

UNITED STATES GOVERNMENT

Memorandum ~~CONFIDENTIAL~~

TO : Those Listed Below

DATE: July 3, 1962

FROM : C. L. Marshall, Director
Division of Classification, HQ

SUBJECT: MONTHLY CLASSIFICATION BULLETIN NO. 62

C:CFK

Classification of Item

- 1. The following classification guidance has been established for barter plutonium, i.e., Pu obtained from the United Kingdom in exchange for enriched uranium in a ratio equal to the ratio of the fuel value of the two materials:
 - (a) The mere fact that "barter" plutonium is to be obtained (or is being obtained) from the U.K. U
 - (b) Quantities (weights) of "barter" plutonium to be delivered (or delivered) to the U.S. S-RD
 - (c) Isotopic composition of "barter" plutonium to be delivered (or delivered) to the U.S. S-RD.
- 2. A "Classification Policy Guide" (CG-C-1) has been issued effective April 15, 1962. This guide supersedes OC Doc-68 which has been in effect since January 18, 1960. U

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- Addressees:
- Classification Officers
 - Headquarters Division Directors
 - Operations Office Managers
 - Senior Reviewers
 - Coordinating Organization Directors
 - Responsible Reviewers

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DEPARTMENT OF ENERGY DECLASSIFICATION REVIEW

DATE REVIEWED: 10-26-07

CLASSIFIED BY: [Signature]

DATE: 4/15/07

BY: [Signature]

REVIEWED BY: [Signature]

DETERMINATION (CIRCLE NUMBER(S))

- 1. CLASSIFICATION RETAINED
- 2. CLASSIFICATION CHANGED TO: *NSI*
- 3. CONTAINS NO DOE CLASSIFIED INFO
- 4. COORDINATE WITH: _____
- 5. CLASSIFICATION CANCELLED
- 6. CLASSIFIED INFO BRACKETED

~~RESTRICTED DATA~~

This document contains restricted data as defined in the Atomic Energy Act of 1954. Its transmittal or the disclosure of its contents in

- 4. A local classification guide has been issued by the New York Operations Office for the work and information generated by the Pratt & Whitney Aircraft Division (CANEL) under the high temperature materials research program and the program for the development and fabrication of high power space reactors. U
- 5. The following data on Operation Nougat has been declassified: U

<u>Shot Name</u>	<u>Time and Date</u>	<u>Medium</u>	<u>Yield</u>
Antler	1700:00.12Z 15 Sept. 1961	Tuff	2.4 KT
Fisher	2304:59.63Z 3 Dec. 1961	Alluvium	13.5 KT
Parshot	0100:00.12Z 15 Feb. 1962	Granite	5 KT

Although the above information is unclassified, it is to be noted that no official announcement will be made by the AEC at the present time. The declassified information will be furnished through the Vela program to interested scientists and also for possible use by the U.S. delegation at the Geneva Disarmament Conference.

- 6. The following principles on the classification of reactor materials research have been adopted: U
 - a. In the area of basic reactor materials research, i.e., the investigation of the property of materials, the work should be conducted on an unclassified basis. If, however, during the research a point is reached at which the work represents a "breakthrough" in the solution of design or operation in a classified reactor program, all further work will be classified.
 - b. The second level of reactor materials research, i.e., research performed with a set of selected materials and directed toward the solution of a key problem in a classified reactor program, should be conducted on a classified basis with the understanding that the work and its results might be declassified after review if evaluation establishes that the work or its results do not represent a solution to a key problem in the design, fabrication or operation of a classified reactor.

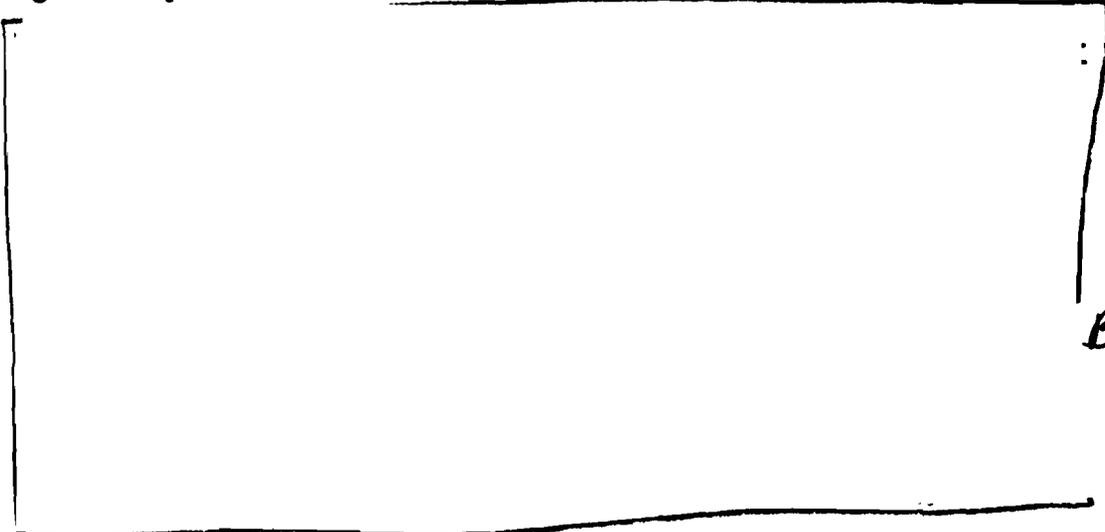
Those Listed Below

- c. The reactor materials finally selected for use in a classified reactor, including their compositions, are classified when the nature of the material represents the solution to a key problem in the design, fabrication or operation of a classified reactor.
- d. When an identical reactor material is developed outside the AEC program and its existence and composition published, our classification of the material, its composition and its use in the AEC program should be re-examined for possible declassification.

With respect to item 6(a) above, the term "breakthrough" is defined as a substantial improvement in a material or in its properties or performance.

These principles may only be used as a basis for preparing and revising classification guides. It would not be proper to use them as classification guide topics in themselves.

7.



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- 8. Preliminary reports on the General Electric Company classified program for the development of high temperature fuel elements indicate that technology being developed in this program on uranium suboxides may be a significant breakthrough in the development of a high temperature fuel element. Pending the evaluation and verification of this possible breakthrough, all uranium suboxide technology development projects should be conducted on a classified basis.

C-RD

This office should be advised of the status and scope of any uranium suboxide development work which has been done on an unclassified basis.

Why Reds make friends with businessmen



BY **J. EDGAR HOOVER**, DIRECTOR,
FEDERAL BUREAU OF INVESTIGATION,
UNITED STATES DEPARTMENT OF JUSTICE

Communist agents may try to get your secrets or sway your opinion

AT THIS MOMENT the Russians are doing everything they can to make friendly contacts with American businessmen—to meet them personally, to cultivate their friendship, to establish cordial relations.

Why? Because the communists have changed their view that the businessman is a monopolist or exploiter? No.

Because the Russians want to become like American businessmen? No.

It is because the Russians want to obtain—by begging, borrowing or stealing—the industrial secrets of American business.

For this reason American industrial firms are today a priority target of Russian and satellite espionage, especially businessmen handling scientific and technical information. Perhaps you have been contacted as part of this campaign.

Not long ago a business firm ran a routine newspaper advertisement saying that it would send upon request a free booklet about the American aircraft industry. Shortly afterward an official of the Soviet Embassy requested a copy. The firm's Washington representative mailed it to him.

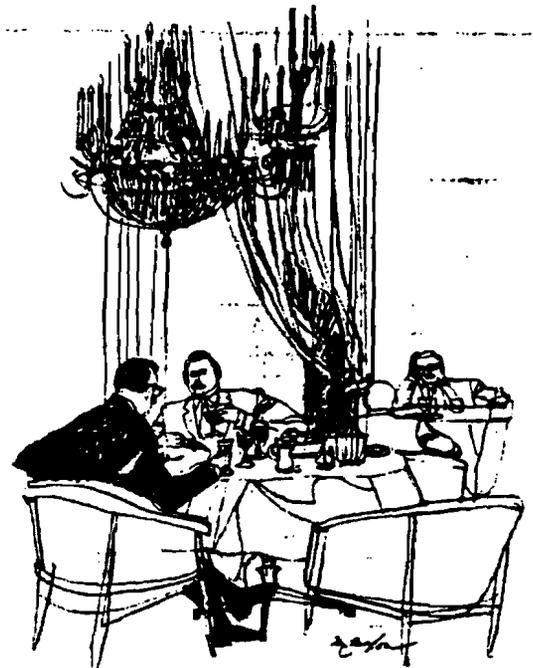
Approximately three months later, the local representative received an invitation to a social function at the Russian Embassy. He accepted. While he was there, the Soviet official who had originally requested the booklet sought him out. The Russian was most affable and during a brief conversation alluded to the information about the aircraft industry. He commented that the data was most interesting and wondered whether the businessman had more.

Personal contacts important

The request for a free booklet is a technique often utilized to make an initial contact. Sometimes the Russians write a letter on their own initiative requesting pamphlets, books, maps and other material from business firms. They may visit a company per-

sonally. They want to obtain literature but also—and this is most important—they want to make personal contacts with you, a businessman.

Attending conventions, especially those of a scientific and technical nature, is a favorite way of making contacts. Soviet officials systematically cover conventions throughout the country. Here they gather material of every possible description—anything they can lay their hands on. It is amazing to see the voracious Soviet appetite—everything from telephone directories to radar devices, from aerial photographs to scientific textbooks. If the convention provides



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Soviet officials swarm to U.S. business exhibitions to get data to ship home

carry-home folders for the convenience of visitors, the Russians stuff them with material. Often they make trips to their automobiles, dumping out their collections. On the West Coast two Soviet officials lugged an estimated 250 pounds of material from a scientific convention.

Individual exhibition booths receive special attention from the communists. Here they gather literature, sign their names for free samples or brochures and make personal contacts. As a rule they make no secret of their identity—registering for the convention and wearing name tags. They love to exchange business cards. The businessman's card gives them a name for a possible future contact.

At one technical exhibition, a Soviet official took motion pictures, including some of jet aircraft, guided missiles and an atomic cannon. The Soviets especially exploit social affairs connected with conventions, such as banquets, receptions, luncheons, cocktail hours. They mingle, shake hands and introduce themselves. These functions provide excellent opportunities to size up the businessman.

The Soviets capitalize on the friendliness and



gregariousness of Americans. Soviet officials are socially polished, well educated and speak good English. Some years ago it was easy to spot a Soviet official in a crowd—from his clothes and behavior. This is no longer true. They dress in American style and are thoroughly acquainted with our customs and etiquette. Above all, they are socially aggressive. They don't hesitate to stop a stranger and introduce themselves. Within a few minutes they have a conversation going.

Reds exploit freedoms

These Soviet activities are entirely legal. Under our form of government the Russians have every right to visit conventions, talk to Americans, use our mail. They buy patents by the thousands, subscribe to technical, scientific and other journals, belong to scientific societies, travel widely, make speeches. In typical communist fashion they are exploiting our freedoms to the limit—freedoms which they would immediately deny us if they seized control of this country.

A casual contact achieved at a convention, through the mail or by a chance acquaintance, however, is not enough. The next step is to develop it. How is that done?

Of course, many of the initial contacts remain just that. However, if the Soviets feel they can benefit, they will follow through. This may not come for several months. One day the businessman gets a telephone call:

"This is ——. Remember you met me at such and such a convention or affair."

Or the caller may say, "I'm ——, a friend of ——," referring to another Russian who had met the American.

The second contact may come in a matter of hours or days. The businessman may receive an invitation to a Soviet social function. He may receive presents (as at Christmas)—a bottle of vodka, a tin of caviar or some kind of trinket. The official often delivers these in person. Why in person? The gift is merely a technique to establish or renew a personal contact. Bringing it provides the opportunity for a person-to-person meeting and almost invariably creates a grateful feeling in the recipient.

Then there is the invitation to lunch. The Soviets have expense accounts and do not hesitate to pay the bill. Also they are happy to accept invitations to visit American

homes. There is no better way of creating a feeling of familiarity and trustworthiness.

Blackmail may result

The Soviets capitalize on the curiosity of Americans. One individual happened to be seated at a banquet table with a Russian official. Since this was the first Russian he had ever met, he asked a great number of questions—a natural reaction. By the time the dinner was over, mutual social invitations had been extended.

If the Soviets learn that a businessman has a hobby such as fishing, playing golf or traveling, they happen to have similar hobbies. Remember these people are well educated and well traveled and can talk with authority and persuasiveness in many fields. If an American was born or lived in Russia or an Iron Curtain country, the Soviets quickly try to turn these facts to their advantage.

What is this businessman? What's his background? To what information does he have access? Can he guide the Russians to other individuals in the scientific field? Does he have friends in the military services or the government? These are the questions the Russians are trying to answer. The businessman, of course, doesn't realize how closely he's being scrutinized by this affable, smiling, trusting Soviet. To the American, this is merely a social or business contact (the Russian may actually place some business orders) and, as good etiquette, he's trying to be as friendly as possible.

That's why the Russians ask the businessman many questions—some directly, some obliquely. Is the businessman in the Naval Reserve? Where has he previously worked? Does he ever enter classified areas in plants having defense contracts? Has he ever been in trouble? (The Russians want to know personal details of the American's life. Among other things they are alert for a possible weakness which can be exploited. Blackmail is not above their practices.)

In one conversation with a Russian, a business executive happened to mention the name of an employe in an aircraft plant. Immediately the Soviet wanted to know how to spell the name. He might be a new contact.

In the back of the Soviet mind—in all these contacts—is the possibility that highly secret, classified

material can be obtained. Public source intelligence is important. Tons of American documents, patents, maps, magazines, publications go to Moscow each year. But a basic concern of the Russian intelligence system is to steal America's classified military, technical, scientific and industrial secrets.

That's the purpose of the Russian spy apparatus. That's why these men have been so carefully trained. That's why the FBI's experience indicates that an extremely high percentage of Soviet officials in the United States have espionage assignments.

When espionage begins

Take, for example, a businessman who, after the initial contact, was invited to social functions and luncheon appointments. Almost a year had elapsed since the Russians originally obtained his name. Then the Soviet, at the luncheon table, went into more detail. He was preparing, he said, a report on economic conditions in the mechanical industry—and would be in a position to pay money for information. He wanted the data quickly.

Obviously the Russian felt he had played along with this businessman far enough so that he could ask for detailed information. Note that the request is still innocuous, nothing yet dealing with classified data.

In another instance, at a meeting with a businessman, the Soviet was more specific. He indicated that he was no longer interested in public material and specifically requested information about certain aircraft models, production rates and performance evaluations. The Russian was now entering the realm of espionage, violating the laws of the United States.

The Soviet interest also encompasses the businessman not engaged in scientific and technical fields. For example, in an eastern city a Soviet official frequented a certain bookstore. He soon made friends with the proprietor and later invited the businessman and his wife to dinner. But this was not to be money just wasted for entertainment. The Russian had an inquiry. Could he use the businessman's store as a place to receive mail? In espionage language this was a mail drop, and an important part of the spy apparatus.

Besides Soviet espionage, the businessman is also the target of the Communist Party, USA. The Party denounces the businessman as an enemy, yet it does everything it can

to influence his opinion. The party, for example, urges businessmen to take a favorable view of the Soviet Union, to trade with communist nations, to realize that communism is the wave of the future. This is part of the party's propaganda campaign.

Also you may have received in the mail unsolicited copies of party pamphlets, literature and newspapers. Sometimes you may receive—again unsolicited—letters from organizations you never heard of—but, if you took the time to investigate, you would learn they are communist fronts. They are sending you propaganda and urging, this never fails, a financial contribution. The party likes nothing better than to have a businessman, not realizing the identity of the organization, contribute to a front, sign one of its petitions or publicly support a communist-sponsored campaign.

Where does the party obtain your name? Perhaps from the newspaper, mailing lists, telephone directory. This is part of its unending effort of pressing forward its position, hoping to benefit its cause.

The party is also interested in infiltrating and controlling labor unions. This has been major communist policy since Lenin. Labor unions have done a magnificent job in ridding themselves of communist influence, but party pressure continues. If possible, the party would like to infiltrate business firms and has been known to operate businesses as covers. Members of the party who are businessmen

—and there are some—lend their facilities to communist use, if the party desires. Financial angels in business ranks are highly esteemed by party leaders.

Businessmen, of course, are not the only targets of Russian espionage and the Communist Party, USA—so are government employes, labor officials, scientists, skilled technicians, farmers. Businessmen do represent a priority target—and because you rate such an important target you, as a businessman, can do much to help the FBI defeat this communist effort to weaken our nation.

What can you do?

1. Know more about communism, its strategy and tactics and how the communists are working to destroy our democratic principles. If you are an employer, encourage your employes to take the time to learn about the evil of this way of life. The distribution of reading material within your company is most desirable.

2. Be familiar with basic communist newspapers, magazines and periodicals. If they arrive in your plant, you and your staff will be able to recognize them. Perhaps you can help your employes identify them.

3. Know how communist fronts operate. Take the time to be informed about how fronts are formed, how they propagandize, issue literature and collect money.

4. Realize that business enterprises

and labor unions are prime targets. The communists detest both business and labor unions. They regard both as part of the hated bourgeois society. Many people feel that because they are anticommunists the communists are not interested in them. This is wrong. The communists are constantly trying to influence the thinking of noncommunists.

5. Businessmen who are employers should be extremely conscious of plant security, realizing that the communists (especially Russian espionage agents) try to find weak points—both in personnel and physical facilities. Effective plant security is a vital and continuing responsibility.

6. Report to the FBI any information pertaining to espionage, sabotage and subversive activities. The FBI is the government agency charged with protecting the internal security of the nation.

You as a businessman, stand today in a key position to help the FBI and protect our nation from the Russian espionage agent and the communist. Perhaps you may feel the information you possess is inconsequential. Resolve your doubts by reporting it immediately to the FBI. Many times a small piece of information, when placed with data already in our possession, may solve an important case.

We can defeat the communists by working together as a team. That is our challenge.