

NEWS AT A GLANCE

■ Holocaust survivors could get millions of dollars in restitution for gold looted by the Nazis, according to U.S. Undersecretary of Commerce Stuart Eizenstat, who released a long-awaited report on the post-war distribution of Nazi gold. [Page 1]

■ A state law permitting a moment of silence in public schools is legal, according to the U.S. Court of Appeals for the 11th Circuit. [Page 4]

■ Israel categorically denied charges that a top U.S. official passed highly sensitive information to the Jewish state. The charge sparked anxiety in the American Jewish community. [Page 3]

■ The U.S. Senate voted overwhelmingly to postpone until October a cutoff of Supplemental Security Income benefits to legal immigrants. The measure, which still must clear the House of Representatives, would stall the loss of about \$460 per month to poor and disabled immigrants, who were slated to lose their federal benefits in August under welfare reform legislation enacted last year.

■ Israeli Foreign Minister David Levy was invited to visit Jordan, a day after a meeting between Jordan's Crown Prince and Israel's prime minister was canceled because of a dispute over water.

■ U.S. envoy Dennis Ross met with Israeli Prime Minister Benjamin Netanyahu in an effort to revive the stalled Israeli-Palestinian peace talks. He is scheduled to meet with Palestinian Authority leader Yasser Arafat on Thursday.

■ Israeli air force planes attacked Hezbollah targets in Lebanon for a second straight day.

■ The American Jewish Committee called on the German government to rectify the injustice of giving pensions to Waffen SS veterans, while denying pensions to Holocaust survivors in Eastern Europe and the former Soviet Union. The German government responded, saying it was working to prevent pension payments to Nazi war criminals.

NEWS ANALYSIS**Holocaust survivors could benefit in wake of U.S. report on Nazi gold**

By Matthew Dorf

WASHINGTON (JTA) — Holocaust survivors stand poised to benefit from a major financial windfall as a result of a scathing U.S. study on the fate of Nazi gold.

Armed with more than 200 pages that leave no Allied, Axis or neutral power unblemished, the United States, in releasing the report this week, said it would seek to give tens of millions of dollars in World War II-era German gold to survivors.

The gold, stored in the Bank of England and the Federal Reserve Bank in New York, is the remnants of Nazi wartime plunder recovered by the Allies.

Holocaust victims could see millions more if the United States reopens negotiations with Switzerland and other nations over decades-old agreements that misrepresented the amount of money the Nazis looted and sold to neutral nations to finance their war effort.

The development means that 50 years after Hitler's attempt to eliminate the Jewish people, Holocaust survivors could obtain additional reparations as a result of new inquiries into a chapter of history that had not so long ago been thought closed.

Earlier this year, bowing to pressures from international Jewish groups, led by the World Jewish Restitution Organization, the Swiss government established two funds to provide needy Holocaust survivors with millions of dollars.

This week's release of the U.S. study, "U.S. and Allied Efforts to Recover and Restore Gold and Other Assets Stolen or Hidden by Germany During World War II," caps a 7-month interagency review, which was overseen by U.S. Undersecretary of State Stuart Eizenstat.

'Swiss were aware of the Nazi gold heists'

The long-awaited Eizenstat report is as unique for its research of more than 15 million documents as it is for its specificity, including an entry in the German central banks registry of 854 rings deposited from Holocaust victims. (www.state.gov/www/regions/eur/holocausthp.html)

Among the key findings:

- Neutral countries "ignored repeated Allied entreaties to end their dealings with Nazi Germany." Their trade "with the Third Reich had the clear effect of supporting and prolonging Nazi Germany's capacity to wage war."

- The U.S. secretaries of state and treasury lied to Congress after the war about the amount of Nazi gold in European banks.

- Great Britain, to bolster their tight immigration policies to Palestine, worked to stop humanitarian aid to Holocaust survivors who could have used the money to go to Palestine.

- The "inflexibility" of the Swiss banks "made it extremely difficult for surviving family members of Nazi victims to successfully file claims to secure bank records."

- Both the Swiss central bank and private Swiss bankers "knew, as the war progressed, that the Reichsbank's own coffers had been depleted, and that the Swiss were handling vast sums of looted gold. The Swiss were aware of the Nazi gold heists" from the countries the Nazis overran.

- There is no evidence that Switzerland or other countries, including the United States, knowingly accepted the gold of Holocaust victims.

- Without "serious shortcomings" in U.S. policy, "it might have been possible to strike a better bargain on the looted gold and other German assets."

- Congress and U.S. state governments should consider subpoenaing private records to determine whether there are unclaimed assets of Holocaust victims in American banks.

The Eizenstat report grew out of mounting questions and accusations involving a single country — Switzerland.

Over the course of the past year, as wartime documents were declassified, Switzerland found itself besieged by international criticism over

allegations about its wartime role. It was charged with hoarding the wealth of Holocaust victims while helping to finance the Nazi war effort by purchasing vast sums of looted Nazi gold.

But as researchers combed through thousands of documents in the archives of the United States and European countries, additional questions surfaced regarding other countries' purchases of Nazi gold.

In addition, some of the documents raised the question of whether the Allies themselves, including the United States, had been aggressive enough in locating and distributing Nazi gold.

In the wake of these questions, the State Department announced last October that it would launch an intensive review into how the Allies identified and distributed Nazi gold plundered during the war.

The importance of the findings to Jews was underscored by the fact that Eizenstat briefed some two dozen Jewish organizational officials early Wednesday morning, a few hours before the report was made public.

World Jewish Congress officials, who worked closely with Eizenstat's researchers, hailed the report as "an historical document."

It is "testimony that the Jewish people were subject to not only the greatest mass murder in history, but were equally targeted by the greatest robbery of mankind," said Elan Steinberg, WJC executive director.

'Now is the hour for immediate action'

In Israel, Jewish Agency for Israel Chairman Avraham Burg, who has been closely involved in restitution efforts, viewed the Eizenstat report as a call to action.

"The time for batting accusations of relative responsibility" is "well past," Burg said in a statement. "Now is the hour for immediate action by all governments" that received transfers of looted gold.

How the money is distributed is certain to be the subject of much debate over the next few months. Survivors' groups want to see all the compensation turned over to needy survivors.

Other Jewish groups and Eizenstat are seeking to set up an endowed fund and draw payments in part from the interest generated by the fund.

At the briefing with Jewish organizational officials, Eizenstat, who serves as the U.S. special envoy for restitution issues and is slated for a senior post at the State Department, blamed the United States for "failing" Holocaust victims "in the areas of restitution and compensation."

"Ultimately, the United States, its Allies and the neutrals will not be judged so much by our actions or inactions 50 years ago," Eizenstat said, "but by what we do today."

With this in mind, Eizenstat called for the immediate release of a "substantial portion" of the \$70 million in gold still to be distributed from the Tripartite Commission.

But Eizenstat and the report stopped short of calling for a renegotiation of the post-World War II agreement that divided the Nazi regime's plunder.

The Tripartite Commission for the Restitution of Monetary Gold, established in September 1946 by the United States, Britain and France, was charged with the distribution of so-called monetary gold looted by the Nazis from the central banks of those European countries they had overrun.

Recently declassified documents indicated that the Tripartite Commission's distributions also may have included privately owned, or non-monetary, gold — some of which may have come from wedding bands and tooth fillings stripped from Jews in the death camps.

The Swiss government contributed some \$58

million in gold to the gold pool administered by the Tripartite Commission under the terms of the so-called 1946 Washington Agreement.

According to the report released this week by Eizenstat, the Swiss held far more looted Nazi gold than it turned over to the commission — an amount estimated at between \$185 million and \$289 million at the end of the war.

The Tripartite Commission distributed most of the gold in the pool during the 1940s and 1950s.

The claimant countries receiving the distributions were: Albania, Austria, Belgium, Czechoslovakia, Greece, Italy, Luxembourg, the Netherlands, Poland and the former Yugoslavia.

But in February, the United States, Britain and France agreed to halt distribution of the remaining \$70 million while officials investigated whether some of it came from Holocaust victims.

In his assessment of the report, Eizenstat saved his harshest criticism for Switzerland and other neutral countries.

"The report makes painfully clear that neutral countries — Argentina, Portugal, Spain, Sweden, Switzerland, and until the last three months of the war, Turkey — were slow to recognize and to acknowledge that this was not just another European war," he said.

"Their cooperation was motivated in part by fear of invasion. It was also motivated in part by Nazi sympathies in some countries and by a desire for profit in all."

Swiss quick to respond

Switzerland, which had braced for months for the release of the report, was quick to respond. Special Ambassador Thomas Borer, Switzerland's leading troubleshooter for dealing with the accusations against his country, convened a news conference in Washington shortly after Eizenstat spoke about the long-awaited report.

Striking a note of solidarity, Israel Singer, secretary general of the World Jewish Congress, appeared with Borer to discuss the spirit of cooperation his organization had established with the Swiss after months of often contentious relations.

Borer maintained that the one major new piece of information in the Eizenstat report was the "evidence that the Swiss National Bank bought gold bars from the German Reichsbank during World War II which contained so-called 'victim gold.'"

"If this is really true, it is grave news of the most shocking nature. The degree of cynicism and cold-bloodedness it would take for the Nazi brutes to resmelt their victims' gold and resell it as regular central bank gold is almost beyond our comprehension."

In Bern, Swiss Foreign Minister Flavio Cotti echoed Borer's comments about the Nazi gold looted from Holocaust victims.

Both stated that the Eizenstat report "confirmed" that the Swiss bankers were not aware they were purchasing "victim gold." But in fact, the report said only that there was no proof to this effect.

In Basel, Switzerland, Interior Minister Ruth Dreifuss, the sole Jewish member of the Swiss Cabinet, discussed the implications of the Eizenstat report before a gathering of Jewish leaders at a local synagogue.

"We have to search for the truth in our dealings with Nazi Germany," she said. "Did we deal with the Nazis because of the profit or because we had to survive?"

"The answer to this is the key question of the Swiss people." □

(Contributing to this report were JTA foreign editor Mitchell Danow in New York, and correspondents Fredy Rom in Zurich and Ruth Gruber in Washington)

NEWS ANALYSIS**Probe of possible spy aiding Israel spurs Jewish anxieties***By Cynthia Mann*

NEW YORK (JTA) — A report that a top U.S. official may have passed highly sensitive information to Israel is sparking fears that it could damage relations between Washington and Jerusalem. Israel has denied the allegations, with Prime Minister Benjamin Netanyahu's spokesman in Jerusalem calling them "totally baseless."

Eliahu Ben-Elissar, Israel's ambassador to the United States, who has been implicated in the report, called it "first-rate nonsense" probably emanating from "a sick imagination."

But if the report is true, some observers say it may augur a crisis on the scale of the Jonathan Pollard affair.

The Jewish Navy analyst was sentenced in 1986 to life in prison for selling military intelligence to Israel. That affair strained bilateral relations and raised Jewish hackles over questions of dual loyalty. They also say that it could deal a heavy blow to a government still reeling from the domestic political scandal known as the Bar-On affair.

It is "hard to believe" that the ambassador could be involved "without that leading back to Netanyahu," said one analyst who declined to be identified.

But the most serious consequence, he said, would be "the level of profound distrust" it would create between Netanyahu and President Clinton.

Another Middle East analyst agreed.

"This would again serve to make the relationship even more tense and strained just at a point where it looked like the peace talks were being revived."

If it is true, he said, it was "short-sighted and colossally wrong-headed."

Information leaked to harm U.S.-Israeli ties

At the same time, many cautioned that there is no evidence yet to support the charges. Israeli officials and some American Jews suggested that the information was leaked with the intention of harming U.S.-Israeli ties at a sensitive time in the Israeli-Palestinian peace process.

U.S. Middle East envoy Dennis Ross arrived in the region Wednesday night to try to revive the stalled talks, which broke down in March after Israel began building a Jewish neighborhood in southeastern Jerusalem.

The Washington Post reported Wednesday that the FBI opened an investigation in January after the National Security Agency intercepted a telephone conversation between a senior Israeli intelligence official in Washington and a superior in Israel. According to the Post, the two Israelis talked about whether to ask someone with the code-name "Mega" to obtain an unpublished letter that then-U.S. Secretary of State Warren Christopher had sent to Palestinian Authority leader Yasser Arafat.

The Christopher missive was one of two "side letters" of assurances sent separately to Israel and the Palestinians as part of the Hebron accord signed in January. The agreement stipulated an immediate Israeli transfer of most of the West Bank city to the Palestinians and a commitment to further West Bank withdrawals. Israel at once made public its letter, but the Palestinians never did.

In what may prove to be a political bombshell, the Post said the intelligence officer told his superior that Ben-Elissar, the Israeli ambassador, had requested the letter from "Mega." The Post said that while the suggestion to ask "Mega" was rejected, the intercepted conversation led officials to believe that "Mega may be someone in the U.S. government who has provided information to the Israelis in the past."

State Department officials have confirmed the Post

report, but they made clear that the identity of Mega is still unknown.

Sources in Jerusalem say the Washington Post report may have been based on a misunderstanding by U.S. intelligence officials. They say "Mega" was not the term actually used, and that the word that was used in the intercepted conversation merely referred to a U.S. agency in a loose Hebrew code.

For his part, Ben-Elissar emphatically denied that he had requested a copy of the letter to Arafat or that a U.S. government official was passing sensitive information to Israel. "Israel does not collect intelligence in the U.S. and this is a terrible report whose purpose is to accuse Israel of spying against the U.S.," Ben-Elissar said.

In Jerusalem, Israeli Foreign Minister David Levy said he was "amazed" by the report, noting that Israeli diplomats are barred from any involvement in the transfer of intelligence information.

In interviews in the United States, one observer after another said that it seemed "so stupid" to jeopardize Israel's most important strategic relationship that they found the report almost impossible to believe.

"It's hard to believe that anybody in Israel, after what happened with Pollard, would repeat the same stupidity, the same idiotic mistake," said one.

Mark Rosenblum, political director of Americans for Peace Now, said it was "too early to speculate" on the ramifications of the investigation. But, he said, "if any of this is true, I would expect the only way to control damage to the strategic relationship between Israel and the United States is for Israel to cooperate fully and completely in getting to the bottom of this and making sure everyone culpable is brought to justice."

Abraham Foxman, national director of the Anti-Defamation League, downplayed the impact of the report on U.S.-Israel relations. If it is true, he said, "there should be consequences and penalties" for wrongdoing, but that it would be only a "blip" in the relationship.

Allegations alone may cause damage

Foxman said he believed the report was a leak initiated by someone with "an agenda to undermine the relationship between the two countries."

There are hundreds of investigations going on at any given time into alleged instances of improprieties between allies and non-allies, but "we don't get to see any of these until and unless it is determined there is a violation of ethics or law," he said.

At the same time, he noted, the mere allegations will do damage. "They play into the idea that Jews are not loyal Americans," he said.

For their part, officials at the American Israel Public Affairs Committee, the pro-Israel lobby, would say only, "There are reasons to be skeptical about the report."

The Washington Post report follows the disclosure in February of an FBI investigation into the activities of David Tenenbaum, an Army engineer in Detroit who, according to an FBI affidavit, admitted to sharing classified documents with Israel for the last 10 years.

That investigation fell on the one-year anniversary of the repeal of a Defense Department security agency memo warning government contractors that "strong ethnic ties" to American Jews allow Israel to "aggressively" steal military and industrial secrets.

Little attention has been paid to the Tenenbaum case since February, said Malcolm Hoenlein, executive vice chairman of the Conference of Presidents of Major American Jewish Organizations.

The latest incident "will blow over like the Tenenbaum case," he said. "There is no evidence so far of any Pollard-like affair." □

Federal appeals court upholds Georgia moment of silence law*By Debra Nussbaum Cohen*

NEW YORK (JTA) — A Georgia state law permitting a moment of silence in public schools is perfectly legal, a federal appeals court has decided.

The 11th U.S. Circuit Court of Appeals, in Atlanta, handed down a unanimous decision Tuesday that a moment of silence is not an illegal attempt to bring prayer into public schools.

Many Jewish groups oppose such moments as a violation of the constitutional separation of church and state. They argue that such moments can be used to persuade children to pray while in school.

Orthodox Jewish groups, in general, support state-mandated moments of silence.

A Georgia state law passed in 1994 says that students will open their school day with a one-minute "silent reflection on the anticipated activities of the day."

The appellate court said that the law meets the three-pronged legal "Lemon test" set by the U.S. Supreme Court in 1971. Under the Lemon test, if a law has a secular purpose, a secular effect and does not unduly entangle government and religion, it is constitutionally sound.

Thirty states have laws permitting moments of silence in public schools for prayer or meditation, said Marc Stern, co-director of the American Jewish Congress' legal affairs department.

In 1995, a school teacher in Gwinnet County, near Atlanta, refused to comply with the school board's directive to implement the moment of silence, saying that he felt he would have to police students' religious words and actions.

The teacher, Brian Bown, was fired for insubordination and soon filed a lawsuit challenging his dismissal and the constitutionality of the law. In a deposition for the lower court case, Bown described himself as a born-again believer in Jesus whose religious views are closest to the Unitarian Universalist Church.

The appellate ruling did not surprise Jewish groups because the U.S. Supreme Court, in its 1985 decision in *Wallace vs. Jaffee*, indicated that a pure moment of silence would be constitutional.

Still, "we're disappointed," said Steven Freeman, director of legal affairs for the Anti-Defamation League, which filed a friend-of-the-court brief on behalf of Bown.

"To us it seemed pretty clear from coverage of the legislature when this law was being passed that their purpose was to promote religion," Freeman said. "There's always concern about a slippery slope, and it is those in the religious minority who will suffer."

The Orthodox Union, which represents the centrist Orthodox community, welcomed the decision. "We think moments of silence are just fine," said Nathan Diamant, director of the OU's Institute for Public Affairs.

"They are not coercive," he said. "It gives students the opportunity to pray if they wish and not pray if they don't." □

Swiss ex-security guard weighs offer to come work in the U.S.*By Matthew Dorf*

WASHINGTON (JTA) — The Swiss guard fired for saving wartime documents from a bank's shredder has made an emotional plea to the Senate to protect his family.

Appearing at a hastily called hearing of the Senate Banking Committee, with his wife and two young children at his side, Christoph Meili recounted chilling threats made against his family in the five months since he turned over

sensitive Holocaust-era documents on the verge of destruction at the Union Bank of Switzerland.

Before he came to the United States this week, Meili said he had received a threat that his children, 2 and 4 years old, would be kidnapped "and held for ransom for the money I'd be getting from the Jews," the 29-year-old former security guard told the committee. It was only one of hundreds of such threats that he has received, he said.

After the hearing, Meili said he is weighing an offer to come to the United States to work for World Jewish Congress President Edgar Bronfman. "I will look what's going on the next days," he said.

Sitting in the witness chair in the historic Senate Banking Committee hearing room, Meili recounted the night of Jan. 8 when, during his security rounds at the bank, he saw ledgers from the 1930s and 1940s in the shredding room. Recalling a recent Swiss law banning destruction of such documents, Meili took some home and turned them over to a local Jewish organization. He said he took the action weeks after seeing Steven Spielberg's "Schindler's List."

Meili was fired, questioned by the police and could face prosecution under Swiss law.

"Meili should be viewed as a hero, not a criminal," said the committee's chairman, Sen. Alfonse D'Amato (R-N.Y.). During the session, Meili was hailed as worthy of the title "righteous gentile" conferred on non-Jews who saved Jewish lives during the Holocaust.

"You have joined this very august group of people," said Sen. Christopher Dodd (D-Conn.), who recalled his father's work prosecuting Nazi bank officials as the lead U.S. prosecutor at the Nuremberg trials.

In his testimony at the hearing, WJC Secretary General Israel Singer urged Meili to accept Bronfman's offer.

D'Amato pledged that if Meili wants to come to the United States for a job, he would do whatever is necessary to ensure that Meili clears any Swiss or American immigration hurdles.

In Zurich, the president of the local Jewish community said he welcomed Bronfman's offer to employ Meili. At the same time, however, Werner Rom expressed concern that Meili is being used for political purposes in light of legal actions being taken against Swiss banks. □

Israeli foreign minister claims ties with Jordan not in crisis*By Naomi Segal*

JERUSALEM (JTA) — Foreign Minister David Levy was invited to visit Jordan a day after a meeting between the Crown Prince and Israeli prime minister was canceled because of a dispute over water.

Although no date was set for Levy's visit, the foreign minister said Wednesday's invitation was proof that relations between the countries were not in crisis.

The previous day Jordan canceled a meeting between Crown Prince Hassan and Prime Minister Benjamin Netanyahu because of disagreements over water supplies promised in the 1994 Israeli-Jordanian peace treaty.

As a result, Hassan and other top Jordanian officials abruptly canceled their participation at a ceremony Tuesday to inaugurate a memorial site on the two countries' border for the seven Israeli schoolgirls killed March 13 by a Jordanian soldier.

Netanyahu was to have conferred with Hassan at the site, thereby demonstrating that not all top-level dialogue in the region is at a standstill.

After the cancellation of the meeting, the ceremony was also called off. Israel said it would be rescheduled. □