



# Daily News Bulletin

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81<sup>st</sup> Year

## TOP NEWS IN BRIEF

### States slap Swiss banks

American states initiated sanctions against Swiss banks after a commission representing U.S. finance officials recommended such action.

The move came after talks to settle Holocaust-era claims collapsed.

California said it would become the first state to impose sanctions by not seeking new investments with U.S. subsidiaries of Swiss banks.

Swiss banks lambasted the move and said they might sue any U.S. states or cities that adopt the boycott. [Page 1]

### Tensions flare in Gaza Strip

Israeli-Palestinian tensions flared in the Gaza Strip as Palestinian trucks blocked entrances to several Jewish settlements.

The blockade came after Israeli troops refused to allow the Palestinians access on the security road near the Gush Katif section of the Gaza Strip.

U.S. and Egyptian officials reportedly joined efforts to resolve the dispute peacefully.

Amid the dispute, a Jewish woman about to give birth had to be transported from her home by helicopter.

### U.S. slams Palestinian request

The U.S. State Department again criticized a Palestinian request to upgrade its status at the United Nations.

Citing the potential negative effects of the move, which would leave the PLO with almost member-state status, State Department spokesman Jamie Rubin said the United States is urging U.N. members to oppose the move when it comes up for debate.

The debate is scheduled for July 7 in the U.N. General Assembly.

### Argentina agrees to Nazi accord

Argentina agreed to share information on fugitive Nazis and neo-Nazi activity with Germany, Israel and the United States.

Describing the agreements reached with the justice departments of the three countries, an official with the government of Argentina said they would bring about an "immediate exchange of information for the detention of war criminals" and would help fight "the cancer of neo-Nazism."

## Sanctions against Swiss banks intensify pressure on Alpine state

By Daniel Kurtzman

WASHINGTON (JTA) — In clearing the way for punitive measures against Swiss banks, American public finance officials have unleashed a forceful salvo in what is turning into a war of attrition over Holocaust-era claims.

Ignoring strong objections from the Clinton administration, a commission representing hundreds of state and local finance officials decided Wednesday to lift a moratorium on sanctions against the banks after settlement talks with Jewish groups reached what one official described as "a total, stone-like impasse."

California said it would become the first state to impose sanctions by not seeking new investments with U.S. subsidiaries of Swiss banks, and New York said it would bar short-term investments, among other steps, with the banks if there is not a settlement by Sept. 1. New Jersey and Pennsylvania also announced they would take action.

New York City Comptroller Alan Hevesi, who heads the five-member commission, said he hoped U.S. officials would impose a graduated process of sanctions that may give participants in the negotiations "a little more time to resolve the issues."

Swiss banks lambasted the move and threatened to sue U.S. states or cities that adopt boycotts. The Swiss government called the sanctions "counterproductive, unjustified and illegal," and said the move could disrupt U.S.-Swiss relations and trigger a free-trade dispute.

Talks between Switzerland's three largest banks and Jewish negotiators broke down last week after Union Bank of Switzerland, Swiss Bank Corp. and Credit Suisse Group said that \$600 million was their final offer to settle claims over Holocaust-era bank deposits.

The World Jewish Congress and lawyers for Holocaust victims rejected the amount as "insulting" and are holding out for a \$1.5 billion "global settlement" that would cover all claims against the banks, the Swiss central bank and the Swiss government.

The funds would go to Holocaust survivors and their heirs.

It is not clear after this week's developments where those settlement talks stand. After the Hevesi commission announced its verdict, the Swiss banks reportedly were considering revoking their \$600 million offer.

Stuart Eizenstat, U.S. undersecretary of state for economic affairs, who began brokering talks between the two sides last December, expressed disappointment at the lapse of what he called a "historic opportunity for resolving this matter that may not come again soon."

In blunt remarks to the finance officials — made by telephone during Wednesday's daylong hearing — Eizenstat urged them not to slap sanctions on the banks and warned that such a move could lead to a hardening of positions on both sides.

Speaking to reporters early Wednesday, Eizenstat had said that while pressure on Switzerland may have played an important role in the past, "our belief is that sanctions or the threat of sanctions have made the Swiss public more inflexible" and "have contributed to an environment in which further progress becomes more difficult."

Jewish groups, frustrated by what they felt was a lack of good faith by the banks, took a different view of the matter.

Edgar Bronfman, head of the WJC, which in March had asked the finance officials to hold off on sanctions while efforts to reach a settlement continued, told the commission on Wednesday that it would no longer stand in the way of sanctions.

In an interview the next day, Elan Steinberg, executive director of the WJC,

## MIDEAST FOCUS

### Archaeologists smash pottery

Hundreds of Israeli archaeologists smashed pottery urns in front of the Knesset to protest a plan that would purportedly give fervently Orthodox Jews authority over religious digs.

The Prime Minister's Office refused to comment on the reported plan.

### Israel demolishes homes

Israel demolished four Palestinian houses on the West Bank it says were built illegally.

The United States has criticized Israel's policy of demolishing the homes as harmful to the peace process.

### Report: Syria ready to make gas

Syria is preparing to produce VX nerve gas, according to Israeli intelligence sources quoted in Jane's Defense Weekly.

Israel has long been concerned that Syria would arm its missiles capable of reaching Israel with the deadly nerve gas.

Last week, U.N. weapons inspector Richard Butler said traces of the gas had been found in Iraqi war-heads.

### Fighting continues in Lebanon

Two Israeli soldiers and a South Lebanon Army soldier were wounded by Hezbollah attacks in the southern Lebanon security zone.

One Hezbollah fighter was killed during the heavy fighting. During the fighting, some shells fell inside the Israeli border.

### Vilnai ends career

A former Israeli army deputy chief of staff said he would end his army career after 36 years. Maj. Gen. Matan Vilnai, who was recently passed over to succeed Lt. Gen. Amnon Shahak as chief of staff, criticized Israel's security earlier this week.

rejected the State Department's concerns about a hardening of Switzerland's stance, saying, "There's no stance to harden. Either you return what was stolen or you don't."

"This is not a bazaar at which we are haggling over a price," he said. "We will win, we will lose, but we won't be swindled. We will struggle for justice."

Other developments this week, meanwhile, also served to ratchet up pressure on Switzerland:

- Lawyers representing five Holocaust victims filed a new class-action lawsuit against Switzerland's central bank to recover plundered gold acquired by Switzerland during World War II.

The lawsuit asks the U.S. District Court in Washington to award compensatory and punitive damages stemming from what it called the "unlawful behavior" of the Swiss National Bank.

The Swiss government and the Swiss National Bank have refused to join the commercial banks in negotiations with Jewish groups and have said they would not be a part of any settlement.

A spokesman for the Swiss government in Bern blasted the suit, saying it is "not justified by the facts, politically unacceptable and legally untenable."

- A separate group of four Holocaust survivors filed a new state lawsuit in California against the three commercial Swiss banks, alleging that the banks' behavior violated California's Unfair Competition Act.

The new suits are in addition to a pending multibillion-dollar class-action lawsuit filed in New York against the three Swiss commercial banks. In the absence of a settlement, lawyers for Holocaust survivors have threatened to pursue that litigation as well.

Eizenstat said the standoff with Switzerland should be resolved in court if agreements cannot be reached, but cautioned against that scenario, which could lead to protracted litigation. "It is very important," he said, that a settlement "be reached quickly and in the lifetime of survivors. This is a race against the clock, and we must, if we possibly can, avoid having a biological solution to this litigation."

- In other state efforts to take action, New Jersey is considering a bill that would require the state to divest some \$66 million in stock invested with Union Bank of Switzerland until assets are returned to Holocaust survivors. Vermont, Rhode Island and Kentucky also are considering similar moves.

At the same time, some positive news has emerged for Holocaust survivors who are awaiting compensation:

- U.S. and British officials announced that the remaining gold looted by the Nazis from European central banks had been returned and about three-quarters of it would be donated to an international fund set up by the two countries last year to benefit Holocaust survivors.

With contributions from 16 countries — including eight European countries that donated part or all of their share of residual Nazi gold held by the Tripartite Gold Commission — the fund now stands at \$57.5 million and is expected to increase.

The gold commission was set up by the United States, Britain and France after World War II to return looted Nazi gold to nations from which it was plundered.

Officials said payments from the fund, which is separate from a humanitarian fund established by Switzerland last year, are slated to be distributed to Holocaust survivors in Eastern Europe through the American Jewish Joint Distribution Committee as early as next month.

- The United States and 38 other nations announced a drive to identify art stolen from Holocaust victims and to compensate their heirs.

The announcements on the art and the international fund came as Jewish groups and representatives from more than 30 countries convened at the U.S. State Department for an organizing seminar in advance of a second international conference on Holocaust-era assets, slated for the fall.

The Washington conference, a follow-up to a last year's London conference on Nazi gold, is intended to focus on looted artworks, insurance policies and other assets.

Eizenstat, the Clinton administration's point man on Holocaust restitution issues, said he hoped the gathering would allow for discussion of remaining Holocaust-era questions in a "positive, non-confrontational way." □



## Daily News Bulletin

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## JEWISH WORLD

### Judge reduces Hikind charges

A judge threw out several of the charges against a New York assemblyman charged with corruption involving funds from a Jewish social service agency. In making the ruling, Judge Charles Sifton said the prosecution had failed to back up charges of conspiracy and fraud with sufficient evidence.

Dov Hikind still faces a maximum of 10 years in prison for illegally soliciting and accepting payoffs from the Council of Jewish Organizations of Borough Park.

### Croat official slams Nazi-hunter

A Croatian court official said recent comments by a Nazi-hunter regarding the trial of a former Croatian concentration camp commander violated his right to a fair trial.

Efraim Zuroff, the director of the Simon Wiesenthal Center's Israel Office, was quoted last week as saying that the evidence against Dinko Sakic is "firm, clear and irrefutable." Sakic, who was the head of the Jasenovac camp from 1942 to 1944, was extradited to Croatia last month from Argentina.

### French Jews express outrage

French Jewish leaders expressed outrage that the upcoming visit of Syrian President Hafez Assad coincides with the anniversary of a World War II roundup of French Jews.

On July 16-17, Assad, who is accused of sheltering alleged Nazi war criminal Alois Brenner, is scheduled to meet with French President Jacques Chirac, 56 years after Vichy police forced more than 10,000 French Jews into the Vel d'Hiv stadium before deporting them to Auschwitz. Brenner, the SS officer in charge of the deportation, was last seen in Syria in October 1992.

### Nazi bill introduced in Australia

The Australian Parliament introduced legislation that would allow the country to extradite suspected Nazi war criminals more easily.

Justice Minister Amanda Vanstone, describing the existing law as "onerous," told Parliament that this would enable Australia to cooperate in international efforts to bring Nazi criminals to justice. Australia refused to deport alleged Nazi war criminal Konrad Kalejs to his home country of Latvia in May, saying there was not sufficient evidence to deport him.

### AJC Congress supports dismissal

The American Jewish Congress said it supported the firing of a New York City teacher who was dismissed for proselytizing in the classroom. Mildred Rosario has filed a grievance with the United Federation of Teachers protesting her dismissal.

## Jewish activist charges ADL head, Jewish journalist with defamation

By Matthew Dorf

WASHINGTON (JTA) — Jewish activist Morton Klein is charging the head of the Anti-Defamation League and a Jewish journalist with defamation, but appears to be backing away from the perceived threat of legal action.

In letters from his attorney, Klein demanded apologies from Abraham Foxman, national director of the ADL, and J.J. Goldberg, a Jewish columnist, for what Klein called "defamatory" language in describing his pattern of political activism.

Klein, the president of the Zionist Organization of America, is seen as one of the most outspoken activists in the Jewish community, spearheading campaigns on issues as diverse as Palestinian accountability and who makes an acceptable speaker at a Jewish event.

The current imbroglio stems from Klein's effort to remove John Roth, a Holocaust scholar who was appointed to head a new research center at the U.S. Holocaust Memorial Museum. Klein, who lives in Philadelphia, mounted a campaign to call attention to some of Roth's controversial writings, including an article that compared Israeli treatment of the Palestinians to the Nazis' treatment of the Jews.

Bowing to the pressure, Roth this week resigned from the post.

In the midst of the debate over Roth, Goldberg wrote a column, published in a handful of Jewish newspapers, criticizing Klein's tactics in advancing some of his political causes. He accused Klein of employing a strategy "marginalizing other Jews by dredging up old, out-of-context quotes, ignoring other evidence."

He cites as examples Klein's past criticism of U.S. State Department officials Martin Indyk and Aaron Miller. In his column, Goldberg quotes Foxman as saying that one of Klein's tactics is to label his ideological opponents "as traitors in the hope that nobody will give them a platform."

In a telephone interview this week, Klein denied the characterization and said, "The tone of Foxman's language is to diminish me, to demean me and to reduce my credibility." He accused both Foxman and Goldberg of "having a vendetta against me."

Foxman and Goldberg denied the accusation.

While Klein has not expressly threatened to file a lawsuit against Goldberg, he said that if Goldberg does not apologize, "we'll see" what happens. Goldberg, fearing a lawsuit, has retained an attorney, but said he stands by his column.

Meanwhile, Klein has decided to change course in his effort to force Foxman to apologize. Klein said he was turning to the Conference of Presidents of Major American Jewish Organizations, an umbrella body.

Last year, the group found Foxman at fault for calling Klein "an attack dog of the Jewish thought police" for his criticism of ADL for hosting New York Times columnist Thomas Friedman. Malcolm Hoenlein, executive vice chairman of the Conference of Presidents, said the group's committee on rights and responsibilities would review a complaint next month if Klein filed one.

During a particularly vitriolic period, prior to the assassination of Israeli Prime Minister Yitzhak Rabin, members of the conference signed a statement promising to avoid "demeaning characterizations" of other Jews.

But Foxman said he would oppose any move by the Conference of Presidents to consider Klein's charges. "It's not the conference's business or jurisdiction," he said.

Foxman stood by his criticism of Klein, saying that "he accuses people of being enemies of the Jewish people to disenfranchise them. These tactics are unacceptable."

Klein's efforts to deflect Goldberg's column about him have already had some effect. The Philadelphia Jewish Exponent carried an editorial last week headlined, "Clearing the Record: We Apologize to Morton Klein for Factual Errors."

The paper also carried a letter to the editor from the president of the Jewish Publishing Group, which publishes the Exponent. "It would be a gross understatement to say that we erred" in publishing Goldberg's column, wrote Gary Erlbaum.

At the same time, on the other coast, the Los Angeles Jewish Journal opted to run the same piece even after controversy about it had erupted. □

## FOCUS ON ISSUES

**In quest to become U.S. citizens, immigrants endure lots of red tape***By Daniel Kurtzman*

WASHINGTON (JTA) — Kalmina Dashevskaya should have become a citizen of the United States well over a year ago.

She waited five years for the right to apply and passed her citizenship test in April of 1997.

But she has not yet been sworn in because the Immigration and Naturalization Service has failed to complete her requisite criminal background check.

For the 71-year-old Jewish refugee from Ukraine, the bureaucratic process has become exasperating.

The INS has taken Dashevskaya's fingerprints on five separate occasions and either rejected, lost or failed to process them each time.

"I feel very frustrated, very unhappy," Dashevskaya, who lives in subsidized housing in Oak Park, Mich., said in a telephone interview last week through an interpreter.

But it's more than just frustration. It's a matter of having enough food to eat.

Last year, she lost her access to food stamps as a result of the 1996 welfare reform law, which denied certain benefits to refugees who had been in the country more than five years and were not citizens.

Since then she and her husband, who applied for citizenship at the same time but was sworn in a year and a half ago, have been struggling to subsist on his food stamps alone.

As America celebrates its independence on July 4, Dashevskaya is one of tens of thousands of Jewish immigrants — and one of more than 2 million people total — caught up in a massive backlog of people waiting to become citizens of the United States.

The backlog is the largest since the federal government began keeping records at the turn of the century.

"These are legal immigrants, people who are making positive contributions to our society and who have played by the rules," said Leonard Glickman, executive vice president of the Hebrew Immigrant Aid Society.

"We just think it's outrageous for someone who has made the kind of personal and profound decision to become a citizen of another country to have that impeded by bureaucratic obstacles," said Glickman, whose organization has helped process nearly 189,000 Jews from the former Soviet Union between 1989 and 1993.

The normal waiting time — which averaged six months before the backlog increased in 1996 — is now 18 months, and as long as two years in cities such as Los Angeles, New York, San Francisco, Miami and Chicago.

The backlog stems from a surge in citizenship applications dating back to 1993.

Driven by changes to federal immigration and welfare laws, applications have soared from 342,000 six years ago to a record 1.5 million last year. Close to 2 million more applications are expected this year.

The "stampede," according to Diana Aviv, director of the Washington office of the Council of Jewish Federations, has been

caused by "the sense that immigrants have had that if they're not citizens they won't be adequately protected in this society."

The problem has been exacerbated by reform measures mandated by Congress.

The reforms require two INS officials and a supervisor to go over the same citizenship application.

The INS has also been trying to shift from an antiquated, paper-based filing system to computers, computerized fingerprinting machines and other technological innovations.

Jewish refugees caught up in the wait are among the most vulnerable, Jewish organizational officials say, because many are elderly or disabled and in dire need of gaining access to the social service programs that come with citizenship.

Reducing the backlog has become a major focus for Jewish immigrant advocacy groups, led by CJF and HIAS.

They are urging Congress to appropriate the more than \$100 million the INS estimates it needs to reduce the wait by the end of 1999.

Indeed, most observers believe that the source of many of the immigration service's problems stem from its dual role as an agency that must both keep illegal immigrants out of the country and help legal immigrants become citizens.

In pressing the issue, advocates find themselves in the middle of a battle raging between Congress and the INS over how best to run the agency.

Some congressional Republicans, citing a report conducted last year by a bipartisan commission that concluded the INS was suffering from "mission overload," have suggested abolishing the agency and dispersing many of its responsibilities among the State, Justice and Labor departments.

INS Commissioner Doris Meissner has defended her agency against congressional threats of a breakup, promising a drastic reorganization.

A spokeswoman for the INS said the immigration service has been working to reduce the backlog by assigning more adjudication officers, authorizing more overtime and speeding up the number of interviews.

"We are committed to doing whatever it takes to fix the naturalization system," the spokeswoman said.

"A customer-friendly, timely and secure naturalization program is the agency's highest priority."

A proposal is also pending to raise the fees applicants pay from \$95 to \$225.

The INS believes the extra funds can help chip away at the backlog.

Jewish groups, for their part, have put together their own set of recommendations for a restructuring of the INS, arguing that the overriding change needed is one of attitude.

The groups want to see a more service-oriented system that treats immigrants as customers, not adversaries.

Echoing some of the immigration service's own proposals, Jewish immigrant advocates say that a wall needs to be built separating service and enforcement personnel and functions.

At the same time, Jewish groups are urging lawmakers not to make matters worse by imposing new changes to the naturalization process.

A key concern is legislation approved by a House panel in June that would mandate more stringent criminal background checks before someone can be approved for citizenship. □