

52B-18153

Washington, D.C. 20535
January 14, 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:

January 3, 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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Classified by: G-3
Declassify on: OADR

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1 - Washington Field Office

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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] of the Israeli Delegation and [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.

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On or about May 30, 1984, prior to the USTR distribution of the "final report", a member of the Trade Sub-Committee 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 Ministry and [redacted] lunched with Ambassador William Brock [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.

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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, [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 Mr. [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,

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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:

Mr. [redacted] DOJ, Public Integrity Section, was designated to coordinate this investigation. A meeting took place on November 15, 1985, at the Department of Justice between [redacted] 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, two employees at AIPAC [redacted] [redacted] were interviewed by WFO.

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On December 19, 1985, [redacted] was interviewed by WFO and advised that she was employed as [redacted] for AIPAC during the period of [redacted]

[redacted] 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 [redacted] [redacted] for AIPAC, in approximately June of 1984.

[redacted] 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 [redacted]

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

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She advised that [redacted] 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.

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

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Both [] and [] were accompanied by their attorney's during their respective interviews.

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In an effort to locate the individual responsible for releasing this report, the USTR conducted an internal investigation into this matter. This investigation revealed that 78 copies of the document were made prior to May 30, 1984. Investigation revealed that a large number of USTR personnel had access to this document. The investigation was inconclusive regarding who released the report.

Conclusion:

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 [] concerning captioned matter.

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