



Daily News Bulletin

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81st Year

TOP NEWS IN BRIEF

Netanyahu, Albright to meet

U.S. Secretary of State Madeleine Albright will delay her planned departure for Europe to meet in Washington on Wednesday with Israeli Prime Minister Benjamin Netanyahu.

Albright called Netanyahu after participating in a strategy session on the peace process with President Clinton, National Security Adviser Sandy Berger, Assistant Secretary of State for Near Eastern Affairs Martin Indyk and Middle East envoy Dennis Ross. The developments came after U.S. officials scrubbed a planned meeting in Washington involving Netanyahu and Palestinian Authority Chairman Yasser Arafat.

Israel: Pollard was our agent

Israel acknowledged for the first time that Jonathan Pollard was working as an Israeli agent when he spied on the United States. [Page 3]

Jewish group to voice concern

The Conference of Presidents of Major American Jewish Organizations agreed to send a letter to President Clinton expressing concern that the administration issued an ultimatum to Israel to redeploy from 13.1 percent of the West Bank or risk a reassessment of the U.S. role in the peace process.

The letter, which a source said would call on Clinton to respect Israel's right to determine its own security interests, also requested a meeting with Clinton to discuss the administration's approach to the Israeli-Palestinian talks. The umbrella group of Jewish organizations agreed by a 27-3 vote to send the letter, which also protests first lady Hillary Rodham Clinton's comment last week supporting Palestinian statehood.

Iran sparks new concerns

U.S. intelligence officials are concerned about an Iranian delegation's planned visit to Moscow this week to discuss nuclear cooperation, according to the London Sunday Times. Diplomatic sources quoted by the paper said President Clinton would raise the issue with Russian President Boris Yeltsin when they meet during the G-8 conference of industrialized nations. [Page 3]

Rabbi beaten in Moscow

A Russian rabbi was beaten by two skinheads in a subway station in the Russian capital. [Page 4]

BEHIND THE HEADLINES

Competing client interests embroil public relations firm

By Debra Nussbaum Cohen

NEW YORK (JTA) — A prominent public relations firm is at the center of an international imbroglio because of the competing interests of two of its now-former clients — the Swiss government and the Jewish Agency for Israel.

The controversy involving the New York-based Ruder Finn comes as a slew of parties are attempting to negotiate settlements with Swiss authorities amid revelations of its financial dealings during and after World War II.

One of those parties is the World Jewish Restitution Organization, of which the Jewish Agency is a charter member and its head, Avraham Burg, a co-chairman.

When Ruder Finn's Jerusalem office distributed a news release on behalf of the Jewish Agency late last month in which Burg promised to facilitate class-action suits against Swiss banks in his capacity as WJRO co-chairman, the Swiss government fired the P.R. firm.

Ruder Finn had represented the Swiss for about a year.

And as soon as the Swiss dumped Ruder Finn, the firm turned around and dropped the Jewish Agency from its client roster.

Now Burg is preparing to sue Ruder Finn for what he has called "the abandonment of a client and a breach of trust."

In many ways, the flap reflects the Swiss sensitivity to the recent bruising the country's public image has taken amid revelations about its Holocaust-era financial dealings.

For more than a year, Switzerland has been accused of hoarding the wealth of Holocaust victims in dormant bank accounts as well as of bankrolling the Nazi war effort.

But the controversy also raises questions about the desire of a public relations company to restore what had been a lucrative client at the expense of one with less financial promise.

The case is particularly striking because Ruder Finn — founded by two Jews who first became friends in Hebrew school — represents some high-profile Jewish clients, including the United Jewish Appeal.

According to Peter Finn, chairman of the P.R. agency's executive committee and son of one of the founders, severing ties with the Jewish Agency "was really a matter of principle."

Putting out a news release against the Swiss "was not what we were hired to do," he said.

He added that an unsupervised staffer in his Jerusalem office had made an "innocent mistake" by issuing the release in question.

"Whether or not we're working for the Swiss government, we have been working long and hard to improve communications between the Swiss and the Jewish world," he added.

Finn's father, Peter — Ruder Finn's chief executive officer — said that while he supported, and was aware of, the efforts of Burg and others to work out financial settlements with the Swiss, he believed that the chairman of the Jewish Agency had crossed a line when he threatened to get involved in lawsuits that are pending against Swiss banks.

For its part, the Jewish Agency says that before it hired Ruder Finn, it had made

MIDEAST FOCUS

Cabinet confirms Shoval

Israel's Cabinet confirmed Zalman Shoval as Israel's next ambassador to the United States.

Shoval, who held the same portfolio under the Shamir government in the early 1990s, will be replacing Eliahu Ben-Elissar, who is expected to be appointed Israel's ambassador to France.

France, E.U. slam Israel

The French government said it "deplored" the "intransigence" displayed by Israeli Prime Minister Benjamin Netanyahu when he rejected a U.S. proposal to advance the peace process. The statement came after the European Union called on Israel to support the American proposal.

Croatian minister visits Israel

Croatia's foreign minister condemned on behalf of his government the suffering of Jews in wartime Croatia and the "crime of genocide of 6 million Jews."

Mate Granic, who made the comment in a statement after visiting the Yad Vashem Holocaust Memorial in Israel, also said he expected that the extradition of Dinko Sakic, a former Croatian concentration camp commander, would take place within the next two weeks.

Granic is the first Croatian government leader to visit Israel since the two countries established diplomatic relations in September.

Nine killed at construction site

Israel's labor and social affairs minister, Eliyahu Yishai, visited a construction site in Ashkelon where nine foreign workers were killed last Friday in a construction accident.

The workers — seven from Romania and one each from India and the United States — were killed when scaffolding collapsed during the building of an 800-foot-tall chimney for a new power plant. The identities of the victims have not yet been released.



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clear to Ruder Finn's representatives in Jerusalem that they could not simultaneously work for the Swiss government.

"They said the relationship with the Swiss was over, and it was now OK to work with us.

"Only on that basis were we willing to hire them," said agency spokeswoman Sharon Gefen.

But Ruder Finn officials here said that its Jerusalem office was aware of its activities with the Swiss.

Ruder Finn worked for the Swiss government during 1997 for a monthly retainer of \$30,000, according to Peter Finn.

But there had been a hiatus in the relationship during the first three months of 1998 while the Swiss government considered whether or not to renew the contract, according to a source in the Swiss Embassy in Washington.

There was disagreement among the Swiss about how effective Ruder Finn was in the court of American public opinion, the source said.

As a result much of the money and work that had gone to Ruder Finn was diverted to the lobbying firm that represents their interests in Washington, Barbour Griffith & Rogers.

Ruder Finn began working for the Jewish Agency in February. Although a formal contract was still in the works, a monthly fee of \$5,000 was agreed upon, said sources on both sides.

The Jewish Agency, funded by money raised in the Diaspora, works primarily to facilitate the immigration and resettlement in Israel of Jews from around the world.

Unbeknownst to the Jewish Agency, according to agency sources, Ruder Finn renewed its business relationship with the Swiss government on April 1, though this time at the reduced rate of \$5,000 per month.

Shortly after the P.R. firm's Jerusalem office distributed the news release in which Burg promised to file class action suits against Swiss banks, the Swiss fired Ruder Finn.

"This appearance of having them work on both sides of the line was damaging for us and for them," Caroline Heimo, director of communications for the Swiss Embassy in Washington, said, explaining the Swiss decision.

Ruder Finn responded by severing relations with the Jewish Agency.

"The World Jewish Restitution Organization was never our client and we should not have been asked to send out that release," David Finn said in a statement dated May 8.

Gefen of the Jewish Agency contends that no subjects were declared "out of bounds" in their agreement with Ruder Finn, and that it was a shock to them when the P.R. agency dropped them.

Ruder Finn's principals are clearly eager to restore their relationship with the Swiss government.

"I am personally confident that when the Swiss really examine the facts I hope they will resume their work with us," David Finn said in a telephone interview.

"We would not take Switzerland as a client if we felt they weren't trying to reach an honorable settlement," he said.

"We think we're in the right position to be helpful, and that's where our efforts have been," he added.

David Finn founded the firm with Hebrew school chum Bill Ruder in 1948, the year the State of Israel was born.

The firm has long worked on behalf of both Jewish and Israeli interests, Finn is quick to point out.

During the Six-Day War in 1967, Ruder Finn devoted its entire New York office staff, pro bono, to work on behalf of the Israeli government, he said.

Since then Finn has served on the boards of many Jewish groups. In addition to representing UJA, the firm also does work for Hadassah as well as dozens of Israeli high-tech groups.

"I've devoted my life to Jewish causes," said David Finn, clearly stung by the controversy.

"No one who knows me would think I'd do anything against the interests of the Jewish people in any way." □

JEWISH WORLD

Poll: U.S. Jews back Clinton

Some 80 percent of American Jews support the Clinton administration's current efforts to revive Israeli-Palestinian negotiations, according to a poll conducted for the Israel Policy Forum.

The poll also found that a 5-1 margin of the respondents do not believe President Clinton would do anything to harm Israel's security.

The poll, which was conducted after the Clinton administration gave Israel a deadline to accept a proposal to break the deadlocked negotiations, indicated that the Clinton administration had no need to fear an American Jewish backlash against its Middle East stance.

Panel to consider persecution bill

A Senate panel is scheduled to hold a hearing Tuesday on legislation aimed at fighting religious persecution abroad.

The measure, sponsored by Sen. Don Nickles (R-Okla.), is similar to a bill the House of Representatives is expected to vote on later this week.

Both bills would require sanctions against countries engaged in the persecution of religious minorities.

Survivor backs Lileikis

A Holocaust survivor told a newspaper that an accused Lithuanian war criminal had saved her life.

Shifra Grodnikaite, who lives in an old age home in Denver, said Aleksandras Lileikis had risked his own life to save hers.

Lileikis, who left the United States for Lithuania in 1996, is accused of having handed Jews over to Nazi death squads during World War II while he was head of the Nazi-sponsored Lithuanian security police. His trial was adjourned in March to enable the defense to gather testimony from Grodnikaite and another witness.

Researcher studies victims' gold

Some 1,300 pounds of gold bars held by Germany's largest commercial bank during World War II probably came from gold stripped from Holocaust victims, according to a German researcher. It was unlikely that Deutsche Bank knew the origins of the gold because the German central bank kept the origins of such gold ingots secret, the researcher added.

Rabbis to convene in New York

Some three dozen rabbis from around the country are expected to attend the inaugural gathering in New York of the North American Board of Rabbis.

Rabbi Marc Schneier, president of the New York Board of Rabbis, is convening the conference, which brings together rabbis from all streams of Judaism.

Pollard 'relieved, thankful' after Israel admits its role

By Naomi Segal

JERUSALEM (JTA) — Jonathan Pollard has won a battle with Israel, but he is far from winning release from a U.S. federal prison.

Israel this week admitted that Pollard was an agent for the Jewish state at the time he was arrested in Washington in 1985.

Pollard immediately responded to the news, saying from his prison that he was "relieved, thankful and honored" by Israel's move.

Pollard recently petitioned Israel's High Court of Justice to order the government to recognize that he acted as an agent for Israel.

Supporters of Pollard, including several Israeli ministers, believe that the government's admission will make it easier for Israel to ask the United States to release Pollard on humanitarian grounds.

The United States has turned down several requests to free Pollard, and there has been no indication that the administration would change its mind.

Pollard, a former U.S. naval intelligence analyst, has been serving a life sentence since 1987 for spying for Israel. Israeli Cabinet Secretary Danny Naveh was slated to visit Pollard later this week in the North Carolina prison where he is being held.

There has been growing momentum among Israeli officials to seek Pollard's release. Last month, Prime Minister Benjamin Netanyahu recruited his entire Cabinet to sign a request to President Clinton seeking a pardon for Pollard. Several Cabinet ministers have visited Pollard in recent months and have called for his release.

Pollard was arrested in 1985 outside the Israeli Embassy in Washington. He pleaded guilty in 1986 to stealing secrets for the Israeli government and in 1987 was sentenced to life imprisonment. Pollard said the Israeli government's move "reassures our people that the state will honor its obligation to protect and defend all who serve it."

Now, he said, it was time for him to "come home" to Israel. □

U.S. to confront Russia over military ties to Iran

By Douglas Davis

LONDON (JTA) — U.S. intelligence officials are concerned by reports that Moscow is about to sell Iran nuclear weapons technology.

Concerns about the technology transfer, which would violate a 1995 U.S.-Russia agreement, were heightened by a planned visit to Moscow this week by an Iranian delegation to discuss "nuclear cooperation." Diplomatic sources quoted by the Sunday Times in London said President Clinton would raise the issue with Russian President Boris Yeltsin when they meet during the G-8 conference of industrialized nations, which was slated to begin Tuesday in England. Russia has conceded that it sold nuclear technology to Iran, but only for civilian use.

The Iranian delegation to Russia, which was being led by the head of Iran's Atomic Energy Organization, planned to meet with officials at Russia's Atomic Energy Ministry and at a nuclear research center in Moscow. A former aide to Yeltsin, Alexei Yablokov, said he found it "a little bizarre that a country with the oil resources of Iran should be interested in developing atomic energy. It's pretty obvious that the end aim is to manufacture nuclear weapons."

In the 1995 agreement, Yeltsin told Clinton he would veto the sale of nuclear technology with dual-use capability, but there is concern that he is about to renege on that agreement. The anticipated Clinton-Yeltsin meeting would follow talks between Clinton's national security adviser, Sandy Berger, and Russian officials over threats posed by Moscow's nuclear program and the proliferation of biological weapons.

An even more virulent strain of the lethal Ebola disease reportedly has been developed in Russian laboratories, and Clinton is said to be alarmed at the prospect of such biological agents finding their way into the hands of terrorist groups. □

Israeli winner of music contest stirs religious-secular tensions

By Naomi Segal

JERUSALEM (JTA) — An Israeli transsexual has charmed the judges in an international song competition — but she has failed to do the same with leaders of Israel's fervently Orthodox community.

Dana International defeated singers from 24 other countries in the annual Eurovision song contest, held this year in Birmingham, England.

Dana, who sang a tune titled "Diva," was born Yaron Cohen and underwent a sex change operation four years ago.

But some leaders of Israel's fervently Orthodox community disapproved of her representing the state in the annual songfest — and the result is a flap that is the latest incident in the growing religious-secular tensions in Israel.

"It's a sign of the bankruptcy of Israeli song," Deputy Health Minister Shlomo Benizri told Israel Radio when asked about the singer's victory. "God is against this phenomenon. It's a sickness you must cure and not give legitimacy."

"You can put a cat's tail on a dog, but it's still a dog," Jerusalem Deputy Mayor Haim Miller, of the fervently Orthodox Agudat Yisrael Party, told Israel Radio.

The winning performer's country traditionally hosts the subsequent competition. But Miller said he would try to bar the contest from taking place in Israel next year.

Israeli Prime Minister Benjamin Netanyahu said the Jewish state would take its turn in hosting the contest.

"This appears to me to be deserving of congratulations. It's definitely an honorable achievement," he said.

In remarks following the announcement of her victory, Dana International declared that her winning "is my gift to Israel's 50th jubilee."

Following the announcement of Dana's victory, hundreds of her fans broke out in cheers and song in Tel Aviv's Rabin Square. Earlier in the day, the square was the site of a protest by thousands of secular Israelis against the influence of fervently Orthodox parties in Netanyahu's coalition.

Two weeks ago, a performance by an Israeli dance troupe at the main Independence Day event was canceled after Miller and others protested because the performance called for the dancers to strip down to their underwear. □

Barak angers the Orthodox with bill on draft deferments

By Naomi Segal

JERUSALEM (JTA) — With one fell swoop, Israel's opposition leader has upped the ante in the debate over draft deferments for yeshiva students and alienated Orthodox politicians he might need in future elections.

Labor leader Ehud Barak presented a bill to the Knesset speaker on Monday that would require that more fervently Orthodox men serve in the Israel Defense Force.

The move drew criticism from fervently Orthodox politicians, who warned that Barak had ended any hopes of future political

support from the religious parties. It is not clear when the bill will come before the legislative body.

Knesset Speaker Dan Tichon said he would consult with legal advisers to see if the proposed legislation was similar to one recently presented by Tsomet Knesset member Modi Zangbar.

If so, Barak's bill would be delayed for six months to conform with Knesset rules. In a move aimed at underscoring popular support for the measure, Barak was accompanied to the Knesset speaker's office by five draft-age Israeli youths. The Labor leader said it was time that the fervently Orthodox, or haredi, population contributed its share to the defense of the state.

"I feel the very strong support of soldiers and parents of soldiers who want to feel that all society is there together to defend the country," Barak told Israel Radio.

The proposed legislation comes amid growing public debate regarding the increasing number of yeshiva students seeking exemptions and deferrals from compulsory army service.

On Sunday, Prime Minister Benjamin Netanyahu began forming a committee to deal with the issue.

Barak estimated that some 3,000 exemptions or deferrals are granted annually to haredi men who cite their desire to pursue religious studies in order to avoid the draft. Under Barak's bill, the annual number of deferrals would be limited to 700. Barak said he believed his bill would benefit the haredi community by encouraging its members to seek regular employment instead of pursuing yeshiva studies, which are supported by state subsidies.

"It will help them get out of the poverty in which they are living, and give them an opportunity to keep the studying of the Torah by a few, highly gifted people, rather than masses getting out of the productive cycle of life," Barak said of his bill.

This view was rejected by Knesset member Avraham Ravitz of the fervently Orthodox United Torah Judaism bloc.

Ravitz accused Barak of trying to benefit politically from the growing secular-religious rift in Israeli society.

Ravitz also defended the importance of having yeshiva students pursue Torah study, which he described as the "most important thing to keep the Jewish people for our generation and coming generations." □

Skinheads beat Russian rabbi

MOSCOW (JTA) — A Russian rabbi has been badly beaten by two skinheads in a subway station here.

The skinheads shouted anti-Semitic threats before attacking Rabbi Yitzhak Lifshitz, 26, an Orthodox rabbi in Yaroslavl, a city about 130 miles northeast of Moscow.

The assailants, who are 21 and 17, were immediately arrested by police, who had Lifshitz taken to a nearby hospital.

Moscow's chief rabbi, Pinchas Goldschmidt, said he was pleased that the police had reacted immediately and detained the assailants. "It is very sad, however, that minorities are being targeted by skinheads lately" in Moscow, said Goldschmidt.

Earlier this month, a black U.S. Marine stationed in Moscow was badly beaten by skinheads at a crowded outdoor market.

Police arrested one of the assailants, who is thought to be the publisher of the neo-Nazi newspaper Russian Target.

The U.S. Embassy in Moscow issued a warning last month of the danger to minorities in the wake of recent skinhead attacks. □