



Department of Energy
Washington, DC 20585

October 24, 2008

Mr. Roger Mattson
2511 Fossil Trace Court
Golden, CO 80401

Re: Freedom of Information Act Request 2007-000554

Dear Mr. Mattson:

This is the Office of Inspector General (OIG) response to your request for information that you sent to the Department of Energy (DOE) under the Freedom of Information Act (FOIA), 5 U.S.C. 552. You asked for a document entitled August 8, 1977 Nume-Related Congressional Hearing, dated April 27, 1979.

In a letter dated July 19, 2007, the Headquarters FOIA/Privacy Act Group informed you that your request was assigned to the History and Archives Group in the Office of the Executive Secretariat for action. On September 24, 2008, the History and Archives Group transmitted the responsive document to the Headquarters FOIA/Privacy Act Group for release determination. However, after further review by Headquarters, the document was referred to the OIG for final processing on September 26, 2008. Also, in a conversation with Mr. Chris Morris of the Headquarters staff on September 26, he advised you that the document located is a declassified, excised version. He also informed you the Office of Classification reviewed the document and determined that the document remains unclassified with its original excisions. You advised Mr. Morris that you would like a copy of this document.

On October 17, 2008, Ms. Adrienne Martin, OIG/Privacy Act Officer spoke with you about the responsive document and informed you that there are additional documents in the form of exhibits that are responsive to your request. She also informed you that these exhibits are classified and pursuant to Title 10, Code of Federal Regulations (C.F.R.), Section 1004.6, the documents must be submitted to the Office of Document Review, Office of Classification to conduct a declassification review. You informed Ms. Martin that you would like to receive the document without the exhibits. Ms. Martin further advised you that if you would like to receive the exhibits, you must submit a new FOIA request.

The OIG has completed its review of the responsive document and a determination concerning its release has been made pursuant to the FOIA, 5 U.S.C. 552. The document is released with material has been withheld pursuant to subsections (b)(6) and (b)(7)(C) of the FOIA or Exemptions 6 and 7(C), respectively.



Exemption 6 protects from disclosure "personnel and medical and similar files the disclosure of which would constitute a clearly unwarranted invasion of personal privacy. . . ." Exemption 7(C) provides that "records or information compiled for law enforcement purposes" may be withheld from disclosure, but only to the extent that the production of such documents "could reasonably be expected to constitute an unwarranted invasion of personal privacy"

Names and information that would tend to disclose the identity of certain individuals have been withheld pursuant to Exemptions 6 and 7(C). Individuals involved in OIG investigative matter, which in this case include subjects, witnesses, sources of information, and other individuals, are entitled to privacy protections so that they will be free from harassment, intimidation, and other personal intrusions.

To the extent permitted by law, the DOE, in accordance with 10 C.F.R. 1004.1, will make available records it is authorized to withhold pursuant to the FOIA unless it determines such disclosure is not in the public interest.

In invoking Exemptions 6 and 7(C), we have determined that it is not in the public interest to release the withheld material. In this request, we have determined that the public interest in the identity of individuals whose names appear in these files does not outweigh such individuals' privacy interests. Those interests include being free from intrusions into their professional and private lives.

As required, all releasable information has been segregated from the material that is withheld and is provided to you. See 10 C.F.R. 1004.7(b)(3).

The decisions may be appealed within 30 calendar days from your receipt of this letter pursuant to 10 C.F.R. 1004.8. Appeals should be addressed to the Director, Office of Hearings and Appeals, HG1/L'Enfant Plaza Building, U.S. Department of Energy, 1000 Independence Avenue, S.W., Washington, DC 20585-1615.

Thereafter, judicial review will be available to you in the federal district court either (1) in the district where you reside, (2) where you have your principal place of business, (3) where the Department's records are situated, or (4) in the District of Columbia.

Sincerely,



Linda Snider

Assistant Inspector General
for Resource Management
Office of Inspector General

Enclosure

Document Number 1

b6,7(c)

Classification cancelled

~~or changed to~~

By Authority of 4-26-79 Memo from Griffin to Williamson

By Thomas S. Williamson, Jr.

Date April 27, 1979

(DELETED VERSION ONLY)

April 27, 1979

TO: Under Secretary

FROM: Deputy Inspector General

SUBJECT: August 8, 1977 NUMEC-Related Congressional Hearing

This report responds in part to your January 31, 1978 memorandum asking us to investigate whether facts exist indicating "that inaccurate information may have been intentionally furnished" to the House Subcommittee on Energy and Power (the House Subcommittee) in connection with the hearing held before Chairman Dingell on August 8, 1977. Our answer to your question is yes. We found facts showing that [

[] may have made intentionally inaccurate statements about [] knowledge of a U.S. intelligence agency's views on the alleged diversion of special nuclear material from the Nuclear Materials and Equipment Corporation (NUMEC) plant at Apollo, Pennsylvania in the mid-sixties.

According to Chairman Dingell the purpose of the August 8 hearing was twofold: first, to evaluate the usefulness of information that had been generated by the

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Attach 2

2008-08-25

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former ERDA and the Nuclear Regulatory Commission (NRC) on unaccounted for special (i.e. enriched) nuclear material; and second, to inquire into "assurances from both ERDA and NRC that there has never been a diversion or theft of significant quantities of special nuclear materials." ^{1/} This report is limited to consideration of the testimony that was provided under oath by the ERDA witnesses who appeared at the August 8 hearing. ^{2/} In a later report, we will advise you of our findings on the written answers furnished to the House Subcommittee following the hearing.

Since the area of concern relating to [] testimony stems from the controversy that has long surrounded the discovery of unaccounted for special nuclear material at the NUMEC plant in 1965, ERDA's handling of the NUMEC situation will be briefly reviewed for purposes of background. The NUMEC incident is of

^{1/} August 8, 1977 Hearing Transcript (Hearing Transcript), Exhibit B, pp. 1-2.

^{2/} [The ERDA witnesses were, in order of appearance:

DOE ARCHIVES

]

particular significance because the amount of unaccounted for enriched nuclear material was sufficient to produce a nuclear weapon. NUMEC first began working on contracts to process enriched uranium in late 1957.^{1/} Following NUMEC's delivery of product in October of 1964 pursuant to a contract with Westinghouse Astronuclear Laboratory (WANL), officials of the Atomic Energy Commission (ERDA's predecessor) determined that approximately 93.8 kilograms of special nuclear material were unaccounted for.^{1/} That determination was made in November of 1965 by a special AEC inspection team.

The special inspection team also prepared and issued a report in which they concluded that because of NUMEC's inadequate and incomplete accounting records, they could not rule out the possibility of a diversion.^{2/} However, the report also stated that the AEC had found "no evidence" that a diversion had occurred at NUMEC.^{3/}

^{1/} See Exhibit BB, p.4. The inspection team also concluded that 61 of these 93.8 kilograms could be ascribed to the WANL contract. Exhibit BB, pp. 15-16. **DOE ARCHIVES**

^{2/} This report was issued on April 6, 1966 and is attached as Exhibit BB. See pp. 4,6-7.

^{3/} See Exhibit BB, p.4.

b6, 7(c)

The AEC officials further stated that the inventory discrepancy was probably attributable to an accumulation of "internally generated uranium residues" at the NUMEC facility that had not been reported in NUMEC's accounting for special nuclear material processed under previous contracts.^{1/} In other words, these officials concluded that the unaccounted for material was most likely stuck in the piping at NUMEC.

The colloquy where [] is questioned about [] of a U.S. government intelligence agency's views on the possibility that the special nuclear material from NUMEC was not lost but stolen or diverted by another country appears at lines 954 through 973 of the August 8, 1977 hearing transcript.^{2/} After [] position that no special nuclear material has ever been diverted, [] was asked whether [] knew of one intelligence agency that would disagree with [] conclusion. [] that [] was not aware of any such agency. Also, when queried about whether one agency has "certain questions," about the "no diversion" conclusion, []

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^{1/} See Exhibit BB, pp. 6, 20.

^{2/} See Exhibit B, pp. 51-52.

b6, 7(c)

[] subsequently qualified
this letter answer by adding, []

] ^{1/}

During the first of [] two interviews with our
investigators, [] had been briefed
twice by representatives of the Central Intelligence
Agency (CIA) [-----

-----.] ^{2/}

The first such briefing occurred on April 15, 1977 in
the office of Zbigniew K. Brzezinski, Assistant to the
President for National Security. The CIA position on
the possible NUMEC diversion was presented by Enno Knoche,
who appeared at that meeting in his capacity as the
Deputy Director of CIA.

The second briefing of [] on this subject took
place in [] office at ERDA on July 29, 1977.

This briefing was requested by ERDA and conducted by
Theodore Shackley, who was the Associate Deputy

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1/ Hearing Transcript, lines 971-73, Exhibit B, p. 52.

2/ [-----,---.-----.]

b6, 7(c)

Director of CIA Operations. The briefing was also attended by General Alfred D. Starbird, then the ERDA Assistant Administrator for National Security and his deputy, General Edward Giller. [-----

-----]

[]^{1/} memory of the substance of this briefing is corroborated by General Starbird and General Giller in their statements to our investigators.^{2/}

In addition, [] to our investigators that prior to the August 1977 hearing before the House Subcommittee [] certain NUMEC documents in ERDA's files. [] recalled that [] may have undertaken this review in response to an inquiry by the Federal Bureau of Investigation that had been initiated because [] alleged that ERDA was improperly withholding classified, NUMEC-related information from NRC.^{3/} In our second interview with

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1/ [-----,-----,-----.]
2/ See Exhibit PP, pp. 4-5 and Exhibit QQ, p. 8.
3/ See Exhibit MM, p. 2.

b6,7(c)

[]⁷ that [] certain of the NUMEC files in preparation for the release of the ERDA-NRC report on unaccounted for special nuclear material on August 4, 1977.^{1/}

Among the NUMEC-related files available to [] was an excerpt from a Special National Intelligence Estimate^{2/} [-----

-----.]^{3/} [] familiarity with the contents of this excerpt when shown a copy by our staff.^{4/} In addition, [] us that [] was aware of the document's NUMEC implications [-----

DOE ARCHIVES

1/ See Exhibit IIII, p. 2.
2/ See Exhibit JJJ, first page.
3/ [---,---.,-----,---.].
4/ See Exhibit IIII, p. 2.

b6, 7(c)

had the benefit of the briefings by two senior CIA officials and [] was familiar with the excerpt from the Special National Intelligence Estimate [-----
-----,] [] knew at the time of the hearing that one intelligence agency, the CIA, had "certain questions" about ERDA's "no diversion" conclusion. Accordingly, [] at line 968 of the Hearing Transcript seems to be a knowing misstatement of [] actual knowledge.

[] qualifying statement suggesting that the House Subcommittee ask the intelligence agencies about their conclusions on the NUMEC diversion is cryptic at best. The statement implies the possibility that [] was not in a position to know the views of the intelligence community, and that questions on their views should have been addressed directly to the intelligence agencies. But, without further elaboration, [] left standing [] assertion that no intelligence agency disagreed with [] "no diversion" conclusion.

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b6, 7(c)

Finally, since our findings raised the possibility that [] may have violated federal law, this report was referred to the Department of Justice. Based on its review of our report, the Department of Justice concluded that the report "contains insufficient evidence to support the conclusion that [] made false statements in that portion of the testimony relating to whether one intelligence agency would concur with [] view that no diversion of nuclear material took place in the NUMEC incident." ^{1/} Accordingly, the Department of Justice has indicated that it will take no further action on this matter with respect to []

Thomas S. Williamson, Jr.
Thomas S. Williamson, Jr.

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cc: The Secretary
Deputy Secretary

^{1/} See Exhibit JJJJ

EXHIBITS TO REPORT ON
AUGUST 8, 1977
NUMEC-RELATED CONGRESSIONAL

Classification cancelled
~~or changed to~~
By Authority of 4-26-79 Memo from
Griffin to Williamson
By *Thomas A. Williamson Jr*
Date April 27, 1979

INDEX OF EXHIBITS

- EXHIBIT B - Transcript of Hearings Before The Committee on Interstate and Foreign Commerce (Subcommittee on Energy and Power) -- Oversight, NRC and ERDA Nuclear "MUF" Data - August 8, 1977
- EXHIBIT BB - Report of Survey - Control Over Enriched Uranium, Nuclear Materials & Equipment Corp., Apollo, Pennsylvania - April 6, 1966
- EXHIBIT MM - Summary of May 19, 1978 Interview of Robert W. Fri, former Acting Administrator of the Energy Research and Development Administration
- EXHIBIT PP - Summary of May 30, 1978 Interview of General Alfred D. Starbird, former Assistant Administrator for National Security, Energy Research and Development Administration
- EXHIBIT QQ - Summary of May 4, 1978 Interview of General Edward B. Giller, former Deputy Assistant Administrator for National Security, Energy Research and Development Administration
- EXHIBIT JJJ - Excerpt from Special National Intelligence Estimate-4-1 dated August 23, 1974
- EXHIBIT IIII - Summary of March 8, 1979 Interview of Robert W. Fri, former Acting Administrator of the Energy Research and Development Administration
- EXHIBIT JJJJ - April 27, 1979 Letter from John C. Keeney, Deputy Assistant Attorney General, Department of Justice, to Thomas S. Williamson, Jr., Deputy Inspector General, Department of Energy

~~CONFIDENTIAL~~
~~CONFIDENTIAL~~
"mm"
Robert W. Fri, Consultant, and former Administrator for the Energy Research and Development Administration (ERDA), was interviewed in the offices of the USIA by James H. Anderson and William M. Knauf of the Office of Inspector General (OIG) on May 19, 1978. The purpose of the interview was to develop information essential to the understanding of the U.S. Government's efforts to identify and to report inventory differences (ID) of special nuclear materials (SNM) in general, and to document any evidence of specific diversions from the NUMEC plant at Apollo, Pennsylvania. Mr. Fri was advised of this OIG interest and of the fact that the results of the interview would be summarized and reported to the Secretary and to interested congressional offices.

Mr. Fri stated that, while with the Energy Research and Development Administration (ERDA), the 1965 NUMEC special nuclear material inventory difference issue came to his attention on three occasions. He recalled that he first became familiar with the issue during the late spring or early summer of 1976, when an aide to President Ford asked for the NUMEC files; and, secondly, when Commissioner Marcus Rowden of the Nuclear Regulatory Commission (NRC), in his presence, briefed several of the National Security Council Staff on the subject. The third occasion was when he was the Acting Administrator for ERDA, and he reviewed the pertinent NUMEC documents so he could make his own assessment of the issue prior to the release of the ID report.

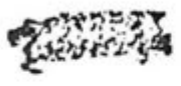
Mr. Fri remarked that on the first two occasions that the NUMEC issue came to his attention, he had little involvement, and he conducted no in-depth study of NUMEC. He recalled that in 1976, he received a call from James Connor, who was a staff Secretary to President Gerald Ford, and who asked to have the NUMEC files sent to him for review. He said that he contacted Mr. James Wilderotter of the General Counsel's office to determine if this was proper, and upon receiving an okay, he asked General Alfred Starbird, Assistant Administrator for National Security Affairs, to make the arrangements for the files to be delivered to Mr. Conner for his review. He added that although it is still unclear to him why the NUMEC files became of interest to the White House, the request for the material was made prior to the current Federal Bureau of Investigation (FBI) review of the NUMEC matter which was launched in May 1976.

Mr. Fri stated that he was present when Commissioner Rowden briefed Messrs. Stan Knocke, Dave Elliott, and Ms. Jessica Tuckman of the

- ██████████
- █████ National Security Council Staff in Mr. Brezensiki's office, on the pending release of the Strategic Nuclear Material Inventory Difference Report, and informed them of what the White House and Mr. Brezensiki should be aware of regarding the NUMEC issue. Mr. Knocke also articulated on the Central Intelligence Agency (CIA) position on the issue. He presented a summary analysis based on the collected information developed by various CIA sources.
- █████ Mr. Fri explained that in preparation for the release of the ERDA ID report, which presented the cumulative special nuclear material inventory differences for NUMEC and other licensed facilities under AEC/ERDA jurisdiction prior to January 1968, as well as for ERDA weapons facilities, he decided that he needed an in-depth review of the NUMEC documents so he could reach some conclusion and make an assessment for the preface of the report.
- █████ Mr. Fri commented that the NUMEC issue had been receiving some attention for an extended two-year period of time. Although Mr. Fri could not specifically recall the cause, he agreed that the OIG reference to the timing of the emphasis as coming after Mr. James Conran of NRC was refused permission by ERDA to re-view the personnel security file pertaining to Mr. Zalman Shapiro, former President of NUMEC was a reasonable genesis for the issue. He said ERDA's decision to deny Conran access to the Shapiro file was concurred in by NRC, and then Conran, through his allegations, forced an investigation by the NRC and FBI, charging that ERDA was in possession of classified information that SNM had been diverted to Israel; and that ERDA had this information on file and was not willing to share this information with NRC, which was now responsible for the safeguards program for licensed facilities.
- █████ Mr. Fri stated that because of the FBI inquiry and the press attention that the NUMEC issue was receiving, he felt that as a responsible official, he needed to review the NUMEC documents himself so he could make a decision based on his review of all the evidence, both in-house, as well as the material or evidence alleged to be on file in the intelligence community. ██████████
- █████ Mr. Fri related that he heard from three CIA officials on three separate occasions. He remarked that he felt Mr. ██████████ of the CIA presented a summary of significant information not really relevant to the NUMEC issue, and that his briefing drew no

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Page 3 missing



He explained that the ERDA information also showed that NUMEC did not calculate the losses at the time of processing and carried them forward until 1965 when the large ID was uncovered. He said the operation of NUMEC was such that the ID's could be legitimate. He commented that the most likely explanation was that the ID was, in fact, an ID, which was more believable than Mr. Shapiro diverting SNM in heavy suitcases to Israel. He said the alternative explanation is that it is a highly circumstantial case that a diversion was successfully completed by Mr. Shapiro.

Mr. Fri commented that during the drafting process of the ERDA ID report, two 1977 issues regarding NUMEC evolved which he felt were relevant: (1) Should the alleged diversion of SNM from NUMEC to Israel be reinvestigated by ERDA? He concluded that, based on the information available to him, there was no reason to probe the issue further; and (2) should major adjustments to the ERDA oversight mechanism be made? Mr. Fri felt that the safeguards system of today was advanced to the point where he believed such losses could not happen again.

Mr. Fri added that he reviewed the draft ID report in detail and made suggested changes to the document. He said his changes were: (1) editorial; and (2) related to the "focus" of the document. He felt that the way the information was first proposed for presentation left the reader with the impression that the SNM was lost. This was not the case. He said that he, therefore, suggested a change that was intended to clarify the fact that the inventory differences reported to the public were traceable to system retentions which could not be accurately measured.

Mr. Fri remarked that his statement in the preface of the ID report, as well as the narrative portion in the body of the report state, in effect, that the nuclear safeguards system is sound. The report does not say there is "no evidence"; however, it does say:

* * * * *

"...that no significant quantities of strategic special nuclear materials have been stolen."

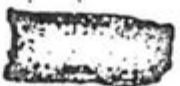
* * * * *

Mr. Fri commented that prior to testifying before the Subcommittee on August 8, 1977, his instructions to Edward Giller and Alfred Starbird were that he had reviewed all of the information, past and current, and he found no reason to believe that any information was withheld. On that basis, therefore, it was his judgment that no significant amounts of SNM had been stolen or diverted. He said that he pointed out that this was not to say he was right, or that there were not contrary hypotheses on this subject; however, based on the evidence he saw, he reached the conclusion he presented before the Subcommittee.



General Alfred D. Starbird, formerly Assistant Administrator for National Security, U.S. Energy Research and Development Administration (ERDA), and now retired, was interviewed by James H. Anderson and William M. Knauf of the Office of Inspector General (OIG) on May 30, 1978. The meeting was held at the U.S. Department of Energy Building (DOE), located at 20 Massachusetts Avenue in Washington, D.C. At General Starbird's request, the meeting was also attended by his attorney, E. Grey Lewis, of the law firm of Morgan, Lewis and Bockius. The purpose of the interview was to develop information essential to the understanding of the U.S. Government's efforts to identify and to report inventory differences of special nuclear materials (SNM) in general, and to document any evidence of specific diversions from the NUMEC plant in Apollo, Pennsylvania. More specifically, OIG discussed with General Starbird whether or not any facts indicated either an intentional or unintentional submission of inaccurate information to the Congress or to the public relating to ERDA's oversight of SNM. OIG also examined General Starbird's recollection of the ERDA staffing and preparation of responses to related congressional interrogatories stemming from the August 8, 1977, hearing by the Subcommittee on Energy and Power of the House Committee on Interstate and Foreign Commerce. General Starbird was advised of this OIG interest and of the fact that the results of the interview would be summarized and reported to the Secretary and to interested congressional offices.

General Starbird advised that he became acquainted in some detail with the 1965 NUMEC special nuclear material (SNM) inventory difference (ID) controversy in 1977 when he reviewed NUMEC documents maintained in the Division of Safeguards and Security. He recalled that his document review was initiated to assure himself that information contained in the strategic nuclear material Inventory Difference Report that was being prepared for public release on August 4, 1977, was accurate. He also wanted to be sure that there was no information on file anywhere within the Atomic Energy Commission (AEC) annals or ERDA files which would lead to the conclusion of theft or diversion of SNM from NUMEC. He commented that he wanted to know, also, what safeguard procedures were in effect in 1965. Therefore, he reviewed the security and accountability surveys of this time period conducted at NUMEC by AEC personnel. He added that he also reviewed the various memoranda and letters exchanged between the AEC and the Joint Committee on Atomic Energy at the time to assure himself





that he understood the NUMEC case. General Starbird related that, in addition to his document review, he also questioned selected AEC/ERDA staff who were involved in the 1965/66 investigations of NUMEC. His review also included examination of the General Accounting Office (GAO), and the Federal Bureau of Investigation's (FBI's) investigations held by ERDA relating to NUMEC. He said that after his analysis of the NUMEC documents, and after his conversations with the above-mentioned selected staff, he discussed the matter with General Edward Giller, ERDA's principal intelligence officer; and briefed the then-Acting Administrator, Robert W. Fri.

General Starbird stated that when the ERDA ID report was being drafted, his role was that of a top-level reviewer. He remembered that when he reviewed the report during the drafting stages, he felt that it contained some overstatements, which strongly implied that the safeguards of today were comparable to those of the early 1960's. General Starbird said that these implications were misleading and were, therefore, corrected. He emphasized that the AEC/ERDA management approach to implementing a viable safeguards program had been significantly adjusted since the mid-1960's. He explained that prior to the NUMEC incident, and for a time thereafter, the safeguarding of SNM at AEC-licensed facilities was limited to a reliance on the intrinsic value of the material as a sufficient influence to force the user to protect against theft or diversion. He noted that this automatic SNM protection mechanism was complemented by the AEC making occasional security and accountability surveys, and by making recommendations to the licensee on how to improve their security systems or accountability records. He pointed out that in the AEC plants themselves, the safeguards systems were strong then, but not as strong as they are now. He also believed that the security and accountability systems of the AEC plants were adequate for that time.

General Starbird advised that his review of AEC/ERDA files on NUMEC, his conversations with selected AEC staff and the briefings he and other AEC/ERDA officials received from the Central Intelligence Agency (CIA) caused him to conclude, after first carefully weighing all the evidence, that a significant amount of SNM had never been stolen from NUMEC or any other facility monitored by the AEC/ERDA. General Starbird further clarified his conclusion for OIG by explaining that his choice of words reflected the same rationale he had attempted to apply to the



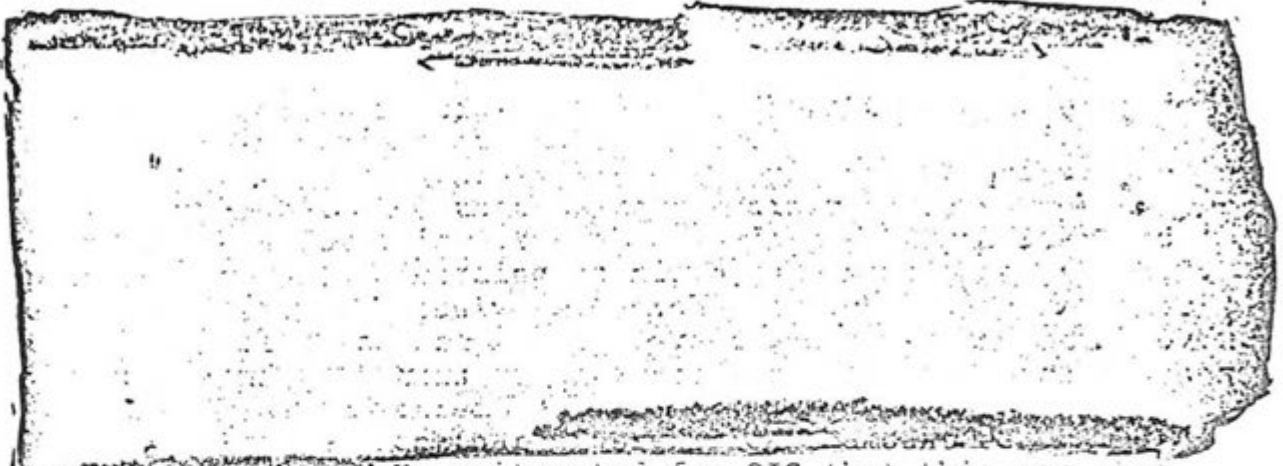
explanation of this issue during the press and media briefing at the time of the public release of the ID report. He precisely differentiated between the words "no" and "significant" amounts of SNM. He amplified on this difference by emphasizing that the report was responding to an intent to examine "strategic" (i.e., sufficient to influence an enhanced nuclear weapon capability to any major degree relative to the status of that capability prior to the acquisition of the SNM) losses and/or alleged diversions. Finally, General Starbird also insisted, as he had testified in the hearing, that any interpretation of the AEC/ERDA position on this question should not misconstrue his statements to mean he was "certain" that no diversion had ever occurred. He pointed out that, in answer to an oral question during the hearing, he had answered, "I would not say that I am confident that a significant amount of SNM has never been diverted. I have said that neither AEC or ERDA had found evidence to lead them to conclude that a significant amount of strategic special nuclear material has ever been diverted."

General Starbird recalled that great care was taken in all word usage in all stages of preparation of the ID Report. He remembered a meeting with Dr. James Schlesinger, in which one of the final iterations was briefed, and Dr. Schlesinger raised a specific question on the "no evidence" statement. Although General Starbird explained there was no direction by Dr. Schlesinger to change the report, Dr. Schlesinger caused a discussion of the potential use of qualifiers, such as "direct evidence" of "findings," etc. Further, General Starbird said he realized that all little incidentals can be considered as evidence as "bits and pieces" necessary to arrive at any conclusion. Therefore, after careful weighing of the data, the approximate qualifier was incorporated at the press conference and in the testimony at the Dingell Subcommittee hearing.

General Starbird stated that in April 1976, he received a briefing from the CIA,

General Starbird said that before his CIA briefing, either he or his Deputy, General Edward Giller (i.e., he believes it was himself), received a call from Mr. Dave Elliot of the staff of the National Security Council (NSC). Mr. Elliot requested that a draft talking paper be prepared on the NUMEC situation, and that a similar paper was to be secured from the Nuclear Regulatory Commission (NRC), and the CIA. He believes that he or Giller instructed Mr. Robert Tharp, Deputy Director of Safeguards and Security, to visit the CIA to develop this paper. He added that in subsequent conversations with Mr. Tharp, Mr. Tharp told him that he received his instructions to go to the CIA from Giller, rather than from General Starbird. He recalled that Mr. Tharp came back with a two-thirds of a page input from the CIA, which Mr. Tharp explained was prepared by Mr. Sayre Stevens of the CIA. He said that, to the best of his remembrance, this paper was undated, unsigned, and not written on CIA letterhead paper. Also, as he remembered, it had not been receipted for. He related that after three three drafts were put together, they learned from Dave Elliot that the CIA would submit their own version. General Starbird believed that the CIA two-thirds of a page copies in ERDA thereafter had been destroyed. However, copies were later discovered in the files of Safeguards and Security, and transferred to the intelligence files of ISA. He also recalled that his learning that a copy was still in ERDA did not occur until after the ERDA/DOE receipt of the second letter from Congressman Dingell in 1977. While reviewing, with Chapman and LaBarre, that second letter on November 16, he was told of the existence of the copy in ISA files. He stated that, in addition to this copy of the draft, another document, which he identified as a chronology of CIA briefings of AEC/ERDA and other agency officials was located in the same files of the Office of International Security Affairs (ISA) on November 16, 1977. He added that this later document was a copy of a memo or letter addressed from CIA Director, Stansfield Turner, to the U.S. Comptroller General, Elmer Staats, that he had previously never seen. He stated that the eleventh-hour discovery of these two documents was a disturbing indication of lack of adequate staff coordination.

General Starbird recalled that he, along with Robert Fri and Edward Giller, was briefed in Dr. Fri's office by Ted Shackley of the CIA. At this briefing, they were shown a talking paper.



He reiterated for OIG that this was what he and other ERDA officials said when testifying before Chairman Dingell and the House Energy and Power Subcommittee on August 8, 1977.

Finally, in connection with these CIA briefings and interface, General Starbird explained that he was comfortable with the AEC/ERDA position which maintained that ERDA had no access to any CIA reports. He said that, in his view, a report is not a talking paper or a memorandum for the record. Neither of the CIA documents he had seen represented an officially CIA-agency-sanctioned statement of position. Therefore, without the stated approval of the head of the agency (i.e., the CIA Director), General Starbird did not consider anything he saw as a "report."

General Starbird remarked that, subsequent to these August 8, 1977, hearings, Congressman Dingell forwarded to ERDA for response a series of questions relating to nuclear safeguards, NUMEC and to the CIA position on the NUMEC issue. General Starbird stated that he had missed the point of several questions asked in Chairman Dingell's first letter until receipt of the Chairman's second letter. Initially, he had thought the Committee was attempting to secure the answer as to what information CIA had, relative to NUMEC and who in AEC/ERDA was briefed. ERDA had felt that such information would more appropriately and accurately come from the CIA. It was for this reason that the October 11 ERDA reply suggested referring several questions to the CIA. It was not until receipt of the second letter from Chairman Dingell in November that he recognized that the purpose of some questions was to determine ERDA's understanding and comprehension of CIA information and how ERDA responded. He said the questions were received in the Division of Safeguards and

Security (DSS) Mailroom on September 22, 1977, and when he learned of their receipt, he instructed the DSS Director to coordinate all of the responses with the interested parties. He added that he thought at the time those questions dealing with intelligence matters were assigned by DSS to ISA for response, and he asked Messrs. Ray Chapman or John LaBarre to have Edward Giller specifically review the responses in the intelligence area, especially those dealing with Giller directly, prior to any submission to him for review. He recalled that he made only a couple of minor changes to the LaBarre/Giller draft responses. One concerned how ERDA received its funding for the intelligence activity, and the other addressed the matter of clarifying the fact that the Congress, as a whole, and not the Appropriations Committee grants or authorizes funds. The Committee only recommends monies to meet the requirements of authorizations.

General Starbird stated that sometime in December 1977, he asked Mr. LaBarre for a copy of this October draft. He recognized his handwriting making the changes enumerated above on the document; however, there had been other changes in the final copy of the answering letter to Chairman Dingell. He said that Mr. LaBarre was unsure who made them, but believed the changes were probably made in DSS. He added that Mr. Tom Isaacs was the DSS action officer on this document. Mr. Isaacs later explained he was aware that DSS also worked up some answers in the intelligence area.

On reviewing in November, after receipt of the second letter from Chairman Dingell, General Starbird recognized that the final answer to Question No. 25 sent to Chairman Dingell, which was drafted initially in ISA, had been changed, possibly by DSS, and that it was not fully responsive. He observed that it was only responsive from the point of view of DSS. He stated that, evidently, when he reviewed the final document before he forwarded it to the Subcommittee, he missed this change. General Starbird said that if he had read it more carefully, he would have recognized it as being nonresponsive.



I, General Edward B. Giller, hereby solemnly swear, that the following summary interview conducted by Messrs. James H. Anderson and William M. Knauf, from the Office of Inspector General, Department of Energy, and consisting of 11 pages, is true and correct to the best of my knowledge and belief, so help me God.

Edward B. Giller
Deponent's Signature

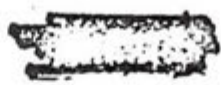
Sworn and subscribed to before me this 15th day of MAY 1978.

James H. Anderson
James H. Anderson
Resident Investigator
Office of Inspector General
Department of Energy

William M. Knauf
William M. Knauf
Resident Investigator
Office of Inspector General
Department of Energy

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(Insert proper classification)

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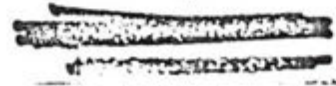
General Edward B. Giller, Consultant, Department of Defense, Maritime/United Nations Negotiations Division, was interviewed by Messrs. James H. Anderson and William M. Knauf of the Office of Inspector General (OIG) on May 4, 1978. The meeting was held at the Pentagon, in the offices of the J-5, of the Joint Chiefs of Staff. The purpose of the interview was to develop information essential to the understanding of the U.S. Government's efforts to identify and to report inventory differences of special nuclear materials in general, and to document any evidence of specific diversions from the NUMEC Plant at Apollo, Pennsylvania. General Giller was advised of the OIG interest and of the fact that the results of the interview would be summarized and reported to the Secretary and to interested Congressional offices.

The thrust of the interview with General Giller involved a chronological examination of his institutional memory of his own involvements and responsibilities relating to inventory differences of special nuclear material (SNM) and his knowledge of and interpretation of the allegations of SNM diversions from the NUMEC-Apollo, Pennsylvania, facility to Israel.

Specifically, General Giller was questioned concerning: (1) his input to a Secret National Intelligence Estimate on the prospects for further proliferation of nuclear weapons in 1974; (2) both his inter, as well as intra-agency efforts in his capacity as Senior Intelligence Officer to establish a satisfactory perspective on the diversion question; (3) his role in the preparation of the August 1977 report on SNM Inventory Differences (ID) to include the drafting of the report, as well as his participation in the press conference and official public release of the document; (4) his testimony and participation in the August 1977 Congressional hearings on the oversight activities of the Nuclear Regulatory Commission (NRC) and the Energy Research and Development Administration (ERDA) safeguarding, monitoring, accounting for reported SNM ID's; and (5) his substantive contributions to two sets of responses prepared by ERDA/Department of Energy (DOE), to a series of questions submitted to ERDA/DOE in connection with, and subsequent to, the aforementioned Congressional hearings.

Background - General Giller explained that he first became affiliated with the Atomic Energy Commission (AEC) in 1967, while he was still on active duty with the U.S. Air Force. He said for the first five years of his association with AEC, his

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assignments were in weapons program management and that, during this period, to the best of his memory, neither his responsibilities nor his activities afforded him any awareness or knowledge of SNM ID's or alleged diversions of SNM from NUMEC to Israel.

In 1972, General Giller retired and accepted an offer from Dr. James Schlesinger to become the Assistant General Manager for National Security, whose responsibilities included the Safeguards Division at the AEC. He stated that, subsequently, the AEC security function was consolidated into a combined Safeguards and Security Division. General Giller advised that in July 1975, Mr. Harvey Lyon assumed the position of Director of the ERDA Division of Safeguards and Security, and that, to the best of his memory, it was prior to Mr. Lyon's appointment and during 1974 when NUMEC and the alleged diversions first came to his attention.

Secret National Intelligence Estimate (SNIE) 4-1, August 23, 1974

General Giller stated that, in his capacity as Assistant General Manager for National Security, he had the responsibility for, and the need to know, the background and substance of information involving NUMEC and the alleged diversion of SNM to Israel.

General Giller recalled that, in the fall of 1974, during the drafting of SNIE 4-1, by the intelligence community.

[REDACTED]

(c):

[REDACTED]

852

General Giller advised that he added the following footnote to this document, identified as #8 to subparagraph (c), "The Assistant General Manager for National Security, Atomic Energy Commission, has no information that would support this statement."

[REDACTED]

He also commented that conversations with members of the intelligence community, as well as his staff, aided in the formulation of his position on this specific issue.

General Giller explained that his "dissent" was based on his knowledge and understanding of the facts at that time. He claimed that, prior to his submission of the footnote, he attempted to determine the integrity and credibility of the information presented in subparagraph (c) of the SNIE;

[REDACTED]

He stated that he did not attempt to verify the SNIE hypothesis through any other intra-or inter-agency source. However, he also stated that he was aware of a high-level discussion on the issue held privately by AEC Chairman Dixie Lee Ray, and CIA Director, William Colby. He believes that this executive-level discussion was, apparently, the CIA's way of explaining its position and the reliability of the information on the issue to the AEC. He said he did not discuss the footnote at any time before or after the Colby/Ray meeting with the AEC Chairman, nor did he clear it with Chairman Ray. He believes that Chairman Ray probably never saw it.

General Giller explained, however, that he did recall informing the AEC General Manager of his dissenting opinion. He said that he assumed that Chairman Ray was advised of the position and that because she did not issue any instructions to the contrary, she did not disagree with the substance of the footnote. General Giller also stated that, as a matter of course, he probably would have kept the Chairman generally aware of the

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NUMEC issue, and that it would have been logical for him to suggest to CIA Director Colby that he discuss the specifics of the SNIE hypothesis with her if the CIA saw no need for him to have access to that information. He commented that it was quite possible that he had suggested that action by Mr. Colby.

General Giller stated that in 1974, he probably asked his intelligence staff at AEC to brief him on NUMEC; however, he did not recall spending a lot of time researching NUMEC documents because he did not feel that he needed all the NUMEC information at that time. General Giller explained that he had reviewed the significant decision documents on NUMEC to sufficiently insure from his management perspective that there was no cause to disagree with the substance of the previously-reported responsible findings. Secondly, NUMEC was not the "hot issue" that it has become today as the subject of the Congressional hearings and the media exposure, which have brought the NUMEC problem before the public. He stated that, based on his own review and on input from his staff, he was certain of the substance and in his use of a footnote in the 1974 SNIE, which was a standard way of expressing an explicit dissenting opinion within the intelligence community.

Alleged Diversion of SNM from NUMEC:

General Giller advised that after compilation and publication of the SNIE, that NUMEC and the ID issue temporarily subsided. He stated that sometime after NRC was formed, he received a telephone call from the office of Mr. Marcus Rowden, NRC Commissioner, most likely around the early part of 1976, during which it was stated that Rowden wanted to alert the White House of the perceived significance of the old allegations of SNM diversion from NUMEC to Israel. He recalled that Rowden was concerned that some of the younger members of the NRC wanted to "spill the beans," and he wanted to develop some kind of paper that would put the safeguards issue, and the NUMEC issue, in the proper perspective for President Ford. He explained that Mr. Rowden had institutional knowledge of the NUMEC situation through his employment as the Assistant General Counsel for Administration and Litigation for the AEC during the time frame of the alleged diversion.

General Giller commented that, as a result of this conversation, a meeting was held with the staff of the National Security

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Council (NSC) in approximately March 1976, and present were President Ford's NSC Advisor, Brent Scowcroft, Mr. Dave Elliott of the NSC, as well as Robert Fri, Marcus Rowden, and a representative of the CIA. According to General Giller, at the meeting the substance of a paper prepared by ERDA, CIA and NRC was agreed to as the basis for the FBI to take a "new look" at the NUMEC situation.

General Giller recalled that Mr. Robert Tharp, Deputy Director, Division of Safeguards and Security (DSS), ERDA, and Mr. Ralph Page, Deputy Director, Division of Safeguards, NRC, received a briefing from the CIA in April 1976, which was to be used as the basis for a report to the NSC staff on the current status of nuclear safeguards and on the NUMEC problem. He remembered that the ERDA input to this document was an historical compilation of the previous AEC, Federal Bureau of Investigation (FBI), and General Accounting Office (GAO) investigations of the NUMEC facility. He recalled reading the summary prepared by Tharp/ Page upon their return from the CIA.

General Giller stated that, in addition to reading the Tharp/ Page summary, he read and examined some of the AEC Inspection reports and investigations into the reputed poor security, lack of adequate accountability, and circumstantial occurrences

He claimed that he believed at that time, and still does, that the advanced technical complexity of SNM utilization and development at NUMEC was sufficiently unique and difficult to preclude small ID's. General Giller explained that the metallurgical engineering difficulties involved in the required repeated handling of the SNM created an environment in which it was technically difficult, if not impossible, to measure the large rejections, residues and losses which physically accumulated in piping and was possibly lost through various waste systems. Therefore, he explained that based on the accounting system, and because of the unique aspects of this processing, it would be normal for a relatively large ID to be recorded.

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On the other hand, he did admit that the findings vis-a-vis security and accountability at NUMEC, as portrayed in the AEC Inspection reports, were valid and that NUMEC consistently failed to respond adequately to the Government's related recommendations. He also said that this sloppy management aggravated the difficult bookkeeping problems. He went on to say that he was not only unconvinced by these indicators, which seemed to suggest to some observers outside the Government community that a diversion of SNM from NUMEC existed; but he also saw no need for any "crisis management" in reacting to any formal reports on this matter prepared either by the AEC or the FBI. General Giller amplified his position by explaining that he recognizes the physical possibility of the alleged diversion; and that a smaller recorded ID should have raised legitimate suspicion about the bookkeeping. He explained that the only "evidence" he had seen or had been privy to was contained in these reports. He further stated that, based on what information was available to him, he remained unconvinced of the validity or truth of the allegations of planned diversions from NUMEC.

General Giller stated that, subsequent to the Tharp/Page visit to CIA, he and General Alfred Starbird, Assistant Administrator for National Security, received separate, detailed briefings from the CIA in April 1976, which did not cause him to alter his opinion that a diversion had not occurred. General Giller said that his conclusion was that a proof of diversion could not be made. He stated that he did not and cannot see sufficient evidence that there was a diversion, even though he also recognizes the lack of evidence to disprove the allegation. He recalled that either Mr. Sayre Stevens, of the CIA, or the CIA Deputy Director for Science and Technology in the April 1976 time frame conducted the briefing. He recalled that the specific information presented on Mr. Shapiro was information that he had heard before, and he was not given sufficient additional information to cause him to change his conclusions.



According to General Giller, this data did not change, essentially, what he had known before. He explained that this information on Mr. Shapiro was weighed in

832

relation to all the other evidence. Based on a broader scientific awareness and expertise, the reports on Mr. Shapiro were, therefore, judged by him as less significant in assessing the diversion possibility than the technical evidence mentioned above.

Finally, General Giller said [REDACTED] after weighing all variables of Shapiro's personal involvements and his record, and after relating them to the accepted ID and to other findings of the FBI and CIA, he still was--and is [REDACTED]. Further, based on everything he knew, General Giller also maintained that he could not reconcile [REDACTED]

Therefore, he said he still could not concur with the thrust of the Tharp/Page CIA summary.

General Giller recalled attending a meeting in June 1977 involving himself, General Starbird, Dr. Schlesinger and representatives from NRC, during which they discussed the draft of the special nuclear material inventory report that was being readied for public release. He said there was a discussion with Dr. Schlesinger, during which Dr. Schlesinger asked both Generals Starbird and Giller the question of what exactly constituted "evidence." General Giller explained that this particular conversation dealt with what the document said about NUMEC. The stated purpose was to review their position for response to what he referred to as "the inevitable question" relating to the NRC/ERDA conclusion that there was no diversion. Therefore, he said they were trying to establish just what facts were available to show that the evidence did not support a diversion and that this conclusion was accurate. He explained that the discussion was critical and that it was held because ERDA/NRC anticipated "getting pinged" on the "evidence of diversion question." General Giller described this meeting as a "normal staff action." He also said that during the discussion, they attempted to analyze how the diversion conclusion was reached, and exactly on what the conclusion was based. He amplified his remarks by stating that the question of "evidence of diversion" was ultimately answered by determining that the available intelligence and other data only amounted to a "series of individual facts or pieces of information" which were not "conclusory or convincing

in themselves." Therefore, he said that, in his mind, no judgment could be formulated after weighing all the facts for and against a diversion, which could support a conclusion that such a manipulation had taken place. Even though he said there was, therefore, "no evidence" to support the alleged diversion, he further stated that the facts also do not say there was no diversion.

General Giller advised that his only other interagency involvement in addressing the NUMEC issue took place in July 1977, when he, General Starbird, and Robert Fri, Acting ERDA Administrator, received a briefing in Dr. Fri's office, by Ted Shackley of the CIA, in which he provided ERDA with a recast of, essentially, the same information in connection with the preparation of the ERDA I.D. Report, and the scheduled Congressional hearings on safeguards. He commented that he, Fri, and Starbird each read a CIA talking paper on NUMEC, and General Giller characterized the paper as a basic recompilation of the already-known background information and evidence relating to the issue.

[REDACTED]

General Giller stated that [REDACTED]

General Giller stated that he felt that [REDACTED] he believes [REDACTED]

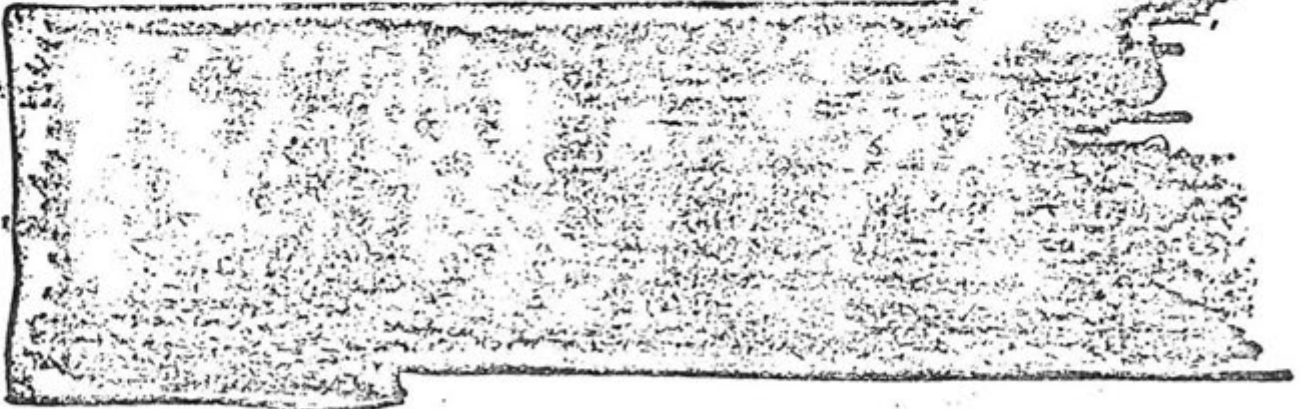
General Giller re-emphasized his belief that, even after careful analysis, the possibility of poor information stemming from HUMINT sources still remains.

General Giller explained that the U.S. Government had made authorized shipments of high-enriched SNM to Israel in the past

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[REDACTED]

which were intended for the Israeli reactor program. This material has been and is under IAEA safeguards.



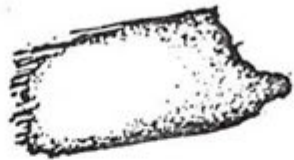
General Giller added that, at the conclusion of the CIA briefing, he was offered a document, which summarized, chronologically, intelligence presentations given to AEC/ERDA officials relating to this issue. He vaguely recalled another document, which he believes was nothing new, but a simple compilation of the old data relating to the alleged diversion.

SNM - Material Unaccounted for (MUF) - ID Report

General Giller stated that he was not involved in the staffing or preparation of the ID Report. He explained that, as the Senior Intelligence Officer, he served as a "broad brush reviewer" of selected iterations of the draft. He also said that he served a similar role in the preparation of the accompanying press release to the report.

General Giller said that there was an ERDA policy review made on the "no evidence" question. He emphasized that there was no intended "coverup" and that a position based on a review of all evidence available at that time did not support a conclusion of diversion. This conclusion was discussed and it was decided that there was no reason to alter the previous AEC/ERDA position. General Giller explained the fact that the ID Report was an accounting document, not a representation of evidentiary facts. He said, however, that, retrospectively, he agrees that more selective language should have been used to explain that the "preponderance of information does not support a conclusion of diversion." He claimed that another example of inappropriate communication was the reference to the word "Report" in the

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August 4, 1977, press conference at the time of the ID release, and in connection with AEC/ERDA review of CIA materials. He said that these questions were anticipated because of the turmoil, but that the selected word usage was poor because it inadvertently suggested that critical information was being withheld which was not true.

Subcommittee on Energy and Power of the U.S. House of Representatives, Committee on Interstate and Foreign Commerce

On August 8, 1977, the Subcommittee examined NRC and ERDA ID data; General Giller said that he feels that his testimony was, and is, self-explanatory. He did state there was a basic pre-hearing understanding between ERDA and NRC witnesses that they would do all possible to avoid being drawn into any discussions of the alleged diversion issue. He explained that the consensus was to adhere to the "third agency rule" and not to violate the confidentiality of the CIA information.

General Giller stated that, subsequent to the hearing before the Subcommittee, Congressman Dingell forwarded a series of questions to ERDA for response. The interrogatories related to the safeguards programs, NUMEC, and to CIA's position or theory of NUMEC. He recalled signing off on the first set of draft intelligence-related responses; however, he did not clear the final document that was sent forward to the Subcommittee. He said it was his understanding that probably Mr. Lyon, of DSS, prepared the final responses for review by the Assistant Administrator for National Security Affairs, prior to release to the Subcommittee. He also acknowledges that Mr. Lyon had a key role in the reviewing process despite the fact that the DSS piece of the overall intelligence pie related only to safeguard matters. He did say though that the technical side of the NUMEC question was definitely a DSS responsibility.

General Giller also said, however, that the introduction of political and intelligence indications into the NUMEC issue required the elevation of the question to a higher level of management. This melding of the variables at the decision-making level also included inputs from ISA, as well as from other source. He stated that if there was an ERDA management failure to marry effectively the DSS and International Security Affairs (ISA) responses (i.e., alleged diversions resulting from poor security and accountability at NUMEC (DSS) and Shapiro's activities (ISA) in responding to the questions it could have contributed to some Congressional misconceptions. Finally, General Giller said that,

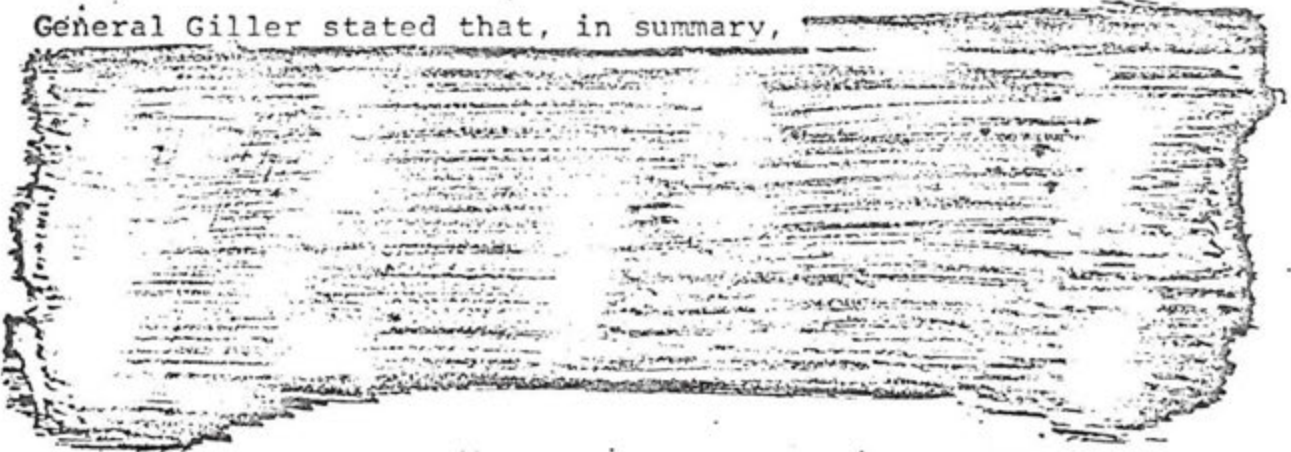
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with respect to those questions dealing with the CIA position - theory on NUMEC, he decided that the best way to respond to the question would be to advise the Subcommittee that these questions should be more properly addressed to the Director of CIA. He said he did not want to be a party to providing classified CIA information to the Subcommittee via the back door, and that, in accordance with accepted standard procedures, they (i.e., ERDA officials) did not do this during their August 8, 1977, testimony before the Subcommittee, and, therefore, would not address these questions involving CIA information.

General Giller added that this decision was one of principle, rather than secrecy, and that the exercise of such an option is not unique to the intelligence community.

General Giller said that his only connection with the preparation of the second set of responses to the Subcommittee was when he was contacted by telephone in Colorado, with regard to the ERDA/ISA input to the amended responses. He added that John LaBarre of ISA also visited him at the Pentagon to discuss these responses. However, he explained that since he had already retired from the Agency, he had no reviewing or signatory authority on the second set of responses.

General Giller stated that, in summary,





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March 15, 1979

SUMMARY OF MARCH 8, 1979
INTERVIEW OF ROBERT W. FRI

Robert W. Fri, the former Acting Administrator of ERDA, was interviewed on March 8, 1979. The interview took place in Mr. Fri's office at 1101 Connecticut Avenue, N.W., Washington, D.C. The interview was conducted by James Anderson and Thomas S. Williamson, Jr., of the Office of Inspector General (OIG) of the Department of Energy.

Mr. Fri was advised that the OIG desired a second interview with him to address several issues that needed clarification as a result of a previous interview relating to his August 8, 1977 appearance before the House Subcommittee on Energy and Power. ^{1/} Mr. Fri was asked to expand on his statement in the previous interview that he had reviewed NUMEC documents, those in-house and allegedly on file with the intelligence community.

Prior to responding, Mr. Fri pointed out that two years have elapsed since his direct involvement in these matters. Therefore, he stated he could not be sure of exact dates, nor could he recall precisely what documents he may have reviewed.

Mr. Fri stated that in approximately July or August 1976, he was contacted by President Ford's Staff Secretary, James Connor, and requested to send the NUMEC files for his review. Mr. Fri understood that these materials would be used by the FBI to conduct an inquiry into the inventory difference of special nuclear material that had been discovered at NUMEC in 1965. Mr. Fri remarked that upon receiving this request, he asked Mr. James Wilderotter, of the General Counsel's Office, to determine what could be properly released to the White House, and what was the most expedient method to effect this release. He said he

^{1/} This earlier interview occurred on May 19, 1978.



asked General Alfred D. Starbird, his Assistant Administrator for National Security Affairs, to arrange for the files to be delivered to Mr. Connor for his review.

Mr. Fri commented that in 1977, prior to the release of the ERDA/NRC Inventory Difference Reports, he again became involved with NUMEC material, and asked General Starbird to review the relevant files. General Starbird briefed Mr. Fri and furnished him with documents that he (General Starbird) felt might be relevant. Mr. Fri stated that about this period of time he was shown an undated, unsigned peice of paper, which was identified to him by General Starbird and General Edward Giller (Starbird's Deputy), as a CIA intelligence assessment on the Israeli nuclear weapon capability.

Mr. Fri understood that General Giller had included the footnote because he had interpreted the relevant paragraph as a reflection of a view held by certain CIA officials

[REDACTED]

Mr. Fri also recalled that prior to the release of the ERDA ID Report on August 4, 1977, he was present when Commissioner Marcus Rowden of the NRC briefed members of the National Security Council staff in Mr. Brzezinski's office on the pending release of this report, and informed the staff that the White House, as well as Mr. Brzezinski, should be aware of the NUMEC issue. Mr. Fri stated that a senior official of the CIA, Stan Knoche, gave an oral briefing on the issue. Mr. Fri described Mr. Knoche's presentation as inconclusive. KNOCH

[REDACTED]

Mr. Fri emphasized that these points were presented by Mr. Knoche without any definitive official statement specifically relating these matters to NUMEC. Furthermore, Mr. Fri also remembered that

[REDACTED]

TRAC

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Mr. Fri was asked to review his testimony that he furnished before the House Subcommittee on Energy and Power on August 8, 1977, on SNM safeguards. Specifically, he was asked to review his response beginning on line 965 and his response beginning on line 968 of the hearing transcript. He was then asked if his answers on those lines were accurate. He responded that he considers his answers to be accurate. He added that he construed the Subcommittee's questions narrowly to refer only to an "agency" conclusion or opinion as distinguished from the views of individual CIA officials.

[REDACTED] He stated that he was unaware of any signed document or any statement by an authoritative CIA official.

[REDACTED]

Mr. Fri added that during this part of the hearing, he was under the impression that his questioner, Mr. Ward, was attempting to draw out of him directly or by implication the views or opinions of the CIA on the NUMEC issue. Mr. Fri felt he had no authority to speak for the CIA on this subject; and he also mentioned that he and the other ERDA witnesses had agreed prior to the hearing, not to represent the views of any intelligence agencies on the NUMEC matter. Furthermore, since a discussion of these intelligence agencies' opinions would possibly involve disclosure of classified information in a public forum, he thought that it would be improper for him to attempt to describe the NUMEC-related views of any intelligence agency.

I have read the above statement and determined that it is a true and accurate summary of my March 8, 1979 interview with representatives of the Department of Energy Inspector General's Office.

Signed

Robert W. Fri
Robert W. Fri

Date

3/15/79

Department of Justice
Washington 20530

EXHIBIT JJJJ

APR 27 1979

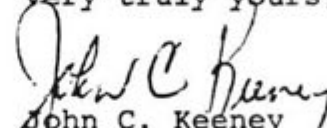
Mr. Thomas S. Williamson, Jr.
Deputy Inspector General
Department of Energy
Washington, D.C. 20585

Dear Mr. Williamson:

This is in reply to your letter, dated March 19, 1979, wherein you forwarded your report on an investigation into the testimony of Mr. Robert W. Fri, former Acting Administrator of ERDA, before the House Subcommittee on Energy and Power on August 8, 1977. Your report specifically called to our attention that portion of Mr. Fri's testimony relating to whether one intelligence agency would concur with his view on the NUMEC incident, and questioned whether this testimony may have constituted a violation of federal law.

We have carefully reviewed the entire record forwarded by you in this matter. It is our considered opinion that the report forwarded to us contains insufficient evidence to support the conclusion that Mr. Fri made false statements in that portion of the testimony relating to whether one intelligence agency would concur with his view that no diversion of nuclear material took place in the NUMEC incident. Therefore, no further action will be taken on this matter.

Very truly yours,


John C. Keeney
Deputy Assistant
Attorney General