

**ISRAEL AGAIN DENIES INVOLVEMENT
IN SENDING ARMS TO THE CONTRAS
AND INITIATING ARMS SALE TO IRAN**
By David Landau

JERUSALEM, Jan. 11 (JTA) -- Israel was forced once again over the weekend to reiterate forcefully that it was in no way involved in the shipment of weapons to the Nicaraguan rebels, known as Contras, and that it acted in American arms sales to Iran only at the behest of the United States.

A government spokesman said Sunday that Israel was prepared to answer any questions by the U.S. with respect to the Iran arms affair.

These responses were to reports that surfaced in Washington last Thursday and Friday alleging that Israel had in fact initiated the U.S.-Iran arms sale and was shipping weapons to the Contras last year, apparently on its own initiative.

'Distorted And Baseless' Information

Premier Yitzhak Shamir characterized as "distorted and baseless" information leaked from the unpublished Senate Intelligence Committee's interim report on the Iran arms sale that cast Israel in the role of initiator.

Vice Premier and Foreign Minister Shimon Peres, who flew to Rome Friday morning for a 36-hour visit in connection with the 40th anniversary celebrations of the Italian Social Democratic Party, strongly denied any Israeli link to the transfer of funds from the Iranian weapons purchases to the Contras.

The matter came up briefly at Sunday's Cabinet meeting. Cabinet Secretary Elyakim Rubinstein referred reporters to earlier official government statements disclaiming any link between Israel and Contra funding. Rubinstein also reiterated earlier official statements to the effect that Israel was only responding to an American request in the Iran arms deal.

"If the United States poses questions to us, we will answer those questions," Rubinstein told reporters after the Cabinet meeting.

Shamir advised the Cabinet that the entire matter would be subject to detailed review by the Inner Cabinet (five Labor and five Likud Ministers) which meets in camera. Communications Minister Amnon Rubinstein urged that Israel hold a full-scale inquiry of its own to counter the reports coming out of Washington.

A Growing Concern

There is growing concern here and among Israeli diplomatic circles in Washington that leaks and disclosures in the Iran affair could harm U.S.-Israel relations. Israeli sources in Washington were quoted by Israel Radio Sunday as "fearing that Israel was now being made a scapegoat" by the White House.

The developments giving rise to these fears and putting Israel once more on the defense were:

The release by the White House Friday of two key documents on Iran policy. One was President Reagan's "Intelligence Finding" of January 17, 1986 authorizing clandestine operations by the U.S. government with respect to Iran.

The other document was a briefing memorandum to Reagan by his then National Security Advisor Admiral John Poindexter, which stated that an emissary of then Premier Shimon Peres came to Washington with "a plan by which Israel, with limited assistance from the U.S., can create conditions to help bring about a more moderate government in Iran."

A media report Thursday stated that Reagan was told by his advisors last September that American intelligence had detected Israeli arms shipments to the Contras. Congressional and Administration sources were reported to have seen a White House memorandum on that subject.

No Indication For Israeli Motives

Reagan was said to have been advised of the alleged Israeli weapons shipments to the Contras on the eve of a White House meeting with Peres last September. According to the sources who purportedly saw the memorandum, Reagan was advised by his aides to thank the Israeli Premier. But the subject appears not have come up at their 60-minute meeting on September 15.

There were no indications in any of the reports what Israel's motivation could have been for allegedly unilaterally arming the Contras. One source alleged that Israeli Defense Minister Yitzhak Rabin favored Contra aid.

A spokesman for the Israeli Foreign Ministry, Ehud Gol, issued a statement Thursday saying: "We can only reiterate our previous unequivocal denial. Israel has not sold, delivered or transferred arms to the Nicaraguan Contras. The subject never came up in the conversation between President Reagan and Prime Minister Peres."

Poindexter's Memo To Reagan

Israel has yet to address itself directly to the content of Poindexter's memorandum to the President. It stated, in part:

"The Israelis are very concerned that Iran's deteriorating position in the war with Iraq, the potential for further radicalization in Iran and the possibility of enhanced Soviet influence in the Gulf all pose significant threats to the security of Israel. They believe it is essential that they act to at least preserve the balance of power in the region.

"The Israeli plan is premised on the assumption that moderate elements in Iran can come to power if these factions demonstrate their credibility in defending Iran against Iraq and in deterring Soviet intervention.

"To achieve the strategic goal of a more moderate Iranian government, the Israelis are prepared to unilaterally commence selling military materiel to Western-oriented Iranian factions... The Israelis are convinced that the Iranians are so desperate for military materiel, expertise and intelligence that the provision of these resources will result in favorable long term changes in personnel and attitude within the Iranian government..."

"As described by the Prime Minister's (Peres) emissary, the only requirement the Israelis have is an assurance that they will be allowed to purchase U.S. replenishments for the stocks they sell

to Iran . . . "The Israelis are also sensitive to a strong U.S. desire to free our Beirut hostages and have insisted that the Iranians demonstrate both influence and good intent by an early release of the five Americans . . . Prime Minister Peres had his emissary pointedly note that they well understood our position on not making concessions to terrorists . . ."

The memorandum did not name the Israeli emissary but described him as the Prime Minister's "special advisor on terrorism."

White House Deletes Segments Of Report

In another development Thursday, the White House acknowledged that it had deleted information about high level U.S. contacts with Israel from the unpublished Senate Intelligence Committee report. One deletion concerned Vice President George Bush's meeting in Jerusalem last July 29 with an Israeli counter-terrorism expert, Amiram Nir, at which U.S. hostages in Beirut were discussed.

Another deletion was a letter to Reagan from an unnamed head of state. According to media reports, the letter was from Peres urging the President not to give up on his arms to Iran policy and assuring him it would eventually succeed.

BANK LEUMI PROBLEMS CONTINUE

By David Landau

JERUSALEM, Jan. 11 (JTA) -- Banking sources predicted Sunday that the entire Board of Directors of Bank Leumi, Israel's largest bank, may soon resign or be forced to resign.

One Board member, Amnon Goldenberg, a prominent lawyer, announced his resignation over the weekend and others are expected to quit in the wake of mounting protests over the excessive severance pay and pension awarded the bank's former chairman, Ernst Japhet.

Japhet stepped down last spring after a commission of inquiry found him and the heads of Israel's four other largest banks culpable in the 1983 bank shares scandal. Japhet was awarded \$4.5 million in severance pay and a \$30,000 a month pension.

The Board, at a special meeting last Thursday, agreed that the payments were unseemly. Leon Dulzin, Governor of the bank, but not a Board member, said he ordered the pension suspended. The severance payment had already been made.

Bank Leumi employees staged a one-day strike Friday to protest the deal. Hillel Arbel of the employees committee said Japhet should return the money.

Japhet, meanwhile, left for New York Sunday on private business. He told reporters at Ben Gurion Airport that he was not fleeing and would be back. But the banking tycoon has troubles on another front. His former wife Ella, whom he divorced five years ago, filed suit in Tel Aviv District Court last week for higher maintenance payments. The court promptly attached half of Japhet's assets.

Ella Japhet told the court that her former husband cut her maintenance payments after his resignation from the Bank Leumi on grounds that he was no longer a bank executive but only a "pensioner."

DEFENSE MINISTRY NIXES VISITS BY TWO LEADING PALESTINIANS TO A MIDEAST SYMPOSIUM AT SAN DIEGO U.

By Gil Sedan

JERUSALEM, Jan. 11 (JTA) -- The Defense Ministry has refused to allow two prominent Palestinians to attend an international symposium on the Middle East at the University of San Diego in southern California next week. The ban apparently does not apply to three other Palestinians invited to the symposium.

The two denied permission to leave are Mustapha Abd A-Nabi Natshe, the former Mayor of Hebron, and Fayez Abu-Rahme, a lawyer from Gaza. Security sources said there was concern they would use the occasion to meet with hostile elements but did not elaborate.

Natshe and Abu-Rahme were to have been part of a large Israeli delegation. The invitees include Abba Eban, chairman of the Knesset's Foreign Affairs and Security Committee; Knesset members David Libai and Shulamit Aloni; Prof. Shimon Shamir, a leading expert on Middle East affairs; Hanna Seniora, editor of the East Jerusalem Arabic daily El-Fajer; Hatem Abu-Ghazale, a Palestinian educator from Gaza; and Dr. Sari Nusseibeh of Bir Zeit University in the West Bank.

The Defense Ministry was reported under pressure from the U.S. Embassy in Tel Aviv to lift the ban. Eban is to discuss the matter Monday with the other Israeli members of the delegation.

BIR ZEIT UNIVERSITY FACULTY MEMBER SENTENCED BY NABLUS MILITARY COURT

JERUSALEM, Jan. 11 (JTA) -- A faculty member of Bir Zeit University in the West Bank was sentenced to 39 days' imprisonment and given a six-month suspended sentence by a Nablus military court Sunday for failure to cooperate with police during the December 4 sit-down strike at the university and the rioting which followed.

The sentence, handed down by the military judge, Col. Zeev Lison, corresponded to the time the defendant, Saleh Abdul Jawad, was held in detention pending trial. Lison rejected a prosecution demand that Jawad, a 34-year-old senior lecturer in history, serve two months in jail.

The defendant had pleaded guilty to failure to obey army orders to disperse the strikers and refusing to show his identity card to a policeman. Charges of inciting to riot were dropped.

JERUSALEM (JTA) -- Finance Minister Moshe Nissim announced a 320 million Shekel cut in his proposed budget for the next fiscal year, apparently ending the month-long debate on the issue. He made the announcement at the end of a meeting of the Ministerial Economic Committee at the Finance Ministry Sunday. The new budget retains an education tax and subsidy cuts. But a car tax in effect for the past two years will not be extended.

FOCUS ON ISSUES SHIITE TERRORISTS RENEW THREATS AGAINST LEBANESE JEWS By Dr. George Gruen

(Editor's note: Dr. George Gruen is director of Middle East Affairs of the American Jewish Committee.)

NEW YORK, Jan. 11 (JTA) -- The radical Shiite Moslem group that has claimed responsibility for kidnapping and killing seven Lebanese Jews in the past 21 months has now stepped up its campaign of terror by again threatening to kill all remaining hostages unless its demands are met.

What makes this particularly ominous is that the renewed threat by the self-styled "Organization of the Oppressed (Mustadafin) in the World" was delivered to the Beirut paper *An-Nahar* on January 6, only a week after the terrorist group had announced the execution of three Lebanese Jewish hostages.

The Shiite terrorist group contended that the men had been executed because they were "spies for the Israeli Mossad" who had supplied Israel with information on the Islamic Resistance, a coalition of Lebanese anti-Israeli groups. The timing of the latest executions, it declared, was "in retaliation for Israel's attacks against the south and western Bekaa (Valley) and the terrorist attacks against our people in occupied Palestine."

(A spokesman for the Israeli Foreign Ministry responded that "the gratuitous murder of three innocents reveals the true nature of terrorist movements in Lebanon," and Prime Minister Yitzhak Shamir vowed that Israel would seek out and punish "these barbarians" who again had "used defenseless Jews as a means of hitting at Israel.")

The Latest Victims

The latest victims were reported to be Elie Srour, an electrical engineer, near 50, who had been kidnapped on March 28, 1985; Youssef (Joseph) Benesti, 33, kidnapped in mid-May 1985; and Henri Menn, a man in his fifties who lived alone in Moslem-controlled west Beirut. Until the publication of Menn's photograph and the announcement of his "execution" by the Organization of the Oppressed, there had been no information that he had been abducted.

(There had been reports earlier this month that another man named Elie Srour, 68, had been executed. But this man, a pharmacist, is alive and well in Paris.)

Fanatical Group Is Deadly Serious

The kidnapping and murder of Menn provides further evidence that this fanatical group was deadly serious when it first declared, on December 28, 1985, that it would strike against other Jews "on whom we may lay our hands" unless its demands against Israel were met.

That threatening statement was issued at the time of the murder of the first two hostages: Haim Cohen, 38, a department store accountant, on December 24, 1985; and Prof. Isaac Tarrab, 70, a retired professor of mathematics, whose body was found at the end of the month.

Neither Cohen nor Tarrab was involved in partisan Lebanese politics or in the Arab-Israeli conflicts in any way. Indeed, it was precisely because they felt themselves deeply rooted in Lebanon that they and the other Jews who have become victims of Shiite terrorism remained behind when the vast majority of Lebanese Jews

emigrated either to Israel or to join relatives in other countries during the decade of turmoil that has engulfed Lebanon.

Dr. Rosemary Cohen, the sister-in-law of Haim Cohen, has declared that he "was given the opportunity to go to Israel. But he did not want to go so as not to have to face the possibility of killing his Arab friends."

A neighbor and former student of Tarrab stressed to me that he was not a Zionist and in fact had virtually no connection with Jewish life. "He was not interested in anything but his figures and his pipe." The killing of this gentle old man, she said, was "a senseless death."

Diverse Backgrounds Of The Victims

The kidnap and murder victims are of diverse backgrounds and ages. They have only two things in common: they were known to be Jews and they had the bad fortune of living in west Beirut, which made them targets of opportunity for the radical Moslem elements. (There are fewer than 10 Jews in west Beirut and about 70 in east Beirut.)

The third murder victim was Ibrahim Benesti, 34, the brother of Joseph. Ibrahim's body was found by the police on February 19, 1986. The coroner's office reported that he had been shot twice and strangled. The body also bore signs of torture and beatings to the head. Both Ibrahim and the father of the two men, Yehuda Benesti, 70, had been kidnapped earlier in February.

It is tragically ironic that when Joseph had been abducted the previous May, the father at first did not report the disappearance to the police, because he believed that his friends and customers of his shop within the surrounding Shiite and Palestinian communities would discreetly intervene on behalf of his son and secure his release.

The fourth victim was Dr. Elie Hallak, 58, vice president of the Lebanese Jewish community. Hallak was one of the four Jews kidnapped over the last weekend in March. Reportedly, armed men in uniform had dragged him from his home on a Friday night, during the Sabbath meal. His "execution" was announced in a statement published on February 19 in the Lebanese press.

The Organization of the Oppressed said that it would not release his body until Israel "stopped its criminal operations" in southern Lebanon, withdrew from "all of the occupied territories" and released "all our brothers detained in Khayam," a South Lebanese Army detention camp.

The same conditions were reiterated by the group when it refused to release the bodies of the latest three victims. It is speculated that the bodies have not been released either because the Shiite terrorist group does not want to reveal evidence that it had also tortured them or because they may have been killed some time ago.

'He Was Totally Apolitical'

Rachel Hallak still vainly hopes that her husband may yet be alive. In public appeals to the kidnappers, she has stressed how her husband, a noted pediatrician, was known as "the doctor of the poor," because he would not collect fees from those who could not pay, "whatever their religion."

His patients included many Shiites in Beirut and in the villages of the south. His neighbors, she writes, all "could bear witness that he was totally apolitical, for the simple reason that his profession had shaped his entire life." (In fact,

one of his patients was the son of a prominent PLO leader.) The Organization of the Oppressed has stated that it is still holding the following persons: Isaac Sasson, 66, the president of the Lebanese Jewish community, who was kidnapped on March 31, 1985 on his way from the airport in west Beirut on his return from a business trip for the pharmaceutical firm he directed; and Yehuda Benesti, whose two sons were among those murdered by the group.

It is generally believed that the group may also be holding Salim Jammous, 56, the secretary-general of the Lebanese Jewish community, who was abducted near the synagogue in west Beirut on August 15, 1984. Nothing is known of the whereabouts of Clement Dana, an elderly man who lived alone and disappeared in April 1985.

The formation of a worldwide group under the name of "the Party of the Oppressed" was suggested by Ayatollah Khomeini during a meeting with the Syrian Foreign Minister on August 16, 1979, in which Khomeini declared it to be "the same as the 'Party of God' (Hezbollah)."

At a memorial meeting in New York on January 8, 1986 on behalf of the first two Jewish victims, the Rev. Joseph O'Hare, president of Fordham University, poignantly declared: "It is once again a cruel irony that the murderers of Haim Cohen and Isaac Tarrah should dare to call themselves representatives of the oppressed of the world. No greater human oppression is possible than the reduction of individual human beings to nameless symbols whose lives are snuffed out in some sterile political gesture."

JEWISH GROUPS EXPRESS DISTRESS OVER SOME REMARKS O'CONNOR MADE DURING HIS MIDDLE EAST TRIP By Margie Olster

NEW YORK, Jan. 11 (JTA) -- A statement issued Saturday night by 53 major Jewish organizations said the leaders were "disquieted and distressed" by statements sympathetic to Palestinians that John Cardinal O'Connor made during his Middle East visit.

The statement noted that O'Connor, the Roman Catholic Archbishop of New York, failed to understand all sides of the Palestinian issue, although this was one of the motivations behind Israel's invitation to O'Connor.

"The Cardinal was understandably moved by the circumstances of the Arab refugees. But the refugee problem must be understood in the context of the deliberate policy of Arab states, some prodigiously wealthy, that has kept these people as refugees and in a dependent condition for nearly 40 years, serving as pawns in a war that the Arab world continues to wage against Israel. By contrast, Israel has resettled more Jewish refugees from Arab lands than there were displaced Arabs," the Presidents' statement said.

O'Connor said he was shocked by the conditions in a Gaza refugee camp he visited and contended that Americans stereotyped Palestinians as terrorists.

Earlier last week, some Jewish leaders praised O'Connor for his ecumenical statesmanship in working out a way to meet Israeli President Chaim Herzog and Foreign Minister Shimon Peres in their Jerusalem homes.

The statement Saturday also noted that "Cardinal O'Connor has shown himself to be a strong voice against anti-Semitism and a supporter

of a number of causes to which Jews are devoted, especially that of Soviet Jewry.

"We recognize that the Cardinal is bound by Vatican policy concerning Jerusalem, and we note the sincerity of his apology for the misunderstanding that developed. But we were nevertheless disquieted and distressed by reports in the press of statements he made during the course of his visit to Jordan and Israel."

O'Connor's visit highlighted the two critical issues relevant to Middle East peace and closer Catholic-Jewish relations, the statement said.

"First, the failure of the Vatican to establish de jure diplomatic relations with Israel . . . Second, the failure of the Holy See to come to terms with the reality of a unified Jerusalem as capital of Israel."

The signatories represented virtually every major Jewish group in the nation including community, rabbinical, Zionist and fund-raising organizations.

RECORD ISRAEL BOND SALES OF \$603 MILLION IN 1986

NEW YORK, Jan. 11 (JTA) -- A total of \$603 million in cash proceeds for Israel's economic development, which represents an increase of \$98 million over 1985 results and close to \$200 million more than 1984 sales, has been announced by the Israel Bond Organization.

The announcement was made by David Hermelin of Detroit, international campaign chairman, and William Belzberg, national chairman, who described the 1986 accomplishment as "the most productive Bond campaign by far in the 35-year history of our organization."

They declared that the \$603 million response in 1986, which included sales of Israel Bond securities in the United States, Canada, and countries in Western Europe and Latin America, "demonstrated the continuing partnership with Israel by Jewish communities in all the countries where we conduct our Bond effort. In addition, it expresses the confidence of thousands of institutional investors, including banks, pension funds, and employee benefit funds, in Israel's economic future."

The Bond leaders praised the president and chief executive officer of the Bond Organization, Gen. Yehudah Halevy, "who was responsible for this great success and for the excellence of his leadership and management of the campaign all over the world."

In a cable to Israel Finance Minister Moshe Nissim, they joined with Halevy in "expressing the hope that our outstanding 1986 results will help Israel move forward from the economic stability achieved this year to further new growth."

In addition to its record Bond sales in 1986, the Bond Organization, in response to a request by the government of Israel, volunteered to accept an additional task and under its auspices, a total of 131 delegations, of which 107 were synagogue groups, visited Israel during the past year.

There will be no Bulletin dated January 19, Martin Luther King, Jr. Day, a postal holiday.