

Washington, D.C.
March 31, 1986

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UNKNOWN SUBJECT
THEFT AND UNAUTHORIZED DISCLOSURE
OF DOCUMENTS FROM THE UNITED
STATES INTERNATIONAL TRADE COMMISSION;
THEFT OF GOVERNMENT PROPERTY

~~All markings, notations and items of information
contained in this communication are classified "Secret" unless
otherwise noted.~~

Office of Origin: Washington Field Office.

Date Investigative Summary Prepared: March 14, 1986.

Basis for Investigation:

The initial investigation regarding this matter was based upon a complaint received from [redacted] Associate General Counsel, Office of the United States Trade Representative (USTR), 600 17th Street, N.W., Washington, D.C. (WDC). The complaint alleged that person(s) unknown had made available to the government of Israel, a confidential report published by the International Trade Commission (ITC) outlining the probable effect of providing duty-free treatment of imports from Israel.

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UNKNOWN SUBJECT

Investigation to Date:

This matter was initially investigated by WFO as a possible violation of the espionage statute. The preliminary inquiry regarding this investigation was initiated on June 19, 1984.

This preliminary inquiry determined that on January 25, 1984, the U.S. International Trade Commission (ITC), WDC, was requested by the USTR to prepare a report for the President relating to the establishment of a free trade area with Israel.

On May 31, 1984, 40 copies of the final report were distributed with one copy designated for the President, 28 copies to the USTR, and 11 copies within the ITC.

On May 21, 1984, a Department of Commerce (DOC) employee was in Jerusalem following the formal U.S.-Israeli negotiations which had been held the week before. This employee met with [redacted]

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[redacted] for the Israeli Embassy in WDC. [redacted] stated that he had received a cable from the Israeli Embassy in WDC and then proceeded to read from this cable what appeared to be a full summary of the report, including the conclusions regarding sensitive products.

On or about May 30, 1984, prior to the USTR distribution of the "final report", a member of the Trade Subcommittee of the Senate Finance Committee notified USTR that after a conversation with an employee of the "American Israel Public Affairs Committee" (AIPAC) in WDC, this member was left with the impression that AIPAC had a copy of the subject report. This unidentified AIPAC member was familiar with the report's contents and conclusions.

On June 7, 1984, the Israeli Trade Minister and [redacted] [redacted] lunched with Ambassador William Brock and [redacted] of the USTR. [redacted] recalled that [redacted] was aware of the contents of the report.

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On June 12 and 13, 1984, information passed to USTR indicated that certain members of Congress could acquire copies of the ITC report through AIPAC.

On June 15, 1984, the USTR general counsel telephoned AIPAC employee [redacted] and inquired if AIPAC had a copy of the USTR report. [redacted] advised they did. [redacted] was asked to return this confidential report and all copies. Subsequently,

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UNKNOWN SUBJECT

[redacted] of AIPAC, contacted USTR to claim no knowledge of the report himself and to disassociate himself from such activities. A copy of the USTR report was subsequently delivered to USTR. Also delivered was a substantial portion of a second copy of the report in an unsorted condition. The full report copy was a copy of the "final report" and had no identifying mark on the outside cover which was clearly stamped confidential. This indicates that this copy was probably made prior to the May 30 delivery to USTR. USTR officials advised the significance of the unauthorized disclosure of the contents of the ITC report is that the bargaining position of the United States was compromised and "Business Confidential" information used in the report was made available to the public. This disclosure also impacts on the effectiveness of the ITC to solicit data from the U.S. business community. No national defense information was utilized in the preparation of the ITC report.

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This matter was studied by U.S. Department of Justice (DOJ) officials [redacted] Internal Security Section, and by [redacted] General Litigation and Legal Advice Section. On August 24, 1984, it was determined that this matter did not represent a violation of the espionage statute as it was reported that no national defense information was utilized in the preparation of the report.

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DOJ subsequently opined that a violation of the Theft of Government Property statute had occurred and that the matter should be presented to the local United States Attorney's Office for a prosecutive opinion.

On September 19, 1984, Assistant United States Attorney (AUSA) Charles Harkins, WDC, opined that this matter lacked prosecutive merit and declined prosecution under the Theft of Government Property statute.

On November 1, 1985, the Criminal Division of the DOJ advised WFO that it has determined that additional investigation should be conducted to ascertain responsibility for the unauthorized disclosure of this report. Specifically, it was requested that this matter be investigated to determine if offenses under 18 U.S.C. 641 (Theft of Government Property) and 18 U.S.C. 1905 (Disclosure of Confidential Business Information) had occurred.

[redacted] DOJ, Public Integrity Section, was designated to coordinate this investigation. A meeting took place on November 15, 1985, at the Department of

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UNKNOWN SUBJECT

Justice between [] and representatives of the Federal Bureau of Investigation (FBI) in an effort to outline investigative strategies.

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As a result of the investigation into this matter being re-opened, [] employees at AIPAC [] were interviewed by WFO.

On December 19, 1985, [] was interviewed by WFO and advised that she was employed as [] for AIPAC during the period of []. She also advised that as an employee of AIPAC, she became aware of the trade report prepared by the ITC. She indicated that she received the report from [] for AIPAC, in approximately June of 1984.

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[] explained that she studied the report for a few weeks before returning it to an unrecalled official at AIPAC. She further advised that she had no information regarding who initially received the report at AIPAC, who released it from the ITC, or the USTR, or who gave it to [].

On December 19, 1985, [] was also interviewed regarding this report. [] advised that she received the report from [] for the Israeli Embassy in WDC. She advised that [] gave her this report in approximately April of 1984.

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She advised that [] gave no specific instructions regarding the report and, in fact, she later learned that the report was known to be "floating around town" and that the contents of the report were common knowledge to those interested in these matters.

[] stated she could provide no information regarding who initially provided the report to [].

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On February 13, 1986, [] for AIPAC was interviewed by WFO. [] advised that he first became aware of this report being in the possession of AIPAC at some unrecalled date in the spring of 1984.

At this time, [] advised that [] informed him that USTR General Counsel [] had contacted her to determine if AIPAC had this report.

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UNKNOWN SUBJECT

It was determined by [] that [] and [] had seen the report and that it was his understanding that [] provided them with the report. [] stated that the report did not pertain to U.S. national defense matters and that AIPAC had taken no action to solicit the report.

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[] advised that he had no information pertaining to how [] had received the report. [] did advise that he provided a duplicate copy of the report to [] before the original report was returned to USTR. In November of 1985, [] told [] that she had discarded the duplicate copy of the report at some time prior to November of 1985.

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[] stated that AIPAC did nothing illegal or improper by possessing the report and that once USTR contacted AIPAC regarding the report, AIPAC took immediate action to return it.

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On March 7, 1986, [] was interviewed at the Israeli Embassy by WFO. [] acknowledged receiving the report and passing it on to representatives of AIPAC.

Regarding the receipt of this report, [] citing diplomatic immunity, claimed that it would be "impossible within the professional ethics of his diplomatic position" to identify the individual who furnished the report to him. [] did state that this person was not a U.S. Government official or an employee of the U.S. Government.

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[] stated that this report was widely disseminated before he received it and that, in his opinion, the report contained little, if any, sensitive or useful information.

[] advised that he could not recall exactly who he gave the report to at AIPAC, nor the approximate date he gave them the report. He advised that this report was not handled in any type of secret manner and that everyone who had knowledge of the report considered this matter to be very routine.

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[] concluded by saying that in his opinion the fact that Israel had the report caused no economic damage to any U.S. business or interest and that the entire issue seems to have received more attention than it deserved.

UNKNOWN SUBJECT

Conclusion:

Investigation by WFO indicates that this report was likely leaked while being prepared at the International Trade Commission (ITC). A review of security procedures at ITC disclosed the fact that there are no security procedures in place that would prevent the outright theft or the printing of an "extra" copy of a report.

The internal investigation conducted by the USTR concluded that the report was compromised by May 21, 1984. Also, the first indication of AIPAC's possession of the report preceeded or was coincidental with the delivery of USTR's copies.

As a result of this incident, both the USTR and the ITC are re-evaluating their security procedures and changes will be implemented as deemed appropriate.

In view of the above information and due to the fact that [] has claimed diplomatic immunity in this matter, active investigation into this matter will be discontinued at WFO. Washington Field will be contacted by the USTR or the ITC if pertinent information is developed regarding this or similar incidents.

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