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14 APR 1977

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(b)(3) NatSecAct  
EO 13526 3.3(b)(6)>25Yrs  
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MEMORANDUM FOR: Deputy Director for Central Intelligence  
FROM: Theodore G. Shackley  
Associate Deputy Director for Operations  
SUBJECT: The NUMEC Case and ERDA's Paper

1. We have seen the attached DDS&T memorandum on the ERDA document on NUMEC and it is our judgment that a sources and methods problem is not involved in the ERDA paper. Nonetheless, it is clear to us that should the NUMEC matter be pursued in the press, a good possibility exists that sources and methods, as well as the contradictory intelligence assessments, could become an issue.

2. We recommend against CIA being present at the meeting on 15 April 1977 at which ERDA will make its presentation to Dr. Brzezinski concerning the NUMEC case. We offer three reasons for this. The ERDA meeting with Dr. Brzezinski may be concerned with an issue of domestic law enforcement in which CIA has no authority or responsibility. Our participation in such a meeting would inevitably draw discussion into areas involving sensitive sources and methods. We do not believe the meeting is the appropriate forum for this kind of discussion. Thirdly, ERDA disagrees

[Redacted]

This in turn would raise the question of illegal diversion involving NUMEC.

3. As an alternative to participation in the Friday meeting, we propose that Dr. Brzezinski be offered a separate briefing by CIA concerning the NUMEC issue. This arrangement would allow us to provide a full and uninhibited presentation without concern for sources and methods sensitivities. We have attached a talking points paper and a chronology

[Redacted] for use by the DDCI should this option be selected.

WARNING NOTICE  
SENSITIVE INTELLIGENCE SOURCES  
AND METHODS INVOLVED

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4. Since 1968 when the subject of NUMEC first came into focus, CIA has cooperated with the FBI, assisting them in their investigation of NUMEC.

[redacted] in 1968 and more recently in 1976.

5.

[redacted] since the decision was made by Directors Helms, Colby, and Bush that this information would not further the investigation of NUMEC.

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[redacted]

7. While this information is of obvious importance in reaching an intelligence decision on the probability of diversion it is not of any legal pertinence to the FBI's criminal investigation of NUMEC. In our discussions with the FBI we have alluded to this information but we have not made the details available to the special agents from the Washington Field Office of the FBI who are working the case. While Mr. Bush's conversations are not known to us, we have had no substantive discussions with officials at FBI Headquarters on this matter.

8. The last briefing of the FBI on the NUMEC matter occurred on 10 August 1976. We are not aware of the current status of the FBI investigation of NUMEC.

[redacted]

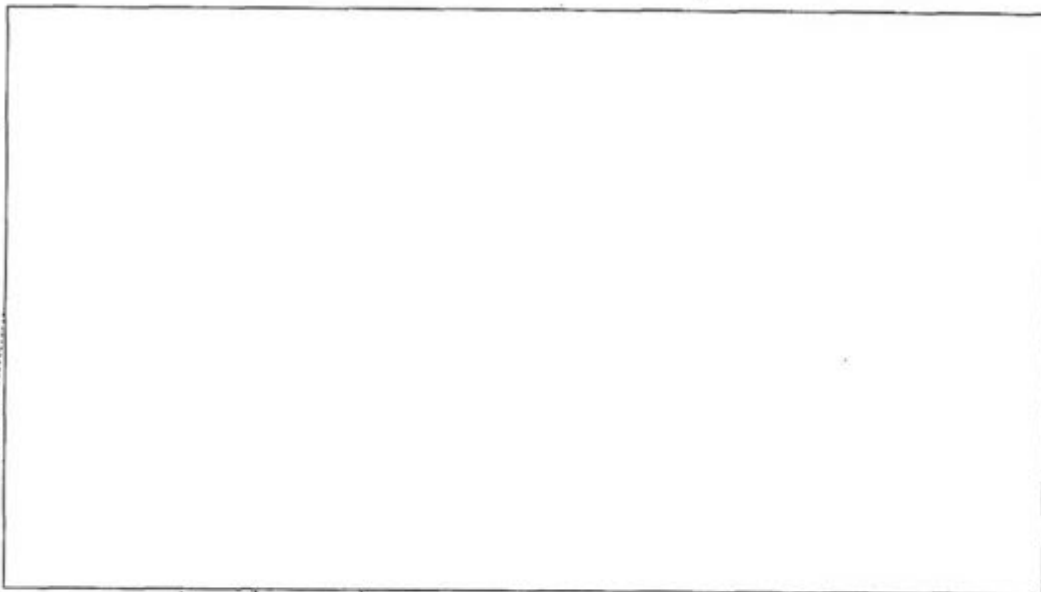
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Theodore G. Shackler

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25X1 Attachments, a/s  
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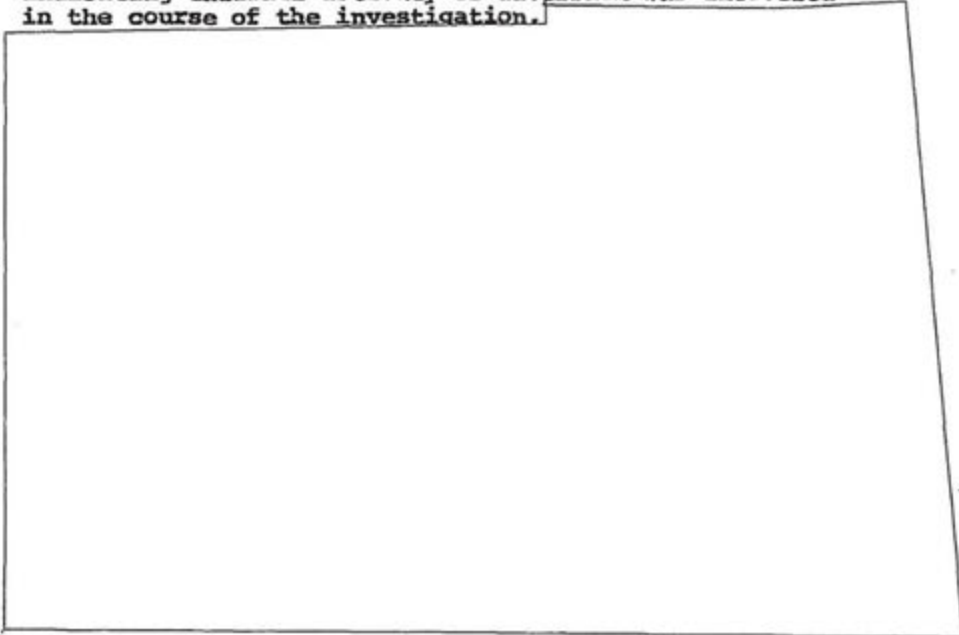
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12 APR 1977

MEMORANDUM

SUBJECT: Review of ERDA Documents on NUMEC

1. The proposed ERDA paper on the NUMEC matter pertains only to reports maintained by AEC on NUMEC operations and an investigation of NUMEC by the AEC. We in CIA are not and have not been concerned with the law enforcement aspects of this problem. Indeed, Dick Helms turned the matter over to the FBI in order to avoid such an involvement. Though the ERDA report concludes that no evidence indicating unlawful activity or diversion was uncovered in the course of the investigation.



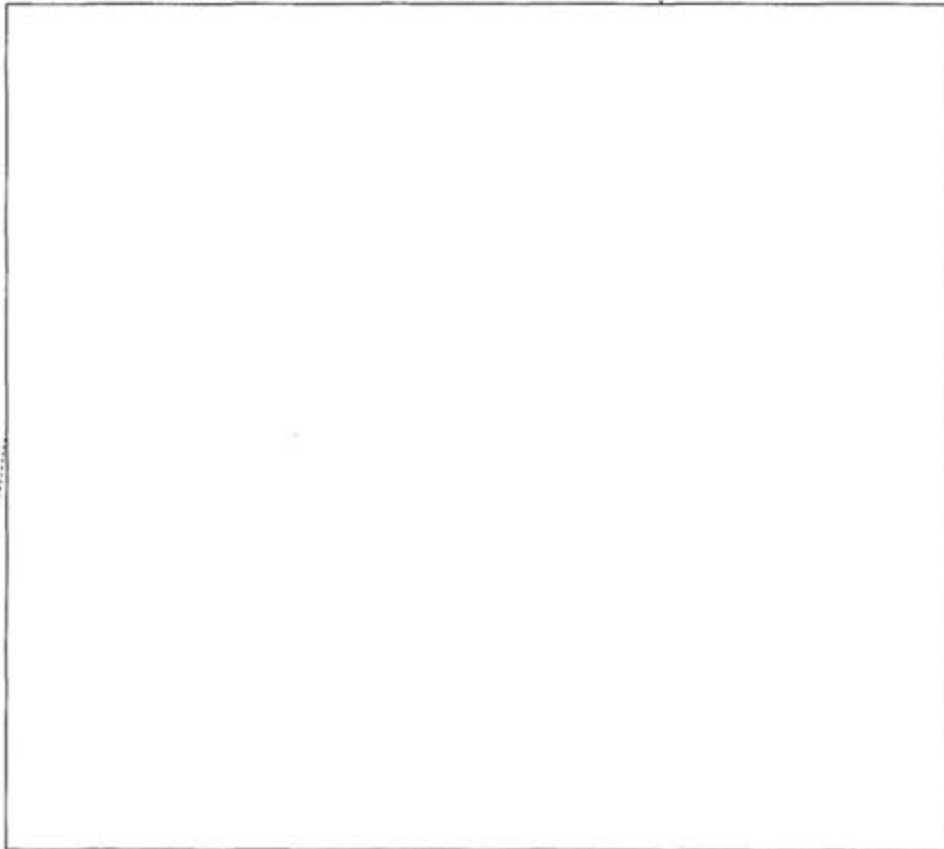
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SUBJECT: Review of ERDA Documents on NUMEC



e. Attorney General Levi was directed last year by President Ford to have the FBI reinvestigate NUMEC. We know nothing of the results of that investigation.

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SUBJECT: Review of ERDA Documents on NUMEC

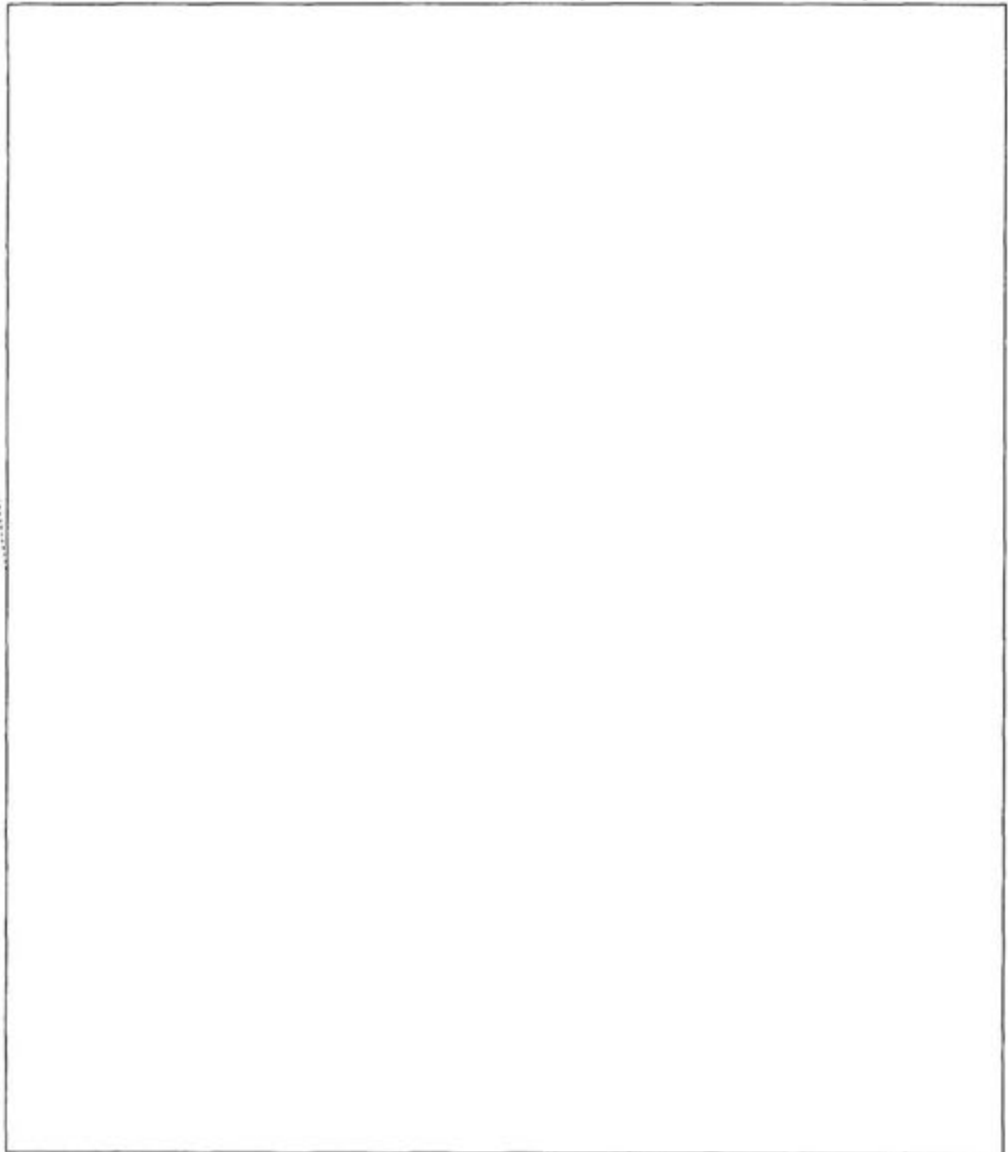
f. The problem as it is addressed by ERDA focuses on the law enforcement aspects of the problem in which it is inappropriate for the CIA to become involved.

3. To provide all of our information to ERDA would release information that has been considered extremely sensitive up till now. Perhaps that judgment should be reviewed, but it is most unlikely that any of it could be included in any open announcement or discussion of the matter which is what ERDA seems to have in mind.

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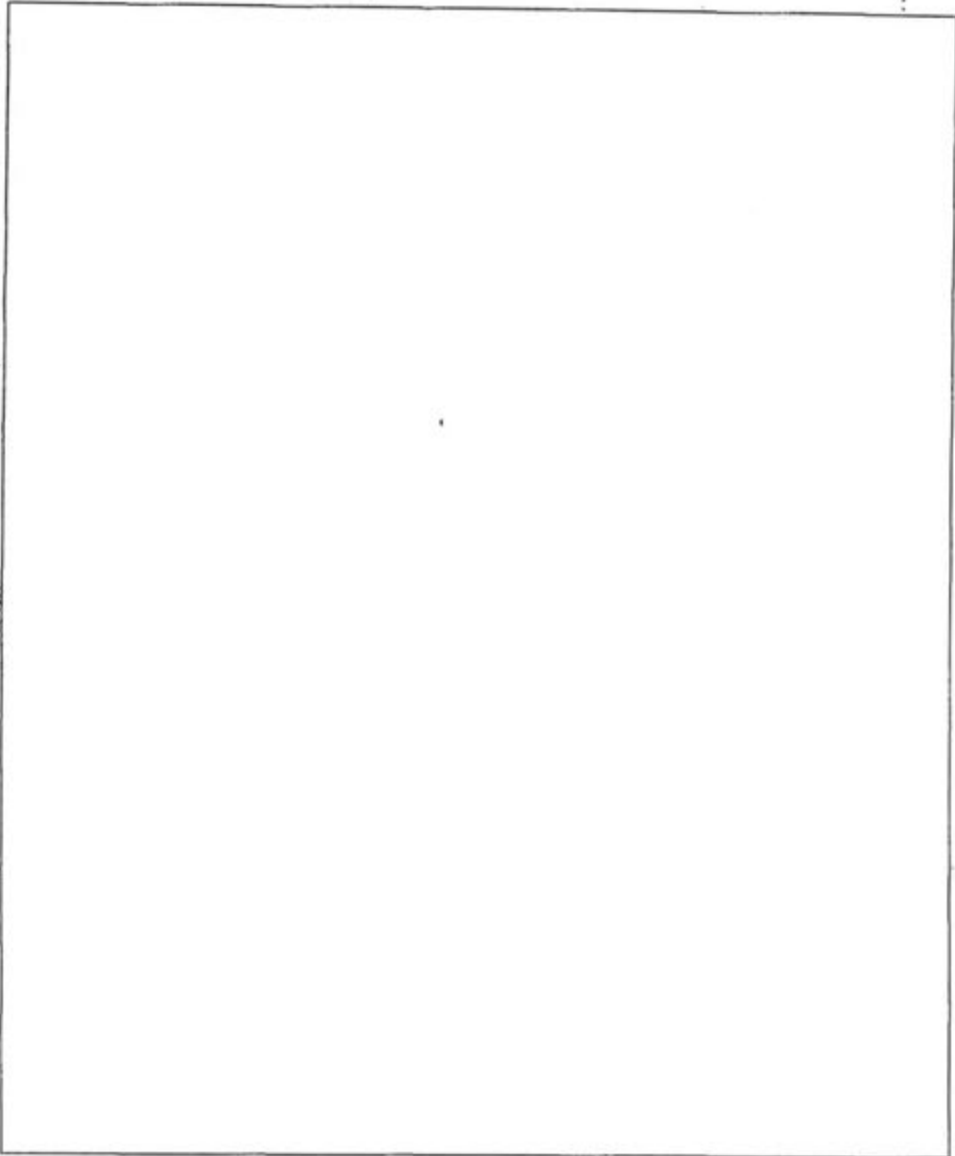
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The loss of uranium at NUMEC had been investigated by the Atomic Energy Commission. A second investigation was conducted by the General Accounting Office at the direction of the Joint Committee on Atomic Energy. Both of these reports conclude that there was no evidence of a diversion of the material.



In March 1968 the DCI requested the Attorney General to direct the FBI to investigate the possibility that a diversion had taken place and that the material unaccounted for at NUMEC

The investigation was abruptly terminated in August 1969 following an interview between the President of NUMEC and the Director of Security for the AEC for the stated purpose of revalidating his security clearances. The missing material was not mentioned in the interview.

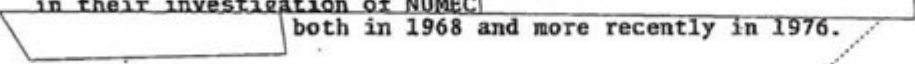


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During 1976 the Joint Committee on Atomic Energy renewed its interest in the affairs at NUMEC and brought the matter to the attention of President Ford. Attorney General Levi directed the FBI to initiate a second investigation into the loss of material.

Since 1968 when the subject of NUMEC first came into focus, CIA has cooperated fully with the FBI, assisting them in their investigation of NUMEC



both in 1968 and more recently in 1976.

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lost no opportunity to further the investigation by the FBI in the hope that positive intelligence information concerning the whereabouts of the missing material would be forthcoming.

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While this information is of obvious importance in reaching an intelligence decision on the probability of diversion, it is not of any legal pertinence to the FBI's criminal investigation of NUMEC. In our discussions with the FBI we have alluded to this information but we have not made the details available to the special agents from the Washington Field Office of the FBI who are working on the case. While Mr. Bush's conversations are not known to us, we have had no substantive discussions with officials at FBI Headquarters on this matter.

The last briefing of the FBI on the NUMEC matter occurred on 10 August 1976. We are not aware of the current status of the FBI investigation of NUMEC.

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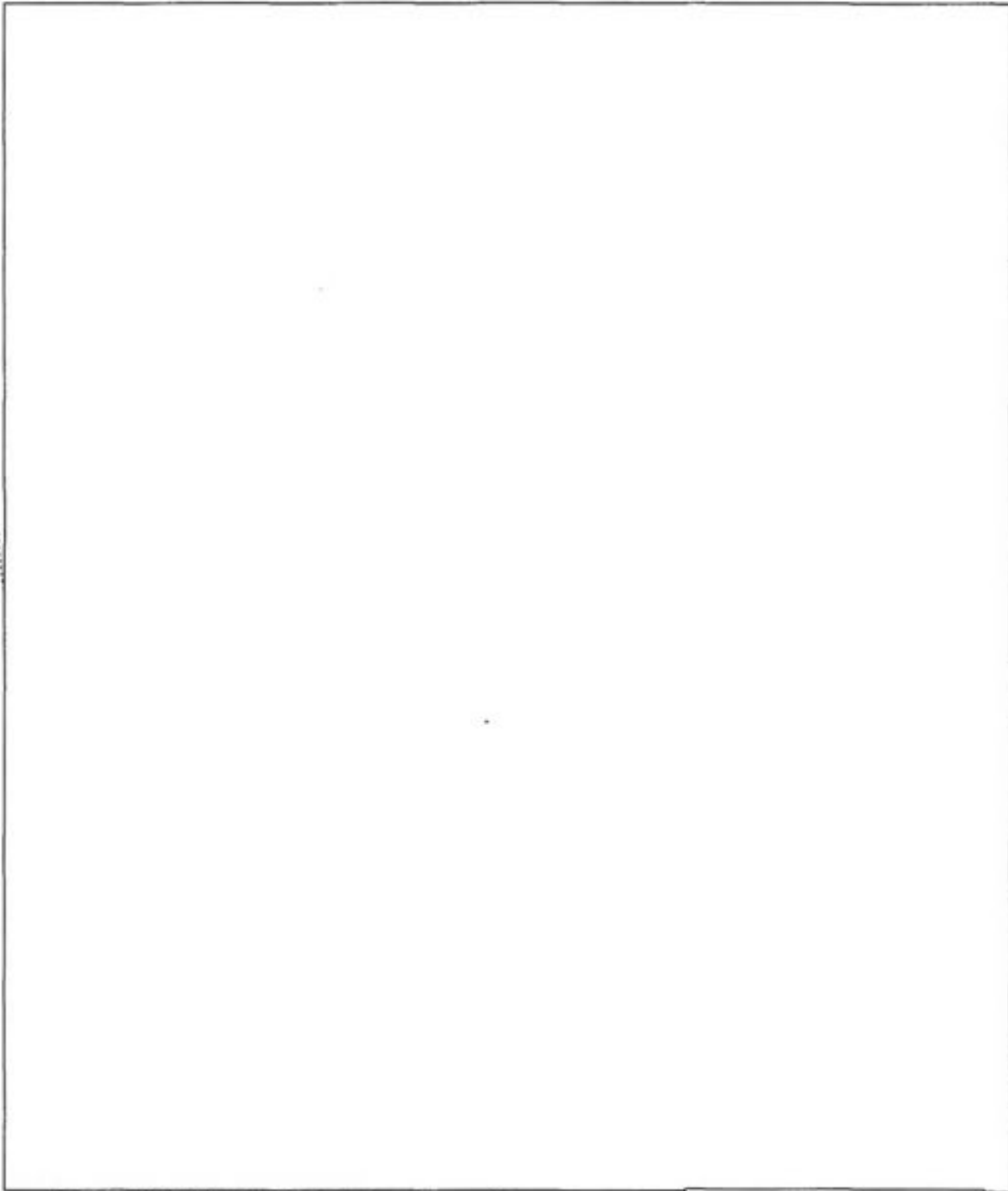


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ROUTING AND RECORD SHEET

SUBJECT: (Optional) (b)(3) CIAAct  
(b)(3) CIAAct NUMEC ~~SECRET/SENSITIVE~~  
~~SECRET/SENSITIVE~~

FROM: ADDO [ ] [ ] [ ] NO. (b)(3) CIAAct  
DATE 14 April 1977

TO: (Officer designation, room number, and building) (b)(3) CIAAct  
DATE RECEIVED FORWARDED OFFICER'S INITIALS COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

NO.	TO:	DATE		OFFICER'S INITIALS	COMMENTS
		RECEIVED	FORWARDED		
1.	DDI [ ]		14 April 77		(b)(6)
2.	DDS&T [ ]		(b)(3) CIAAct / 4 April		<p><b>BY HAND</b></p> <p>ADDO to DDCI: The pressures of an imperfect world resulted in Mr. Tony Lapham, OGC, being out of the building when we were handcarrying this paper around for coordination. As a result we are giving Mr. Lapham a drop copy of the paper, and we are asking him to get any comments on the paper to you by early morning 15 April. This action will ensure that the basic paper is available to you for review on 14 April.</p> <p>[ ] (b)(6) TGShackle</p> <p><del>SECRET/SENSITIVE</del></p>
3.	OGC [ ]		(b)(3) CIAAct		
4.	DDO [ ]		14/4/77 ✓		
5.	DDO Reg			✓	
6.	Exec Reg			✓	
7.	DDCI				
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*Joined the ERDA paper*

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ROUTING AND RECORD SHEET

SUBJECT: (Optional) NUMEC ~~SECRET/SENSITIVE~~

FROM: ADDO (b)(3) CIAAct [redacted] EXTENSION [redacted] NO. [redacted] (b)(3) CIAAct  
DATE 14 April 1977

TO: (Officer designation, room number, and building) DATE RECEIVED FORWARDED OFFICER'S COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

NO.	TO:	DATE		OFFICER'S	COMMENTS
		RECEIVED	FORWARDED		
1.	OGC Attn: Mr. Lapham		4/15/77	[redacted]	<p>The pressures of time dictated that we get this paper to the DDCI before you had a chance to read it. As a result could you get your comments, if any, to the DDCI by 0900 hours on 15 April 1977?</p> <p>[redacted]</p> <p>15 APR 1977 TGShackley</p> <p>3 &amp; 5. I do not disagree with the proposal to offer a separate briefing to Dr. Brzezinski rather than to participate in the ERDA presentation. But at the same time I think we should review the decision not to discuss our intelligence information with the FBI or ERDA. As I understand it, the investigations of NUMEC are related to the possibility that nuclear material may have been diverted, and apparently at least ERDA has concluded that there is no evidence of diversion. However, that conclusion is difficult to square with our intelligence information, and while one can argue about the probative value of that information from an investigative or legal standpoint, I doubt we are in a position to say that it has no value.</p> <p>[redacted]</p> <p>Anthony A. Lapham</p> <p><del>SECRET/SENSITIVE</del></p>
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