Precedence: ROUTINE

To: LOS ANGELES
From: LOS ANGELES NSD-3

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Synopsis: Open source information pertaining to ______________________ and ______________________

Classification: This Document is classified SECRET in its entirety unless otherwise marked.

Details: Attached are open source computer database check results regarding news media stories about ______________________ which were conducted for inclusion in this file. Additionally, an entry in the Who's Who In America 1996 is included.

Open source information primarily concerns ______________________

Case Agent ______________________ has requested that this matter be placed in a closed status at this time.

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**Israelis Deny Knowing of Export Bar for Device Usable in A-Bomb**

By THOMAS L. FRIEDMAN

JERUSALEM, May 17 - Israel obtained the 800 electronic devices from the United States that can be used to set off nuclear bombs without knowing there were any restrictions on their export, according to the Israeli Defense Ministry and the man who owned the Israeli company that imported them.

"Israel was unaware of any ban on purchasing these devices," a Defense Ministry spokesman, Nachman Shalit, said of the components, which are known as krytrons. "It purchased the krytrons without knowledge of any restrictions.

"Israel is prepared to provide all of the krytrons it has in stock to the United States," he said. "We're ready to provide the Americans with any information they need. We truly want to remove any suspicion concerning Israeli involvement in this matter.

Spokesmen's Explanations

Israeli military officials never discuss details regarding the design, manufacture, components and origins of Israeli-made weapon systems, and any discussion of these matters is subject to military censorship.

In a telephone interview from his home in the Tel Aviv suburb of Herzliya, Mr. Milchan offered an explanation for his connection with the krytron and denied that he or any of his companies had been involved in illegality.

"He said he had acquired a wide array of chemical, agricultural and electronics trading and manufacturing companies that were held in the umbrella of Milchan Brothers. Although this company carried his family name and is privately held by him, Mr. Milchan, 40 years old, said that for the last 12 years he had no involvement in running Milchan Brothers, and that all of its subsidiary concerns, including steel trading, which was responsible for importing the krytrons, were run by his local Israeli managers.

Mr. Milchan has devoted himself in the last decade to producing movies, such as "A Sense of Place," a film about journalistic libel. I have Never Heard This Name"

"The first time I heard the word krytron was last Thursday," Mr. Milchan said, referring to May 9. "I was in Paris and about to go to Israel because my aunt had died. A man from Newsweek called me and asked what I could tell him about krytrons"

"I told him, "I have never heard this name before."

"He said: "What do you mean? There is a grand jury in the United States investigating you about this."

"I told him that I had just arrived from London and had been staying at the Beverly Hills Hotel, so how could I be under investigation here?"

"Mr. Milchan added, "I told him that maybe one of the 30 companies I own around the world was buying or selling these things, but I have not been involved in these matters for 10 years."" Mr. Milchan said that when he arrived in Israel on Sunday night that he turned on television only to hear his name mentioned on the evening news along with a Newsweek article asserting that he was "implicated in the case of a purported effort to smuggle krytrons from the United States to Israel.

"I started to find out," Mr. Milchan said. "I started to find out what is a krytron. Israeli radio broadcasts have been on occasion mistakenly referred to the movie as "Krypton." The name of the planet on which the comic-book hero Superman was born, and from which green kryptonite, a rock that could render people invincible, originated."

"I found out," Mr. Milchan said, "that a krytron was a small little gadget which anyone can buy freely in the United States. You can use them for any number of things, including, illegally, making telephones." Content is a story of how, at a press conference, the government asked the company to supply krytrons and it supplied them with the wrong license. They used a general export license, and they had no license for any specific license from the State Department."

Mr. Milchan said that all the krytrons were bought for the Defense Ministry and its contractors, but that only Hell Trading was involved in the actual purchase.

"The Government certainly was not involved," Mr. Milchan said. "Believe me, it was absolutely innocent."

Egyptians and Israelis Agree On Terms for Improving Ties

By JOHN H. MILLER

CAIRO, May 17 - Egyptian and Israeli negotiators concluded three days of talks here today by agreeing to present to their Governments a package of measures intended to improve relations.

The Egyptian and Israeli officials said they agreed to end the dispute over the fate of Tabah, a 7,000-yard strip of beachfront land in Sinai that both sides claim.

Israelis rejected the idea that the Tabah issue should be linked to negotiations, whereas Egypt insisted that Tabah's fate be decided by binding arbitration, whereas Egypt insisted that Tabah's fate be decided by binding arbitration. Egypt would be willing to return its ambassador to Tel Aviv, a key Israeli demand, only after Egyptian demands, including those for a new ambassador in Tel Aviv, had been met. The Egyptian demand was that Israeli military rule over occupied territories be ended.

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WASHINGTON—The United States has asked to inspect Israel's secret nuclear installations to verify that American-made timing devices, apparently obtained by surreptitious means, were not used in making atomic weapons or re-exported to other countries, U.S. and diplomatic sources said Tuesday.

Israel is unwilling to permit such an inspection, the United States wants Israeli officials to come up with an alternative means of accounting for the estimated 600 to 600 devices.

Washington also has called on Israel to return all guided devices in its possession because they were never licensed for export, the sources said.

The devices, tiny switches known as krytrons, provide the precise timing necessary for nuclear and military equipment. They also are used in oil exploration and medical equipment.

According to the sources, Israel has not replied yet to the formal request made by the State Department. They added that the situation has potentially very sensitive implications for the Administration's relations with the Arab states.

The administration was aware that U.S. policy forbids overseas sales of krytrons unless they are subject to a case-by-case review and licensed by the State Department.

Earlier this week, it became known that a federal grand jury in Los Angeles is investigating whether the devices were smuggled out of the country in violation of U.S. law. Under the Atomic Energy Act and the Export Administration Act, violators could receive a maximum 20-year prison sentence if it is proven that the devices were used for national security purposes.

It has been widely assumed for years that Israel has the capability to make atomic weapons. However, U.S. officials have said that Israeli secrecy has prevented the United States from knowing whether Israel possessed such weapons.

Israel's refusal to submit to international controls and inspection has made it clear to the United States that it is barred by U.S. nuclear non-proliferation rules from obtaining devices like krytrons that could be used in nuclear weapons development.

On Sunday, the Israeli Defense Ministry, reacting to news of the grand jury investigation, acknowledged that it obtained a number of krytrons during the 1970s and 1980s and still has a large stockpile. The ministry said the devices were used for research and development and in testing equipment and that none have been sent to other countries.

Sources familiar with the Los Angeles investigation said it centers on an Israeli businessman, Arnon Milchen, who allegedly worked with a Los Angeles firm to obtain the krytrons from their American manufacturer and transfer them to Israel.

The sources stressed that they are not sure whether the investigation will find that U.S. laws have been violated or that the Israeli government was involved in illegality.

"Nevertheless," one source said, "it's clear on the face of things that the Israeli Defense Ministry knew that it was receiving restricted goods without having followed the prescribed rules."

"What remains to be seen is whether the Los Angeles firm that was engaged in the U.S. will be held to account."

The sources said that in 1979, he established a connection with a Los Angeles firm called "AVI Industries," which primarily does business in aviation consulting but also engages through subsidiaries in various enterprises, ranging from film production to international arms sales.

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A Mogul’s Bankroll — and Past

- Amon Milchan has emerged as one of Hollywood’s most powerful producers. His background is unusual: agriculture and munitions.

By ELAINE DUTKA and ALAN F. ROSE

Times Staff Writers

In the controversial film “JFK,” an Academy Award-winning best picture, director Oliver Stone explores the shadowy machinations of a corrupting military-industrial complex. It is a world with which the studio’s executive producer, a New Jersey business- man, Arnon Milchan, has more than a passing acquaintance.

For decades, Milchan has successfully straddled two worlds — Middle Eastern and American. In the late 1980s, when he made “The War of the Roses” and “Pretoria,” Milchan was the talk of the town. But he also had landed him in controversy. The 41-year-old producer, described in 1980 as Israel’s superproducer, has seen his film business gain international attention, but it has also been linked to two international scandals.

The first cited him for his role in the South African Watergate, a pro-apartheid propaganda campaign that sought to demonize the country’s government. The second, more recent charge of wrongdoing in connection with the case, the South African nuclear arms deal, caused “the murky issue of South African nuclear arms deal,” has been linked to two international scandals.

Milchan won mainstream credibility in the late 1980s, when he produced the anti-Nazi film “The War of the Roses.” He has since produced six films, and more than 80 films in total.

But his real claim to fame is in early 1992, when he produced the first film that would make him a household name. “The War of the Roses,” a film that would go on to earn more than $200 million worldwide, was released the same year.

The deal between Warner Bros. and Milchan, who was a young producer at the time, was a historic one. It was the first time a major studio had ever worked with an Israeli producer.

Milchan’s real clout came in early 1991, when he was named chairman of Warner Bros. Pictures. The deal with Warner Bros. allowed Milchan to produce four movies for the studio, including “The War of the Roses.”

Milchan has since produced more than 80 films, including “The War of the Roses,” “Pretoria,” and “The Kiss.” He has also produced films for other studios, including Columbia Pictures and Universal Pictures.

Drug Summit Leads to Only a Vague Pact

**By DOUGLAS HILL**

San Antonio — President Bush and the leaders of six Latin American nations proclaimed a “new spirit of cooperation” in the war on drug trafficking, but they disagreed publicly over how to proceed in an effort that they concede will be slow and costly.

They also sought to reduce their reliance on Latin American allies to fight drug trafficking and to turn the region into a drug-free zone.

**By RICHARD PAULF**

The Drug Summit is the largest gathering of drug leaders in the Western Hemisphere.

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MILCHAN: High-Stakes Player Sees Movie Making as Sure Bet

In his latest movie, "Labyrinth," Klein is playing a part that is a far cry from the role he played in his first major role in "American Graffiti." In that film, he was a young Rebel without a cause. In "Labyrinth," he is a middle-aged man with a beard and a mustache, but he is still a Rebel without a cause.

The movie is about a man who is trapped in a maze, and he must find his way out. The maze is made up of different rooms, each with its own challenges. The man must solve puzzles, fight monsters, and overcome obstacles to make his way through the maze.

Klein's character is a man who is lost in his own world, and he is trying to find his way back to reality. He is a man who is struggling to find his place in the world, and he is trying to find a way to make sense of it all.

Klein has always been interested in film, and he has always wanted to be a part of the film industry. He started his career as a child in television, and he has been working in the business ever since.

He has been in many movies and television shows, and he has become known for his unique style and his ability to bring depth to his characters.

In "Labyrinth," Klein's character is a man who is lost in his own world, and he is trying to find his way back to reality. He is a man who is struggling to find his place in the world, and he is trying to find a way to make sense of it all.

The movie is a great example of Klein's talent as an actor, and it is a testament to his commitment to his craft.

For more information about Klein and his work, please visit his official website at www.klein.com.
MILCHAN: Background in Munitions and Agribusiness

Antron is like those old guys in Hollywood, hustling wheeler-dealers such as the Selznick, the Kordas, the Zanuckes, who had respect for artists. He uses the power of his position to make sure their films get made and doesn't assume money gives him the right to tamper with their work.

1900's troubled but critically acclaimed "Brazil," taking on MCA President Sidney J. Sheinberg, who sees the film as an artistically powerful statement. Rather than alter the movie to Universal Pictures' specifications, he sided with director Gilliam and offered him goodwill.

Miklan and Gilliam next embarked on the ill-fated "The Adventures of Baron Munchausen." In "Looking the Light," a new book about the making of the film, author Andrew Yule reports that their relationship deteriorated after Gilliam discovered that Milchan had pocketed $50,000 for the 20th Century Fox for the rights to "Munchausen" without telling him.

"Mikchan says it was all a misunderstanding—that the $150,000 was compensation for money he personally had lost in developing the idea. So, the director responded, he had no idea how the sum was spent. "It was something of a shock to discover that his concept of partnership wasn't the same as mine," Gilliam said in an interview with The Times."

"In a business of ethical ambiguity, Milchan may be another shade of grey. There are no memories in Hollywood," said Gilliam, another outsider who made good. "You can be stabled in the bank and a year later, be in bed with the person. If you're successful, that's all that counts."

Time is a case in point. He has built his career on skewering the military Establishment in films such as "JFK" and "The Thin Red Line." But he is about to embark on a long-term deal with Milchan nonetheless.

"I've heard the rumors, but, then, I've always had a penchant for larger-than-life pirates," the director said. "If Antron could make a film, he'd make a name for himself."

Milchan, meanwhile, is ensnared on the Hollywood fan track, pursued of creative and financial control. With the resources and clout he now commands, he has been able to push the limits of the film industry, buying up studios and foreign theatrical markets—most of the studios and foreign theatrical markets—to cover the cost of producing his films.

"If you get a hit and don't own it, you're in the wrong business," he said—a truth he discovered after "Pretty Woman," when his take was far less than he had finessed himself. "You've got to play the odds.

Under the terms of the deal with Warner Bros, Milchan, Canal Plus and Scriba & Doyle will put up 50% of the money—on some films, 60% on others. Milchan's European partners not only get movies for their TV outlets but also become long-term players in Hollywood film production. Warner Bros keeps all the distribution rights for French and German TV.

Though Scriba & Doyle and Canal Plus now own signal shares of Regency, Milchan—who retains 51%—holds the real power by Hollywood standards. the ability to "greenlight"—to give the go-ahead to these projects, even if Warner Bros. bails.

"This lack of bureaucracy, I'm promising, gives Milchan control over every aspect of production," the director said. "Antron's major advantage is that he can give you a quick yes or no," said producer David Oelofse, a former head of TriStar Pictures who has worked extensively with Milchan. "Everyone else has to deal with committees and computer models that bear little resemblance to reality."

"Page, a friend of the producer's, once met him at the gaming tables, see Hollywood as yet another of Milchan's high-stakes games. "Antron lost $20,000 for breakfast," he said, "after he found there was more money to be made gambling in the movie business than creating it in Hollywood. Of course, Hollywood, out of 10 pictures make money. In Vegas, at least at the roulette table—the odds are one in 3. He went for the better odds."