

11-20-93 #23
CLASSIFIED BY 6026 RUC/BCS/mkz/176
DECLASSIFY ON: 25X1

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SECRET

- 1 - Mr. B. Adams
- 1 - Mr. J. A. Mintz (Sent Direct)
- 1 - Mr. T. W. Leavitt
- 1 - [Redacted]
- 1 - [Redacted]

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The Attorney General

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
EXCEPT WHERE SHOWN
OTHERWISE

4/22/76

Director, FBI

DR. ZALMAN MORDECAI SHAPIRO
ATOMIC ENERGY ACT

Class. & Ext. by SP1/GSK/RB6
Reason - FCIM II, 1-2.4.2
Date of Review 4/22/96
6/3/82

11-20-93 #23
CLASSIFIED BY 6026 RUC/BCS/mkz/176
DECLASSIFY ON: 25X1

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As you have been previously advised, Senator Howard Baker of the Joint Committee on Atomic Energy and Mr. George Murphy, Executive Director of the Committee, were orally briefed on March 19, 1976, in regard to the FBI investigation into the activities of Shapiro and the Nuclear Material Equipment Corporation (NUMEC), an Atomic Energy Commission subcontractor in Apollo, Pennsylvania.

By letter dated April 9, 1976, Mr. Murphy requested the FBI furnish the Joint Committee any and all documents relating to Shapiro and other individuals associated with the possible diversion of special nuclear material from the United States to a foreign government. Mr. Murphy indicated these files should include, but not be limited to, information on alleged intelligence activity concerning Shapiro or any of his associates or acquaintances who could be involved in intelligence or diversion of nuclear material activities on behalf of a foreign government.

On April 19, 1976, Mr. Murphy orally requested the above information be submitted immediately. Mr. Murphy was advised that the FBI could furnish him with a memorandum concerning Shapiro but that the release of copies of file documents would have to be approved by the Attorney General.

REC-36

117-2564
[Handwritten signatures and initials]

- Assoc. Dir. _____
- Dep. AD Adm. _____
- Dep. AD Inv. _____
- Asst. Dir.:
- Admin. _____
- Comp. Syst. _____
- Ext. Affairs _____
- Files & Com. _____
- Gen. Inv. _____
- Ident. _____
- Inspection _____
- Intell. _____
- Laboratory _____
- Plan. & Eval. _____
- Spec. Inv. _____
- Training _____
- Legal Coun. _____
- Telephone Rm. _____
- Director Sec'y _____

RKM:jdp
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SEE NOTE PAGE 3

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Classified by ~~SECRET~~
Declassify on: OADR
5/2/85

Classified by 5019
Exempt from GDS, Category 2
Date of Declassification Indefinite

MAIL ROOM TELETYPE UNIT

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EXEMPTED FROM AUTOMATIC
DECLASSIFICATION
AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
EXEMPTION CODE 25X(1,6)
DATE 10-15-2008

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The Attorney General

Consequently, the attached memorandum and copies of pertinent file documents are being submitted to you for review and determination concerning the release of this memorandum and pertinent documents to George Murphy of the Joint Committee on Atomic Energy.

This Bureau suggests you forward the attached memorandum to Mr. Murphy but we are concerned about releasing copies of investigative file documents to the Joint Committee. This release of our documents has not been done in the past and it is believed that if done in this instance it will establish a precedent. The only exceptions to this have been the documents provided the Senate and House Intelligence Committees.

It is noted that the request for file copies of FBI documents were not received from the Chairman or from members of the Joint Committee but from George Murphy the Executive Director.

For the information of the Attorney General
the attached documents [redacted]

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Enclosures

- 1 - The Deputy Attorney General (Enclosure)
- 1 - Assistant Attorney General
Office of Legislative Affairs (Enclosure)

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The Attorney General

NOTE:

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Consequently, Senator Baker and Mr. Murphy, upon their requests, were orally briefed of the FBI investigations of Shapiro and NUMEC.

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~~(S)~~ [Redacted]

Mr. Murphy therefore has requested copies of FBI file documents be furnished to the Committee. The Legal Counsel Division on 4/19/76, advised Mr. Murphy that a LHM concerning this material would be furnished to him but the release of copies of file documents would have to be approved by the Attorney General.

The attached memorandum and pertinent file documents are therefore being furnished the Attorney General for his review and appropriate action in accordance with instructions of the Legal Counsel Division as set forth in their memorandum to Mr. J. B. Adams, dated 4/19/76.

The original ^{and one} of the LHM is being furnished the Attorney General with copies to the Deputy Attorney General and the Assistant Attorney General-Legislative Affairs.

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~~(S)~~ [Redacted]

APPROVED: *mac*

Assoc. Dir.....
Dep. AD Adm.....
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DECLASSIFICATION
AUTHORITY DERIVED FROM:
FBI AUTOMATIC DECLASSIFICATION GUIDE
EXEMPTION CODE 25X(1,6)
DATE 10-15-2008

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- 1 - Mr. J. B. Adams
- 1 - Mr. J. A. Mintz
- 1 - Mr. T. W. Leavitt
- 1 - [Redacted]
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11-20-03 #0320758
CLASSIFIED BY 60280 AUC/BCT/
DECLASSIFY ON: 25X 1,6

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April 22, 1976

**DR. ZALMAN MORDECAI SHAPIRO
ATOMIC ENERGY ACT**

The Federal Bureau of Investigation (FBI) has conducted two investigations of Dr. Shapiro. The first investigation was prompted by the Atomic Energy Commission (AEC) advising this Bureau in 1965 that the Nuclear Materials Equipment Corporation (NUMEC), an AEC subcontractor in Apollo, Pennsylvania, was negotiating with the Government of Israel to establish a joint company in Israel to be known as Israeli NUMEC Isotopes and Radiation Enterprises (ISORAD), Limited. The firm was to engage in the irradiation of citrus fruit. A Foreign Agents Registration Act investigation was initiated to determine if Shapiro was acting as an agent of the Israeli Government in the United States. During the course of this investigation, Shapiro was interviewed. He claimed his close relationship with the Israeli Government was strictly a business matter.

The results of this investigation were furnished to the Justice Department. In September, 1966, the Justice Department advised that the activities of Shapiro and NUMEC did not fall under the purview of the Foreign Agents Registration Act.

In February, 1966, the AEC advised there were indications that NUMEC was lax in the management of nuclear materials. Since April, 1957, AEC had made extensive internal technical checks at NUMEC and had reported the situation to the Joint Committee on Atomic Energy (JCAE). The Joint Committee was told by AEC on February 14, 1966, that in the absence of evidence or suspicion of a violation of the law, AEC had determined that inquiry by the FBI was not then warranted.

117-2564

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- Director Sec'y _____

RKM:dsm
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Classified by 5819
Exempt from GDS, Category 3
Date of Declassification Indefinite

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 10-15-2008 BY 60322 UCBAW

Classified by 5112
Declassify on: OADR

SP-1 GSK/RBY
213
4/22/96
NATIONAL SECURITY INFORMATION
Unauthorized Disclosure
Subject to Criminal Sanctions

1078/RFP/mjn
4/28/96
Armstrong
R. Scott

MAIL ROOM TELETYPE UNIT

117-2564-256

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Dr. Zalman Mordecai Shapiro

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According to AEC, NUMEC received 1,012 kilograms of uranium-235 from AEC to process into fuel elements for nuclear reactors for space propulsion. This subcontract was completed on October 31, 1964. In April, 1965, an AEC inventory indicated a loss, fixed by a later AEC check in November, 1965, at 61 kilograms valued at \$764,000. In addition, a survey of the plant's operations since 1957 revealed that NUMEC had experienced a total cumulative loss on all AEC subcontracts of 178 kilograms, all but 61 of which AEC considered properly accounted for by normal processing losses. AEC was unable to say unequivocally that theft or diversion of the 61 kilograms had not taken place, but AEC believed that NUMEC consistently underestimated its processing losses and that the loss of the 61 kilograms charged to the latest subcontract actually reported an accumulation of losses over an 8-year period. AEC pointed out, however, that because the NUMEC records system was not then so set up, no determination could be made as to when the various losses occurred or whether material provided for the latest subcontract was used knowingly or inadvertently, to offset losses on other contracts. (S)(u)

per DOE
letter
4/6/85
Subst. Shap
4/7/85

AEC advised that there would be no financial loss to the Government as NUMEC had agreed to pay for the 61 kilograms. In addition, NUMEC had developed a better system for controlling nuclear materials and an improvement was also expected due to NUMEC's hiring of a former AEC official. AEC advised, however, that prior to making more penetrating checks into NUMEC's operations, it was felt the FBI should be consulted to determine whether the FBI desired to assume investigation of the matter. (S)(u)

per DOE
letter
4/6/85
Subst. Shap
4/7/85

The FBI advised AEC on March 1, 1966, that the FBI had given full consideration to this matter and that under the circumstances presented by AEC, the FBI did not intend to assume any investigative responsibility; however, it was requested that AEC advise the FBI of any further developments coming to its attention concerning this matter which would indicate there had been a violation within FBI jurisdiction.

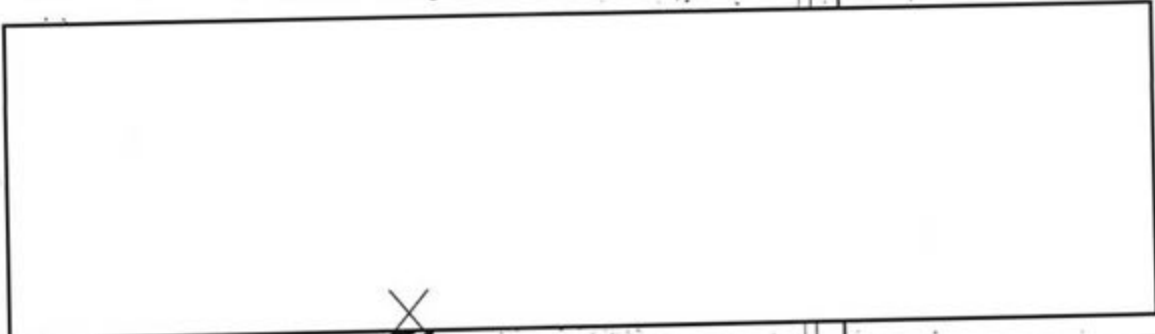
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Dr. Zalman Mordecai Shapiro

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The investigation determined that Shapiro had a very strong personal sympathy for the Israeli cause. His immediate circle of friends included a number of persons known to be active or ardent sympathizers with the Israeli cause. Shapiro was a close personal friend of David Lowenthal, a former Freedom Fighter for Israel, who frequently visited Israel.

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David Lowenthal is the President of Brychord Corporation in Apollo, Pennsylvania. Lowenthal is also an officer of Apollo Industries in Pittsburgh, a company which was instrumental in establishing NUMEC through investment of a substantial amount of money in NUMEC stock. The investigation also determined that Shapiro made a number of visits to Israel where he was treated with consideration that exceeded what his position would normally call for.

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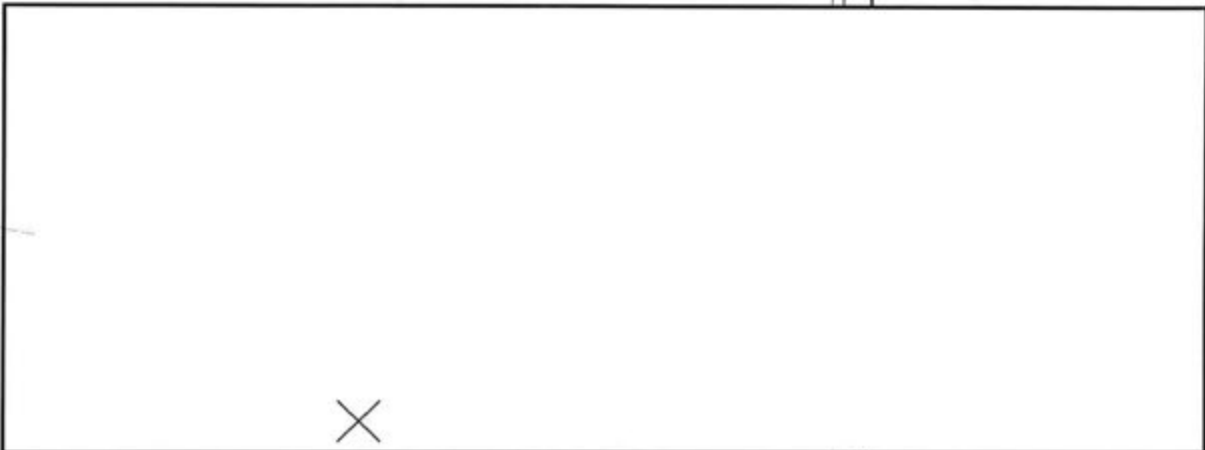
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Several sources advised that Shapiro felt so strongly for the Israeli cause that he seriously considered emigrating to that country. Shapiro was active in fund raising and bond drives and was a heavy contributor to activities on behalf of Israel in the United States.

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Dr. Zalman Mordecai Shapiro



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(U) In September, 1968, Colonel Avraham Eylonie, a senior official of Israel's Military Intelligence Service, was in the United States and had several meetings with Shapiro in Apollo, Pennsylvania, and Washington, D. C. (S)

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AEC subsequently interviewed Shapiro and thereafter, advised that no further action was being taken by AEC. Shapiro resigned his position as President of NUMEC in June, 1970. In January, 1972, Shapiro was employed as the Assistant in Charge of the Breeder Reactor Division, AEC, Westinghouse Electric Corporation, Monroeville, Pennsylvania. He held no security clearance and did not have access to classified materials. By letter dated April 15, 1969, the Department of Justice advised that based on the results of the FBI investigation conducted to date, the facts of the matter were not such as to warrant action against Shapiro.

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APPROVED:

Asst. Dir. *[Signature]*

Dep. AD Adm. _____

Dep. AD Inv. *[Signature]*

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