

**ISRAEL'S FINANCIAL INSTITUTIONS
 REELING FOLLOWING SCATHING CRITICISM**
 By Gil Sedan and Hugh Orgel

JERUSALEM, April 21 (JTA) -- Israel's financial establishment is reeling from the impact of a report released Sunday night by the special commission set up to investigate the collapse of bank shares and other stocks that touched off a financial panic three years ago.

The commission, headed by Supreme Court Justice Chaim Beisky, was scathing in its criticism of the country's leading commercial banks and their senior officers, the Stock Exchange and the entire banking system.

It recommended, among other things, that the Governor of the Bank of Israel and the heads of the five largest banks be forced to resign within 30 days, and that few, if any, of them should be entrusted in the future with posts of responsibility in their banks or any other financial institutions, at home or abroad.

Response From Bankers And Politicians

The immediate response from the banks and bankers ranged from defensive to "no comment." The prevailing reaction was that the report, a 550-page document representing 13 months of labor by the commission, deals with past events and the public must now be reassured that the banking system is safe.

The Knesset State Control Committee adopted the recommendations of the Beisky commission Monday and requested the government, the Tel Aviv Stock Exchange management and the securities authority to implement them. The committee warned against rushing to adopt legislation that would give the banks immunity to legal action.

Premier Shimon Peres is known to have consulted with financial and legal authorities, after seeing the commission report, on the need for special regulations to prevent a flood of private law suits against the banks by customers who may claim, on the basis of the report, that they were defrauded.

But State Comptroller Yitzhak Tunik recommended strongly against immunity for the banks. He told the Knesset committee Monday that it would be improper to revoke the basic right of citizens to go to court. Tunik was responding to a proposal by Energy Minister Moshe Shahal to enact protective legislation to preserve the stability of the banking system.

Says Banking System Is Not In Danger

Finance Minister Moshe Nissim, who took over the Treasury only last week in a Cabinet portfolio switch with Yitzhak Modai, said Monday that the banking system was not in danger as a result of the Beisky commission report. He said he would appoint a team of experts from the Finance and Justice Ministries to study the report and draw practical conclusions. Nissim had been Justice Minister until last Wednesday, when he replaced Modai as Finance Minister.

Minister of Economy, Gad Yaacobi said Monday that confidence in the stability of the banks should be maintained. He noted that the

commission's report referred to events that occurred in 1983.

Justice Beisky said Sunday that the full record of the commission's hearing comprising thousands of pages of testimony would be made available to the Attorney General to institute criminal proceedings against individuals if he deems it necessary.

Elements In The Commission's Report

The commission's report severely criticized two former Finance Ministers -- Yoram Aridor and Yigael Horowitz -- both of whom held the office in the Likud-led government before the crash. According to the report, they knew the banks were grossly inflating the value of their shares sold on the Stock Exchange but did nothing to halt the practice. The leaders of the Stock Exchange were also taken to task for failing to heed warnings of an imminent collapse.

Among the banks cited in the report, Bank Hapoalim promised "cooperation" Monday. The chairman of its Board, Giora Gazit, resigned and asked that he not be named to any other office at the bank.

Aharon Meir, managing director of the Bank Hamizrachi, criticized the harsh nature of the report and denied its accusations against him. He stressed he was speaking for himself, not his bank.

Ernest Japhet, Board chairman of Bank Leumi, declined to comment as did the heads of the Israel Discount Bank, Bank of Israel Governor Moshe Mandelbaum and former Finance Minister Aridor who is presently in New York.

But Uri Slonim, a legal advisor to the Bank Leumi, thought the report was too hard on the heads of banks and too easy on the former Finance Ministers because the latter no longer hold office. David Shoham, director general of the Bank Klali, likened the commission to "the Romans throwing people to the lions."

Role Of Bank Shares

Bank shares were the most popular form of personal savings until 1983 when deteriorating economic conditions and periodic devaluations of the Shekel precipitated a rush to sell them off in order to buy Dollars and other hard currency.

The banks which issued the shares were shoring up their value while keeping the public in the dark. That practice had been going on since the early 1970's when the Labor Party was in power. It reached serious proportions after the Likud took office in 1977, the report said.

That drew an angry response Monday from Minister-Without-Portfolio Moshe Arens, a Herut hardliner, who claimed the report reflected a situation created not by Likud but by the "leftist parties." He charged, "This is a Bolshevik economy in which people cannot work but everything is run by an army of officials."

Ran Cohen of the Civil Rights Movement maintained that if the Beisky report had been publicized during the Likud regime, the government would have toppled. He said the report shows the irresponsible manner in which Likud ran the country, economically as well as politically.

PERES AND GAZA STRIP JEWISH SETTLERS HEADING FOR AN ANGRY CONFRONTATION By Gil Sedan

JERUSALEM, April 21 (JTA) -- Premier Shimon Peres may be heading for an angry confrontation with Jewish settlers in the Gaza Strip and possibly with his own Likud coalition partners over the policies he has enunciated for the territory.

In particular, the impending relocation of 4,300 Arab refugees from the Egyptian to the Israeli side of the Sinai border -- in compliance with the 1979 Israeli-Egyptian peace treaty terms -- has infuriated the settlers, who are threatening to prevent the move.

They denounced the idea of adding to the Arab population of the territory and met Sunday with Gen. Uri Sagui, commanding officer of the southern region, to air their complaints.

Peres, who has raised the idea of implementing unilateral autonomy in the Gaza Strip, elaborated on his proposal in an interview to be published in The Jerusalem Post Wednesday. He stressed, however, that he has no intention of dismantling Jewish settlements because "the scandals would begin immediately."

But he also stressed that no more land should be taken over for Jewish settlement. "I ask myself whether there is any justification for taking an additional 10,000 acres while the Negev, with three million acres, is almost devoid of settlers," Peres told the Post.

He said that despite the difficulties, "there are people in Gaza who would like to try their hand at the application of autonomy." He said Israel would have to act unilaterally because of Cairo's apparent lack of interest in an Egyptian-Israeli condominium in Gaza. He noted that the population of the territory has nearly doubled in the past 20 years -- from 300,000 after the Israeli takeover to 560,000 now.

U.S. AND UN OFFICIALS URGED TO MAKE PUBLIC ALL FILES ON WALDHEIM ...

NEW YORK, April 21 (JTA) -- United Nations Secretary General Javier Perez de Cuellar and Edwin Meese, the United States Attorney General, were urged Sunday to make public all documents in UN and U.S. archives that would shed light on the war-time activities of Kurt Waldheim, the former UN Secretary General.

The call to make the documents public came in the form of a letter to the two officials by Kenneth Bialkin, the chairman of the Conference of Presidents of Major American Jewish Organizations, the umbrella group of 40 of the largest Jewish religious and secular organizations in the U.S.

"Whatever purpose there was in keeping these documents confidential over the past 40 years has been superseded by the overriding public need to have all of the evidence relating to charges that Mr. Waldheim knew about and participated in Nazi war crimes," Bialkin declared in the letter.

"Accusations against Mr. Waldheim, and the shifting response he had made to them, have raised the most serious questions not only about his knowledge of any responsibility for Nazi war crimes but about the role of others as well."

Bialkin questioned whether, for example, the UN had full knowledge of Waldheim's war-time

activities and "engaged in a cover-up of his record. Were the Soviet Union or the United States or others, aware of his service with the Nazi army in the Balkans? If so, why the cover-up?"

Waldheim, the conservative Peoples Party candidate in next month's Austrian Presidential election, acknowledged last week that he was aware of atrocities committed against Yugoslav partisans during his wartime service as a German officer, though he remained insistent that he was not involved in the atrocities.

... WALDHEIM'S SON DENIES HIS FATHER WAS A NAZI OR INVOLVED IN ATROCITIES By David Friedman

WASHINGTON, April 21 (JTA) -- Kurt Waldheim's son asserted here Monday that his father was never a Nazi and was never involved in Nazi atrocities during World War II or in attempts to cover up such atrocities. "I know very well my father has a clear conscience," Gerhard Waldheim, an Austrian banker, told a press conference at the National Press Club.

The World Jewish Congress has presented documentary evidence that Waldheim, a former Secretary General of the United Nations, participated in the deportation of Jews from Salonika in Greece and the execution of partisans in Yugoslavia.

The younger Waldheim, who was born in 1948, charged that there were "other issues" behind the WJC charges, which he called "baseless." He did not explain his charge except to say that his father, who is the Austrian Peoples Party candidate for President, is the last of the generation who participated in World War II who will be seeking office and so this is the last time the issue of Nazi participation could be raised.

The younger Waldheim, a Harvard Business School graduate, sought to refute the charges against his father, repeating the assertions already made publicly by the elder Waldheim.

"Most of all, I want to dispel the grossly false charge that my father has changed his story repeatedly as fresh information has surfaced," Waldheim said. "His only 'changes' have been to add supplemental information to prove false the 'when did you stop beating your wife' accusations that have been continuously thrown at him."

Waldheim said his father's only interest during the war was to see it end and to prepare for the subsequent peace. He said his father would be saddened if he was elected president in a backlash against Jews. He said the senior Waldheim wants to have Austria come to terms with that period.

At the outset of his comments, Waldheim noted that "having been born in 1948, I am of a new generation in my country, Austria, a country, by the way, that is the principal country to receive Jews leaving the Soviet Union ... and remains a point of return to freedom for Soviet Jews."

He added that his father had been "Foreign Minister of Austria and supported this cause."

MARCEL BLOCH-DASSAULT DEAD AT 94 By Edwin Eytan

PARIS, April 21 (JTA) -- Elaborate funeral services will be held at the Chapel of St. Louis Des Invalides Tuesday for Marcel Bloch-Dassault,

France's leading manufacturer of combat aircraft for two generations, whose Mystere and Mirage jets gave Israel mastery of the air which spelled victory in the 1956 Sinai Campaign and the Six-Day War of 1967.

Dassault, born Marcel Bloch, the son of a Jewish physician, and converted to the Roman Catholic faith about 10 years after his liberation from the Buchenwald concentration camp, died last Friday at the age of 94. He will be buried close to the crypt where Napoleon is buried. Prime Minister Jacques Chirac will be the main speaker at the ceremonies, which are expected to be attended by dozens of former Premiers, government Ministers and military commanders.

Dassault was re-elected to the National Assembly last month and was scheduled to deliver its opening address. He had been a Deputy since the end of World War II and always amassed huge majorities in his re-election campaigns.

Dassault, a multimillionaire, was believed by many to be the richest man in France and was often described by leading financial publications as one of the 10 richest men in Europe. He was a graduate of France's school of aeronautical engineering and achieved fame during World War I as the inventor of the most sophisticated combat and reconnaissance planes of their time.

Returning from Buchenwald feeble and ill, he nevertheless rebuilt his company into one of the world's largest aircraft manufacturers, Avions Marcel Dassault-Breguet, which employed 16,000 people. He also became a major figure in real estate, heavy industry, and financial, publishing and film companies.

Was On Intimate Terms With Israeli Leaders

Although he never visited Israel, Dassault was on intimate terms with many Israeli leaders and reportedly took pride in the way Israeli pilots handled his high-performance Mysteres, Super-Mysteres, and later Mirage and Etandard jets, which helped give Israel its overwhelming victories over larger Arab forces.

When President Charles de Gaulle imposed an arms embargo against Israel after the 1967 Six-Day War, the flow of French aircraft was cut off and the Israel Air Force turned to the American jets which now constitute the backbone of its air power.

Many reasons have been given why Marcel Bloch converted from Judaism to Roman Catholicism in 1957, after changing his name to Dassault. Some old-time associates say he took the step because of the trauma of deportation and incarceration in Buchenwald. He returned physically shattered, weighing only 70 pounds. Others say he changed his religion to further his business interests.

PERES AND MITTERRAND MEET FOR 3 HOURS By Edwin Eytan

PARIS, April 21 (JTA) -- Israeli Premier Shimon Peres, on a two-day visit to France, met with President Francois Mitterrand for more than three hours at the Elysee Palace Monday. Their discussion focussed on the U.S. air strike against Libya and on other issues, such as East-West relations, Syrian policies and the situation in the Persian Gulf.

Peres told reporters later that he had expressed his view to Mitterrand that the American raid on Libya seriously weakened Col. Muammar

Qaddafi's internal position and Soviet influence in the area.

According to Peres, the U.S. air strike achieved its major aims: forcing Qaddafi to concentrate on the defense of his country and regime instead of plotting terrorist acts and backing revolutionary movements; and exposing the weakness of Soviet influence, and the unreliability of Soviet-made ground-to-air missiles which the Arab states had thought were a foolproof defense.

Peres said Mitterrand explained to him why France refused to allow U.S. F-111 bombers to overfly French territory on their way to Libya but would not disclose the reasons. "It is up to the French to make their position known," he said. He stressed, nevertheless, that in his view France can still be counted on as a firm backer of the Western world.

Peres will go to Strasbourg Tuesday to address the Council of Europe and will fly back to Israel Tuesday evening.

AJCONGRESS WANTS PENTAGON TO BAR SOLDIERS FROM MEMBERSHIP IN VIOLENT RACIST ORGANIZATIONS

NEW YORK, April 21 (JTA) -- The American Jewish Congress has called upon Secretary of Defense Caspar Weinberger to bar members of the armed forces from participating in activities of violent racist groups.

In a letter to Weinberger, AJCongress president Theodore Mann expressed dismay that soldiers and marines in North Carolina are active members of groups like the Ku Klux Klan and the White Patriot Party, as reported in the press.

"We were particularly disturbed," Mann wrote, "to read that an army spokesman stated that the military was powerless to take any disciplinary action against the soldiers involved."

Members of the armed forces should not be permitted to participate in the activities of "groups engaged in violent acts of racial hatred," he said. Mann recalled that the U.S. Supreme Court last month rejected an Air Force officer's request to wear a yarmulka because it would interfere with the armed forces' mission to foster "unity, commitment and esprit de corps."

Mann observed that if "a yarmulka undermines 'unity, commitment and esprit de corps,' then surely active membership in groups engaged in acts of violent racial hatred is inconsistent with service in the armed forces."

Federal courts, he noted, have upheld the government's right to dismiss an officer candidate from the Reserve Officers Training Corps because of membership in the Nazi Party.

American citizens, Mann asserted, are entitled to feel that the armed forces protect "democracy, toleration, and equality," which he declared are political values embodied in the Constitution. Armed forces members who belong to organizations that reject the authority of the Constitution betray their military oaths, his letter stated.

MONTREAL (JTA) -- The Canadian Jewish Congress, as in years past, has dispatched Passover foodstuffs to the Jewish community of Cuba to help its members celebrate the holiday. The CJC's Moe's Chittin' Project sent the Cuban Jews \$16,000 in matzoh and matzoh products, oil, and wine several months ago, timed to arrive before the Passover festival.

**SPECIAL INTERVIEW
ATTORNEYS TO HELP NA'AMAT IN
OBTAINING CHILD SUPPORT PAYMENTS
FOR ISRAELI WOMEN FROM ISRAELI
FATHERS NOW LIVING IN THE U.S.**

By Rochelle Saidel

NEW YORK, April 21 (JTA) -- Attorneys in 10 states and the District of Columbia have volunteered to assist Na'amata, the largest women's organization in Israel, in obtaining child support payments for Israeli women from Israeli fathers now living in the United States, according to Sharon Shenhav, legal adviser to Na'amata in Jerusalem.

Here on a three-week speaking tour for Na'amata U.S.A. (Formerly Pioneer Women/Na'amata), Shenhav was promised pro bono legal help on five specific cases in three states, and other legal aid as needed. In San Diego, an attorney will seek implementation of a California support order issued when the couple lived there, she told the Jewish Telegraphic Agency in an interview.

In a Miami case, an attorney volunteered to obtain a judgment against an Israeli engineer living there, who was ordered by a Jerusalem court to pay his wife in Israel support for their four children. Members of the Women's Bar Association in Florida will also handle a Pensacola and a Hollywood case, Shenhav said. In upstate New York, an order to show cause issued by a Tel Aviv court will be served to initiate a support proceeding.

Insuring Equal Treatment For Women

Shenhav's contacts with the American attorneys reflect Na'amata's theme this year for the organization's annual Status of Women Month in Israel: insuring equal treatment for women in rabbinic courts and religious law, especially in matters of divorce.

In 1953, Israeli law gave jurisdiction over marriage and divorce to rabbinic courts, she said. In matters of custody, support and division of property, civil and religious courts have concurrent jurisdiction.

Na'amata, which offers free legal advice to any of its 750,000 members who request it, advises filing cases in civil court. Then, with divorce as the last step in the process, women can go to the rabbinic court with an agreement in hand. Otherwise, ultra-religious judges often choose the most restrictive interpretation of Jewish law, she said.

Na'amata encourages all members to sign prenuptial agreements, to guard against blackmail over property and custody, and to prevent a situation that creates an agunah (a woman not granted a get, or Jewish divorce, by her husband). In a manual entitled "The Guide to the Perplexed Woman," Na'amata offers practical steps for dealing with the legal issues of marriage and divorce.

More Open-Minded Judges Needed

Shenhav believes women will be treated more fairly by rabbinic courts when there are better, more open-minded judges. She suggests that a woman be named to the appointments committee, which was created by civil legislation to appoint the rabbinic judges. Two committee members are chosen by the Bar and two by the Knesset. Presently, all four members are Orthodox males and this need not be the case, she said.

Pointing out that 80 percent of the Israel's population is not Orthodox, Shenhav questioned whether ultra-Orthodox rabbinic judges really know the circumstances of the lives of those who come before them. She said she believes that rabbinic judges who have served in the army have the best understanding of a cross-section of the population.

Many ultra-Orthodox rabbis are exempt and do not serve, she said. Many have never studied psychology, and must deal with testimony from psychologists and sociologists. Some do not even recognize the right of the Knesset and State of Israel to pass legislation, and they are waiting for the return of the Messiah, Shenhav pointed out.

There Is A Halachic Way

Na'amata is presently working within the system to try to effect changes, Shenhav said. "There is no reason any Jew can't challenge the decisions of rabbis. It's not good enough to say there is no halachic solution for the problems women face in rabbinic courts. Where there is a rabbinic will, there is a halachic way," she said. If the situation does not improve, Na'amata's membership will pressure for civil reforms, she added.

Shenhav, who studies Talmud one day a week with a group of women, made aliya with her husband and two children in 1979. A native of Chicago, the former social worker received her law degree from Georgetown University in 1969.

ANTI-SEMITIC INCIDENTS IN PERU

NEW YORK, April 21 (JTA) -- Two recent manifestations of anti-Semitism in Peru have disturbed the Jewish community there, according to Rabbi Morton Rosenthal, director of the Latin American Affairs Department of the Anti-Defamation League of B'nai B'rith.

One, an anti-Semitic article entitled "The Wandering Jew," appeared in the government-owned daily La Cronica on Good Friday. Included in its "blatantly anti-Jewish verbiage," Rosenthal said, "was the depiction of Jews as a corrupt people doomed to be eternal wanderers and strangers as long as they do not accept the deity of Christ." The article was protested by Jose Behar, president of the Jewish Association of Peru.

The second event, Rosenthal said, was the ban on Jews and women from participation in a Peruvian mission to the Middle East at the insistence of Senator Miguel Angel Mufarech, "a leading advocate of the PLO," Rosenthal said.

Mufarech, appointed by President Alan Garcia to organize the mission, has served as special emissary to Arab states. The 80 businessmen and 10 public officials invited to participate were given a manual instructing them to refrain from discussing or referring to Judaism during the course of their trip.

JERUSALEM (JTA) -- The U.S. Department of Defense may open a procurement office in Israel, Israel Radio reported Friday. According to the report, Premier Shimon Peres received a favorable reply from the Pentagon to the request made on his visit to Washington last month that the U.S. increase its military purchases in Israel for army units stationed in Western Europe. Peres asked that they be increased from \$100 million to \$500 million.