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U.S. STEPS UP PROBE OF ISRAELI SPY RING

By NILES LATHEM, Bureau Chief

WASHINGTON — The Justice Dept. has dramatically expanded its investigation of alleged Israeli spying activities in the U.S.

The move comes following a confession by a former naval intelligence employe that he was part of an extensive espionage ring.

Sources close to the investigation told The Post last night that Jonathan Jay Pollard, 51, a former Navy employe, has told investigators he was part of a well-financed and organized Israeli spy ring.

Pollard was arrested last year for passing military secrets to Israel.

Pollard reportedly is seeking to reduce a potential life prison term in a plea-bargaining deal.

Acting on Pollard's information, the Justice Dept. is preparing an indictment, which could be handed down as early as this week, against a high ranking official in the Israeli Air Force.

A second unidentified American with access to sensitive U.S. military and intelligence information has also been implicated by Pollard and could be indicted soon, sources said.

Sources said officials from the State and Justice Depts. contacted the Israeli government recently and angrily accused it of lying last November when it characterized the Pollard case as an isolated incident.

In diplomatic ex-

changes, U.S. officials have confronted Israel about the new information and demanded that Israeli Prime Minister Shimon Peres provide investigators with an explanation.

White House spokesman Ed Djerjian appeared to confirm the broadening of the investigation yesterday.

"Any espionage against the U.S. is extremely serious," he declared.

"For that reason the administration has pursued the investigation of the Pollard case with great vigor and will continue to do so until it is resolved."

At the time of Pollard's arrest, Israel formally apologized for the incident, recalled two diplomats from the Israeli embassy and quietly replaced legendary counter-terrorism cabinet specialist Rafi Eitan, whom the government claimed was running Pollard.

Yesterday, the Israeli embassy issued a statement sticking to its story that the Pollard case was an isolated incident.

It claimed allegations of a wider effort on the part of Jerusalem to spy on the U.S. were "baseless."

"The Pollard affair was an unauthorized deviation from the clearcut Israeli policy of not conducting any espionage activities whatsoever in the U.S. or activities against the interests of the U.S.," said embassy spokesman Yossi Gal.

"The unit which was involved in the gathering of material relating to Israel's ene-

mies and their terrorist activities has been disbanded and the head of the unit has been relieved of his duties," he said.

Pollard, a civilian intelligence analyst with the Naval Investigative Service, is believed to have passed to Israeli operatives in Washington information on a special counter-terrorist task force set up after the bombing of the U.S. Marine barracks in Beirut.

The information, collected by the U.S. Sixth Fleet in the Mediterranean, primarily dealt with locations of terrorist bases in Lebanon, sources said.

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