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## FBI Investigates AIPAC for espionage and theft of government property in 1984

*"Personnel at USTR and ITC were most angered by the fact that the American-Israel Public Affairs Committee (AIPAC) had apparently attempted to influence members of Congress with the use of a purloined copy of the ITC report and had usurped their authority."*

*"WFO files disclose that AIPAC is a powerful pro-Israel lobbying group staffed by U.S. citizens." "WFO files contain an unsubstantiated allegation that a member of the Israeli Intelligence Service was a staff member of AIPAC."*



Former AIPAC employees Thomas Dine, Martin Indyk, Douglas Bloomfield and Steve Rosen

In the news: [2/20/2023 AIPAC Israeli Economic Espionage Against US Hits \\$366 Billion](#)

### Documents

Declassified FBI files reveal a long running espionage and theft of government documents investigation targeting the American Israel Public Affairs Committee (AIPAC) and the Israeli embassy in Washington DC during the [1984 US-Israel Free Trade Area negotiations](#). The FBI uncovered allegations that an agent of the Israeli intelligence services worked undercover as a member of AIPAC's staff. A quarter century after the tainted negotiations led to passage of US-Israel preferential trade pact, it remains the most [unfavorable](#) of all US bilateral trade agreements, producing chronic deficits, lack of US market access to Israel and ongoing theft of US intellectual property.

**Update!** The US Trade Representative was [ordered](#) by the Interagency Security Classification Appeals Panel (ISCAP) to declassify and release most [of the stolen trade document](#). Parts of it remain too sensitive to divulge.

### FBI Investigation Files

#### Document/File Date

[06/20/1984](#)

The Washington Field Office (WFO) of the FBI notifies the FBI Director of the possible theft of classified documents from the International Trade Commission and begins an investigation into Israeli espionage. The American Israel Public Affairs Committee's possession of the documents and their circulation in the US Congress by "Israelis" is noted. The report states the President's negotiating position was "compromised" and speculates that the document was "stolen or given to the AIPAC."

[06/21/1984](#)

WFO reports to the FBI Director that "Israelis were offering copies of this document to members of Congress because the United States Trade Representative was slow in delivering them."

[08/13/1984](#)

The United States Trade Representative's legal counsel receives confirmation from AIPAC that it possessed the report. The FBI documents that "the president's negotiating position concerning a trade agreement between the United States and the State of Israel is compromised because this report divulges those products and industries that have been identified by the International Trade Commission as being the most sensitive to imports from Israel."

Preliminary WFO investigation to the FBI Director reports that "the confidential report on trade with Israel was likely taken while being prepared at the International Trade Commission (ITC)" and that "this confidential report contains no national defense information and was originally classified to protect the U.S. bargaining position during negotiations with Israel."

"Personnel at USTR and ITC were most angered by the fact that the American-Israel Public Affairs Committee (AIPAC) had apparently attempted to influence members of Congress with the use of a purloined copy of the ITC report and had usurped their authority."

"WFO files disclose that AIPAC is a powerful pro-Israel lobbying group staffed by U.S. citizens." "WFO files contain an unsubstantiated allegation that a member of the Israeli Intelligence Service was a staff member of AIPAC."

WFO sets objective "To identify individuals responsible for the unauthorized disclosure of the contents of the ITC report to the government of Israel and employees of AIPAC through interviews of ITC personnel and congressional staff aides." Airtel transmission with handwritten notes.

[08/16/1984](#)

[08/30/1984](#)

The FBI Director reports that "In discussions with the Department of Justice (DOJ) regarding captioned case, DOJ opined that captioned 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. DOJ advised that a violation of the theft of government property

{TGP} status has occurred and that the merits of the TGP violation should be presented to the local United States Attorney's Office for a Prosecutive Opinion."

[09/19/1984](#) Special Agent in Charge Norman A. Zigrossi agrees that matter lacks prosecutive merit.

[09/21/1984](#) U.S. Attorney declines prosecution under theft of government property (TGP) statutes.

[12/06/1984](#) Washington Filed Office notifies FBI director that it terminated the investigation.

[11/01/1985](#) Assistant Attorney General Stephen S. Trott of the Criminal Division of the Department of Justice orders the FBI director to reopen the investigation as a theft of government property and disclosure of confidential business information crime. The FBI is directed to report to the Public Integrity Section.

[11/15/1985](#) The FBI director relays the DOJ letter and orders the Washington Field Office to reopen and "expeditiously conduct investigation in accordance with the provisions of Section 52, Manual of Investigative Operations and Guidelines."

[11/22/1985](#) Israeli spy Jonathan Pollard is reported arrested outside the Israeli embassy in possession of classified US national defense documents.

[12/17/1985](#) Special Agency John Hosinki reports a December 3, 1985 meeting with AIPAC in which he demands information about "1. Who at AIPAC had knowledge of this report being in the possession of AIPAC, 2. Who received or handled this report at AIPAC, 3. Who furnished this report to AIPAC," and the current residence for an AIPAC employee with knowledge of the matter.

Attempts to contact the AIPAC employee between December 3 and December 11 "proved negative".

[12/19/1985](#) FBI special agents interview a former AIPAC employee (Margaret "Peggy" Blair according to the book [Spy Trade](#)) in the presence of her lawyers.

[12/19/1985](#) FBI special agents interview an AIPAC employee (Ester Kurz according to the book [Spy Trade](#)) in the presence of her lawyers.

[01/08/1986](#) Washington Field Office advises the FBI Director that a diplomat at the Israeli embassy in Washington D.C. (Dan Halpern according to the book [Spy Trade](#)) passed the stolen classified document to AIPAC.

"Logical investigation dictates that BLANK be interviewed regarding this matter. However, due to the fact that BLANK has been granted immunity against prosecution in the U.S., WFO is considering this matter closed. WFO will re-open this matter if authority is granted regarding the interview of BLANK."

[01/14/1986](#) Washington Field Office presents a summary of the investigation. "Appropriate officials at the U.S. Department of State and at the U.S. Department of Justice will be requested to review this matter and make a determination regarding the feasibility of interviewing [the Israeli diplomat] concerning captioned matter."

[01/28/1986](#) A supervisory special agent (SSA) orders that "captioned investigation be reopened by WFO. SSA BLANK stated that Department of Justice had requested additional interviews be conducted in furtherance of this investigation. Specifically, SSA BLANK requested that BLANK of the Israeli Embassy and Mr. BLANK of AIPAC be interviewed by WFO personnel to obtain all details regarding their contact with documents mentioned in this investigation."

[02/13/1986](#) FBI special agents interview an AIPAC employee (Douglas Bloomfield according to the book [Spy Trade](#)) in the presence of his lawyers.

Bloomfield explains that AIPAC duplicated the original classified document before returning it to the USTR:

"Prior to returning the document, BLANK asked to have a duplicate copy of the document made so that the staff of the AIPAC could further examine the report."

[03/13/1986](#) FBI special agents interview an Israeli diplomat (Minister of economics Dan Halpern according to the book [Spy Trade](#))

"...advised that at some unrecalled time in 1984 he received this USITC report pertaining to free trade between American and Israel. BLANK advised that he received this document from someone that he would not identify. He indicated that he received this information in his official capacity as a diplomat and that it would be against the principals of diplomatic work to divulge any information pertaining to the identity of the individual who provided him the report."

[03/31/1986](#) Washington Field Office presents a summary of the Investigation. "In view of the above information and due to the fact that BLANK 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."

[01/14/1987](#) US Department of Justice orders the FBI director to close the investigation.

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