

IN THE NEWS

Shinui backs Israeli budget

Israel's opposition Shinui Party pledged to vote for the national budget, guaranteeing its passage and the government's survival.

Shinui's decision ensures that the government won't fall before Israel's planned July withdrawal from the Gaza Strip and the northern West Bank.

The decision was made during a long meeting Saturday night between Prime Minister Ariel Sharon and two Shinui officials, including party head Yosef Lapid.

Shinui, which promotes the separation of religion and government, had held out to protest funds earmarked for religious causes.

Lapid said Shinui would vote for the budget to save the withdrawal plan.

Rice: 3,500 homes 'at odds' with U.S. policy

A plan to expand the largest Israeli settlement in the West Bank is "at odds with American policy," Condoleezza Rice said.

In an interview published in Friday's Los Angeles Times, the U.S. Secretary of State made clear her unhappiness with Israel's recent announcement that it will follow through on a decade-old plan to add 3,500 homes to the West Bank settlement of Ma'aleh Adumim, which functions as a bedroom community to Jerusalem.

Israeli politicians maintain that Ma'aleh Adumim will remain part of Israel in any final peace deal.

Hillel to stand fast for Darfur

Hillel is joining with MTV's campus television station to ask students to forego buying one everyday item and donate the saved money to relief efforts for Darfur, Sudan.

Stand Fast, set for April 7, is a day when students can make a minor sacrifice to help alleviate suffering in the war-torn region.

Hillels across the United States have been asked to take the lead in organizing groups for Darfur on college campuses.

WORLD REPORT

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AIPAC staffers go to grand jury; resolution not seen as imminent

By EDWIN BLACK

WASHINGTON (JTA) — Top officials at the American Israel Public Affairs Committee have appeared before a grand jury and two senior staffers have been placed on paid leave in the latest developments in the federal investigation of the pro-Israel lobby for allegedly passing classified information to Israel, according to multiple sources with direct knowledge of the case.

At the same time, the Pentagon staffer at the center of the allegations, accused of espionage by the FBI and then pressured into an alleged FBI "sting" against AIPAC, has been quietly rehired by the Pentagon, over the FBI's objections.

Sources close to the investigation, while confirming these details, say they do not foresee an imminent resolution before AIPAC's annual policy conference, which begins May 22. Rumors that something might happen sooner have been swirling around Washington in recent weeks.

The investigation came to light last August with an FBI raid of AIPAC's Washington headquarters. Files belonging to two senior staffers, policy director Steve Rosen and Iran specialist Keith Weissman, were confiscated.

News of the raid was leaked to CBS News as it was happening, igniting worldwide media coverage and speculation about a "nest of Pollardites," a reference to the American Jewish naval analyst who was convicted of spying for Israel in 1986.

Allegations soon surfaced that Rosen and Weissman had accepted classified informa-

tion on Iran from Larry Franklin, an Iran analyst for the Pentagon, in 2003.

The FBI launched another raid on AIPAC headquarters in December 2004. It also issued grand jury subpoenas to four top staffers: Howard Kohr, the group's executive director; Richard Fishman, the managing director; Renee Rothstein, the communications director; and Raphael Danziger, the research director.

In late January or early February, sources say, at least several of the four testified before the grand jury. AIPAC would not comment on the proceedings of the grand jury, which was convened by U.S. Attorney Paul McNulty, the federal prosecutor in eastern Virginia.

Rosen and Weissman were placed on paid leave in January. At around the same time, Franklin returned to the Pentagon in a "nonsensitive position," sources said.

Franklin, who had been threatened with an espionage indictment by FBI assistant director David Szady's counter-intelligence division, was pressured into acting as an FBI informant against AIPAC, according to multiple sources with direct knowledge of the FBI's tactics against Franklin. In an earlier case involving a CIA staff attorney, Szady had been publicly accused of targeting Jews with security investigations.

"I think that shows that Franklin was never any sort of espionage threat," a source close to Franklin said. Franklin has been described as overeager but intensely patriotic.

"Franklin was obviously more of a victim

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BEHIND
THE
HEADLINES

Two AIPAC staffers on leave, four questioned, Pentagon staffer back on job

Continued from page 1

than a threat," said one source intimately familiar with the government's case against Franklin.

Szady told a contact that Franklin's rehiring by the Pentagon was not "our call," and was done over the FBI's strenuous objections. An FBI spokesman refused to comment on the rehiring.

Franklin has not been called to testify before the grand jury, nor have there been significant discussions or even contacts about a plea or a resolution, according to sources familiar with the Justice Department's case against Franklin.

"Nothing is happening, and Franklin is back at work," said a source familiar with the FBI's investigation.

Rumors have swirled that something was about to happen in the case before AIPAC's policy conference, but key sources familiar with the case say no resolution of the case "seems possible" by then, barring an unforeseen development.

Scheduled out-of-state travel for key people could make settlement negotiations difficult, sources say. Multiple sources associated with Franklin and the prosecution's cases confirm that genuine settlement discussions are not yet even under way.

AIPAC also was clamping down on any speculation about the latest developments.

Earlier statements from the organization, repeated as recently as December, asserted that "neither AIPAC nor any mem-

ber of our staff has broken any law, nor has AIPAC or its employees ever received information they believed was secret or classified."

Under a new gag order by defense attorneys, AIPAC spokesmen have declined to repeat the original statement. The standard reply now is, "It is not appropriate for AIPAC to comment on any issue related to any ongoing investigation."

An AIPAC spokesman added that the statement should "not be construed as a no-comment."

The FBI and prosecutor McNulty refused comment.

Senior FBI officials, stung by criticism of Szady, are trying to understand exactly what conduct the agency is investigating. Two FBI agents recently talked to a senior Jewish communal leader, not to extract potential evidence but "simply to understand how AIPAC works," according to one participant.

The leader explained how the American Jewish community relates to its ancestral homeland. The conversation was characterized by the participant as "extremely congenial."

The investigation grew out of a sting last summer by Szady's counterintelligence division after Franklin, the Pentagon analyst, was observed at a Virginia restaurant in June 2003 sharing a classified Iran policy draft with an AIPAC staffer, according to multiple sources aware of the prosecution's case.

Such sharing of in-progress drafts with outside think tanks and experts is common in Washington foreign policy-making circles. In this case, however, Szady's surveillance agents were watching, the sources say.

About a year later, the sources say, the counterintelligence division used the technical violation observed in the restaurant to pressure a frightened Franklin into becoming an undercover informant.

Sources confirm that while Franklin was without defense counsel, Szady's agents threatened him with a long prison term for espionage, which would

have ruined his family financially. Franklin was placed on unpaid leave and forced to take odd jobs to support his five children and wheelchair-bound wife.

Under FBI pressure, Franklin agreed to feed AIPAC's Rosen and Weissman bogus information about plans to kidnap Israelis in Kurdistan, the sources say. AIPAC officials reportedly passed that information to the Israeli Embassy in an attempt to save lives, sources say.

Franklin also allegedly was directed to sting a group of other Washington figures associated with the controversial Iraqi politician Ahmed Chalabi, and with neoconservative circles. Those efforts apparently went nowhere.

On Aug. 27, 2004, FBI sources leaked details of the investigation to CBS News just as federal agents executed search warrants for hard drives and files at AIPAC headquarters. That night, CBS News led with an explosive story about an Israeli mole in the government, a story that since has been discredited.

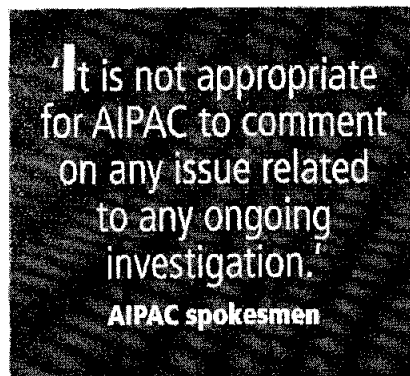
Shortly after the FBI's alleged scheme to set up AIPAC became public last fall, Franklin secured prominent defense lawyer Plato Cacheris, who ended Franklin's cooperation with the government.

Rosen hired defense counsel Abbe Lowell, who represented former President Clinton during his impeachment proceedings.

It remains to be seen whether Rosen, Weissman and AIPAC will emerge from the investigation intact.

The entire Jewish community is watching closely. As one Jewish leader who asked not to be identified said, "If AIPAC is targeted in this fashion, it is not good news for the rest of us. AIPAC would be only the beginning."

(New York Times bestselling journalist Edwin Black, author of the award-winning "Banking on Baghdad," was first to reveal charges of anti-Semitism against FBI personnel and other details of the FBI's ongoing investigation of AIPAC.)



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THIS WEEK**TUESDAY**

■ Jewish students from 10 campuses across Canada come together for a live interactive video event with Israeli Finance Minister Benjamin Netanyahu. The campuses all will be linked together, and they will be linked as well as to Netanyahu in the Jewish Agency for Israel's Contact Center in Jerusalem. Participating campuses include Carleton University, Concordia University, McGill University, McMaster University, University of Manitoba, University of Calgary, York University, Osgood Hall, the University of Toronto and the University of British Columbia.

■ B'nai B'rith International hosts a colloquium in Washington with diplomats from Sri Lanka, Thailand and Indonesia on how tsunami aid has been spent. The disaster in late December has led to tentative steps to foster ties between Indonesia, the world's most populous Muslim nation, and Israel.

WEDNESDAY

■ Shaul Mofaz, Israel's defense minister, meets with top U.S. officials, including his counterpart, Donald Rumsfeld, Secretary of State Condoleezza Rice; Vice President Dick Cheney; Stephen Hadley, President Bush's national security adviser; and Sen. John Warner (R-Va.), chairman of the Senate's Armed Services Committee. The visit by Mofaz comes two weeks before a high-profile meeting between Bush and Israeli Prime Minister Ariel Sharon. U.S. officials will want to hear from Mofaz how Israel plans to carry out its planned July withdrawal from the Gaza Strip and part of the West Bank.

FRIDAY

■ The Anti-Defamation League's National Leadership Conference opens, and will give an award to members of the 9/11 Commission. Former U.S. Rep. Lee Hamilton, vice chairman of the commission, will accept the award Friday evening. Former U.S. Secretary of State Colin Powell and White House national security adviser Stephen Hadley also will address the forum, and the ADL will release a survey on American attitudes toward Jews.

SUNDAY

■ The Jewish Funders Network kicks off its three-day international conference in Baltimore. A premiere skill-building and networking event for philanthropists, the conference will address such issues as giving among young donors and investing in "social entrepreneurs."

■ The Israel on Campus Coalition, Hillel Foundation of Orange County and Caravan for Democracy launch a two-day Israel advocacy workshop in Irvine, Calif.

Audit clears Jewish Agency

By CHANAN TIGAY

NEW YORK (JTA) — The Jewish Agency for Israel is hoping an external auditor's report will put to rest allegations that it transferred funds to the World Jewish Congress for the pension of a top WJC leader.

The assessment also faults JAFI for shoddy record-keeping.

The report is the latest development in the case of accusations of financial impropriety at the WJC that has roiled the organization.

Carried out by the Tel Aviv office of the accounting firm Ernst & Young, the inquiry "did not find a linkage" between JAFI's 2001 transfer of \$1.5 million to the WJC and a 2002 deposit by the WJC of \$1.2 million into an account in Switzerland.

In recent months, the WJC has been embroiled in a vitriolic internal squabble over accusations of financial wrongdoing made by Isi Leibler, a former WJC vice president.

Among those accusations, Leibler charged that WJC officials may have tried to hide \$1.2 million in an undisclosed Swiss bank as a pension fund for the group's chairman, Rabbi Israel Singer, following JAFI's \$1.5 million payment. WJC officials accused Leibler of using the accusations to try to take control of the organization.

The Ernst & Young report found that JAFI did not earmark its transfer of the \$1.5 million to the WJC for any specific use.

"There is now an official document, commissioned by the chairman of the Jewish Agency from a reputable, worldwide, recognized accountancy firm, that shows openly that the Jewish Agency's relationship with the World Jewish Congress is a transparent operation between two international organizations," JAFI spokesman Michael Jankelowitz told JTA. "And there was nothing sinister or underhanded or secret in the relationship."

Though the report seemed to exonerate the Jewish Agency with regard to the money transfer, it faulted the organization for sloppy record-keeping practices regarding its budgets.

"Irrespective of our conclusion regarding the designation of the transfer, we found that the level of documentation of the mode of making decisions and of the bodies involved in them was deficient and hampers proper budgetary control," the report said.

Jankelowitz said JAFI Chairman Sallai Meridor, who commissioned the report, ordered the group's comptroller to investigate the assertions. Meridor asked that the probe be finished in time for the agency's board meeting in late June, Jankelowitz said.

Since 1983, JAFI had been providing the WJC with annual assistance of up to \$500,000, the report said, but did not make such payments between 1998 and 2000. The auditor said it could not find documents to determine why that was the case.

In 2001, the agency made the \$1.5 million payment, which included \$500,000 for each of the years no money had been given.

"There is no difference of opinion be-

tween the Jewish Agency and the World Jewish Congress that the \$1.5 million that the Jewish Agency sent in January 2001 was not designated for any specific purpose but was given to the general fund" of the WJC, said the WJC's secretary-general, Stephen Herbits.

Herbits also said the WJC was giving its "full cooperation" to an informal investigation

into its financial dealings launched by New York State Attorney General Eliot Spitzer.

"We're working with them and are hopeful for an early and satisfactory conclusion," he told JTA.

The WJC's steering committee will hold its third meeting in seven months in April, where it will review the recommendations of a task force on constitution and governance. The group's report includes "a series of options for revisions of the constitution for the first time since 1976," Herbits said.

The recommendations address topics ranging from the group's formula for allocating money to how its leaders are elected. Edgar Bronfman, the WJC's president, called for the task force's creation in 2003.

The steering committee also will discuss the major issues on the WJC's agenda. ■

An auditor's report clears the Jewish Agency for Israel of transferring funds to the World Jewish Congress to provide a leader with a pension.

NEWS IN BRIEF

MIDDLE EAST

Kalkilya handover delayed

Israel delayed the handover of another West Bank city to Palestinian Authority control.

Defense Minister Shaul Mofaz ordered the delay in Kalkilya, saying the Palestinian Authority hasn't honored pledges to disarm terrorists in Jericho and Tulkarm, the two cities already handed over.

Mofaz suspects P.A. agents of weapons smuggling

Israel's defense minister said Palestinian Authority military intelligence agents had a role in trying to smuggle weapons into Gaza.

Shaul Mofaz told the weekly Cabinet meeting Sunday that shoulder-held Strela anti-aircraft missiles may have been smuggled into the Gaza Strip through tunnels dug from Egypt.

The Strela missile has a range of almost two miles and uses a heat sensor to home in on airplanes.

No probe of Kurtzer leak

Israel's attorney general said Sunday he would not order a probe to learn who leaked comments reportedly made by the U.S. ambassador to Israel.

Israeli Foreign Minister Silvan Shalom had asked for the investigation earlier Sunday.

Ambassador Dan Kurtzer denied a report Friday in the Yediot Achronot newspaper that he had said there was no understanding between Israel and the United States on Israeli retention of some West Bank settlements in any final peace agreement.

Such U.S. guarantees were considered a crucial incentive for Israeli Prime Minister Ariel Sharon to push through his Gaza Strip withdrawal plan.

The remarks reportedly were made during a meeting Kurtzer held with Israeli Foreign Ministry cadets. "What I tried to explain to them is exactly what U.S. policy is," Kurtzer told Israel Radio. "And U.S. policy is the support that the president has given for the retention by Israel of major Israeli population centers as an outcome of negotiations."

Arab soccer player saves the day

An Israeli Arab scored a goal in the final minutes of a World Cup qualifying match Saturday, helping Israel advance to the next round of the tournament.

Abbas Suwan, from the northern village of Sakhnin, scored the goal to end the game with Ireland in a 1-1 tie.

After the game, Suwan wished his "Jewish brothers" a happy Purim.

Report: Israel, Chad to renew ties

Israel and Chad reportedly will renew diplomatic ties.

An announcement will be made in coming weeks, Ha'aretz reported Friday.

The Saharan nation is among the last African states to re-establish ties ruptured during the 1970s, when Egypt argued that Israel's occupation of the Sinai Peninsula made it a colonizer of Africa.

Soldiers suspected of selling assault rifle

Two Israeli soldiers recently were arrested and accused of selling an assault rifle to a Palestinian arms dealer.

The soldiers are cooks at a base near the Hebron Hills.

They admitted to selling the M-16 rifle for \$1,100, according to details of the investigation released Sunday.

Natalie Portman presents award to Israeli surgeon

Israeli-born actress Natalie Portman presented an award to one of Israel's top surgeons Thursday.

Portman presented the inaugural Mordecai Award to Avi Rifkind,

head of trauma at Hadassah Hospital in Ein Kerem.

Rifkind has been on the frontlines of directing treatment during terrorist attacks that have brought 3,000 patients to Hadassah's emergency room.

Portman, who presented the award at the dedication for the new emergency medical center at Hadassah-Ein Kerem, was herself born at Hadassah Hospital and developed a relationship with Rifkind while visiting her cousin who was being treated for wounds suffered in a Jerusalem terror attack.

WORLD

Serbian church blasts anti-Semitism

Serbia's Orthodox Christian Church condemned a rise in anti-Semitism.

The church's Holy Synod issued a statement calling anti-Semitism "unacceptable theologically, morally, legally and in every other aspect," and said it "expects the state authorities to do all in their power to prevent this pitiful occurrence."

The statement came after the appearance of posters signed by a group called the National Order, featuring hate messages against Serbia's Jewish community, pro-Western human rights groups and a liberal broadcaster.

Italian flap over WWII beating

An Italian newspaper apologized to a leading right-wing politician for claiming that his father tortured a local Jew during World War II.

The editor of the left-wing L'Unita newspaper apologized to Francesco Storace for running an interview quoting an elderly Roman Jew as saying that Storace's father had tied him to a chair and beaten him in 1941 after dragging him into Fascist headquarters.

Storace, president of Italy's Lazio region and a key ally of Prime Minister Silvio Berlusconi, is up for re-election next weekend.

He said his father, who died in 1999, had been just 12 in 1941 and at the time had never been to Rome.

The elderly Jew in the article said he had been misquoted.

Prague Jews postpone vote

Elections for the leadership of the Prague Jewish community, scheduled for April, have been postponed indefinitely.

Tomas Kraus, executive director of the Czech Federation of Jewish Communities, said the postponement stemmed from the inability of the two key community factions to agree on election rules.

A committee has been created to establish voting criteria, he said, but no date for the election has been set.

NORTH AMERICA

Mississippi candidate criticizes Jewish mayor

A Mississippi politician accused the mayor of Vicksburg of not caring about urban renewal because he is Jewish.

Rodney Dillamar, who is running as a Democratic candidate for city alderman, was involved in a heated on-air dispute Wednesday with Mayor Laurence Leyens over whether city officials are trying to shut blacks out of businesses in downtown Vicksburg.

Dillamar questioned Leyens' commitment to renewal in the area. "He doesn't even believe in Jesus Christ, so how can he say he cares about the churches?" Dillamar said.

Federal Nazi research group extended

President Bush signed a measure extending a group charged with declassifying Nazi and Japanese war crimes from World War II.

Bush on Friday signed a two-year extension of the Nazi War Crimes and Japanese Imperial Government Records Interagency Working Group.

The group, founded in 1999, is charged with locating and expediting the release of Nazi war criminal records.