

Department of Justice

Office of Public Affairs

FOR IMMEDIATE RELEASE

Wednesday, September 7, 2011

Noted Scientist Pleads Guilty to Attempted Espionage*Scientist Arrested in 2009 Following Undercover Operation*

WASHINGTON - Stewart David Nozette, a scientist who once worked for the Department of Energy, the Department of Defense, the National Aeronautics and Space Administration and the White House's National Space Council, pleaded guilty today to attempted espionage for providing classified information to a person he believed to be an Israeli intelligence officer.

The guilty plea, which took place this morning in the U.S. District Court for the District of Columbia, was announced by Lisa Monaco, Assistant Attorney General for National Security; Ronald C. Machen Jr., U.S. Attorney for the District of Columbia; and James W. McJunkin, Assistant Director in Charge of the FBI's Washington Field Office.

Nozette, 54, of Chevy Chase, Md., pleaded guilty to one count of attempted espionage. Senior Judge Paul L. Friedman, who presided at the plea hearing, scheduled a status hearing for Nov. 15, 2011. No sentencing date was set. The plea agreement, which is subject to the judge's approval, calls for an agreed-upon prison term of 13 years.

Nozette has been in custody since his arrest on Oct. 19, 2009. FBI agents arrested him following an undercover operation in which he provided classified materials on three occasions, including one occasion that forms the basis for today's guilty plea. He was subsequently indicted by a federal grand jury. The indictment does not allege that the government of Israel or anyone acting on its behalf committed any offense under U.S. laws in this case.

"Stewart Nozette betrayed America's trust by attempting to sell some of the nation's most closely-guarded secrets for profit. Today, he is being held accountable for his actions. As this case demonstrates, we remain vigilant in protecting America's secrets and in bringing to justice those who compromise them," said Assistant Attorney General Monaco.

"Stewart Nozette was once a trusted scientist who maintained high-level government security clearances and was frequently granted access to classified information relating to our national defense. Today he is a disgraced criminal who was caught red-handed attempting to trade American secrets for personal profit. He will now have the next 13 years behind bars to contemplate his betrayal," said U.S. Attorney Machen. "The FBI and its partners deserve tremendous credit for their outstanding work on this case. This investigation and prosecution demonstrate our commitment to identifying and punishing those who would put our national security at risk."

"Preventing the loss or compromise of high-technology and vital national security information is a top priority of the FBI," said Assistant Director in Charge McJunkin. "This case is a prime example of what happens when a person decides to sell our nation's most valuable secrets for individual gain."

Background

Nozette received a Ph.D. in Planetary Sciences from the Massachusetts Institute of Technology in 1983. He has worked in various capacities on behalf of the U.S. government in the development of state-of-the-art programs in defense and space. For example, Nozette worked at the White House on the National Space Council, Executive Office of the President, from approximately 1989 through 1990. He also worked as a physicist for the U.S. Department of Energy's Lawrence Livermore National Laboratory from approximately 1990 to 1999, where he designed highly advanced technology.

Among other things, Nozette assisted in the development of the Clementine bi-static radar experiment which purportedly discovered water ice on the south pole of the moon. A version of the Clementine satellite currently hangs on display at the National Air and Space Museum of the Smithsonian Institution in Washington, D.C., and was later hailed as the vanguard of the new "faster, cheaper, better" revolution in space exploration.

Nozette was also the president, treasurer and director of the Alliance for Competitive Technology (ACT), a non-profit organization that he organized in March 1990. Between January 2000 and February 2006, Nozette, through his company, ACT, entered into agreements with several government agencies to develop highly advanced technology. Nozette performed some of this research and development at the U.S. Naval Research Laboratory in Washington, D.C., the Defense Advanced Research Projects Agency in Arlington, Va., and the National Aeronautics and Space Administration Goddard Space Flight Center in Greenbelt, Md.

According to a factual proffer in support of the guilty plea, from 1989 through 2006, Nozette held security clearances as high as TOP SECRET and had regular, frequent access to classified information and documents related to the national defense of the United States. The factual proffer also provides details about the undercover operation that led to Nozette's arrest.

The Investigation

According to the factual proffer, on Feb. 16, 2007, law enforcement agents executed a search warrant at Nozette's home in Maryland as part of a fraud investigation and found classified documents. Further investigation into the classified documents revealed that in 2002, Nozette sent an e-mail threatening to take a classified program he was working on, "to [foreign country] or Israel and do it there selling internationally..." As a result of this and other information giving rise to suspicion of espionage, the FBI decided to conduct an undercover operation.

On Sept. 3, 2009, Nozette was contacted via telephone by an individual purporting to be an Israeli intelligence officer from the Mossad, but who was, in fact, an undercover employee of the FBI. During that call, the defendant agreed to meet with the undercover employee that day on Connecticut Avenue N.W., in front of the Mayflower Hotel in downtown Washington, D.C.

Later that day, Nozette met with the undercover employee and had lunch in the restaurant of the Mayflower Hotel. After the undercover employee made it clear that he was a "Mossad" agent, Nozette stated, "Good. Happy to be of assistance."

After lunch in the hotel restaurant, Nozette and the undercover employee retired to a hotel suite to continue their discussion. During the conversation, the defendant informed the undercover employee that he had clearances "all the way to Top Secret SCI, I had nuclear..." that "anything that the U.S. has done in space I've seen," and that he would provide classified information for money and a foreign passport to a country without extradition to the United States.

The defendant and the undercover employee met again on Sept. 4, 2009, at the Mayflower Hotel. During this encounter, Nozette assured the undercover employee that, although he no longer had legal access to any classified information at a U.S. government facility, he could, nonetheless, recall the classified information to which he had been granted access. The defendant said, "It's in my" head, and pointed to his head.

Undercover Operation Continues

On Sept. 10, 2009, FBI agents left a letter in the prearranged "dead drop" facility for the defendant. In the letter, the FBI asked Nozette to answer a list of questions concerning classified U.S. satellite information. FBI agents also provided signature cards, in the defendant's true name and an alias, for Nozette to sign and asked the defendant to provide four passport sized photographs for the Israeli passport the defendant requested. The FBI agents also left \$2,000 cash for the defendant in the "dead drop" facility, which Nozette retrieved the same day, along with the questions and signature cards.

On Sept. 16, 2009, Nozette left a manila envelope in the "dead drop" facility in the District of Columbia. One of the "answers" provided by the defendant contained information classified as SECRET/SCI which related to the national defense, in that it directly concerned classified aspects and mission capabilities of a prototype overhead collection system and which disclosure would negate the ability to support military and intelligence operations. In addition to disclosing SECRET/SCI information, Nozette offered to reveal additional classified information that directly concerned nuclear weaponry, military spacecraft or satellites, and other major weapons systems.

On Sept. 17, 2009, FBI agents left a second communication in the "dead drop" facility for the defendant. In the letter, the FBI asked Nozette to answer another list of questions concerning classified U.S. satellite information. Nozette retrieved the questions from the "dead drop" facility later that same day.

On Oct. 1, 2009, Nozette left a manila envelope in the "dead drop" facility in the District of Columbia. The FBI also left a cash payment of \$9,000 in the "dead drop" facility. Later that day, the FBI agents retrieved the sealed manila envelope left by the defendant. Inside the envelope, FBI agents discovered the encrypted thumb drive that was provided to Nozette on Sept. 17, 2009, which included another set of "answers" from the defendant. The "answers" contained information classified as TOP SECRET/SCI and other information classified as SECRET/SCI. This classified information related to the national defense, in that it directly concerned satellites, early warning systems, means of defense or retaliation against large-scale attack, communications intelligence information, and major elements of defense strategy. (This information is what formed the basis for the charge in today's guilty plea.)

On Oct. 5, 2009, Nozette left a manila envelope in the "dead drop" facility in the District of Columbia. Later that day, the FBI agents retrieved the sealed manila envelope left by the defendant. Inside the envelope, FBI agents discovered the encrypted thumb drive that was provided to Nozette on Oct. 1, 2009, which included another set of "answers" from the defendant. The "answers" contained information classified as TOP SECRET/SAR. This classified information related to the national defense, in that it directly concerned capabilities of a U.S. military weapon system research and development effort.

Nozette and the undercover employee met again on Oct. 19, 2009, at the Mayflower Hotel. During that meeting, the following exchanges took place:

NOZETTE: "So, uh, I gave you even in this first run, some of the most classified information that there is. . . . I've sort of crossed the Rubicon. . . . Now the, uh, so I think when I said like fifty K, I think that was probably too low. . . .The cost to the U.S. Government was two hundred million. . . . to develop it all. Uh, and then that's not including the launching of it. . .Uh, integrating the satellites. . . . So if you say okay that probably brings it to almost a billion dollars. . . So I tell ya at least two hundred million so I would say, you know, theoretically I should charge you certainly, you know, at most a one percent."

Nozette was arrested soon after he made these statements. He was subsequently indicted on four charges of attempted espionage. Under the plea agreement, Nozette pleaded guilty to the third count of the indictment, arising out of his passing of TOP SECRET/SCI information on Oct. 1, 2009.

At the time of his arrest, Nozette was awaiting sentencing in another federal case. On Jan. 30, 2009, he pleaded guilty in the U.S. District Court for the District of Columbia to charges of conspiracy to defraud the U.S. government with respect to false claims and tax evasion in an amount up to \$399,999. In that case, Nozette agreed to pay restitution of \$265,205 to the U.S. government. Nozette is awaiting sentencing in the case. Under terms of today's plea, the sentence in the fraud case is to run concurrently with the sentence for attempted espionage.

This investigation was conducted by the FBI's Washington Field Office, with assistance from the Naval Criminal Investigative Service, Naval Audit Service, National Reconnaissance Office, Air Force Office of Special Investigations, Defense Computer Forensics Laboratory, Defense Advanced Research Projects Agency, Defense Criminal Investigative Service, Defense Contract Audit Agency, U.S. Army 902nd Military Intelligence Group, National Aeronautics and Space Administration (NASA) Office of Counterintelligence, NASA Office of Inspector General, Department of Energy, Internal Revenue Service (IRS) Criminal Investigation Division, IRS Tax Exempt & Government Entities group, U.S. Customs and Border Protection and U.S. Postal Inspection Service, as well as other partners in the U.S. intelligence community.

The prosecution is being handled by Trial Attorneys Deborah A. Curtis and Heather M. Schmidt, from the Counterespionage Section of the Justice Department's National Security Division, and Assistant U.S. Attorney Anthony Asuncion, from the U.S. Attorney's Office for the District of Columbia.