



# Daily News Bulletin

Vol. 81, No. 110

Monday, June 16, 2003

86th Year

## TOP NEWS IN BRIEF

### Partial Gaza withdrawal soon?

Israel is weighing a proposal to withdraw from the northern Gaza Strip.

The Israeli army coordinator for activities in the West Bank and Gaza Strip, Maj. Gen. Amos Gilad, met Saturday night with the Palestinian Authority's security affairs minister, Mohammed Dahlan.

The talks, at the residence of the U.S. ambassador to Israel, came amid heavy American pressure on the two sides to save the "road map" peace plan following a week of escalating violence, the Israeli daily Ha'aretz reported.

During the meeting, Dahlan demanded an Israeli withdrawal from the Gaza Strip and Bethlehem, a halt to the policy of targeted killings and a lifting of the travel ban on Palestinian Authority President Yasser Arafat, the report said.

Gilad called for an end to terrorist attacks and warned that Israeli forces would return to any areas from which they withdraw if attacks continue.

### Romania blasted on Holocaust

Jewish officials are denouncing Romania's recent declaration that no mass murder of Jews took place on Romanian soil in World War II.

The Simon Wiesenthal Center's Israel director, Efraim Zuroff, demanded that Romania's Information Ministry retract its statement last Friday, when it claimed that "within the borders of Romania between 1940 and 1945 there was no Holocaust."

The statement came a day after the Romanian government signed an agreement allowing the U.S. Holocaust Memorial to study Romanian archives on the Holocaust. About half of Romania's prewar Jewish population of 760,000 was killed during the war, according to historians.

### Lawmakers slam Bush

Several groups of lawmakers have sent President Bush letters recently on the "road map" peace plan.

In one, 34 members of the U.S. House of Representatives say they are "deeply dismayed" by Bush's "criticism of Israel for fighting acts of terror."

Another, signed by leaders of the House's International Relations Committee, calls on Bush to pressure Arab and European states to cut all ties to terrorist organizations and minimize relations with Palestinian Authority President Yasser Arafat.

## BEHIND THE HEADLINES

### Jewish charities are divided over bill to require more giving

By Joe Berkofsky

NEW YORK (JTA) — A controversial bill to clean up the charitable foundation world is stirring mixed reactions among Jewish philanthropists.

Co-sponsored by Reps. Harold Ford Jr. (D-Tenn.) and Roy Blunt (R-Mo.), the bill would force foundations to give away more of their endowments each year to non-profits and charities.

Under the House Charitable Giving Act, the nation's 64,000 foundations, including 7,000 Jewish family funds, would not be allowed to include their annual administrative costs as expenses.

Foundations currently are required to give at least 5 percent of their endowments to charity, but can claim overhead such as staff salaries, office maintenance and travel expenses as part of that mandatory giving.

Mark Charendoff, president of the Jewish Funders Network, which represents some 800 Jewish family foundations, said he found members split over the reform bill.

Still, considering that the bill would require more charitable giving in tight economic times, "I was surprised to find such mixed reactions," Charendoff said.

The bill surfaced in response to an April report in the San Jose Mercury News that one of the nation's wealthiest patrons, the James Irvine Foundation, awarded lavish salaries and compensation packages to its president while slashing grants as its assets fell sharply.

The bill has divided the foundation world, which has grown rapidly in recent years. Foundations across the country are worth a total of \$480 billion. Jewish foundations, which have doubled in number in the last decade, make up about \$30 billion of that.

On one side are groups like the Council on Foundations, a professional association that calls the bill a "danger" to its membership.

On the other are reformists such as the National Committee for Responsive Philanthropy, which wants more annual giving and maintains that the 100 wealthiest foundations would distribute \$900 million more each year under the new law.

Charendoff said JFN members also remain divided. "This is a highly nuanced issue that does not appear to enjoy a consensus among our members," he said.

While the JFN will not take sides in the debate because its membership does not entirely support one side, Charendoff long has encouraged Jewish foundations to give more than the required 5 percent.

But he acknowledged "the leap between saying that and wanting Congress to legislate that."

"I don't believe there's a deep understanding in the pending legislation of the philanthropic world," Charendoff added.

Charendoff instead wants to encourage Jewish foundations "to do better, rather than trying to force them through legislation."

In fact, many already reach higher standards of tzedakah, or charity. The Charles and Lynn Schusterman Family Foundation of Tulsa, Okla., whose assets reached some \$80 million in 2002, gave away \$14 million. Of that, 75 percent went to Jewish causes such as Birthright Israel, which sends young people to Israel.

Had their patron, Lynn Schusterman, adhered strictly to the 5 percent baseline, the foundation would have given away only \$4 million.

One critic of the proposed law told Charendoff that the legislation is really a

## MIDEAST FOCUS

### 'Ticking bombs' to be targets

Israel will continue to target Palestinian terrorists who are "ticking bombs," Prime Minister Ariel Sharon said Sunday. Speaking at the weekly Cabinet meeting,

Sharon was also quoted as telling ministers that Israel will present the U.S. delegation that arrived in the region Sunday with a document stressing that Israel considers the "road map" peace plan to include all 14 Israeli reservations to the initiative.

The military intelligence chief told the Cabinet that while Palestinian Authority Prime Minister Mahmoud Abbas convinced the Americans at the recent summit in Aqaba of his commitment to the peace process, Abbas lacks legitimacy among the Palestinians.

### Strike toll rises to three

An 8-year-old Palestinian girl died of injuries sustained in last Tuesday's Israeli helicopter strike against a senior Hamas official.

Her death Sunday brought to three the number of people killed in the failed assassination attempt against senior Hamas official Abdel Aziz Rantissi. In other violence, Israeli troops killed a Fatah member and wounded two other armed Palestinians during exchanges of fire in the northern Gaza Strip on Saturday night.

### Israeli soldier buried

An Israeli soldier killed in Jenin over the weekend was to be laid to rest on Sunday.

Staff Sgt. Mordechai Sayada, 21, was killed when shots were fired on an army patrol in the West Bank town last Friday.

In other violence last Friday, Israeli helicopters fired on a car in the Gaza Strip, killing a Hamas member and injuring at least 20 people.

Army sources said the occupants of the car were on their way to launch rockets into Israel.

partisan conservative effort to "sunset" foundations, or force them to spend down their entire endowments and go out of business, because many benefactors have died and left their funds to more liberal overseers.

"We're not so concerned about the issue of foundations spending themselves out of existence, because money is available to us," said Sanford Cardin, executive director of the Schusterman foundation.

But Cardin also is a board member of the Council on Foundations.

From that group's perspective, "we don't think the bill makes a great deal of sense," he said.

"The 5 percent number is the right number to ensure the long-term viability of foundations' assets."

Cardin said the bill would force foundations to cut back on staff, whose site visits make foundations more efficient.

In 1994, for example, the Schustermans hired staff to oversee their money because "they felt they could award more if they had professionals handling their assets," he said.

In "many cases, money is not the issue for not-for-profits trying to do a better job: It's governance, management, strategic planning and implementation," Cardin said.

Jeffrey Solomon, president of the Andrea and Charles Bronfman Philanthropies, said the proposed law would not affect many Jewish foundations, since an estimated 85 percent remain small outfits run by the families themselves and do not rely on professional money managers.

But some \$1 trillion is expected to change hands in the coming decades, and the second, third and fourth generations of wealthier Jews whose families run foundations would be affected by such a law, Solomon added.

Still, Solomon said he was "not troubled" by the idea. "This is not going to mean the demise of foundations," he said.

Instead, "we should be encouraging foundations to be putting as much as is reasonable into community needs."

The Bronfman fund, which actually is a holding company of five foundations, has assets of more than \$100 million and last year gave out \$21 million.

The foundation is considered an "operating foundation," Solomon said, or a fund that operates its own grant projects, and so would be exempt from the law.

Meanwhile, Charendoff said he doubts most foundations would have opposed the bill in better economic times, when many foundations were seeing returns of 10 percent to 20 percent on their investments.

"You wouldn't have seen such an uproar," he said.

Others saw silver linings in the bill. Despite his own opposition to the bill, Cardin said the foundation world will benefit from the debate.

One donor remarked to Charendoff that the bill says it aims for "change" — which is precisely what foundations are supposed to effect.

"Why is everyone so hysterical?" he wondered. □

## Israel TV spots air

NEW YORK (JTA) — Television ads featuring Israeli mothers appealing for an end to Palestinian terrorism have begun airing in the Washington area.

In a typical ad, an Israeli mother talks about how terrorism is affecting her children and expresses confidence that Palestinian mothers wish peace for their children, too. The 30 TV spots, which began airing on June 2 on several cable news networks, are sponsored by the Israel Project. □

## Gay Pride parade postponed

JERUSALEM (JTA) — A gay pride parade in Jerusalem was postponed until Friday due to last week's terrorist attack in the capital.

The second annual "Love Without Borders" parade was initially scheduled to be held last Friday.

But organizers postponed it by a week in the wake of the June 11 suicide bus bombing, which killed 17 people and wounded more than 100. □



## Daily News Bulletin

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JTA DAILY NEWS BULLETIN is published five days a week, except holidays, by the Jewish Telegraphic Agency Inc., 330 Seventh Ave., New York, N.Y. 10001-5010. For information about how to subscribe by e-mail, fax or regular mail, call (212) 643-1890, or visit our Web site at [www.jta.org](http://www.jta.org).  
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## JEWISH WORLD

### Senator: U.S. may be part of force

The United States may have to attack Hamas and other Palestinian terrorists, a U.S. legislator said. Speaking on "Fox News Sunday," Sen. Richard Lugar (R-Ind.) said U.S. troops may be part of an international peacekeeping force that could help root out terrorism.

"It may not be just Hamas, but clearly Hamas is right in the gun sights," said Lugar, the chairman of the U.S. Foreign Relations Committee.

### France calling for peacekeepers

France will ask the international community to consider sending a peacekeeping force to the Middle East to intercede between Israel and the Palestinians, France's foreign minister said.

Dominique De Villepin told the Jewish community radio station Radio J on Sunday that France would be calling for experts from the "Quartet" of the United States, United Nations, Russia and the European Union to carry out a "feasibility study" into the idea.

### Synagogue attack attempted

Belgian police arrested a man after he tried to blow up a vehicle outside a synagogue in the south of the country.

Sources in Charleroi, some 35 miles south of the capital of Brussels, told the Agence France-Presse news agency that the man had parked a car filled with five gas canisters near the city's synagogue last Friday morning and had then poured gas over the vehicle.

### Envoy's cousin died in bombing

A cousin of Daniel Kurtzer, the U.S. ambassador to Israel, was among the 17 people killed in last week's suicide bus bombing in Jerusalem.

The father of Anna Orgal, 55, the daughter of Holocaust survivors, was a cousin of Kurtzer's mother.

### Estonia employs hate laws

A woman in Estonia was sentenced to a year in prison for violating the country's hate speech laws.

Ludmila Vikenteva, an ethnic Russian, was charged in June 2001 with distributing the newspaper of the local branch of the violent neo-Nazi group Russian National Unity, which an Estonian expert commission found incites ethnic hatred.

### Jews hug Brazilian finance center

Brazilian religious leaders, including Baptists, Buddhists, Muslims, Catholics and Jews, gathered for an interfaith event. The Jewish community was represented at the June 12 Ecumenical Act for Peace by Rabbi Henry Sobel, the spiritual leader of Brazil's largest synagogue, the 2,000-family Congregacao Israelita Paulista.

## Confirmed: It was cocaine found on German Jewish leader

By Toby Axelrod

BERLIN (JTA) — German authorities have confirmed that cocaine was found in the possession of Michel Friedman, vice president of the Central Council of Jews in Germany.

Officials in Frankfurt had found a white powdery substance after searching Friedman's home and law office on June 11. Last Friday, they confirmed that the substance was cocaine.

The search was prompted by the emergence of Friedman's name during an ongoing investigation of a Ukrainian crime ring involving slavery, prostitution, and the smuggling of drugs and weapons into Germany. Prosecutors stressed that Friedman, also the president of the European Jewish Congress, is not suspected of involvement in this ring.

According to a June 14 report in Focus Magazine, authorities are also looking into whether Friedman encouraged prostitutes to use the drug. Penalty for possession of illegal narcotics in Germany ranges from a fine to up to five years in prison.

German media quickly picked up and highlighted the story, which involves one of the best-known and most controversial Jewish public figures in Germany. Some media outlets used old photos of Friedman smiling broadly and receiving Germany's highest medal of honor to illustrate the seamy news.

A well-known personality and TV talk-show host in Germany, Friedman is known as an effective speaker against racism and anti-Semitism, and as an outspoken supporter of Israel. He has not commented on the investigation.

After news of the probe for possible narcotics possession broke on June 11, Friedman suspended production of his TV talk shows, "Friedman" and "Watch Out! Friedman." His attorney told reporters it is too early for a statement.

During the search, samples of Friedman's hair also were taken in for testing; results may not be available for several days. Friedman reportedly cooperated with investigators.

As news of the inquiry unfolded last Friday, Paul Spiegel, president of the Central Council, defended Friedman and insisted that he not be judged outside a court of law. Spiegel told the Berliner Tagesspiegel he saw no reason for Friedman to step down from his post on the council.

Salomon Korn, head of the Jewish community in Frankfurt, said before the substance was confirmed as cocaine that it is absolutely out of Friedman's character to be involved with drugs. He told the Internet news agency Netzeitung that Friedman does not smoke or drink alcohol. He suggested that "an envious person was using the opportunity to even an old score."

According to news reports, investigators are seeking to learn whether Friedman ordered both cocaine and prostitutes by phone.

Two Ukrainian prostitutes reportedly told investigators they had seen Friedman use the drug.

Two years ago, a cocaine dealer in Frankfurt reportedly named Friedman as a customer during a police interrogation, but an inquiry was dropped due to lack of evidence.

According to the Bild Zeitung newspaper, that case now may be reopened.

The late German politician Jurgen Mollemann said in 2002 that Friedman's manner and message were responsible for a rise in anti-Semitism in Germany. The comment drew angry reaction from across the mainstream political spectrum but resonated among many in the general public.

Mollemann recently died in a parachuting accident

Whatever its outcome, the current investigation is likely to fuel negative public opinion of Jews in Germany. As one Jewish leader said privately, "This is not good for the Jews." The far-right National Democratic Party of Germany featured news of the scandal on its Web site under the headline, "This news can not be emphasized enough."

"Media reports in general have been full of schadenfreude," said Michael Wolffsohn, an expert on German Jewish history and politics at the German Armed Forces University. □

## NEWS ANALYSIS

**Russian signals on nuke aid to Iran don't mean cooperation will end**

By Lev Krichevsky

MOSCOW (JTA) — Russia's leadership has indicated in the past two weeks that it is ready to rethink its long-standing nuclear cooperation with Iran — but experts here agree that Moscow has not yet decided to ban such cooperation.

The United States and Israel long have criticized Russia for helping develop Iran's nuclear energy program, including helping build the Bushehr nuclear power plant.

"Russia doesn't know yet where it goes from here," said Pavel Felgenhauer, an independent Russian defense analyst.

"Russian policy on Iran is shifting, yet there is disarray among Russian leadership about what to do next, what do we ask from Iran," Felgenhauer said. "President Putin is saying one thing and the foreign minister" — Igor Ivanov — "is saying another."

At a joint news conference with President Bush earlier this month in Evian, France, Russian President Vladimir Putin said Moscow's position on Iran is much closer to Washington's than previously believed, and that Russia does not "need to be convinced of the fact that there should be no proliferation of weapons of mass destruction."

He added that Russia will work with the United States to prevent such proliferation "everywhere, including Iran."

Also in Evian, Putin told his fellow G-8 leaders that Russia will halt "all nuclear exports" to Iran until that country signs on to a stricter protocol on nuclear inspections.

Last week, Putin reinforced his statements at a meeting with visiting U.S. Jewish leaders.

Putin indicated that Russia has suspended delivery of nuclear materials to Iran until there is more transparency in Tehran's use of sensitive technologies.

He added that Moscow would seek additional guarantees from Tehran that Russian technologies are not being used to produce weapons of mass destruction. Putin acknowledged that materials sold to Iran carry a potentially great threat of being used as weaponry because of Iran's support of terrorism.

But earlier this month, a senior Russian Cabinet member dismissed U.S. concerns that Russian nuclear technology could be used to create atomic weapons in Iran.

Defense Minister Sergei Ivanov said Tehran is a member of the International Atomic Energy Agency and abides by its regulations. He said the technology that will be employed at Iran's Bushehr nuclear power plant couldn't "even hypothetically" be used for the production of weapons-grade plutonium or "other military purposes."

"This is purely a commercial project," Ivanov said.

Similarly, Foreign Minister Igor Ivanov said Russia would not necessarily link its completion of the Bushehr plant to Tehran's signature on additional agreements that would make its nuclear facilities available for unannounced inspections.

Georgii Mirskii, an expert on Middle East affairs with Moscow's Institute of Global Economics and International Relations, agreed that the Kremlin is ambivalent about U.S. demands to end nuclear cooperation with Iran.

Moscow is reluctant to give in to American pressure for reasons of economics and prestige, but it agrees that concerns that

Iran might be seeking to build nuclear weapons increasingly are being substantiated, Mirskii said in a recent interview.

If Tehran succeeds in acquiring such weapons, they would pose a more direct threat to Russia than to the United States, he said.

"A nuclear Iran that has territorial claims in the Caspian basin is a real concern for Russia, and is not something that Russia would want to see near its borders," Felgenhauer said.

Russia consistently has stated that its cooperation with Iran in the nuclear sphere doesn't go beyond the energy sector — the light-water reactor that Russia is building in Bushehr is not of great proliferation concern — but Iran reportedly is just three to four years away from completing a working nuclear bomb.

It remains an open question to what extent Russian cooperation has helped Tehran reach that goal.

The existence of a uranium enrichment plant at Natanz, Iran, was publicly revealed in August 2002 by an Iranian opposition group.

International observers later confirmed that the technology can be used to enrich uranium beyond the needs of power reactors, for use in weapons.

"Moscow clearly does share concerns about the real intentions of Iran," Felgenhauer said. "It was a nasty surprise for Russians that they had built a uranium purification plant. That was apparently done in secret from Russia."

Evgeny Satanovsky, president of the Russian Jewish Congress and a leading expert on the Middle East, said Russia is not helping Iran develop weapons of mass destruction.

"Iran is one of the most stable Russian neighbors in the region, but Russia understands that Iran is not its strategic partner," Satanovsky said. "Russia is ready to heed U.S. concerns, but simple pressure won't work here."

He continued, "Keeping Russian contracts in the Iranian nuclear energy sector is an important way to have some control over Iran's nuclear program. It should be understood now when we see that Tehran will soon have its bomb with or without Russia."

In fact, during last week's meeting with American Jewish leaders, Putin said Russia is "against using the pretext of a nuclear weapons program as an instrument of unfair competition against us."

Russia is expected to receive about \$500 million in revenues from the completed Bushehr plant. The cost of the entire project is estimated at \$10 billion.

Some analysts say it may not be up to Putin to change or terminate the Bushehr contract. Russian business leaders have their own interests at stake, and the future of the sensitive projects in Iran largely lies with them, experts say.

Kakha Bendukidze, a powerful Russian business tycoon, has an industrial conglomerate, United Machine Building Plants, that is the largest shareholder of Iran's nuclear energy project and is responsible for building the reactor turbines.

Felgenhauer said it would not be much of an exaggeration to say that "instead of going to Bush or Putin, those who are concerned about the program rather should go to Bendukidze."

Analysts say it will be nearly impossible to persuade Russia to cancel the Bushehr contract using economic inducements.

"The economic compensation the U.S. is offering to Russia will not work here," Felgenhauer said. "You have to find a way to meet the interests of those who actually own the project, not Russia as a nation. The compensations and business incentives should be precision guided, otherwise they're not effective." □