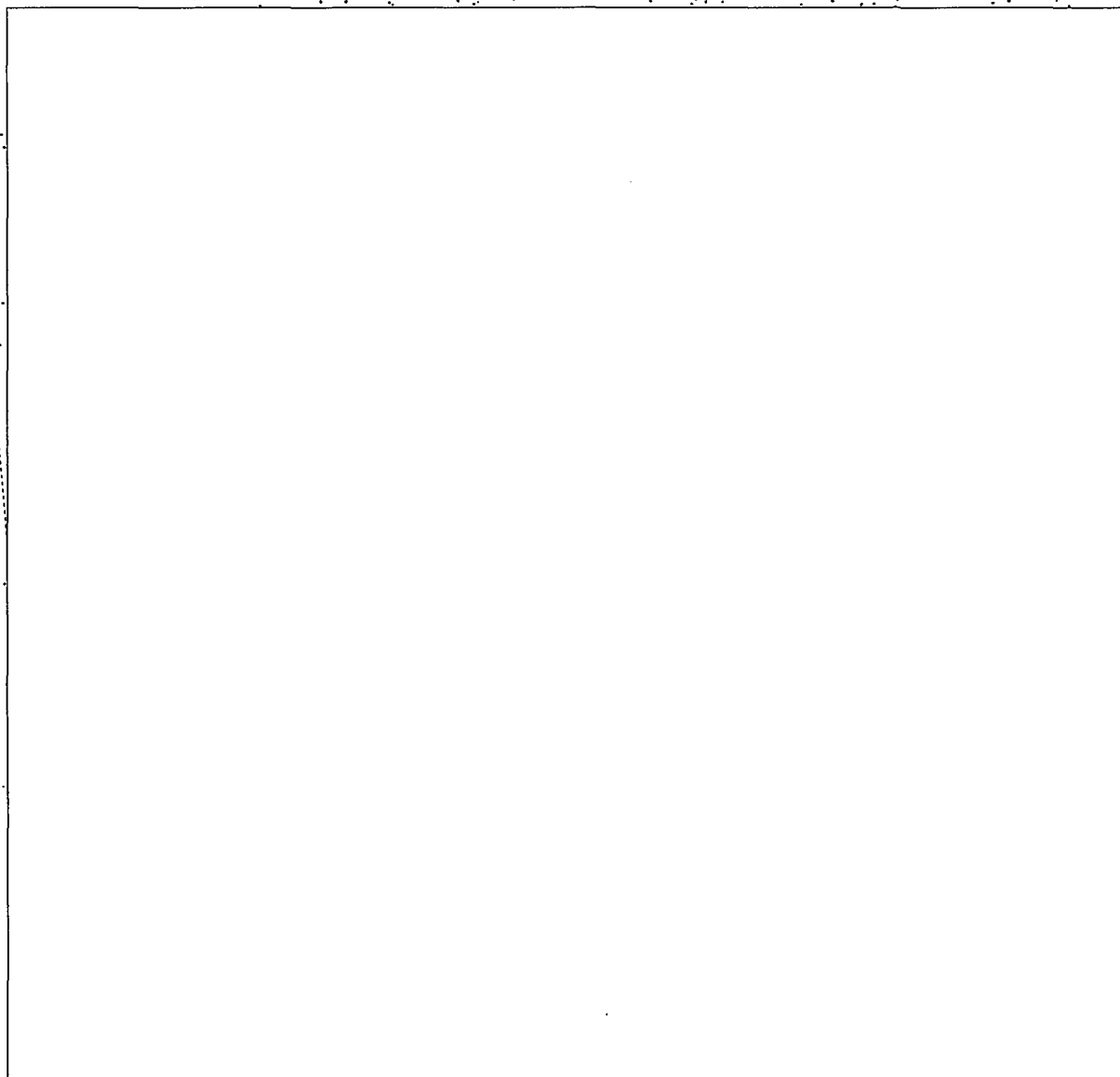
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NRC --- TALKING PAPER FOR

EO 13526 3.3(b)(6)>25Yrs 2 FEBRUARY 1978



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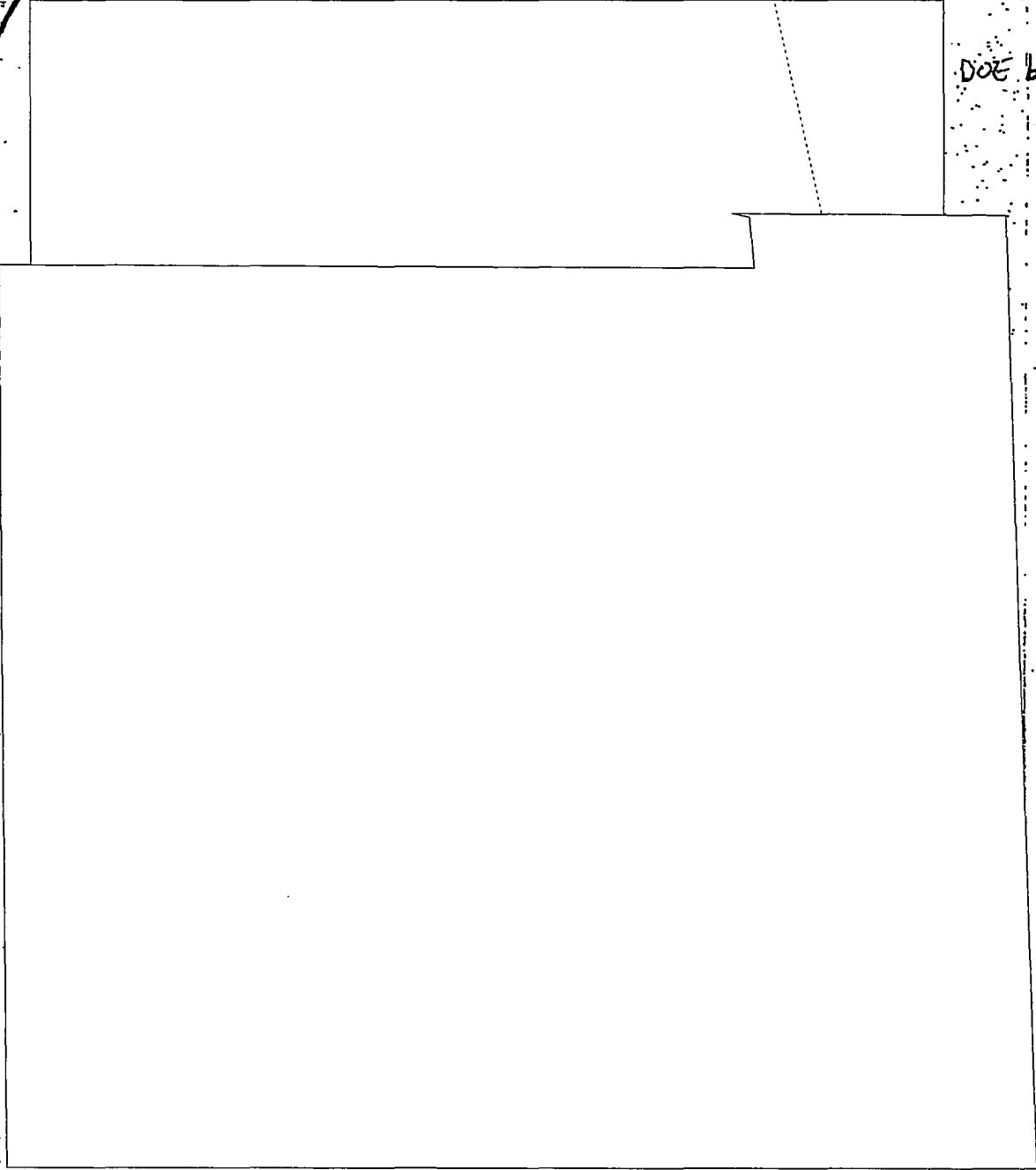
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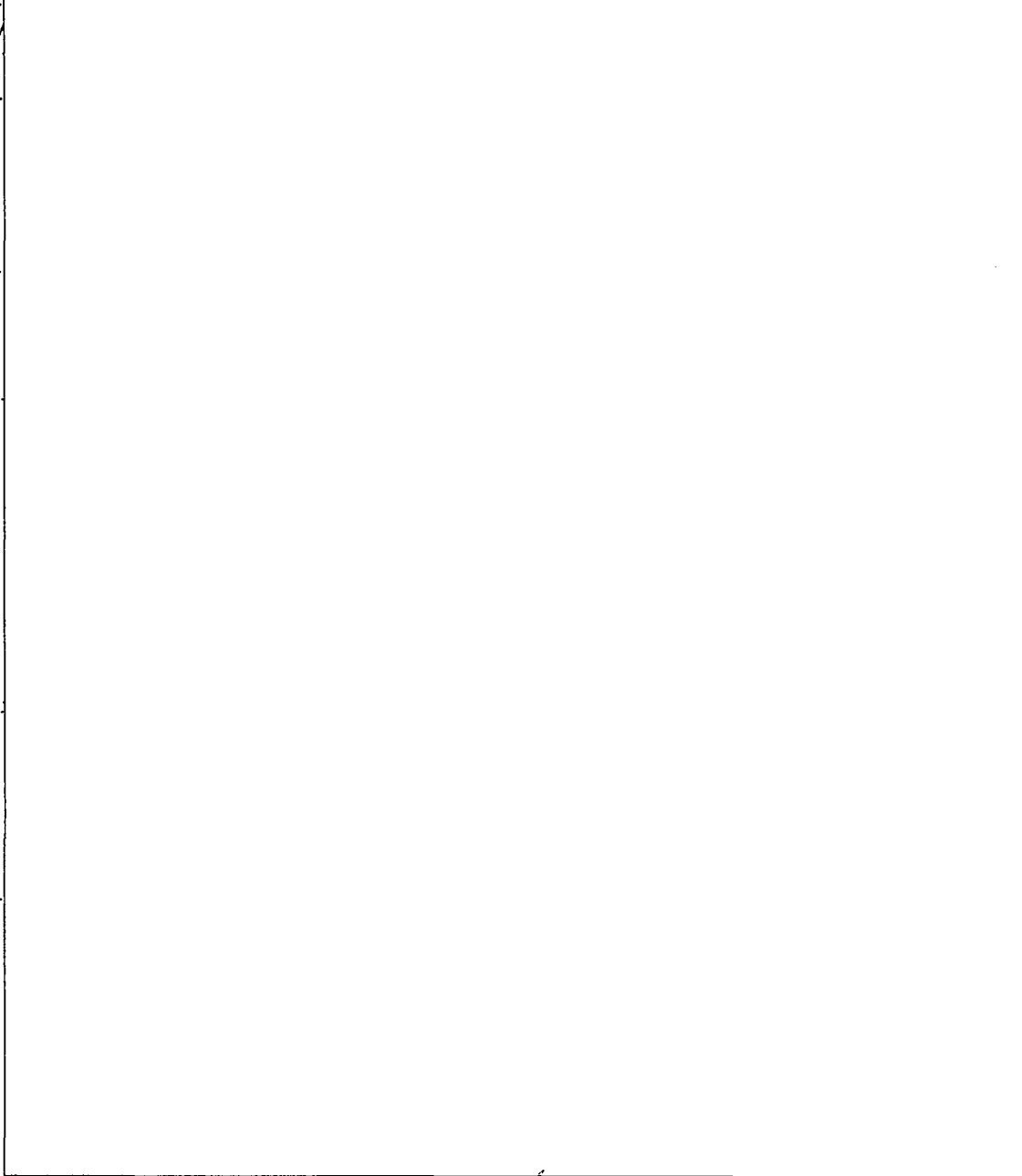


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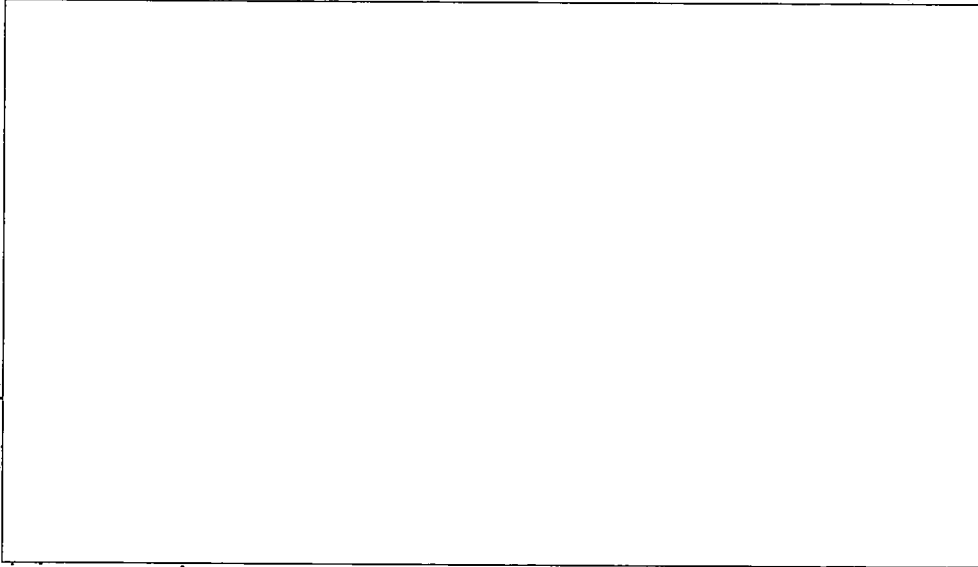
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UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D. C. 20555

February 3, 1978

	(b)(3) NSC
CIA Headquarters	(b)(3) CIAAct
	(b)(3) NSC
	(b)(3) CIAAct

Per our telephone conversation of today, February 3, 1978 following is a list of attendees at Thursday's meeting.

BRIEFING #1

Chairman Joseph Hendrie
Commissioner Richard Kennedy
Bernard Snyder
William Dory
Kenneth Pedersen

BRIEFING #2

Commissioner Victor Gilinsky
Commissioner Peter Bradford
Lee V. Gossick
Clifford Smith
Howard Shapar
Ernst Volgenau
John Davis
Norman Haller
Robert Burnett
James Power
Tom Carter
James Shea

Jo Ann Kundman
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