

RADIO TV REPORTS, INC.

4701 WILLARD AVENUE, CHEVY CHASE, MARYLAND 20815 656-4068

FOR PUBLIC AFFAIRS STAFF

PROGRAM NBC Nightly News STATION WRC-TV
NBC Network

DATE June 1, 1982 7:00 P.M. CITY Washington, D.C.

SUBJECT The Soviets and High-Technology

ROGER MUDD: It seemed almost inevitable that the high-tech electronics industry, with its sharp peaks and troughs and periods of extraordinary demand, would develop a gray market. But now there is high-tech trafficking with the Soviets. It's the subject of Brain Ross's Special Segment.

BRIAN ROSS: The launch of an American satellite into space. And on board this satellite, a piece of equipment Soviet intelligence agents are trying very hard to get. The piece of equipment, shown in this NASA animation, is called the multi-spectral scanner. From far out in space, the scanner can produce pictures in extraordinary detail of any location on earth, and it is a prize possession of the American military.

Earlier this year, federal authorities say, the Soviet Union almost got one of these scanners, not from one of its KGB spies, but from this American electronics company in Anaheim, California, Land Resources Management Incorporated.

No one at the company would talk with NBC News about the company's reported dealings with the Soviet Union. But authorities say the company made a deal to secretly sell the Soviets the scanner they wanted for six million dollars. And federal authorities say the man who made the deal is the man who runs the company, Charles McVey. McVey, who could not be reached for comment by NBC News, is now a target of an investigation involving the Department of Defense, the FBI, and the United States Customs Service.

Federal investigators say the scanner was being shipped to the Soviets from here, the John Wayne Airport in Newport Beach, California. Authorities say this small prop-jet parked at

OFFICES IN: WASHINGTON D.C. • NEW YORK • LOS ANGELES • CHICAGO • DETROIT • AND OTHER PRINCIPAL CITIES

Material supplied by Radio TV Reports, Inc. may be used for file and reference purposes only. It may not be reproduced, sold or publicly demonstrated or exhibited.

the John Wayne Airport and owned by McVey's company was used to smuggle the scanner out of the country to Mexico City, where the scanner was to be sent on to Amsterdam and then to Moscow. But federal agents were able to intercept the scanner, seizing it from the cargo hold of a Dutch jetliner. And instead of a valuable piece of American high technology, the Soviets ended up with a shipping crate agents had filled with sand.

Harold Diaz of the Customs Service says the Soviets could have made good use of the scanner.

HAROLD DIAZ: It can trace troop movements. It can locate missile sites. It can compromise the defense of the United States.

ROSS: This report by the Central Intelligence Agency, recently declassified, says the Soviet military is getting much of the Western technology it needs from American businessmen. And the CIA report says that, through illegal and clandestine means, the Soviets have acquired, quote, hundreds of pieces of Western microelectronic equipment worth hundreds of millions of dollars to equip their military-related manufacturing facilities.

One California businessman convicted of smuggling high technology to the Soviets, Tony Maluta, says he knows of a lot of businessmen making big money selling to the Soviets. And Maluta is appealing his conviction, saying he should not be the only one to go to prison.

TONY MALUTA: You show up with money, and they're going to sell to you anything you want.

ROSS: No questions asked.

MALUTA: No questions asked.

ROSS: And much of what's being illegally sold by American businessmen are the tiny electronic parts and computer chips that make missiles and other modern weapons so accurate.

Military analysts say the fighting in the Falklands has shown just how important electronics and computers have become in modern warfare.

DR. FRANK KAPPER: The proof of the pudding is the Falklands.

ROSS: Dr. Frank Kapper, a science and technology expert at the Pentagon.

DR. KAPPER: And if you can shoot one missile and kill one plane, you can shoot missile and kill one ship. And that's

exactly what we're talking about here in terms of capability. And that capability is largely based upon the microelectronics industries.

ROSS: Under a new federal program to stop illegal shipments of microelectronics, customs agents are now making spot checks at major airports and seaports, breaking open shipping crates. So far, authorities say they have seized almost \$20 million worth of high-technology products being shipped illegally by American businessmen, often through middlemen in Europe, to the Soviet Union, Libya, and other so-called unfriendly countries. But authorities say there is a lot more they are not stopping, and that millions of dollars worth of electronics and computer parts, now so important in modern warfare, is reaching the Soviet Union.