

US Tax-Exempt Charitable Contributions to Israel: Donations, Illegal Settlements and Terror Attacks against the US

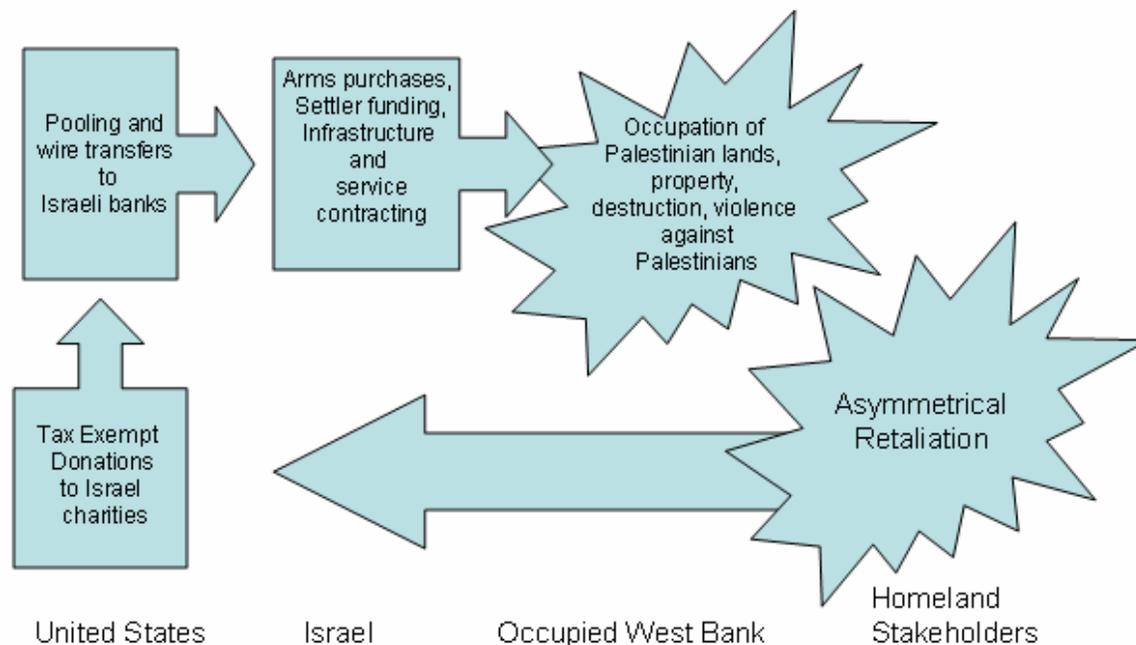
Sixty Billion Dollars for Illegal Settlements

Israeli government officials recently disclosed that at least US \$60 billion has been spent financing illegal settlements in the occupied West Bank and Gaza.ⁱ According to Israeli prosecutor Talia Sasson, the Israeli government has systematically violated its own laws by financing settlements from foreign donations, the official state budget and secret military accounts.ⁱⁱ One global nonprofit, the World Zionist Organization, played a central role in coordinating illegal settlement activities.

Opaque and fungible assets freed up by massive yearly US foreign aid to Israel are pouring into settlement development and infrastructure building designed to partition key Palestinian territories and annex others to the state of Israel. US nonprofits are directly and indirectly financing the coordination of illegal settlement building, encroachment, and violence against Palestinians. Recently disclosed charitable contributions from US lobbyist Jack Abramoff laundered to finance violent armed Israeli activity in the Palestinian territories is only the tip of the iceberg. Considered against the findings of a groundbreaking new study revealing the causes of suicide terrorism, Americans must confront a disturbing question: **"Are tax exempt donations from the US generating terrorist retaliation against America?"**

Exhibit 1: Tax Exempt Donation Laundering and Terrorism against the US

(Source: IRmep – October, 2005)



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Money Laundering, Occupation and Terrorism

Robert Pape's quantitative analysis of attacks taking place during the years 1980 to 2003 reveal an uncomfortable truth about the root causes of suicide terrorism: It is a strategic effort to compel target governments to withdraw forces from land that the so-called terrorists perceive as their national homeland. ⁱⁱⁱ Donations to tax exempt entities in the US laundered and used to kill and maim Palestinians while ethnically cleansing them from their homelands is not cost free to Americans. This encroachment generates asymmetrical retaliation against soft targets in the US from ideological stakeholders as referenced in the 9/11 Commission report.

Americans made \$136 billion in tax deductible charitable contributions in 2002. ^{iv} A significant portion of these contributions was aggregated by the network of tax exempt charities operating on behalf of Israel in the United States and either transferred to finance illegal settlements or used to fund organizations breaking US, Israeli and international law. Tracing single \$25,000 donation within this enormous flow illuminates the important role of money laundering. (See Exhibit #2).

Washington Lobbyist Jack Abramoff laundered money from the Choctaw Chippewa Indian tribe into a non-descript 501 (c) (3) called the "Capitol Athletic Foundation" (CAF). In addition to funding the illegal West Bank Beitar Illit colony, CAF directly procured sniper scopes, camouflage suits, night-vision binoculars, a thermal imager and shooting mats so that Israeli settlers could intimidate or shoot Palestinian Arabs moving through newly captured land. The shipment of military hardware from the US to Israel was to be expedited via signed letter from a commander in the Israeli Defense Force (IDF) in order to guarantee "end user" clearance for arms exportation from the U.S. State Department. ^v

Exhibit 2: Tax Exempt Donation Laundering for Beitar Illit Arms Purchases

(Source: IRmep 2005 "Ten Things Every American can do to Improve US Middle East Policy")



Operating in the Open

Not all illegal settlement funding flows from the US are the product of money laundering. A large number of organizations openly raise and disburse funds for the Israeli colonization of Palestinian territories. Although most misrepresent these activities to the IRS as "educational" activities, others, such as the One Israel Fund, Inc. of Cedarhurst openly tout their efforts to transfer, arm, and promote Jewish settlements in occupied territories.

Exhibit 3: US Tax Exempt Donors to Illegal Settlements

(Source: Internal Revenue Service)

US Tax-Exempt Organization	Tax Exempt Mandate	Activity
Christian Friends of Israel (Colorado Springs, CO)	"Educating Christians about the Land of Israel and Biblical significance of current events in the Middle East"	Disbursed \$100,061 to an affiliate operating in the West Bank for construction of bus stops, playground equipment in illegal settlements during the year 2003.
American Friends of the College of Judea and Samaria (Brooklyn, NY)	"To provide support for the expansion and furtherance of the needs of educational institutions in Israel."	Disbursed \$228,200 to an Israeli college established in the illegal West Bank settlement of Ariel.
One Israel Fund, Inc. (Cedarhurst, NY)	"The mission of One Israel Fund is to provide essential humanitarian assistance to the over 225,000 men, women and children living in the 150 plus communities throughout Judea, Samaria and Gaza (YESHA)."	Disbursed \$1.9 million in year 2003 to finance illegal settlements, arms, "Friends of the IDF" organization, and "security equipment".

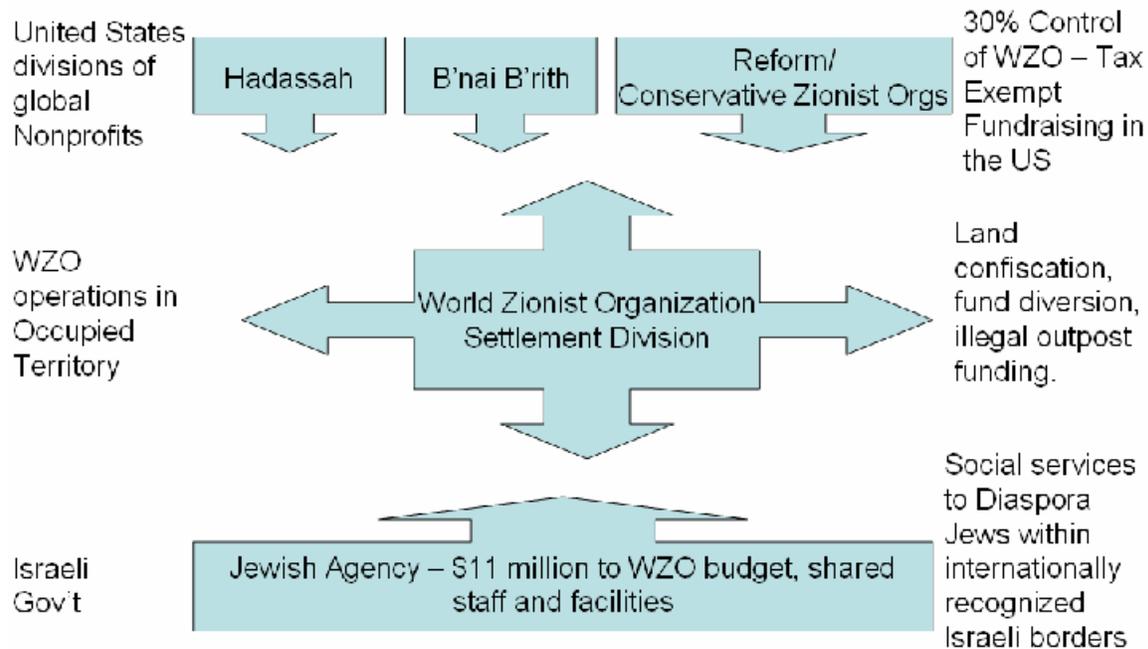
Although not all charitable donations to Israel are spent on financing illegal colonization and violence, funds not earmarked for arms or land grab campaigns offset expenses otherwise paid for by the Israeli government, freeing up fungible resources used for encroachment on Palestinian lands. US charitable contributions have also been used to ensure that settlements continue to spread in occupied territories irrespective of Israeli and international laws.

US Nonprofit Involvement in Illegal Settlement Coordination

American nonprofit organizations control 30% of the World Zionist Organization (WZO) through intermediary governing bodies. On March 9, 2005, Talia Sasson, formerly Israel's chief criminal prosecutor, reported that WZO was deeply involved in coordinating confiscation of privately owned Palestinian land, diverting funds to illegal settlement activity, and acting as the central coordinator for settlement financing and expansion. (See Exhibit #4) WZO activities documented in the Sasson report violate international and Israeli laws, as well as American laws prohibiting hostilities against territories or people with which the US is at peace.

Exhibit 4: US Nonprofit Control of the World Zionist Organization Settlement Division

(Source: Forward^{vi})



The United States does not escape from the consequences of "charity" financed ethnic cleansing of the Palestinians. While Palestinians have not struck back at soft US targets in retaliation, "homeland stakeholders" sympathetic to the Palestinian cause, such as 9/11 mastermind Khalid Shaikh Mohammed have.

“Yousef’s instant notoriety as the mastermind of the 1993 World Trade Center bombing inspired KSM to become involved in planning attacks against the United States. By his own account, KSM’s animus toward the United States stemmed not from his experiences there as a student, but rather from his violent disagreement with US foreign policy favoring Israel.”—9/11 Commission Report^{vii}

The vicious cycle of illegal settlement funding/occupation/retaliation against the US has now become too obvious to deny or explain away. US law enforcement is the best solution for confronting charities operating in the US and laundering tax exempt donations into illegal settlement activity.

Avenues of Prosecution

Prior to 9/11 the US largely ignored charitable contributions flowing through the global financial system. Monitoring became a priority after 9/11 in US Treasury Department initiatives to confront "terrorism financing" through the department's Office of Foreign Assets Control. **However, the US has not done enough to stifle a less obvious but critical terrorism generator: Israeli settler violence and illegal seizure of lands Palestinians consider their homeland.** Fortunately, effective avenues for the prosecution of US charities funneling financial and other forms of support to illegal Israeli settlements already exist in US criminal code. (See Exhibit #3)

Exhibit 5: US Criminal Code – Charitable Funding of Occupation and Violence

(Source: Find Law – October, 2005)

<p>TITLE 18--CRIMES AND CRIMINAL PROCEDURE PART I--CRIMES CHAPTER 45--FOREIGN RELATIONS</p> <p><i>Sec. 960. Expedition against friendly nation</i></p>	<p>Whoever, within the United States, knowingly begins or sets on foot or provides or prepares a means for or furnishes the money for, or takes part in, any military or naval expedition or enterprise to be carried on from thence against the territory or dominion of any foreign prince or state, or of any colony, district, or people with whom the United States is at peace, shall be fined under this title or imprisoned not more than three years, or both.</p>
<p>TITLE 18--CRIMES AND CRIMINAL PROCEDURE PART I--CRIMES CHAPTER 45--FOREIGN RELATIONS</p> <p><i>Sec. 956. Conspiracy to kill, kidnap, maim, or injure persons or damage property in a foreign country</i></p>	<p>(a)(1) Whoever, within the jurisdiction of the United States, conspires with one or more other persons, regardless of where such other person or persons are located, to commit at any place outside the United States an act that would constitute the offense of murder, kidnapping, or maiming if committed in the special maritime and territorial jurisdiction of the United States shall, if any of the conspirators commits an act within the jurisdiction of the United States to effect any object of the conspiracy, be punished as provided in subsection (a)(2).(2) The punishment for an offense under subsection (a)(1) of this section is--(A) imprisonment for any term of years or for life if the offense is conspiracy to murder or kidnap; and (B) imprisonment for not more than 35 years if the offense is conspiracy to maim.</p>

	(b) Whoever, within the jurisdiction of the United States, conspires with one or more persons, regardless of where such other person or persons are located, to damage or destroy specific property situated within a foreign country and belonging to a foreign government or to any political subdivision thereof with which the United States is at peace, or any railroad, canal, bridge, airport, airfield, or other public utility, public conveyance, or public structure, or any religious, educational, or cultural property so situated, shall, if any of the conspirators commits an act within the jurisdiction of the United States to affect any object of the conspiracy, be imprisoned not more than 25 years.
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Charities laundering donations from the US can be prosecuted for their direct or indirect role in acts of property damage, confiscation, occupation and violence against a nation, the Palestinians, with which the US is at peace. **The only question is whether Federal prosecutors will begin to enforce US law through criminal prosecutions.**

Recommendations:

US agencies must begin to take a number of coordinated steps to interrupt the flow of US charitable dollars financing occupation and violence:

1. **Internal Revenue Service:** IRS disclosure forms 990 and schedule A reporting should be revised with specific questions about settlement funding, such as: **Did your organization finance or in any way participate in illegal settlement activities in Israeli occupied territories?** Examinations of US charities sending large amounts of funds or equipment to Israel should become an IRS audit priority.
2. **US Treasury Department Office of Foreign Assets Control:** Should begin to break out and make public charitable financial flows from the US to Israel, as well as require donor entity activity reports documenting the purposes for which donations will be used and location.
3. **Indictments and Prosecution:** Palestinians who have lost life, limb or lands are eager to testify as witnesses for US attorneys criminally prosecuting US non-profits violating Title 18 prohibitions of violence and occupation against nations with which the US is at peace. AG's should seek at least five (5) criminal indictments in 2006 against the most flagrant violators to send a strong message that US counter terrorism efforts also aim to stamp out indirect causes of terrorism financed with charitable donations.

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Reference

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ⁱⁱⁱ "Dying to Win: The Strategic Logic of Suicide Terrorism" Robert Pape

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^{iv} "How many Filings, how much Revenue?" National Public Radio, All Things Considered, November 12, 2004.

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^{vi} "Jewish Officials Profess Shock Over Report on Zionist Body", 3/18/2005, Forward,

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^{vii} "The 9/11 Commission Report" page 147 <http://www.gpoaccess.gov/911/>

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