



# Daily News Bulletin

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84th Year

## TOP NEWS IN BRIEF

### Ex-O.U. official faces sex charges

A New Jersey grand jury has charged a former Orthodox Union official with having sexual contact with two young girls at a religious high school in Ocean Township. According to a statement from the Monmouth County prosecutor, Rabbi Baruch Lanner, who was principal of the Hillel Yeshiva High School, molested the girls — both younger than 16 — inside his school office on numerous occasions.

Lanner resigned last summer from his post at the O.U.'s National Conference of Synagogue Youth after he was accused of harassing and molesting scores of teen-agers in the youth group. In a statement Wednesday, the O.U. called Lanner's behavior at NCSY "repugnant," but noted that it was not related to the New Jersey indictment.

Lanner, who denied the NCSY accusations, could not be reached for comment Wednesday. He is expected to be arraigned in several weeks.

### Sharon, Annan confer at U.N.

Prime Minister Ariel Sharon discussed the ongoing Palestinian violence during a meeting with U.N. Secretary-General Kofi Annan at U.N. headquarters in New York.

According to U.N. officials, the two also discussed the situation in southern Lebanon following Israel's troop withdrawal last May.

### U.S. blasts rights commissioner

The new U.S. representative to the U.N. Commission on Human Rights in Geneva rebuked the world body's top human rights enforcer for an allegedly one-sided report that criticized only Israel for the ongoing violence in the region.

Shirin Tahir-Kheli, head of the U.S. delegation, made her comments Wednesday at the commission's annual session after a number of countries, including Egypt and Libya, expressed approval of Commissioner Mary Robinson's November report.

### Mitchell panel visits Jerusalem

A U.S.-led committee arrived in Jerusalem to conduct a fact-finding mission into the ongoing Israeli-Palestinian violence. Israeli Foreign Minister Shimon Peres was among the Israeli officials meeting Wednesday in Jerusalem with the five-member team, led by former U.S. Senator George Mitchell.

## BEHIND THE HEADLINES

### Nasdaq's high-tech wreck takes its toll on Israeli firms

By Avi Machlis

JERUSALEM (JTA) — When Amir Aharoni quit his job as a senior executive at the Israeli high-tech firm Optibase to establish a start-up called Mobixell Networks, being a technology entrepreneur was a far more promising endeavor than it is today.

True, share prices on the Nasdaq, where Optibase trades, already were falling last December, and dot-com companies were collapsing by the dozens.

Yet Israeli entrepreneurs felt somewhat insulated from the technology turmoil.

They had been spared the worst of the dot-com carnage, since the Israeli industry focused on creating infrastructure technologies for Internet and telecom firms instead of on consumer Web sites, which lacked solid business models and were the first to collapse.

Furthermore, even though investment in Israeli start-ups slowed toward the end of 2000, it had been a record year for the sector, which in recent years has fueled Israeli economic growth.

But things have changed for the worse this year:

- Blue-chip technology companies like Intel and Cisco are reporting profit warnings and laying off employees by the thousands.
- Information technology spending in the United States — where many Israeli firms sell their products — is growing at a much slower pace than expected.
- By mid-March, the Nasdaq stock index had plunged by 63 percent from its high of 5,049 one year ago.

No longer insulated, Israel's high-tech sector is feeling the shock waves of these developments.

"We have to be concerned," said Aharoni, whose start-up is developing a technology to manage traffic of multimedia and video applications over wireless networks.

"Even though I think that the uniqueness of our team and the background of our people puts us in a better position, we still have to be careful. We know that no fund raising is certain anymore."

The high-tech industry's fall already has affected Mobixell's day-to-day operations, Aharoni said.

The company is being very cautious about spending. At the same time, it is no longer shooting for a quick "exit," as venture capitalists call an initial public offering on the stock market or the lucrative sale of a start-up to a bigger group.

As increasing numbers of Israeli tech companies fall victim to the turbulence, officials are concerned about the potential for a broader battering of the Israeli economy.

PricewaterhouseCoopers, the international accounting and consultancy group, reported that Israeli start-ups attracted \$3.2 billion of investment from venture capital funds during 2000. According to a recent Finance Ministry report, that accounts for 2.9 percent of Israel's gross domestic product.

In the United States, by contrast, start-up investments accounted for only 0.7 percent of the economy last year.

The slowdown has contributed to the Finance Ministry's sharp reduction of economic growth forecasts for 2001 from about 4.5 percent to about 2.5 percent — and the worst may be yet to come.

The Finance Ministry report warns that if the start-up sector slows by 25 percent or more compared with last year — a possibility given the current climate — Israeli

## MIDEAST FOCUS

### Sharon: Don't invite Arafat

Israeli Prime Minister Ariel Sharon warned that if President Bush invites Palestinian Authority President Yasser Arafat to the White House the move could lead to more terror attacks against Israel.

After meeting with Bush on Tuesday, Sharon told reporters that he did not attempt to intervene in the U.S. decision, but told Bush that such an invitation "could be interpreted as a sign that terrorism pays." Bush and other administration officials have not indicated whether they will issue the invitation.

### Palestinians blast U.S. 'bias'

A Palestinian minister said Wednesday the Palestinian Authority wants participants at next week's Arab summit in Jordan to find a way "to confront the American bias toward" Israel during the six-month-old Palestinian uprising.

Information Minister Yasser Abed Rabbo made the comment a day after President Bush hosted Prime Minister Ariel Sharon at the White House.

### Jerusalem car-bombing thwarted

A car bomb equipped with a cellular-telephone firing mechanism was discovered in Jerusalem's fervently Orthodox Mea Shearim neighborhood. A police squad later safely detonated the device. In February, one person was wounded when a car bomb exploded in a haredi neighborhood adjacent to Mea Shearim.

### Assassin's friend goes to jail

A woman convicted of failing to prevent the assassination of Prime Minister Yitzhak Rabin began serving a nine-month jail sentence.

Margalit Har-Shefi, 25, a friend of Rabin assassin Yigal Amir, repeated her claim of innocence Wednesday as she entered a prison for women in central Israel. "I did not know" in advance about Amir's plans, she said. "Even prison can't change the truth."

economic growth may fall below 2 percent. That would be the slowest growth rate in more than a decade.

The status of Israeli high-tech in the world's eyes was important enough for Prime Minister Ariel Sharon to take time out from his hectic schedule last week for a satellite address to a Silicon Valley conference on Israeli technology.

After spelling out his plans for peace and security, Sharon promised to pursue an economic agenda of "fiscal consolidation, liberalization of financial markets and necessary economic reforms."

He also promised to move swiftly on tax reform, a particularly popular pledge since many foreign companies operating in Israel are unhappy with the tax rate.

But nothing the government does can stop the tidal wave from Wall Street that is starting to crash down on Tel Aviv.

The trends confirm what analysts have said for months: that Israeli-Palestinian violence has far less effect on Israel's high-tech industry than does the Nasdaq.

The most immediate impact is on the ability of Israeli start-ups to raise new cash. IVC Online, an Israeli venture capital industry research group, recently issued a study showing that the amount of money raised by Israeli start-ups in recent years has tended to rise and fall in line with the ups and downs of the Nasdaq.

"The trend is definitely similar," says Eran Mordecai, director of IVC Online. "As long as the Nasdaq will not recover, the Israeli high-tech community and high-tech start-ups will have difficulty raising new money."

Mordecai also expects that some 88 Israeli venture capital funds — which have about \$3 billion free to invest — will spend more of their money beefing up companies in their portfolios rather than investing in embryonic start-ups.

This also means that existing start-ups without solid business plans could collapse.

Koldoon, an Israeli database company that tracks the technology sector in Israel and Europe, reports that during the past year 256 Israeli companies — out of some 1,500 total — have shut down.

While many of these companies were dot-coms, the next wave of shutdowns is expected to include more hard-core technology companies. Layoffs already are sweeping the sector.

R-U-Sure, a company that created a computer application for comparing prices on the Internet, was a particularly prominent Israeli start-up to go belly up.

It was funded by Yossi Vardi, who rose to fame for founding Mirabilis, the Israeli company that created the hugely popular ICQ program. Mirabilis was sold to America Online in 1998 for \$400 million, a move that led a wave of buyouts of Israeli companies.

Layoffs have hit companies ranging from Yazam, a high-profile venture group that made headlines in the international business press when it started to flounder, to Versaware, a start-up that makes technology for producing e-books.

The growing casualty list even has hit top Israeli names such as Gilat Satellite, which laid off 275 employees, or 18 percent of its staff, just two days after issuing a profit warning that sent its stock crashing more than 50 percent on the Nasdaq.

According to Tobias Fischbein, Israel technology analyst at the Tel Aviv office of the Lehman Brothers investment bank, Israeli stocks have more or less performed in line with the Nasdaq.

By mid-March, the Nasdaq was down 19 percent since the beginning of the year. Fischbein says that of about 100 Israeli stocks on the Nasdaq, 59 companies that had a market capitalization of more than \$100 million were down 19 percent over the same period.

But the combination of layoffs, shutdowns and sliding stocks is not all bad news.

For several years Israel has suffered from a severe skills shortage. Now, fired workers are expected to gravitate toward companies with more viable business plans. Wages already are falling.

Fischbein says this ultimately may contribute to the sector's financial health. In recent years, he said, a lot of money has been inefficiently allocated — both to companies with no viable future and within companies that were paying inflated salaries.

"The outcome will be better in terms of both the labor market and the Israeli high-tech industry," Fischbein said. "The noise level will come down, and money will be invested more wisely.

"Of course, it will all be at a slower pace and lower valuations, but all this will contribute to the long-term sustainable growth of the industry." □



## Daily News Bulletin

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## JEWISH WORLD

### Once the toast of Sephardi politics, Israel's Mordechai guilty of assault

By Naomi Segal

#### Lubavitch rabbi Kremlin favorite

The Lubavitch movement's chief rabbi in Russia was named Tuesday to a high-profile Kremlin advisory panel that includes leaders of all the religions officially recognized by the Russian government. While Berel Lazar was appointed to the council, the other chief rabbi of Russia, Adolph Shayevich, was excluded from the body, which he has served on for years.

Local Jewish observers considered the developments the clearest indication yet of Russian President Vladimir Putin's support for Lazar as the sole representative of Russian Jewry.

#### Clinton award sparks controversy

Two student groups at Yeshiva University's law school gave President Clinton a peace award, sparking student protests. When Clinton was given the Advocate for Peace Award on Monday for his diplomatic efforts in the Middle East, Northern Ireland and the Koreans, some students at Cardozo Law School questioned how a disgraced lawyer could receive the honor.

One student called the award "hypocritical," noting that Clinton lost his law license for five years after he admitted to misleading a grand jury about the Monica Lewinsky scandal.

#### Bridge shooting victim weds

One of those wounded in a 1994 shooting attack on a van carrying Orthodox Jewish students over the Brooklyn Bridge was married Monday night. Nachum Sasonkin lay in a coma for a week and spent months in rehabilitation after he was shot in the head in the attack.

Sarah Sasonkin said her son's wedding was a testament that "we should never lose hope."

#### Russians buy Marc Rich firm

A Russian conglomerate is buying a trading company belonging to billionaire financier Marc Rich, according to Russian and British news reports. The Alpha Group conglomerate, which is paying Rich \$100 million, is headed by banker Mikhail Fridman, a leader of the Russian Jewish Congress.

The London-based Financial Times quoted Fridman as saying Monday that he was shocked by the furor created by President Clinton's pardon of Rich.

#### Venezuela to help track suspects

Venezuela said Tuesday it would cooperate with the Simon Wiesenthal Center, which is trying to find 18 alleged war criminals it says may be living there.

Earlier this week, the center provided Venezuela with the names of 14 Lithuanians, three Latvians and one Estonian. The suspects are believed to have served with local security forces that persecuted civilians, primarily Jews, during World War II.

JERUSALEM (JTA) — In a ruling that Israeli women's groups are hailing as a landmark, a former Cabinet minister and candidate for prime minister has been convicted of sexually assaulting and harassing two women.

In its ruling Wednesday, a Jerusalem court cleared Yitzhak Mordechai of similar charges brought by a third woman, citing inconsistencies in her testimony. But the judges stressed this should not be interpreted as a repudiation of the woman's claim.

The third woman, identified only as S., was a secretary in Mordechai's office when he served as transportation minister under former Prime Minister Ehud Barak.

It was this woman's complaint that prompted prosecutors to investigate Mordechai — and which ultimately persuaded the two other women to come forward with their own complaints.

Mordechai, whose wife left him after the allegations surfaced, faces a maximum of seven years in prison. He is expected to be sentenced next month.

Jeered by a group of women as he emerged from court, a haggard-looking Mordechai insisted he was innocent.

"I will fight with all my strength and to my last breath through every legal process to prove my innocence," Mordechai told reporters after the verdict was read out.

Mordechai had accused the media of a witch-hunt, and his attorney, Dror Arad Ayalon, accused the media and police of "conspiring" against his client.

Supporters said Mordechai had been charged with acts that were a norm in the Israeli army and political circles for decades.

But women's organizations hailed the ruling as a breakthrough in efforts to combat sexual harassment, saying it would encourage more women to come forward.

"It says the rules of the game have changed," said Zehava Gal-On, the Meretz legislator whom S. first approached with her complaint.

Mordechai stepped down as transportation minister last year when charges were filed against him. Though he remains a Knesset member, he has been virtually absent from legislative activity in the past year.

Mordechai said Wednesday he would suspend further participation in the Knesset until a decision is made on the appeal he lodged against the verdict, according to the Jerusalem Post.

Mordechai had served as defense minister in the government of former Prime Minister Benjamin Netanyahu.

In 1999, after a split with Netanyahu, he left the Likud and ran for prime minister at the head of the newly formed Center Party, becoming the first major Sephardi candidate for prime minister.

In a televised debate during the campaign, his verbal attacks broke the calm of the usually unruffled Netanyahu and were cited as a turning point in the campaign.

Just days before the May 1999 election, Mordechai stepped out of the race, leaving the opposition field open for Barak, who eventually won.

Mordechai went on trial last November for committing forced indecent acts on the three women while serving in the army, as defense minister and as transportation minister.

On Wednesday, Mordechai was found guilty of attacking one of two women, identified only as A., who was a soldier in his office when Mordechai headed the army's northern command in the 1990s.

In one incident in 1992, Mordechai drove A. to a secluded area near Safed and tried forcibly to kiss her. When she resisted his advances, he made her walk back to the base in the dark. In another instance, he brought A. to his apartment in Netanya and then forcibly lay on top of her, wearing only a towel.

Mordechai also was found guilty of committing forced indecent acts against the second woman, N., a Likud activist he invited to his home to discuss a job when Mordechai was defense minister.

The court said it found no substantiation of Mordechai's claim that the complaint from the third woman, S., was part of an attempt by rivals to "politically assassinate" him. The judges also said they found inconsistencies in Mordechai's testimony. □

## As fighting erupts in Macedonia, local Jews issue appeal for peace

By Ruth E. Gruber

ROME (JTA) — As fighting between Macedonian troops and ethnic Albanian rebels threatens to escalate into full-scale Balkan warfare, Macedonia's tiny Jewish community is calling on world Jewry to help preserve the fragile peace.

"We, the Jews of Macedonia, are very concerned by the current violence that threatens to destroy the multiethnic harmony and democratic dialogue that have characterized the small but proud and independent country in which we live," Jewish community leader Viktor Mizrachi said Tuesday during a meeting of the Institute for Inter Ethnic Relations in Skopje, the Macedonian capital.

"We fear for the unity of our country and the equilibrium of our region," he said.

"In this present crisis we urge all Jews and Jewish organizations and communities around the world, as well as all people of good will, to raise their voices to defend the ideals of peace and understanding, to protect the stability of the Republic of Macedonia."

Macedonia is the only country created from the breakup of Communist-era Yugoslavia that has not experienced war during the past decade. But for the past week, Macedonian government troops and police have been battling ethnic Albanian rebels near the Macedonian border with Kosovo. Local and international leaders have warned that the conflict could spread.

Only about 200 Jews live in Macedonia, a country of 2 million. But the tight-knit group has been fighting to revive Jewish traditions, Jewish identity and Jewish life — and their presence has been recognized by the national leadership as an important symbol in a state that has tried to maintain a peaceful ethnic mix.

Last year, the community dedicated what is believed to be the first new synagogue built in the Balkans since the end of World War II.

"As Jews we enjoy full rights in Macedonia and warm relations with all of the many ethnic groups and peoples that make up this country," Mizrachi said Tuesday.

He noted that just last week — as every year — government officials, religious leaders and representatives from other ethnic groups joined Macedonian Jews in commemorating the anniversary of the deportation and annihilation of Macedonian Jews during World War II.

In addition, he said, the coalition government representing both Macedonian and ethnic Albanian political parties has promised to build a Macedonian Holocaust Center in Skopje and has also passed legislation regulating the restitution of individual and communal property.

Macedonian Jews have won respect by providing nonsectarian aid to fellow citizens and refugees.

At the beginning of the Kosovo crisis in 1999, the community established a Jewish Humanitarian Aid Society called Dobra Volja to help refugees from Kosovo of whatever nationality — Albanian, Serb or Gypsy — and also to help local Macedonians in need.

Dobra Volja is supported by an international alliance of Jewish organizations including the American Jewish Joint Distribution Committee and the American Jewish Committee, Great Britain's World Jewish Relief, the Coordinating Committee of Belgian Jewish Organizations and a Swiss Jewish aid group. □

## FOCUS ON ISSUES

### Opening of first liberal seminary could raise German Jewish tension

By Sharon Samber

WASHINGTON (JTA) — The opening of a liberal rabbinical seminary near Berlin this fall may bring intra-Jewish tensions in the German Jewish community to a head.

But Jewish leaders are holding out hope that by further strengthening the rapidly growing progressive streams in Germany, the school just might help promote Jewish harmony.

As applications start arriving at the Abraham Geiger College near Berlin, school organizers and other leaders are expressing concern over tensions in the community.

In an address last week in Washington to the conference of ARZA/World Union, the international and Zionist arm of the Reform and Reconstructionist movements, Geiger College's president spoke of the need to encourage rabbinical leadership in Germany.

Rabbi Walter Jacob promised to rebuild the liberal Jewish movements, despite what he called attacks from Orthodox Jews who hold positions of power in the community.

"Progressive" is the German Jewish community's term for the equivalent of the American Reform movement, while the term liberal includes progressives as well as other alternatives to Orthodoxy.

One reason for the interdenominational rivalry is that German religious groups receive state support, and the Jewish central council is then responsible for dividing the money — supposedly in a pluralistic manner.

So far, however, the council has funded only traditional groups, and will not give full recognition to the progressive movement, Jacob said.

For his part, Andreas Nachama told JTA that the problem is a lack of communication.

Nachama, president of the Berlin Jewish Community, an umbrella group with seven member-synagogues ranging from Orthodox to liberal, said ARZA/World Union has not consulted with them as they've set up the college and have not asked the community to place student rabbis in Berlin's synagogues.

"It's the same thing as love. You can't force someone to love. You can't force someone to communicate," said Nachama.

As liberal groups continue to grow and assert themselves, it is inevitable that there will be an escalation of tension, according to Rabbi Marc Schneier, president of the North American Boards of Rabbis.

The new seminary will give greater prominence to the liberal community, Schneier said, raising the ante for competition in the Jewish community for funding, representation and prestige.

NABOR, which has representatives from the Orthodox, Conservative, Reform and Reconstructionist movements in the United States and Canada, is hoping to serve as a model for the German rabbinic council, Schneier said.

Schneier, who hosted the NABOR annual conference in Berlin last week, said the question is whether leaders want to address the tensions in a civil manner.

If not, Schneier warned, it could lead to rhetoric and dissension that would "engulf the community in conflict." □

(JTA Staff Writer Peter Ephross in New York contributed to this report.)