

DEFENSE MEMO WARNED OF ISRAELI SPYING

By R. Jeffrey Smith

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A Defense Department security office issued a confidential warning to many military contractors in October that the Israeli government was "aggressively" trying to steal U.S. military and intelligence secrets, partly by using its "strong ethnic ties" to the United States to recruit spies.

The warning, which described Israel as a "non-traditional adversary" in the world of espionage, was circulated by the Defense Investigative Service with a memo noting similar intelligence "threats" from other close U.S. allies. The warning about Israel was "canceled" and withdrawn by the Pentagon in December after senior officials decided its author had improperly singled out Jewish "ethnicity" as a specific counterintelligence concern.

The warning nonetheless provoked a vigorous protest yesterday by the Anti-Defamation League (ADL) of B'nai B'rith, a prominent Jewish organization, which made the matter public and called on the Pentagon to conduct an internal investigation. "This is a distressing charge which impugns American Jews and borders on antisemitism," said ADL Director Abraham H. Foxman in a letter to Defense Secretary William J. Perry.

The government memo, and the ADL's angry reaction to it, highlight a particularly delicate issue for the Defense Department. Many military counterintelligence officials remain scarred by the 1985 revelation that Navy intelligence analyst Jonathan Jay Pollard stole what the memo refers to as "vast quantities of classified information" on Israel's behalf over a 17-month period.

Pollard, who is Jewish, said he was motivated partly by sympathy for Israel. The Israeli government since then has granted him citizenship and unsuccessfully appealed to senior U.S. officials for his early release from a sentence of life in prison. The appeal has been supported by some U.S. Jewish groups, although not by B'nai B'rith, which said it found no evidence of ethnic bias in the U.S. government's handling of the case.

A cover letter to the Defense Investigative Service memo described its dissemination as part of a new effort by the Pentagon to alert military contractors to the dangers of attempted spying by what it refers to as "military friends" or "countries we deal with on a day-to-day basis" such as France, Italy, Japan, Germany, and Britain.

"It is obvious that there is far more economic and industrial espionage than previously suspected," said the memo, which Pentagon officials said was drafted by an industrial security specialist at the Defense Investigative Service office in Syracuse, N.Y., and sent to 250 facilities in that region conducting classified military work. At least one of the companies subsequently sent the memo out by electronic mail to others.

The service is responsible for overseeing security programs by such contractors and conducting background checks on both civilian and military employees in sensitive posts. The employee sent similar memos detailing intelligence threats from the other U.S. allies.

The confidential memo on Israel began by noting that the country, a major recipient of U.S. military and economic aid, "is a political and military ally." But it continued, "The nature of espionage relations between the two governments is competitive."

It said Israel "aggressively collects {U.S.} military and industrial technology," including spy satellite data, missile defense information, and data on military aircraft, tanks, missile boats, and radars.

Drawing on the example of the Pollard case and four other Israeli espionage operations in the United States, the memo said that the country's recruitment techniques include "ethnic targeting, financial aggrandizement, and identification and exploitation of individual frailties" of U.S. citizens.

"Placing Israeli nationals in key industries . . . is a technique utilized with great success," the memo said.

It alleged that Israeli agents stole "proprietary information" from an Illinois optics firm in 1986 and test equipment for a radar system in the "mid-1980s." The memo also repeated previously publicized charges -- denied by Israel and never officially proven by U.S. investigators -- that Israel may have provided China with sensitive fighter jet technology obtained from the United States.

In publicizing the memo, which was first obtained by the Jewish weekly Moment Magazine, ADL director Foxman complained not only about its reference to Israeli recruitment techniques but also its harsh tone regarding an ally that "only five years ago . . . refrained from taking military steps against Iraq despite Scud missile attacks because its U.S. ally asked for restraint. One would hardly sense this alliance in the tone of the memorandum."

Assistant Secretary of Defense Emmett Paige Jr., who has responsibility for military intelligence matters, replied in a letter to Foxman yesterday that "the content of this document does not reflect the official position of the Department of Defense."

He described the author as "a low-ranking individual at a field activity of the Defense Investigative Service."

"While we object to the document in general, singling out ethnicity as a matter of counterintelligence vulnerability is particularly repugnant to the Department," Paige wrote. "We have instructed appropriate personnel that similar documents will not be produced in the future."

Paige declined further comment, but a Pentagon spokesman said no further inquiry was likely. "At this point, he feels that the inquiry has done what it needs to do," said Capt. Michael Doubleday. Staff writer Glenn Frankel contributed to this report.