



Daily News Bulletin

Vol. 81, No. 198

Tuesday, October 28, 2003

86th Year

TOP NEWS IN BRIEF

Giving to Jews

The United Jewish Communities was the highest-ranking Jewish charity on the Chronicle of Philanthropy's annual list. The umbrella organization of local Jewish federations raised more than \$266 million from private sources and moved up to 32nd place from 41st on the list of the Chronicle's top 400 charities involved in fund-raising.

The UJA-Federation of New York was the second Jewish group on the list, dimbing to 51st place from 68th last year, with \$198 million in private money. Among federations, New York was followed by federations in Chicago, Detroit and Los Angeles, all of which moved up on the list.

U.S. universities were among the largest fund-raisers; Brandeis University ranked 213th, up from 224, with more than \$63 million, and Yeshiva University fell to 246 from 148, with nearly \$53 million.

Among organizations with Israeli connections, the highest-ranked charity was the American Friends of Bar-Ilan University, which raised more than \$145 million from private sources and ranked 95th.

Hezbollah hits Shebaa Farms

Hezbollah fired rockets at army positions in northern Israel, ratcheting up tensions between Israel and Syria, a patron of the Lebanese group.

There were no casualties in the strikes on at least two Israeli army posts in the Shebaa Farms region, along Israel's northern border. Syria, which funds Hezbollah along with Iran, was militarily shamed by Israel earlier this month for letting an Israeli airstrike on a terrorist training base outside Damascus go unanswered. Syria vowed to retaliate in the future.

Anti-Israel Oxford scholar resigns

An Oxford University professor resigned after being suspended for rejecting a graduate student because he is Israeli. Oxford suspended Andrew Wilkie for telling Amit Duvshani, "I am sure you are perfectly nice at a personal level, but no way would I take on somebody who had served in the Israeli army."

The penalty the university had imposed — suspension without pay — is Oxford's severest penalty short of dismissal, the university said in a statement.

Wilkie submitted his resignation from Oxford's Pembroke College on Monday, the day the suspension was announced.

BEHIND THE HEADLINES

Europeans hail Tehran's promise on nukes, but Israel says: Beware

By Gil Sedan

JERUSALEM (JTA) — Israel is warning that Iran's acquiescence to a European ultimatum to freeze development of nuclear power should not be trusted.

Israeli Defense Minister Shaul Mofaz told the Cabinet this week that Iran does not really intend to suspend its nuclear project, and is "only trying to buy time."

"Iran's agreement to put its nuclear project under supervision should be regarded as temporary and limited," Mofaz said.

Key members of the opposition Labor Party, such as the former defense minister, Benjamin Ben-Eliezer, and the former deputy defense minister, Ephraim Sneh, share Mofaz's view.

"I have no doubt that the Iranians cheated the Europeans," Ben-Eliezer told JTA. "The Europeans see mostly their economic interest, and they are shortsighted."

"The Iranians are pulling the legs of everyone," Sneh said. "Their problem is to buy time. They have pushed back the immediate pressure and will now negotiate over implementing the agreement."

"The problem is that the Europeans want to be cheated," he said, suggesting that the positive reaction in Europe to Tehran's announcement of compliance indicates how fervently Europe wants to avoid a serious rift with Iran over the issue.

A special team from the International Atomic Energy Agency went to Iran at the beginning of this month and is still there. The U.N.-backed group has set an Oct. 31 deadline for Iran to come clean.

The foreign ministers of Britain, France and Germany last week claimed they had persuaded Iran's ruling ayatollahs to suspend the country's suspected uranium enrichment program and allow international inspection of nuclear sites.

The E.U. foreign ministers said that once Iran signs the Non-Proliferation Treaty and the International Atomic Energy Agency approves the country's revised nuclear program, Europe would provide Iran with technical know-how.

No one in Israel denies that, whatever its ultimate goals, Iran is trying hard to be nice toward the West. This week, it claimed to have deported 225 Al-Qaida members to their home countries.

The United States has said that none of the men appeared to be top members of the terrorist group, but the fact that Iran boasted about the deportations shows that Iran wants to move from confrontation to dialogue, observers said.

"The Iranians have been facing a difficult situation," said Ephraim Kam, deputy head of Tel Aviv University's Jaffee Center for Strategic Studies. "They could have resisted the European ultimatum and proceeded with the uranium enrichment program. However, this would have meant facing a difficult battle in the Security Council and — worse yet — possible military action by the U.S."

By doing so, Kam said, Iran runs the risk that it will be forced to expose more to the West than it would like.

Iran's Foreign Ministry spokesman, Hamid-Reza Asefi, announced Sunday that Iran had stopped the uranium enrichment process. Someone in the regime apparently thought the spokesman went too far, however, and his statement later was corrected to say that the country was "negotiating" to stop the uranium enrichment process.

"This is an indication of the internal debate in Iran," said Menashe Amir, head of the Persian program on Voice of Israel radio. Amir, considered a top expert on internal

MIDEAST FOCUS

Sharon denies Arafat on hit list

Ariel Sharon denied that Israel plans to kill Yasser Arafat. "I don't see any plans to kill him, although the man is responsible for deaths of hundreds, of thousands of mostly civilians because his strategy is a strategy of terror," the Israeli prime minister told a group of European legislators visiting Jerusalem on Monday.

Sharon to get grilled

Ariel Sharon will be questioned by police in connection with two corruption probes, according to Israeli media reports. The Israeli prime minister reportedly will be questioned regarding allegations of an improper loan he allegedly obtained during the 1999 primary election campaign, as well as allegations that he was bribed to promote a real estate project in Greece while he was foreign minister in the late 1990s.

Israel probes activist's shooting

The Israeli army is investigating the shooting earlier this year of an activist in the Gaza Strip. Tom Hurndall, who was shot in the Gaza Strip in April, is now in a London hospital and has been determined to be clinically dead.

Hurndall is a member of the International Solidarity Movement, a pro-Palestinian group that sends "human shields" to the West Bank and Gaza Strip to prevent Israel's anti-terror operations.

Israeli troops kill Palestinian

Israeli troops fired on a group of Palestinians near the border of the Gaza Strip, killing one. Palestinians said the man who died in Monday's incident was a bird watcher.

Israeli military officials dismissed the claim, saying the boundary area is off-limits to Palestinians and favored by guerrillas who ambush Israeli military patrols.

Iranian politics, said that the clerics at the country's helm follow a two-faced policy.

On the one hand, Ayatollah Sayyed Ali Khamenei has guided Hassan Rohani, secretary-general of Iran's national security council, to reach an agreement with the European foreign ministers, Amir said. On the other, the ayatollahs that run the country instigated massive demonstrations protesting Iran's intention to cooperate with Europe.

The newspaper *Jumhuri Islami*, owned by Khamenei, Iran's "Supreme Guide," lashed out against "those who pull Iran by the nose and want to bow before the U.S."

"If Khamenei wants to avoid confrontation, why those acts of protest?" Amir asked. His explanation: "Iran feels forced to please Europe. It feels that such an understanding would serve as a safeguard against American intervention against Iran."

Iran has regarded itself as a regional power since the days of the shah. As such, it has aspired to arm itself with both conventional and non-conventional weapons, including ballistic missiles and, more recently, nuclear arms.

One of Iran's major suppliers has been Russia, which has supplied Iran with more than 100 T-72 tanks since the early 1990s. Three years ago, Iran adopted a 25-year armament plan that relies heavily on Russian arms and technology.

Things got trickier when the cooperation extended to the nuclear sphere. In the mid-1990s, the two countries agreed that Russia would build an \$800 million nuclear reactor at Bushehr, Iran. Both Iran and Russia have claimed that the reactor is for civilian purposes only — though some question why a country with such large oil reserves needs nuclear energy.

Iran has stressed time and again that its nuclear installations are subject to supervision of the IAEA, and it is committed to the Non-Proliferation Treaty.

Both Israel and the United States doubt Iran's declarations. Maj. Gen. Aharon Ze'evi-Farkash, head of Israel's military intelligence, recently told the Knesset Security and Foreign Affairs Committee that both Iran and Saudi Arabia are trying to obtain tactical nuclear arms "in the immediate future."

If Iran is not stopped, it could complete its uranium enrichment project by the summer of 2004, which would allow it to produce its own nuclear bombs by 2006.

Considering that Iran's Shihab-3 missile has a range of nearly 8,000 miles and can reach any point in Israel — and that one of the country's hard-line clerics has threatened Israel with nuclear obliteration — Iran's nuclear progress poses a real threat to the Jewish state.

The Europeans intervened due to their concern that further missile development also could threaten European targets.

Kam, who is finishing a book on Iran's nuclear option, doubts that Iran will give up on its nuclear program, even after the recent agreement.

In addition, some worry that Iran could follow the example of North Korea and resume its nuclear program at a later date — with all its equipment and technology intact.

"No doubt, the penetrating control will make it more difficult for them, but it makes more sense that they will seek clandestine ways to develop their nuclear option, and they may even at one time withdraw from the" Non-Proliferation Treaty, Kam said.

Still, he said, "every month of suspension is a month gained."

Yuval Steinitz, chairman of the Security and Foreign Affairs Committee, agreed.

"I welcome the developments," he said. "I hope the Iranians are changing course, but I do not underplay the possibility that they are simply buying time."

Ben-Eliezer was less hopeful.

"I have said more than once that Iran makes me more concerned than Iraq did," he said. "Iran poses an existential threat to Israel."

According to media reports, Israel has been considering a pre-emptive blow against Iranian nuclear installations, similar to the 1981 air raid on Iraq's nuclear reactor. Israel has dismissed the reports.

Reserve Maj. Gen. David Ivri, who was commander of the Israel Air Force at the time of the Iraq attack, said in a recent interview that a military raid should be the last resort.

Israel "has the capability to attack," he said. Still, he said, the main goal "should be to try to prevent the neighboring countries from attaining weapons of mass destruction, but through diplomatic means." □



Daily News Bulletin

Norman H. Lipoff, *President*

Mark J. Joffe, *Executive Editor and Publisher*

Lisa Hostein, *Editor*

Michael S. Arnold, *Managing Editor*

Lenore A. Silverstein, *Finance and Administration Director*

Paula Simmonds, *Marketing and Development Director*

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.

JEWISH WORLD

Lieberman: Hamas could be OK

Sen. Joseph Lieberman said he would negotiate with Hamas if the group renounced terrorism.

In Sunday night's debate for Democratic presidential candidates, the senator from Connecticut said he snubbed Palestinian Authority President Yasser Arafat on his last visit to the region because Arafat facilitated violence and refused to take on terrorists. By the same token, Lieberman said he would negotiate with any group that renounced terrorism.

Schools blasted on Israel study

Universities are discouraging North Americans from studying in Israel, the presidents of three major Jewish studies groups said. The presidents of the American Academy for Jewish Research, Association for Jewish Studies and National Association of Professors of Hebrew called on U.S. universities to remove obstacles and penalties obstructing Israel study.

Some universities halted their study-in-Israel programs after the State Department issued a travel advisory for the Jewish state in 2000 because of the Palestinian intifada.

Letter campaign rips Mahathir

The American Jewish Committee launched a letter-writing campaign to protest recent anti-Semitic remarks by Malaysia's prime minister. The campaign calls on people to send protest e-mails to Malaysia's ambassador to the United Nations and the Organization of the Islamic Conference, where Mahathir Mohammad recently told participants that "Jews rule the world by proxy" and called on Muslims to defeat the Jews.

Schindler honored in Poland

Poland's Jews honored Oskar Schindler, the German industrialist who helped save Jews during the Holocaust. On Monday, Polish Jews affixed a plaque at the factory site where Schindler employed Jewish slave labor during the Holocaust, Reuters reported.

Schindler, whose wartime activity was made famous by Steven Spielberg's film "Schindler's List," saved 1,200 Krakow Jews by convincing the Nazis he needed the Jews in his factory. The plaque, affixed at a factory that produced kitchenware for German troops during World War II, bears the talmudic inscription: "He who saves one life saves the whole world."

Novel wins inaugural prize

A novel focusing on a Vienna native and his granddaughter's friend won the inaugural Reform Judaism Prize for Jewish Fiction.

The \$5,000 prize for Dara Horn's "In the Image" will be presented at the Union of American Hebrew Congregations' biennial next month in Minneapolis.

Netzarim attack fuels debate among Israelis on Gaza policy

By Dan Baron

TEL AVIV (JTA) — As Israeli forces destroyed three tall buildings in the Gaza Strip believed to have been used in last Friday's deadly attack on the Jewish settlement of Netzarim, debate on the settlement's future grew increasingly heated in Israel.

Some members of Prime Minister Ariel Sharon's Cabinet questioned the wisdom of maintaining the small Jewish town in Gaza. Editorialists in Israeli newspapers were split, with some calling on the government to evacuate Netzarim's settlers and others urging the government to bolster the Israeli presence there.

"We must not reward violence, but the time has come for the government to hold a discussion on the future of Netzarim," Justice Minister Yosef "Tommy" Lapid said.

Lapid's colleague in the secular Shinui Party, Interior Minister Avraham Poraz, proposed that the 60 Israeli families living in Netzarim, who are protected by an entire battalion of soldiers, be evacuated so Netzarim could be turned into a military base.

Other Cabinet members responded angrily to those suggestions. Social Affairs Minister Zevulun Orlev of the National Religious Party said the mere suggestion of evacuation was a reward to terrorists who attack Israelis.

"Netzarim should be maintained and bolstered," said Infrastructure Minister Effi Eitam, head of the NRP. "And when there is someone to talk to" on the Palestinian side, he said, "it will be a community next to which the border will run."

Sharon and Defense Minister Shaul Mofaz oppose any discussion of evacuating Netzarim. Sharon has said that Netzarim's fate is the same as Tel Aviv's — meaning that pulling out of Netzarim under pressure of terrorism will embolden the Palestinians to bring the war to Israel's heartland.

Fresh from a new round of international criticism for killing Palestinian civilians in recent bombing raids, Israel appeared to take pains not to harm any this time during its destruction of the buildings in Gaza.

Israeli soldiers rounded up Palestinian residents and moved them out of harm's way before demolishing the three buildings. Israeli forces lay down cover fire to discourage Palestinian snipers as military engineers fanned out in the buildings, planting dynamite.

After the operation, a spokesman for U.N. Secretary-General Kofi Annan said the demolitions amounted to "collective punishment, which is a clear violation of international humanitarian law," Reuters reported.

Meanwhile, domestic criticism intensified following the deaths of the three soldiers Friday in Netzarim. A Palestinian gunman went on a shooting spree after infiltrating the settlement, using early morning fog to escape surveillance.

The debate in Israel was fueled by fresh feelings of frustration and anger, as two of the three dead soldiers were women.

Sgt. Adi Osman, 19, of Kfar Saba, and Sgt. Sarit Shneor, 19, of Shoham were killed along with Staff Sgt. Alon Avrahami, 20, of Or Yehuda. Two other soldiers were wounded by the Palestinian attacker before he was shot dead by troops.

Both Hamas and Islamic Jihad claimed responsibility for the attack.

Female soldiers are barred from most combat roles, and the country is unused to female conscripts dying in battle.

Charges that the women did not have rifles because of budget cuts stoked further controversy.

"How can you put soldiers on the front line without weapons?" Shneor's tearful father asked Israeli television on Sunday, the day his daughter was buried.

The Israel Defense Forces confirmed Monday that two of the three soldiers were unarmed at the time, but denied that budget cuts played a role.

Osman did not have a weapon because she had refused to accept the long-barrel M-16 that was to replace the short-barrel M-16 taken from her a month ago, IDF officials said. Avrahami's weapon had been taken from him because he was due to serve time in an IDF prison for going AWOL, the officials said.

Nahum Barnea, a leading Israeli columnist from the daily Yediot Achronot, said the presence of Israelis in Netzarim "is an insufferable situation that is beginning to prove insufferable for large sections of Israeli society." □

Audit of Palestinian group suggests lax funding controls

By Edwin Black

WASHINGTON (JTA) — To find lax funding controls of Palestinian charities, one only need take a look at one of the Ford Foundation's beneficiaries, the Palestinian Committee for the Protection of Human Rights and the Environment, known as LAW.

The group — whose acronym comes from the name of its predecessor activist organization, Land and Water — was a key organizer of the anti-Israel debate at the September 2001 U.N. World Conference Against Racism in Durban, South Africa.

Funding Hate Part 4 of a Series

LAW received \$9,628,942 during the five years ending Aug. 31, 2002, from a long list of philanthropic donors. Besides the Ford Foundation's \$1.1 million, LAW received direct grants from more than 30 European and American public entities.

These include \$1.5 million from the Dutch charity Cordaid; \$853,000 from the Grand Duchy of Luxembourg; \$93,974 from the Swedish unit of Save the Children; and \$33,000 from the Canadian Embassy, according to audits obtained for this investigation.

No Arab sources were listed in LAW's five-year donor record.

Last fall, donors became concerned when LAW officials were unresponsive to spending inquiries, according to a senior LAW official. Soon it became clear to the donors that vast monies — more than \$2 million — were unaccounted for, misappropriated or being secreted in bank accounts instead of being spent on programs.

A consortium of worried benefactors formed an evolving committee, made up mainly of Ford Foundation officials and Norwegian and Swiss donors, said a source with the International Commission of Jurists in Sweden, one of the concerned donors.

The consortium wanted a major accounting firm to launch an immediate investigation and asked the Swedish relief agency SIDA to quickly commission an audit. SIDA enjoyed an ongoing contract with Ernst & Young, which accepted the assignment immediately.

Ernst & Young's offices in Stockholm and Ramallah, in the West Bank, then undertook the investigation, according to a SIDA spokeswoman.

Approximately 80 percent of the estimated \$100,000 audit cost was to be reimbursed by Ford, in concert with several European charitable groups, she said.

SIDA's spokeswoman said her agency was not actually a LAW donor, but merely facilitated the audit as a convenience to Ford and other funders.

Ernst & Young headquarters in London refused to discuss any aspect of its audit or provide a copy of the investigative report that was submitted to the donor consortium on March 25 of this year.

But a copy of the 60-page investigation, obtained from overseas sources, catalogs a stunning list of financial improprieties.

Nearly 40 percent of the \$9.6 million donated was either ineligible, unsupported, misappropriated or never spent on programs, according to the investigative report.

And more than \$2.3 million was "retained," turning LAW into a sort of bank under the nominal control of its then-executive director, Khader Shkirat, and other senior officials, the report said.

Indeed, three interest-free loans were made to a money-changer, Izz Shkirat, related to the executive director at the time, according to the report. Two of the three loans, \$30,000 and

\$40,000, were repaid, the report stated. But a May 1999 loan for \$130,000 has yet to be repaid, according to the report.

More than \$160,000 in expenses was paid on behalf of an entity called the Centre for Democratic Advancement — reportedly formed by Khader Shkirat — that then used the money to purchase a destroyed radio station, according to the audit.

Asked about media reports that LAW funds were embezzled, an American employee of Ernst & Young familiar with the audit replied, "It depends what dictionary you use. They were certainly misappropriated."

Moreover, \$490,000 from LAW became part of a series of transactions among other LAW board members and used to acquire a 56 percent ownership in Arab Phone Inc., according to the audit.

In addition, more than \$75,000 was spent on first-class or business-class international airline tickets, and lavish hospitality, which added \$109,000 to the impermissible expenses, according to the report.

Seven cars and trucks were purchased for personal use of several former board members, and several of the vehicles have remained with those former trustees, according to the report.

Ernst & Young also concluded that the unused money arose from "fictitious financial reporting" to donors due to "collusion" among LAW's board, Khader Shkirat and local accountants.

In June, CBS News interviewed Shkirat as attorney for Fatah leader Marwan Barghouti, who is being tried in Israel for terrorism.

The Ford Foundation recently granted Shkirat a \$60,000 grant to conduct human rights research at Harvard University and complete English courses at Boston University.

Shkirat could not be located for comment, and Ford officials refused all comment on the case.

While spotlighting LAW's abuses, Ernst & Young also reported that the foundations' controls were so sloppy that "it cannot be ruled out that LAW was under the impression that it had the donor's silent consent to use the funds in any way it saw fit."

A key American Ernst & Young source familiar with the report denigrated the funding arrangements as "goulash."

"Everything goes into the pot, everything goes out of the pot. No one knows what is what — not Ford, not any of them," he said.

A senior LAW executive added: "What do you expect? I know of one grant for \$200,000 made from the European Commission with nothing more than a phone call."

When reached, LAW's new director, a Lebanese Canadian named Jihad Sarhan, apologized for LAW's former management and said LAW would not engage in future agitation or name-calling, simply human rights advocacy.

Sarhan stated that he did not completely agree with the Ernst & Young report and was hoping to retain Price Waterhouse Coopers to conduct a follow-up audit. He added that the group appointed a new board, and in early August changed its name to Law Association for Human Rights.

LAW correspondence and submissions over recent months to Ford and other donors, obtained exclusively for this investigation, thanked international donors for continuing their financing and promised strict financial controls in the future.

As of this writing, Ford was still scheduled to continue its funding of LAW through 2005, LAW and Ford sources said. □

Edwin Black is the author of the new "War Against the Weak: Eugenics and America's Campaign to Create a Master Race."

The entire JTA investigative series on Ford Foundation funding can be read at www.jta.org/ford.asp.