

**Page Denied**

Next 3 Page(s) In Document Denied

T11121

Mon Dec 14 06:40:19 1987

Page 1

UPIrw  
0164  
-mossad

Mon Dec 14 01:03:48 1987

sked 12-14 0985

Soviet spies infiltrate Mossad, sources say

By RICHARD SALE

WASHINGTON (UPI) - Soviet infiltration of Israel's spy agency, Mossad, is the most serious blow to Israeli intelligence since the 1970s and U.S. intelligence also was breached as a result, U.S. sources reveal.

Mossad has been penetrated by "highly placed" Soviet moles and a full-scale internal counterintelligence investigation is under way, the intelligence sources said.

A Justice Department source said U.S. counterintelligence agents became aware of the Israeli-Soviet espionage pipeline when data stolen by Jonathan Jay Pollard, a U.S. Navy analyst convicted of spying for Israel, was "traced to the Eastern bloc."

Intelligence sources said data reaching the Soviets via this route included sensitive U.S. weapons technology and strategic information about the defense forces of Turkey, Pakistan and moderate Arab countries, including Saudi Arabia.

U.S. intelligence analysts said the Pollard data was traded to the Soviets in return for promises to increase emigration of Soviet Jews to Israel.

One analyst said Israel's "right-wing" Jews are involved with spying for the Soviets and called it "ironic," noting that left-wing elements were responsible for similar scandals in the past.

A senior U.S. official said morale in Mossad "had plummeted" but refused to comment on whether the breach had damaged U.S.-Israeli intelligence ties.

In Jerusalem, an Israeli government spokesman denied knowledge of the security breach.

"I know nothing about all that," said Avi Pazner, spokesman for the prime minister's office. "It seems to be utter fantasy."

A State Department spokesman also declined comment. But an administration official said the Soviet penetration of Mossad was discussed at meetings of CIA, FBI and other U.S. counterintelligence specialists about the Pollard case.

"One of the guys was commenting that if Pollard had stolen stuff, at least it was going to a U.S. ally, but a CIA guy spoke up and said that if Mossad was involved it meant that copies of everything were going to (the KGB's) Moscow center," the source said.

Pollard began serving a life sentence early this year in what U.S. officials have called one of the worst intelligence disasters in U.S. history.

Asked to describe the Israeli-Soviet spies, an administration intelligence source said: "They are highly placed agents in the top

T11121

Mon Dec 14 06:40:19 1987

Page 2

at "very significant levels."

Israel has launched a full-scale investigation into the Soviet infiltration, disguising it as "a probe into financial corruption" of some Mossad agents, an administration source said.

The source emphasized that "counterintelligence investigations always begin with the painstaking study of financial vouchers," inquiries aimed at determining whether an agent has received large, unexplained payments or lived an unusually high lifestyle. Another source said most double agents "are caught by the study of documents."

Israel apparently was first used as a base for Soviet agents in the early 1960s, when Professor Kurt Sitte, a nuclear physicist at the Institute of Technology at Haifa, was exposed as a Soviet agent. Sitte, a specialist in cosmic radiation working with the U.S. Air Force, was convicted in 1961.

A subsequent case was uncovered the following year. Dr. Israel Beer, a former aide to the chief of staff of the Israeli army, was arrested after he became liaison officer on intelligence to then Defense Minister David Ben-Gurion,

Aided by a tip from the British Secret Service, MI5, Beer was arrested on charges he passed data to the Soviets.

In the 1970s, more trouble came from left-wing Sabras, or native-born Israelis who had ideological sympathies with the Soviet Union. One case involved a former Israeli paratrooper who spied for Soviet-backed Syria.

U.S. intelligence analysts said the latest penetration by Soviet agents occurred in the early 1980s under the administration of Defense Minister Ariel Sharon.

The sources said they were aware of "reports" of meetings between Israeli and Soviet officials on Cyprus, a well-known base for Soviet espionage operations against Israel.

Administration officials confirmed that the island nation's capital, Nicosia, is an important KGB base and a meeting place for Soviet agents operating in Middle Eastern countries such as Israel.

A U.S. intelligence analyst said he was not surprised that the Soviets had placed agents in the Sharon government because Sharon "surrounded himself with people who were extraordinarily vulnerable to penetration."

He declined to elaborate.

The Mossad was founded in 1937 in England to handle large-scale and then illegal emigration of Jews from Europe to Palestine, then under British control.

By 1942, a secret agent training site was set up at Mikveh, Israel, a cultural school outside of Tel Aviv. Courses included cryptography, map-reading, lock-picking and other intelligence skills.

After Israel was created in 1948, counterintelligence was handled by the Shin Beth, the Israeli equivalent of the FBI.

Israeli government sources say Mossad has about 2,000 employees of which 500 are officers. A CIA report, found during the 1979 U.S. embassy takeover in Tehran, said, "Israel's intelligence and security services are among the best in the world."

**Page Denied**

Next 5 Page(s) In Document Denied

# Office of Current Production and Analytic Support

## CIA Operations Center

### News Bulletin

Wed Dec 16 12:11:33 1987

#### CARLUCCI: ALLIES MIGHT HALT INTELLIGENCE COOPERATION

By Charles Aldinger

WASHINGTON, Dec 16, Reuter - Defense Secretary Frank Carlucci warned Congress on Wednesday that U.S. allies will cut off intelligence cooperation with Washington if lawmakers move to exert tight control over secret operations.

"It is a matter of perceptions. Other governments are extraordinarily sensitive on this point," he told the Senate Intelligence Committee.

"If our intelligence assets around the world, particularly cooperating organizations, perceive that the CIA is obliged to disgorge whatever the (intelligence) committees may want, then it is very clear based on my experience that our intelligence assets would dry up."

Carlucci testified on legislation proposed by Republican Sen. William Cohen of Maine and others -- and strongly opposed by President Reagan -- that would force presidents to notify Congress within 48 hours of approving a covert operation.

The bill, sparked by the Iran-Contra scandal in which U.S. arms were secretly sold to Iran and profits given to Contra guerrillas fighting the leftist Nicaraguan government, would also force the White House to quickly provide reasons for intelligence activities.

The Reagan administration charges that such mandatory reporting could drag the names of cooperating governments through the TV limelight and threaten the lives of U.S. and allied secret agents.

"The President feels very strongly on this issue -- so strongly, in fact, that I would speculate that should it reach his desk in this form that he may well see fit to disapprove it," said Carlucci, suggesting a Reagan veto.

Cohen told Carlucci that an offer by Reagan to give 48-hour notification of covert action approval "minus extraordinary circumstances" was not enough.

T17397

Wed Dec 16 12:13:24 1987

Page 2

He said the "extraordinary circumstances" loophole would give presidents wide discretion on delaying such reports, perhaps for months.

"The president may be the sole spokesman of our foreign policy but he is not the architect of that policy," Cohen told Carlucci.

Carlucci, 57, is well acquainted with the U.S. intelligence community, having previously served in the CIA and as director of Reagan's National Security Council before he became defense secretary last month.

He told the committee that he had served in high government posts under four presidents, including Democrat Jimmy Carter, and all were strongly against mandatory reporting of intelligence activities to Congress.

Stressing that Reagan had tightened Oval Office control over covert activities as a result of the Iran-Contra affair, Carlucci said: "I believe the problem has been fixed."

Republican Sen. Chic Hecht of Nevada said he supported Reagan strongly in opposition to the bill.

"We are hurting our intelligence worldwide," said Hecht, noting that congressional hearings on the Iran-Contra affair had been televised to hundreds of countries around the world.

"People risk their lives to help us," he said.

"Who's going to trust us when we have all these cameras in front of us?"

Reuter

Reut12:12 12-16