

**ARAFAT CALLS FOR DIRECT TALKS
IN AN APPEARANCE ON ISRAELI TV**

By Hugh Orgel

TEL AVIV, Jan. 21 (JTA) -- Two days after the Knesset lifted a ban on contacts with the Palestine Liberation Organization, Israel Television broadcast an interview with Yasir Arafat in which he called for direct meetings between Israel and the PLO.

The phone interview was arranged by the Israeli peace activist Abie Nathan, who called Israel's state-run television from Tunis and then put the PLO chief on the line. The taped statement was then aired later during a news program.

"I call once again on the prime minister, Mr. (Yitzhak) Rabin, and his government to agree to a meeting of the courageous, in order to establish a courageous peace," Arafat said.

Nathan kept a promise by flying to Tunis and becoming the first Israeli to meet legally with Arafat under the new law. Last fall, Nathan said in an interview he would meet with Arafat and have coffee with him as soon as the law against meeting with the PLO was nullified.

Nathan attended the historic vote in the Knesset on Tuesday night in which the longstanding ban was repealed. He left Israel a few hours later to meet the PLO chairman at his headquarters in Tunis.

As he left Israel, Nathan said he would ask Arafat to make a reciprocal gesture. But he declined in telephone interviews he gave from Tunis after his meeting to give details of the talk.

Nathan has twice been jailed for meeting Arafat under the old law forbidding contact with the PLO.

Other Israelis, including some dovish Knesset members, have reportedly arranged a meeting with PLO officials to take place shortly in Cairo.

**ISRAELI LIFTING OF PLO BAN
DOES NOT CHANGE U.S. POLICY**

By Deborah Kalb

States News Service

WASHINGTON, Jan. 21 (JTA) -- The United States has welcomed the Israeli Knesset's vote this week to repeal a ban on contacts with the Palestine Liberation Organization, but says the move will have not have any immediate effect on U.S. policy.

"There has been no change in our policy as regards the PLO," State Department spokesman Richard Boucher said Thursday during his first briefing for the Clinton administration.

That will likely come as good news to Israeli Prime Minister Yitzhak Rabin, who was known to be concerned that the Knesset action would prompt the United States to resume its dialogue with the PLO or support calls for the organization to play a more direct role in the Middle East peace talks.

The United States has in the past promised not to ask Israel to negotiate with the PLO.

The U.S. government began low-level diplomatic contacts with the PLO in December 1988, after it recognized Israel's right to exist and publicly renounced terrorism. But the dialogue was suspended in June 1990, after the PLO failed to

condemn an attempted terrorist attack on Israel staged by one of its factions.

When asked if Washington was now considering reopening the dialogue, Boucher said, "I wouldn't put it that way, no."

He added: "There has been no change in our policy regarding the suspension of the U.S. dialogue with the PLO."

When asked if the PLO had met a series of conditions the United States had laid out two years ago for resuming the dialogue, Boucher said he had not "reviewed the present situation" to see which of the conditions apply.

But he reiterated that "there's been no change in our policy regarding the dialogue, and that's where we are today."

No Travel Plans Yet

Earlier in the day Secretary of State Warren Christopher was quoted as telling reporters that Israel's lifting of the ban on contacts with the PLO is a "positive development that might be conducive to moving forward" on the peace talks.

Progress on setting a date for a new round of peace talks has been stalled over the issue of Israel's deportation last month of more than 400 Palestinians to Lebanon.

Boucher said the United States continues "to believe in the importance of the talks" and urges the parties involved to "take them up again and continue with their discussions."

"Our position is that the parties really should focus their attention on the essential issues" that are being discussed in the bilateral talks "and not allow themselves to be diverted into other issues," he said.

Boucher said the United States had talked to the Israelis, the Lebanese and other governments "about this situation there, and we think it's something that needs to be resolved."

There had been reports this week that Christopher was considering making a trip to the Middle East in February to inject new momentum into the peace talks.

When questioned about this, the new secretary told reporters he had "given a little thought to that" but was not ready to announce a trip.

"I'm afraid there is a certain inevitability about that," he said. But he added, "I wouldn't pack my bags until late February at least."

**ISRAEL STILL DEFENDING DEPORTATIONS
AS IT AWAITS DECISION BY HIGH COURT**

By Gil Sedan

JERUSALEM, Jan. 21 (JTA) -- Prime Minister Yitzhak Rabin is continuing to defend Israel's deportation last month of 415 Moslem fundamentalists to Lebanon.

At the same time, some Israeli officials appear to be hoping that the crisis will be resolved by Israel's High Court of Justice, which is hearing arguments on the legality of the deportations and could reverse them.

An Israeli military spokesman was quoted as saying that there would be no change in the government's policy at least until the High Court hands down its decision. The court hearings were expected to resume Monday.

Meanwhile, Rabin met Thursday evening once

again with Chinmaya Gharekhan, the U.N. special envoy dispatched to the Middle East to find a solution to the deportation situation. Gharekhan was scheduled to return to New York on Friday and report to the secretary-general on his efforts.

Gharekhan refused to elaborate on the details of the discussion or to say whether he had come up with a new compromise to resolve the problem. Speculation that a formula was in the offing was spreading this week, but with no results so far -- at least for the record.

Rabin, in an address Thursday to a WIZO convention in Tel Aviv, stressed that Israel would continue to use "various measures" in its fight against Islamic fundamentalist groups such as Hamas and Islamic Jihad.

Rabin emphasized that these movements aim for the complete elimination of Israel and that the fight against them would continue even as Israel pursues peace with its Arab neighbors.

"We have the right to act against those who do not only kill Israelis and Palestinians, but wish to kill the peace," he said.

Opposition among Israeli Arabs and Palestinians to the deportations continued with dozens of demonstrators showing up Thursday at the Rosh Hanikra border point with Lebanon.

The demonstrators tried to cross the border and deliver supplies to the deportees. After police and soldiers stopped them from crossing, the protesters waved banners on the Israeli side of the border and shouted anti-government slogans.

Palestinian spokeswoman Hanan Ashrawi said Thursday that the new U.S. administration's policy in handling the deportation issue will test the consistency of America's Middle East policy.

"I think this is a very important challenge to the new president," she said.

EX-KNESSET MEMBER GOING TO JAIL FOR MISAPPROPRIATING SHAS FUNDS

By Gil Sedan

JERUSALEM, Jan. 21 (JTA) -- Former Knesset Member Yair Levy of the Orthodox party Shas, has been sentenced to five years in jail for stealing money from a party fund meant to finance educational projects.

Levy was convicted of stealing 311,791 shekels (approximately \$115,500) from the Shas party's El Hamayan fund. In addition to the jail sentence imposed Thursday by the Tel Aviv District Court, Levy faces a 275,000 shekel (\$102,000) fine and a two-year suspended jail sentence.

Levy's wife, Geula, was sentenced to six months in jail for forging signatures on checks in the bank where she worked. She also received an 18-month suspended jail sentence, but in actuality it is unlikely she will serve even her six-month term, substituting community service instead.

The judge said he would have given Geula Levy an even stiffer sentence were she not the mother of seven children.

Yair Levy seemed particularly shocked by the stiff sentence, which broke a plea bargain reached earlier between Levy and the prosecution.

Under the deal, Levy was supposed to have received a 40-month sentence in exchange for admitting to most of the charges.

However, Judge Arye Segalson did not honor the plea bargain, strongly criticizing Levy's behavior. He blamed Levy for putting the money into his own pocket, under the pretext of using the funds for public purposes.

He charged that Levy, who headed the

educational network El Hamayan, had "separated conscience from his lust for money." And he said Levy's statement during the trial regretting his actions was insincere.

"Penitence is expressed in deeds, not words," said the judge, "and Levy will continue to enjoy his ill-gotten money even after his release from jail."

The judge was particularly critical of Levy's insistence on keeping his right to remain silent at the beginning of the trial. "Such a person should not expect mercy from the court," he said.

Levy's lawyer announced he will appeal the decision to the Supreme Court.

The state attorney's office expressed satisfaction over the sentence, despite the fact that the judge rejected the plea bargain agreement.

The head of the Shas party, Interior Minister Arye Deri -- himself the subject of an investigation over the misuse of government funds -- said he was disappointed with the decision.

ISRAEL MUST RETURN SINAI ARTIFACTS TO EGYPT, UNDER TERMS OF AGREEMENT

By Hugh Orgel

TEL AVIV, Jan. 21 (JTA) -- Israel must return to Egypt within two years thousands of ancient artifacts it dug up in the Sinai desert, according to an agreement recently reached between the two countries.

During the nearly two decades that Israel held the Sinai after capturing it in war from Egypt, Israeli archaeologists conducted hundreds of digs.

But when Israel agreed to return the land as part of the Camp David peace treaty, it was also understood that Israel would eventually have to return the archeological finds after completing research on the objects.

A team of Egyptian officials and archaeologists has visited Israel to discuss implementation of international agreements, which rule in certain cases that ancient artifacts must be returned to the country in which they were found.

The accords stipulate, however, that researchers be given five years to complete scientific studies and investigation, according to Professor Amir Drori, head of the Israel Antiquities Authority.

Some Israeli archaeologists here said they were unhappy with the agreement, demanding more time to complete their research. They claim they should be given more time in light of the fact that Egypt, when it did control the Sinai, showed little interest in digs east of the Suez Canal and carried out no expeditions in the Sinai.

Between 1972 and 1982, over 1,300 archaeological sites were mapped by Israeli archaeologist Eliezer Oren in this previously neglected region.

At these sites, thousands of ancient pots, coins, statues, and glass and stone artifacts were uncovered, in addition to papyrus and other documents written in ancient Hebrew and Arabic.

Most of these findings have been placed under the care of Ben-Gurion University of the Negev.

The process of transferring the artifacts to the Egyptian authorities will begin shortly, and complete Israeli-Egyptian cooperation is expected.

Oren has said that he sees the process of returning the findings as an impetus for the beginning of positive cooperation with the Egyptians on cultural issues and the start of an archeological dialogue.

U.S. INVESTIGATING GERMAN DOCTOR NAMED TO HEAD WORLD MEDICAL GROUP

NEW YORK, Jan. 21 (JTA) -- The U.S. Justice Department has begun an investigation into the wartime activities of a German doctor elected president of the World Medical Association.

The probe would determine whether Dr. Hans Joachim Sewering, a former member of the Nazi SS, should be placed on the "watch list" which bars entry into the United States.

The action by the Justice Department's Office of Special Investigations follows a request by the World Jewish Congress, which is launching its own investigation into the case.

These actions came after a campaign was launched to ask Sewering to withdraw his name from the presidency of the World Medical Association, to which he was elected last October.

The American Medical Association, a constituent member of the world organization, has asked Sewering to step aside. A spokesman for the Chicago-based group said if Sewering did not withdraw as president-elect, the American group would oppose his taking office.

Under the rules of the world body, he is to become president this coming October.

The campaign to bar Sewering from the association presidency was initiated by Professor Michael Kochen of the University of Gottingen, in Germany, and doctors from the United States, Canada and Israel.

Sewering, who is 76, has acknowledged he was an SS member before World War II but denied accusations that he sent a tuberculosis patient to death as part of the Nazi euthanasia program.

Sewering, who lives in Dachau, the site of a wartime death camp, told The New York Times, "I was 17 in 1933 when I had to join the SS."

Later, he said, "I joined the armed forces and was no longer active in the SS except in its cavalry branch, the only part of the organization not accused of war crimes."

Charges 'Keep Coming Up'

Charges against Sewering were first made by the German magazine Der Spiegel in 1978.

At that time, it was reported that Sewering was a doctor in 1943 at the Schonbrunn tuberculosis hospital.

"I still work at Schonbrunn," the doctor told the Times, emphasizing that the hospital run by a Roman Catholic order "never would have suggested anyone who was involved in the euthanasia program as a candidate for the presidency of the World Medical Association."

Sewering said the patient in question had simply been discharged on order of hospital authorities and said the Nazi euthanasia program had been stopped in 1941.

The chairman of the German National Chamber of Physicians, in Cologne, told the Times that the organization remains behind Sewering, whom it put forward for president of the world body.

Dr. Karsten Vilmar said the charges against Sewering "were proven baseless in 1978, but they keep coming up." He said the organization would never have suggested Sewering for the post if the charges against him were true.

But Dr. Kochen, who opposes Sewering's nomination, told the Times that "to say the charges are baseless is simply a lie."

Sewering would have to have known what would happen to a patient sent to a known euthanasia facility, Kochen said.

DEMJANJUK DEFENSE TEAM ADMITS TAPE OF KEY WITNESS WAS ERASED

NEW YORK, Jan. 21 (JTA) -- A lawyer for convicted Nazi war criminal John Demjanjuk has admitted that a taped interview with an important witness in the case was erased by a supporter of Demjanjuk who was present during the interview.

The interviewed witness, a former SS guard at the Treblinka death camp, had reportedly said previously that he knew a Treblinka guard with a name similar to Demjanjuk.

Demjanjuk, a 72-year-old retired Cleveland auto worker, has repeatedly denied ever being at Treblinka, although he was convicted and sentenced to death in Israel for crimes committed as the notorious "Ivan the Terrible" of the death camp.

Israel's High Court of Justice is considering an appeal of that conviction. Meanwhile, an American court is reviewing Demjanjuk's 1986 extradition to Israel.

In that proceeding, Demjanjuk's public defender, Edward Marek, told U.S. Justice Department attorney Patty Merkamp Stempler in a letter that "no written report exists" of a 1990 interview with the witness, former Treblinka guard Nikolai Malagon.

And, he said, the tape was "erased two or three days" afterward by an individual named Jaroslav Dobrowskyj, who traveled to Ukraine with the defense team to interview Malagon.

Marek, reached by telephone, declined to comment.

His letter was a response to questions put to the defense by Stemler, who is chief of the appellate section of the Justice Department's Criminal Division in Washington.

'Reeks Of A Coverup'

It was made available by the World Jewish Congress, which decried the erasure.

"This reeks of a coverup," Kalman Sultanik, a WJC vice president who is himself a Holocaust survivor, said in a statement.

Marek is defending Demjanjuk before the 6th Circuit Court of Appeals in Cincinnati, which is hearing accusations that crucial exculpatory evidence regarding Demjanjuk was withheld by the Justice Department's Office of Special Investigations during his denaturalization and extradition hearings.

Demjanjuk was extradited to Israel, where he was convicted in 1988 and sentenced to hang.

The Cincinnati court appointed a special master, U.S. District Judge Thomas Wiseman, in Nashville, Tenn., to investigate the Justice Department's handling of the case.

After two days of testimony last week by two former Justice Department lawyers, both of whom defended their work on the Demjanjuk case, Wiseman told reporters that his investigation is expected to be finished by May.

Demjanjuk has steadfastly maintained that his was a case of mistaken identity and that Ivan the Terrible was in fact a man named Ivan Marchenko.

Malagon, who served a prison sentence for war crimes, told Soviet authorities in 1978 that he remembered both an Ivan Demedyuk or Dem'yanyuk who was a cook at the Treblinka camp and was later promoted to operating gas chamber vans.

He also remembered that there was a man named Marchenko who operated the gas chambers.

WJC FIGHTS FILMING AT AUSCHWITZ, BUT OTHER GROUPS LESS CONCERNED

By Tom Tugend

LOS ANGELES, Jan. 21 (JTA) -- An attempt by the World Jewish Congress to stop Steven Spielberg from filming part of his next movie at Auschwitz has been met with a largely negative response from the noted producer-director, other Jews in Hollywood and spokesmen for Holocaust memorial institutions.

The WJC said it was concerned that commercial filming at the death camp, where more than 1 million Jews were killed, would disturb the dignity of the site.

A spokesman said the organization had been informed that Spielberg planned to use hundreds of extras and build a fake gas chamber for his movie, "Schindler's List."

WJC leaders were also reportedly upset because Spielberg, the director of such hits as "E.T." and "Gremlins," had bypassed the International Auschwitz Museum Council -- of which WJC Vice President Kalman Sultanik is vice chairman -- and got permission to film directly from the Polish government.

Sultanik has submitted a protest to the Polish ambassador to the United States and left Wednesday for Warsaw, where the WJC leader promised to pursue the issue.

"Schindler's List" is based on the best-seller by Thomas Keneally and tells the story of a brave German businessman who saved more than 1,000 Jews by employing them in his factory and refusing to turn them over to the Nazis and certain death.

Spielberg, currently in the final stages of editing the film "Jurassic Park," was not available for comment, but his spokesman, Marvin Levy, said that an advance production crew for "Schindler's List" was already in Poland, and that filming would begin as scheduled in early March.

Levy said that actual filming at the Auschwitz camp would take no more than three days and that Spielberg did not plan to replicate a gas chamber.

An 'Insult' To Spielberg?

Irish actor Liam Neeson has been cast in the lead role of Oskar Schindler, and the film is expected to be released in December of this year.

Other Jewish groups echoed WJC's concern for the solemnity of the site, but expressed confidence that a filmmaker of Spielberg's standing would treat the subject with sensitivity. They also saw the project as an opportunity to educate millions about the horrors of the Holocaust.

The Simon Wiesenthal Center, which has clashed with the WJC in the past, described the action by the latter organization as "really an insult," in the words of Rabbi Marvin Hier, the center's dean.

"We unreservedly support Mr. Spielberg," Hier said. "To put so many restrictions on him will only give credence to Holocaust revisionists."

He noted that the television series based on Herman Wouk's "War and Remembrance" had been shot at Auschwitz, with the sensitive guidance of Holocaust survivor Bronco Lustig, who is performing the same service for "Schindler's List."

Michael Berenbaum, project director of the U.S. Holocaust Memorial Museum in Washington, said he saw no objections to the film project if it were handled with taste and responsibility.

He hoped, however, that a location adjoin-

ing, rather than inside, the former death camp could be used for the film.

In Los Angeles, David Lehrer, regional director of the Anti-Defamation League, said he questioned whether it was necessary to film at Auschwitz itself, in light of the advanced technology for recreating any given location, but that some latitude should be allowed to someone of Spielberg's accomplishments.

Members of the film industry strongly backed Spielberg. "I can't understand this controversy. I think it's marvelous that someone like Spielberg will do a film about the Holocaust," said screenwriter Hal Sitowitz.

'Will Bring More Awareness'

Director Jeremy Kagan agreed.

"It's difficult enough in this day and age to get anyone in the mass media to pay attention to the Holocaust," he said. "If someone of Spielberg's eminence is willing to take a chance on the subject, it will certainly bring more awareness to a public that would rather forget."

Informed of such reactions, WJC spokesman Elan Steinberg emphasized repeatedly that "we're not ascribing any ill intentions to Spielberg."

But once a precedent had been set of bypassing the body responsible for the preservation of Auschwitz, the camp site could turn into a Hollywood back lot, Steinberg said.

"There is one strong view that only documentaries, and not commercial movies, should be filmed at Auschwitz," he added.

In Canada, Sigmund Sobolewski, co-director of the Auschwitz Awareness Society and himself a survivor, said he plans to raise the issue at the next meeting of the International Auschwitz Museum Council, being held later this month in Oswiecim, Poland.

"Mr. Spielberg, a Jew himself, must be aware of concerns about the dignity of this, the biggest Jewish cemetery in the world," said Sobolewski, who is Catholic.

(Contributing to this report was JTA correspondent Gil Kezwer in Toronto.)

OSI FILES SUIT TO REVOKE CITIZENSHIP OF CHICAGO MAN

WASHINGTON, Jan. 21 (JTA) -- The Justice Department's Office of Special Investigations has filed suit to revoke the citizenship of a Chicago man accused of having taken part in Nazi-sponsored acts of persecution during World War II.

Joseph Grabauskas, a retired chemist, is accused of having served as an officer in the 2nd Lithuanian Schutzmannschaft (Protective Detachment) Battalion in Byelorussia, now Belarus.

Grabauskas, 73, whose first name is also given as Juozas, joined the 2nd Battalion as a 2nd lieutenant in July 1941 and in this position allegedly participated in Nazi-sponsored persecution.

According to the government complaint, Grabauskas concealed his wartime activities when applying to immigrate to the United States in 1949 and when he applied for citizenship in 1955.

He could not be reached for comment.

From 1941 to 1942, the 2nd Battalion participated in the mass murder of thousands of unarmed Jews and others in Byelorussia.

The killings were conducted under the rubric of Operation Barbarossa, a campaign launched June 21, 1941, in which the Nazis recruited local collaborators for mobile killing squads that eradicated whole towns and villages.