

The American Israel Public Affairs Committee
is an unregistered foreign agent
of the Israeli Government

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Executive Summary

The 2005 indictment of two American Israel Public Affairs Committee (AIPAC) employees under the 1917 Espionage Act and declassification of FBI espionage and theft of government document investigations of AIPAC from the 1980s renew deep public concerns about the organization's activities. The Institute for Research: Middle Eastern Policy, Inc., (IRmep) is a tax exempt nonprofit organization headquartered in the District of Columbia with supporters in 43 states. We have conducted exhaustive archival research into AIPAC. **The information presented here contains no attorney-client privileged information or classified material.** What follows has been solicited under the Freedom of Information Act (FOIA) from the CIA, FBI, Department of Justice, International Trade Commission, US Trade Representative and National Archives and Records Administration, as well as relevant Senate, court records and press reports. Placed in context this comprehensive information presents a compelling case that AIPAC is not what it claims to be—a domestic nonprofit lobbying organization lobbying for US interests.

AIPAC is in fact a stealth foreign agent of the Israeli government. AIPAC engages in political activities; acts as a public relations and publicity agent, and dispenses things of value and even handles classified US government information in the interest and by the mandate of its foreign principal. In addition to repeatedly violating the 1938 Foreign Agents Registration Act, AIPAC's activities routinely short circuit the advice and consent of Americans, rule of law, and directly challenge US governance.

Although the fact that AIPAC routinely engages in illegal activities to further the objectives of its foreign principal has not gone entirely unnoticed by the DOJ, it has failed in its previous efforts to achieve AIPAC FARA compliance that would deter a range of egregious harm inflicted on U.S. citizens.

The IRmep and its supporters petition the FARA section of the DOJ to order AIPAC to immediately register as agents of a foreign principal and that AIPAC finally begin filing timely, complete and accurate disclosures of all activities on behalf of its Israeli government principal(s). In the past such a registration has been thwarted by shell corporation reorganizations, covert operations, retaliatory public relations campaigns and other tactics—but the stakes for Americans are now too high for such evasions of FARA to continue.

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- FINDING: Properly registering AIPAC as a foreign agent is unfinished business left over from the 1960s. AIPAC is simply the AZC repackaged with expanded powers and a more intimidating umbrella, but the harmful and covert actions on behalf of its foreign principal—particularly espionage, lobbying, theft, election manipulations and propaganda—continue. 361

1.0 AIPAC acts as an Agent of Israel's Economic Minister – 1980s

No single incident documents more clearly AIPAC's harmful actions as an unregistered agent of an Israeli government entity than the 1984 theft of classified US government industry documents. These stolen documents were improperly used both by AIPAC and the Israeli government in targeted public relations and lobbying efforts to obtain trade preferences and market access that came at great cost to US industry. Access to business confidential information supplied by US industries in confidence to the US government also allowed Israel take advantage of unfair competitive advantages.

Israel's Drive for US Market Access

During the 1970's, AIPAC and the Israeli government lobbied for the right to sell military equipment and services to the US Department of Defense. These preferences took place in renewable "memoranda of understanding." By 1984 AIPAC and the Israeli government were lobbying for permanent preferential access to the entire US government and domestic business and consumer market via a "free trade" agreement.

Free trade negotiations entered their advice and consent phase in 1984. A strictly regulated processes commenced on January 1, when USTR ambassador William E. Brock formally requested that the U.S. International Trade Commission perform a detailed investigation into the effects of a free trade area with Israel on U.S. industries.¹ American industry and the public were notified on February 15, 1984 via a Federal Register notice soliciting industry input for a written report to be completed by May 30, 1984.² The notice also announced that public hearings in Washington, DC were scheduled for April 10-11, 1984, with the deadline for requests for appearances and testimony before the ITC set no later than noon, April 3, 1984.

US Industry Groups Submit Business Confidential Information to the ITC - 1984

Businesses were told to submit their most closely held (and potentially damaging) information in confidence to the ITC: "In lieu of or in addition to appearances at the public hearing, interested persons are invited to submit written statements concerning the investigation...by the close of business on April 3, 1984." The International Trade Commission underscored its commitment to properly handle industry trade secrets by stating that "commercial or financial information which a submitter desires the Commission to treat as confidential must be submitted on separate sheets of paper, each clearly marked 'Confidential Business Information' at the top."³

¹ He specifically ordered ITC to "Conduct an investigation pursuant to section 332(g) of the Tariff Act of 1930, and to advise the President, with respect to each item in the Tariff Schedules of the United States as to the probable economic effect of providing duty free treatment for imports from Israel on industries in the United States producing like or directly competitive articles and on consumers."

AIPAC short-circuited the advice and consent process in collusion with a foreign principal, the Israeli ministry of Economics, by jointly obtaining and leveraging this still-classified report. This incident was investigated by the FBI as an espionage and theft of government property case. Relevant files were declassified in April of 2009 and released on July 31, 2009.² The FBI files reveal close coordination between the Israeli government and AIPAC that clearly reveals a foreign agent-to-principal relationship.

During the period for public comment about proposed free trade, a majority of individual experts, associations, and corporations provided highly negative feedback to the ITC. Seventy-six were strongly opposed to the proposed USIFTA, while only 17 organizations—mostly small and obscure with few direct economic stakes in U.S.-Israel trade—were in favor.

² The Federal Bureau of Investigation released 82 pages of internal investigation records under the Freedom of Information Act after a one-year process involving two formal appeals, the final to the FBI director.

Organizations Lobbying for and Against Israel Trade Deal in 1984⁴

Opposed

Abex Corporation
AFL-CIO
AG West, Inc.
American Butter Institute
American Dehydrated Onion and Garlic Association
American Farm Bureau
American Fiber Textile Apparel Coalition
American Hoechst Corporation
American Mushroom Institute
American Protective Services
Applewood Orchards
Apricot Producers of California
Arkansas Industrial Development
Axette Farms, Inc.
Belger Cartage Service
Bob Miller Ranch
Byrd Foods, Inc.
California Avocado Commission
California Dried Fig Advisory
California League Food Processors
California Tomato Growers Association
California Tomato Research
California-Arizona Citrus
Casa Lupe, Inc.
Davis Canning Company
Dow Chemical, U.S.A.
Ethyl Corporation
Florida Citrus Mutual
Furman Canning Company
Gangi Bros Packing Co.
Garden Valley Foods
George B. Lagorio Farms
Great Lakes Chemical Corporation
Greater Chicago Food Brokers
Harter Packing Co.
Hastings Island Land Company
Heidrick Farms, Inc.
Hunt-Wesson Foods
King Bearings, Inc.
Langon Associates
Leather Products Coalition
Letica Corporation
California Farm Bureau Federation
Liquid Sugar
Mallet and Sons Trucking Company
McGladdery & Gilton
Monsanto
Monticello Canning Company, Inc.
National Cheese Institute
National Milk Producers Federation
New Jersey Food Processors
Ohio Farm Bureau Federation
Otto Brothers Farms
Pacific Coast Producers
Perrys Olive Warehouse
Radial Warehouse Company
Rominger & Sons, Inc.
Roses, Inc.
Rubber Manufacturers Association Footwear Division

San Jose Chamber of Commerce
South Georgia Plant Growers
Sporting Arms and Ammunition Manufacturers Institute, Inc.
Stephen Investments, Inc.
Sun Garden Packing Company
Sunkist Growers, Inc.
Transport Associates, Inc.
Tri/Valley Growers
U.S. Bromine Alliance
United Midwest Manufacturing Company
University of California
Victor A. Morris Farms
Warren Hicks & Sons, Inc.
Western Growers Association
Westpoint Pepperell, Inc.
Woolf Farming Co.
Zonner, Inc.

Indeterminate

Elscint, Inc.
Manufacturing Jewelers & Silversmiths of America, Inc.
Solcoor
W. Braun Co.

In favor

A.P. Esteve Sales, Inc.
AARJOY, Inc.
Amalgamated Bank.
American Israel Chamber of Commerce and Industry, Inc.
American Israel Public Affairs Committee
Bake-N-Joy Foods
California Olive Growers Association
CMC Finance
Crisafulli Pump Company, Inc.
Dead Sea Bromine Group, Ameribrom
Deitsch Plastic Export Company
First Family of Travel
Gordon Brothers Corp.
H.S. Schnell & Co.
Heritage International Bank
Jewish War Veterans of the United States
Kings Super Markets, Inc.
Mast Industries, Inc.
Midbar Imports
Olive Growers Council
Printing Plus Enterprises
The Paul Rogers Company
Wembley Industries, Inc.

On April 10, 1984, public testimony was heard.ⁱⁱⁱ The large Arkansas delegation was committed to opposing unlimited amounts of Israeli bromine flowing into the U.S. market.^{iv}

The delegation from Arkansas, led by then Governor Bill Clinton, was given preferential scheduling for the hearing. Clinton argued against the undue burden USIFTA would create for his state: "So I would just plead with you to consider the enormously concentrated adverse economic impact of including bromine in this FTA, because 85 percent of the production is concentrated in two small rural counties..." U.S. Senator Dale Bumpers railed against state involvement in Israel's bromine industry: "All of us are concerned about the potentially serious consequences that an FTA could have upon the United States bromine industry, a small but vital sector of the American economy... The Israeli bromine industry enjoys a series of subsidies and other special advantages...To begin with, the Israeli bromine industry is government-owned."

On April 11, the ITC heard public testimony on behalf of the American Israel Commerce and Industry Association and AIPAC. Thomas A. Dine, then executive director of AIPAC, testified on the mutual benefits of the agreement while lobbying against any special exemptions by economic sector: "Because of Israel's small size and limited production capacity relative to the U.S., there is little reason to fear major short term negative effects from increased Israeli imports into the U.S....The proposed Free Trade Area is therefore a two-way gain—both countries will reap the benefits from the pact..."⁵

The AIPAC executive also argued for "keeping the proposed FTA as 'clean' as possible and avoid[ing] gutting the agreement by carving out exception after exception."⁶ AIPAC's formal testimony for the agreement and coordinated lobbying for Israeli Dead Sea bromine suggested that AIPAC had access to proprietary information. How much proprietary inside information AIPAC had obtained soon became publicly known—though its impact was never fully appreciated.

AIPAC ramped up its public relations effort to build support for the USIFTA in an April 30, 1984 memorandum to members and stakeholders. In a "benefits to the U.S." section, AIPAC pitched USIFTA as a way for the U.S. to compete with the European Community's duty-free trade deal with Israel. An AIPAC memo forecast expansion of U.S. exports, noting that the U.S. already enjoyed a "six-to-one surplus in agricultural products and textiles in its trade with Israel." A section titled "Cause few problems to

ⁱⁱⁱ From the U.S. Bromine Alliance, the Arkansas Industrial Development Commission, the California Tomato Growers Association, Inc., the University of California at Berkeley, tri/Valley Growers, Hunt-Wesson Foods, the American Dehydrated Onion and Garlic Association, Sun Garden Packing Company, the Western Growers Association, Monticello Canning Company, Inc., the National Milk Producers Federation, the California Olive Association, Florida Citrus producers, and Sunkist Growers, Inc.

^{iv} Bromine is a chemical element vital to the production of fine chemicals, extracted from bromide salts accumulated from sea water. The U.S., Israel, and China are the world's primary producers of bromine in a market worth approximately \$2.5 billion today. Modern applications also include gasoline additives, pesticides, and commercial flame retardants. Israel's bromine reserves are extracted from the waters of the Dead Sea, while U.S. production is centered in two counties in Arkansas.

domestic industries" noted that "Israel's ability to increase exports is restricted by its limited amounts of land and water and the expensive costs of shipping perishable products long distances."⁷

AIPAC Obtains Classified US Government Report to Lobby and Launch PR Against US Industries and Associations

On April 4, 1984, 20 copies of an ITC "prehearing report" for the USTR were made and circulated in the ITC. **Word soon spread that AIPAC was handling the classified material.** Early access to this classified information was critical in AIPAC's drive to counteract U.S. industry exemptions and effective opposition to the USIFTA. This was important because some concerned U.S. companies were already raising major red flags about potential intellectual property theft based on their previous trade experiences in Israel. On May 2, 1984, Monsanto International voiced concerns that "a local concern has been able to take advantage of the procedural shortcomings in the Israeli 'patent opposition system,' [and] the granting of a patent to Monsanto has been blocked." The heavy state involvement in Israel's economy was also raised as a concern: "Three fourths of Israel's chemical industry is owned by the government and it receives substantial export subsidies....In the decade ahead Israel will become an increasingly active exporter of these products and may cause some market discontinuities in the U.S."⁸

Echoing many other industry expert petitions in the public fast track process, Monsanto questioned the overriding wisdom of signing a bilateral trade agreement with such a small, developing economy: "Our government should make the distinction between the advanced developing and developed countries with a strong current account position (such as Taiwan, Hong Kong and Japan) and those with severe balance of payments problems..." But Monsanto's concerns about intellectual property were sent on May 2 (just after the April 3, 1984 comment filing deadline) and were rejected by the ITC.⁹ Curiously, the ITC committee chair accepted a late filing from Israel's Dead Sea Bromine Company, LTD on May 11, 1984.¹⁰

Monsanto Letter to ITC Lobbying Against USIFTA¹¹

Monsanto

THOMAS L. GOSSAGE
Group Vice President
and Managing Director

MONSANTO INTERNATIONAL
800 N. Lindbergh Boulevard
St. Louis, Missouri 63167
Phone: (314) 694-2524

May 2, 1984

332-180

Secretary Kenneth Mason
United States International Trade Commission
701 E. Street, N.W.
Washington, D.C. 20436

25531

Dear Secretary Mason:

I would like to respond to the inquiry concerning the proposed U.S.-Israeli Free Trade Treaty now under discussion. There are some issues important to Monsanto and the chemical industry that should be considered during the ensuing discussion between the two governments.

- Intellectual Property Rights-Patents: While the protection offered by granted Israeli patents is satisfactory, a procedural flaw in this patent system can be manipulated to deny U.S. innovations' protection for extended periods of time. Monsanto, for example, has had a patent application pending on a product widely patented around the world for well over a decade.

Because a local concern has been able to take advantage of the procedural shortcomings in the Israeli "patent opposition system," the granting of a patent to Monsanto has been blocked. While these proceedings have gone on, the local firm has been producing and exporting Monsanto's proprietary product. Furthermore, it appears that the proceedings will continue beyond what would have been the full term of the patent -- if it had been issued in a reasonable time. Thus, at this point, Monsanto's patent application will be moot. All of these difficulties could be prevented by relatively simple changes in Israel's patent procedure laws.

If the problems inherent in the patent procedure laws are not corrected, the international competitiveness of U.S. high technology industries could be easily undercut. This is especially true in the agricultural chemical and pharmaceutical industries and has significant implications for the growing biotechnology area.

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a unit of Monsanto Company

3.

With those countries with strong current account balances, the United States should be aggressive in obtaining lowered trade barriers, and protection of property rights. For example, Taiwan has a \$6.7 billion trade surplus with the U.S. and an average tariff rate of 30% -- the highest in the region. Taiwan has also resorted to quotas on U.S. imports despite the large U.S. trade deficit with Taiwan. The U.S. also has a \$20 billion trade deficit with Japan, and Japanese non-tariff barriers have been extremely successful in keeping out U.S. goods. The U.S. and Japanese government should work hard "to identify American sources that meet Japanese market requirements while encouraging Japanese procurement officials to purchase these products" -- as was stated in the Joint Communique of the 20th Japan-U.S. Businessmen's Conference.

In addition, we hope U.S. industry representation can continue to play a role in the bilateral negotiations. U.S. industry has a lot riding on these negotiations and our knowledge of the markets and products would be an asset in these discussions.

I hope these remarks prove useful in your discussions.

Yours truly,

T. L. Gossage

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We will be providing your office with a detailed paper outlining our concerns and possible solutions to problems that arise from Israeli patent procedure laws in the near future.

- Safeguards/Competitive Need Limits: Monsanto supports the establishment of a safeguard system modeled on the effective process developed in the GSP legislation. The need to maintain safeguards is important to ensure that U.S. chemical markets and U.S. manufacturers are not injured by imports. Three fourths of Israel's chemical industry is owned by the government, and it receives substantial export subsidies. The government also subsidizes research and development in the chemical industry. These incentives make Israel a strong competitor in agricultural chemicals and pharmaceuticals -- two areas which require a relatively low amount of capital investment compared to the traditional chemical businesses.

Currently 95% of Israel's chemical exports to the U.S. enter duty free through MFN and GSP privileges. In the decade ahead, Israel will become an increasingly active exporter of these products and may cause some market discontinuities in the U.S. Therefore, a system of safeguards, modeled on the GSP codes, would be extremely important to the chemical industry.

- Trade Distorting Factors and Non-Tariff Barriers: This agreement should also address non-tariff barriers and other trade-distorting practices such as export subsidies. For example, Israel requires importers to place on deposit 15% of the value of the import for one year in a non-interest bearing account. Because of Israel's high rate of inflation, this deposit acts as a 10% tariff on imports. In addition, as stated above, there are several export incentives that give Israeli producers a significant advantage compared to their international competitors.

In general, Monsanto strongly supports our government's efforts to strengthen U.S. international economic relations through bilateral trade and investment treaties with our trading partners. But these agreements should include strong statements on: 1) protection of intellectual property rights, 2) adequate and well-defined safeguard provisions, and 3) reduction and/or elimination of non-tariff barriers, export subsidies and performance requirements.

However, our government should also make a distinction between the advanced developing and developed countries with a strong current account position (such as Taiwan, Hong Kong and Japan) and those with severe balance of payments problems (such as Brazil, Mexico, and Argentina). In this regard, the United States should be willing to grant a "realistic" amount of time to obtain a phased-in reduction of tariff, non-tariff barriers, and export incentives with those countries with weak economies -- without sacrificing import safeguards or protection of U.S. property rights.

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A Department of Commerce (DOC) delegation participated in formal U.S.-Israel negotiations the week of May 14, 1984 in Jerusalem. A DOC employee who stayed a week after the meetings made a disconcerting discovery: on May 21, in a meeting with the Israeli delegation and diplomats from the Washington DC embassy, an Israeli announced he had received a cable from Israel's Washington, DC embassy "and then proceeded to read from this cable what appeared to be a full summary of the report, including the conclusions regarding sensitive products."¹²

The House Ways and Means Committee reviewed draft USIFTA legislation on May 22, 1984, publicly assuring that both the Senate and the president backed the measure. The Heritage Foundation, a conservative think tank, quoting the Israeli Manufacturers Association as a source, calculated that "if the U.S. does not negotiate the FTA, it not only will forego potential exports but could lose some of its current sales, now valued at between \$1.5 billion and \$1.8 billion a year. This is because the Israelis are phasing in a trade agreement with the European Economic Community (EEC)." Heritage also consoled U.S. companies by echoing AIPAC talking points, stating that "because the Israeli share of the American market is very small, the complete elimination of tariff barriers would be no threat to American industry."¹³

Troubling reports of leaks of the classified ITC report continued to pour in. On or around May 30, a member of the Trade Sub-Committee notified the USTR that "after a conversation with an employee of the American Israel Public Affairs Committee (AIPAC) in WDC, this member was left with the impression that AIPAC had a copy of the subject report." The unidentified AIPAC member was familiar with the report's contents and conclusions.¹⁴ But it was too late to delay the final report.

On May 30, 1984, Chairman of the ITC Alfred Eckes transmitted the final 300-page report, derived from both public and confidential business information. The classified final report, titled *Probable Economic Effect of Providing Duty Free Treatment for U.S. Imports from Israel, Investigation No. 332-180*, was sent to the office of President Ronald Reagan, giving the deal a green light but warning of industry consequences in a cover letter. "Based on the information gathered in the U.S. International Trade Commission's investigation of the proposed free trade area, the Commission does not expect duty-free treatment for U.S. imports from Israel to have a significant adverse effect at the aggregate level for any of the major sectors examined; however, at the less aggregated commodity level, significant adverse effects are likely in seven different product areas as discussed in the report."¹⁵

Organizations formally petitioning from the ITC "advice and consent" track in opposition to the agreement outnumbered parties in favor by three to one (see appendix), and thousands of individual Americans also submitted signatures on petitions opposing the deal. Only AIPAC, the American Israel Chamber of Commerce, and organizations such as a tiny, recently chartered bank operating out of Bethesda provided supporting testimony to the ITC.

FBI File "Theft of Classified Documents from the Office of the US Trade Representative" – 6/20/1984

FD-36 (Rev. 8-26-82)

FBI

TRANSMIT VIA:
☒ Teletype
☐ Facsimile
☐ _____

PRECEDENCE:
☐ Immediate
☒ Priority
☐ Routine

CLASSIFICATION:
☐ TOP SECRET
☒ ~~SECRET~~
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS
Date 6-20-84

FM WASHINGTON FIELD (65C-13189) (P) (C-2)

TO DIRECTOR, FBI PRIORITY

BT

DECLASSIFIED BY 60324 uc baw/dk/sbs
ON 04-17-2009

~~CONFIDENTIAL~~

UNSUBS; THEFT OF CLASSIFIED DOCUMENTS FROM THE OFFICE OF
THE UNITED STATES TRADE REPRESENTATIVES; ESPIONAGE-ISRAEL;
OO:WASHINGTON FIELD

~~ALL MARKINGS, NOTATIONS AND ITEMS OF INFORMATION
CONTAINED IN THIS COMMUNICATION ARE CLASSIFIED "SECRET"
UNLESS OTHERWISE NOTED.~~

ON JUNE 19, 1984, [REDACTED] 7305 ASSOCIATE GENERAL
COUNSEL, OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE,
600 17TH STREET, NORTHWEST, WASHINGTON, D.C. (WDC), ADVISED
THAT THE UNITED STATES TRADE REPRESENTATIVE FUNCTIONS TO
ASSIST THE PRESIDENT OF THE UNITED STATES IN NEGOTIATING
TRADE AGREEMENTS WITH FOREIGN COUNTRIES. AMBASSADOR
WILLIAM BROCK HEADS THIS AGENCY AND HOLDS CABINET LEVEL
RANK.

[REDACTED] EXPLAINED THAT BEFORE THE PRESIDENT CAN ENTER INTO

1-WFO
LBS:sgt [Signature]
(4)

Approved: [Signature] Transmitted (Number) 1 (Time) _____

b6
b7C

b6
b7C

FD-36 (Rev. 9-28-82)

FBI

TRANSMIT VIA:

- ☐ Teletype
☐ Facsimile
☐ _____

PRECEDENCE:

- ☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

- ☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date _____

PAGE TWO DE WF #0017 ~~CONFIDENTIAL~~

A TRADE NEGOTIATION HE OFTEN ASKES THE UNITED STATES INTERNATIONAL TRADE COMMISSION (USITC) FOR ADVICE ON THE PROBABLE ECONOMIC AFFECT OF ANY AGREEMENT HE MIGHT NEGOTIATE. IN THIS CASE, ADVICE WAS REQUESTED IN FEBRUARY OF 1984, CONCERNING AN AGREEMENT WITH THE STATE OF ISRAEL. THIS INFORMATION WAS RECEIVED FROM THE USITC DURING THE LAST WEEK OF MAY. THIS INFORMATION WAS CLASSIFIED CONFIDENTIAL.

TWO DAYS PRIOR TO RECEIVING THE DOCUMENTS FROM THE INTERNATIONAL TRADE COMMISSION, [] ADVISED THAT HE HEARD A RUMOR THAT THE AMERICAN ISRAELI PUBLIC AFFAIRS COMMISSION (AIPAC) ALREADY HAD RECEIVED COPIES OF THIS DOCUMENTS.

[] STATES THAT APPROXIMATELY TWO WEEKS PASSED AND WHILE THEY WERE DECIDING WHERE AND WHO THIS INFORMATION WOULD BE DIVULGED TO, A CONGRESSIONAL STAFFER ADVISED THEM THAT THE ISRAELIS WERE OFFERING COPIES OF THIS DOCUMENT TO MEMBERS OF CONGRESS BECAUSE THE UNITED STATES TRADE REPRESENTATIVE WAS SLOW IN DELIVERING THEM.

LAST FRIDAY, ON JUNE 15, 1984, GENERAL COUNSEL FOR THE UNITED STATES TRADE REPRESENTATIVE, [CLAUD GINGRICH]

b6
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Approved: _____ Transmitted _____ (Number) _____ (Time) Per _____

FD-36 (Rev. 8-28-82)

FBI

TRANSMIT VIA:

- ☐ Teletype
☐ Facsimile
☐ _____

PRECEDENCE:

- ☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

- ☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date _____

PAGE THREE DE WF #0017-~~CONFIDENTIAL~~

CONTACTED ESTER KURZ OF THE AMERICAN ISRAELI PUBLIC AFFAIRS COMMISSION AND ASKED HER IF AIPAC HAD A COPY OF THIS REPORT.

KURZ REPLIED YES AND GINGRICH SAID THE MATERIAL WAS CLASSIFIED AND ASKED FOR IT TO BE RETURNED.

LATER ON, THE DIRECTOR OF AIPAC TELEPHONED _____ AND ADVISED THAT HE HAD NO KNOWLEDGE THAT AIPAC HAD OBTAINED A CLASSIFIED DOCUMENT AND HE STATED THAT THE MATERIAL WOULD BE RETURNED AND THAT THEY WOULD COOPERATE IN EVERY WAY IN ANY INVESTIGATION TO DETERMINE HOW THEY RECEIVED A COPY OF A CLASSIFIED DOCUMENT.

LATER ON THAT DAY, AN UNBOUND XEROX COPY OF THIS DOCUMENT WAS DELIVERED BY AN AIPAC MESSENGER TO THE UNITED STATES TRADE REPRESENTATIVE OFFICE.

_____ ADVISED THAT ALL INFORMATION CONTAINED IN THIS DOCUMENT WAS CLASSIFIED CONFIDENTIAL OR BUSINESS CONFIDENTIAL. THE HIGHEST LEVEL OF CLASSIFICATION IN THIS REPORT IS CONFIDENTIAL. _____ ESTIMATES THAT BY OBTAINING THIS DOCUMENT, THE PRESIDENT'S NEGOTIATING ^{POSITION} ~~POSITION~~ CONCERNING A TRADE AGREEMENT BETWEEN THE UNITED STATES AND THE STATE OF ISRAEL IS COMPROMISED BECAUSE THIS REPORT DIVULGES THOSE

Approved: _____ Transmitted _____ Per _____
(Number) (Time)

*FD-36 (Rev. 8-28-82)

FBI

<p>TRANSMIT VIA:</p> <p><input type="checkbox"/> Teletype</p> <p><input type="checkbox"/> Facsimile</p> <p><input type="checkbox"/> _____</p>	<p>PRECEDENCE:</p> <p><input type="checkbox"/> Immediate</p> <p><input type="checkbox"/> Priority</p> <p><input type="checkbox"/> Routine</p>	<p>CLASSIFICATION:</p> <p><input type="checkbox"/> TOP SECRET</p> <p><input type="checkbox"/> SECRET</p> <p><input type="checkbox"/> CONFIDENTIAL</p> <p><input type="checkbox"/> UNCLAS E F T O</p> <p><input type="checkbox"/> UNCLAS</p> <p>Date _____</p>
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PAGE FOUR DE WF #0017 ~~CONFIDENTIAL~~

PRODUCTS AND INDUSTRIES THAT HAVE BEEN IDENTIFIED BY THE INTERNATIONAL TRADE COMMISSION AS BEING THE MOST SENSITIVE TO IMPORTS FROM ISRAEL. ALSO, THE REPORT BASICALLY STATES THAT THE UNITED STATES CAN LOWER DUTIES ON ALL GOODS BEING IMPORTED FROM ISRAEL AND IT WILL ^{ONLY} NOT HURT ANY UNITED STATES ~~INDUSTRIES EXCEPT SEVEN INDUSTRIES~~. THESE INDUSTRIES ARE LISTED IN THIS REPORT.

☐ ADVISED THAT THIS DOCUMENT WAS STOLEN OR GIVEN TO THE AIPAC BY EITHER A MEMBER OF THE UNITED STATES TRADE REPRESENTATIVE STAFF OF THE INTERNATIONAL TRADE COMMISSION.

☐ ADVISED THAT HE BELIEVES THE COPY CAME FROM THE INTERNATIONAL TRADE COMMISSION BECAUSE ALL INTERNAL COPIES KEPT AT THE UNITED STATES TRADE REPRESENTATIVE ASSOCIATION WOULD HAVE AN INTERNAL DOCUMENT CONTROL NUMBER IN THE UPPER RIGHT HAND CORNER OF THE COVER PAGE. THE DOCUMENT IDENTIFIED AS HAVING BEEN RETURNED FROM AIPAC HAD NO SUCH NUMBER.

INVESTIGATION CONTINUING, FBIHQ WILL BE ADVISED OF PERTINENT DETAILS.

~~-C BY 5854. DECL: OADR-~~

BT

#0017

Approved: _____ Transmitted _____ Per _____

(Number) (Time)

USTR ambassador William Brock became aware of the report leak during a June 7 luncheon with the Israeli Trade Ministry. Brock heard not only news of the circulation of the report, but analysis of its contents, while seated at the table. News that "certain members of Congress could acquire copies of the ITC report through AIPAC" filtered into the USTR office on June 12 and 13.¹⁶ A congressional staffer advised the USTR that "the Israelis were offering copies of this document to members of Congress because the United States Trade Representative was slow in delivering them."¹⁷ On June 15, 1985, USTR General Counsel Claude Gingrich called Ester Kurz and demanded to know whether AIPAC possessed the classified ITC report. Kurz admitted it did.¹⁸ Gingrich told her the document was classified and demanded that AIPAC return it.¹⁹ Thomas Dine, AIPAC's executive director, immediately contacted the USTR to "claim no knowledge of the report himself and to disassociate himself from such activities."²⁰ Dine promised that the material would be returned and they would cooperate in every way in any investigation to determine how they received a copy of a classified document.²¹ On June 19, the USTR referred the matter to the FBI, which began a formal investigation.²² But AIPAC's massive public relations campaign to push USIFTA soon eliminated the possibility of any meaningful industry exceptions or advice and consent feedback.

FINDING: AIPAC and the Israeli Ministry of Economics subverted advice and consent democratic process in 1984 by stealing classified information about their American opponents in order to usurp the authority of US government agencies and push through a trade deal favorable only to Israel.

Thomas Dine and Douglas Bloomfield, AIPAC's chief lobbyist, issued a legislative update directed to "officers, executive committee, national council and key contacts" on June 30, 1984 (see appendix). The update trumpeted AIPAC's success in winning \$2.6 billion in foreign aid for 1985, a resolution calling to move the U.S. embassy from Tel Aviv to Jerusalem, meetings on a proposal to fund "joint U.S.-Israel development projects in the third world," opposition to proposed U.S. sales of Stinger missiles to Saudi Arabia, and hearings on the USIFTA. An attached action alert urged supporters to contact their representatives "at their district offices" to sponsor the USIFTA.

The growing irrelevance of the advice and consent track soon became evident to unwitting participants on August 30, 1984, when the *Washington Post* reported that the FBI had launched its investigation of the American Israel Public Affairs Committee. The *Washington Post* was frank in its damage assessment that the report "contains proprietary data supplied by American industries and other sensitive information for the negotiations, which began early this year...Trade officials said the report would give Israel a significant advantage in the trade talks because it discloses how far the United States is willing to compromise on contested issues. Some of the proprietary information, moreover, could help Israeli businesses competing with U.S. companies, officials said."²³ But the USTR also privately worried about the impact on the sanctity and "effectiveness of the ITC to solicit data from the U.S. business community," according to FBI files released in 2009.²⁴

AIPAC Admits to Obtaining Classified Report – But Not How

An AIPAC spokesman publicly acknowledged that AIPAC had obtained a copy of the classified ITC document, but brashly stated that "the lobbying group did nothing illegal" and had "returned" the report.²⁵ It claimed it had returned the classified report to the USTR by "AIPAC messenger."²⁶ The classified FBI incident report noted that AIPAC returned a "copy of the final report" that "had no identifying mark on the outside cover which was clearly stamped confidential." The FBI went on to observe that "this indicates that this copy was probably made prior to the May 30 delivery to USTR. USTR officials advised the significance of the unauthorized disclosure of the contents of the ITC report is that the bargaining position of the United States was compromised."²⁷ The FBI noted that the copy probably came from the ITC, since "all internal copies kept at the United States Trade Representative...would have an internal document control number in the upper right hand corner of the cover page. The document identified as having been returned from AIPAC had no such number."²⁸

The Department of Justice Internal Security Section and General Litigation and Legal Advice Section, under Attorney General William French Smith, promptly quashed the FBI espionage investigation into AIPAC on August 24, 1984. They determined that "this matter did not represent a violation of the espionage statute as it was reported that no national defense information was utilized in the preparation of the report." But the DOJ did believe that a violation of the Theft of Government Property statute had occurred, and it referred the matter to Assistant United States Attorney Charles Harkins "for a prosecutive opinion."²⁹ The largest Israeli espionage scandal of the decade, the Jonathan Pollard affair, had not yet broken. But when it did, it would refocus the DOJ's attention toward unearthing an Israeli Embassy-AIPAC connection.

In September, Ester Kurz, Martin Indyk, and Steven J. Rosen issued a densely written, highly detailed 46-page booklet for AIPAC's public relations series, titled "A U.S.-Israel Free Trade Area: How Both Sides Gain," under Peggy Blair's byline. It rebutted U.S. industry concerns about the USIFTA with optimistic job creation and opportunity forecasts that, while widely echoed in establishment media in 1984 and 1985, proved to be wildly inaccurate.^v The report listed "Thirteen U.S. Exports that Will Gain," but did not mention sensitive industries such as bromine. AIPAC's public relations and lobbying nucleus had little to fear about its acquisition of the classified ITC report. On September 19, 1984, DOJ prosecutor Charles Harkins "opined that this matter lacked prosecutive merit" and declined to pursue Theft of Government Property indictments against AIPAC.

The U.S. Bromine Alliance was incensed about the leak and demanded action. It gathered together legal counsel for a high-level confrontation. Accompanied by lawyers Will E. Leonard and Edward R. Easton from the law firm of Busby, Rehm, and Leonard, P.C.,

^v The two editors of the report, Martin Indyk and Steven J. Rosen, had subsequent involvement with classified information. In September of 2000, Indyk had his security clearance suspended by the U.S. State Department while acting as U.S. ambassador to Israel. Rosen was indicted in 2005 under the Espionage Act over an incident involving national defense information and was subsequently fired by AIPAC. In 2009, he sued AIPAC for defamation.

the Bromine Alliance director met with ITC Chairwoman Paula Stern on November 1, 1984. They requested a detailed confirmation that confidential Alliance business information had been disclosed to AIPAC in the classified report.³⁰ The Bromine Alliance would not receive an answer until after Ronald Reagan was reelected in a November 6, 1984 landslide.

US Bromine Alliance Protests Theft of their Confidential Business Information by AIPAC 11/1/1984³¹

INTERNATIONAL TRADE AFFAIRS

DELIVERED BY MESSENGER

Dr. Paula Stern, Chairwoman
U.S. International Trade Commission
701 "E" Street, N.W.
Washington, D.C. 20436

Dear Dr. Stern:

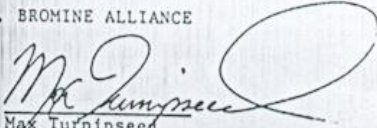
Thank you for meeting with us this morning and for your genuine interest about our concerns relating to the Commission's security procedures for "business confidential" information submitted by the private sector. We very much appreciate your willingness to review the various matters we discussed with you, and particularly those included on the document (copy enclosed) that we left with you and Mr. Goodrich.

We look forward to your response on how you might be able to describe, characterize, or give us specifically what "business confidential" information, submitted by the U.S. Bromine Alliance, was included in the Commission's confidential report concerning the U.S. - Israel Free Trade Area proposal that was prepared for the U.S. Trade Representative. We are also hopeful you will be able to tell us (as an example on point) what you found within the Commission concerning the disposition of the 15 copies of "business confidential" information we recently submitted in connection with your GSP investigation.

As you review the other items in the enclosed document to see what type of further advice you can furnish to us with respect to the Commission's standard security procedures, we will undertake to draft a proposal (for consideration) on the type of handling we hope the Commission would adopt with respect to future submissions of "business confidential" information from the U.S. Bromine Alliance or the individual member companies of the Alliance. We also plan to review this same subject with the appropriate personnel at the Office of the U.S. Trade Representative.

Thank you again for your warm reception and cooperation.

Sincerely,
U.S. BROMINE ALLIANCE

By: 
Max Turnipseed

MT:clk
Enclosure
cc: U.S. Bromine Alliance Members
Edward R. Easton, Esquire
Will E. Leonard, Esquire

84-44
GC, IND
and Sec.
OFFICE OF THE
SECRETARY
Int'l. Trade Commission

Ethyl Corporation
611 Madison Office Building
1155 15th St., N.W.
Washington, DC 20005
Telephone 202-223-4111

November 1, 1984

332-180

5001

November 1, 1984

Talking Points for Meeting with Dr. Paula Stern,
Chairwoman, U.S. International Trade Commission

1. Persons present.

Max Turnipseed, Spokesman, U.S. Bromine Alliance, accompanied
by Will E. Leonard and Edward R. Easton, attorneys, Busby, Rehm
and Leonard, P.C.

2. General Topic.

Commission security procedures for confidential business
information submitted to the agency.

3. Background.

The U.S. Bromine Alliance supplied very sensitive cost
information to the Commission in response to the Commission's
requests for confidential business data in connection with its
report on a free trade agreement with Israel. The Alliance
presumes that these data were quoted in the Commission's
confidential report to the USTR, a copy of which was obtained by
representatives of the American-Israel Public Affairs Committee.

The Alliance is currently an interested party in the on-going
GSP-related investigations Nos. 503(a)-12 and 332-187. The
Alliance has also submitted confidential business information to
the Commission in connection with these investigations also.

- 2 -

4. Specific inquiries concerning the Commission's procedures for handling confidential business information:

a. When confidential Commission reports are supplied to the President, the Congress, USTR, or the GAO, what procedures are followed in addition to individually numbering the limited copies supplied? Does a contact person with the recipient undertake to insure that no additional copies will be made? Are there agreements to keep the copies of the reports in a secured filing system with "need to know access" at the recipient institution?

b. Does the Commission have a legal obligation to submit information that may be confidential to any other agencies?

c. The Commission's regulations require a signed original and fourteen copies of each document submitted by a party to an investigation. Is there a Commission policy statement identifying those persons who receive each of these copies? Is there a method for controlling additional copies made from the copies submitted? What criteria exist for guidance with respect to whether additional copies are made? Who is designated to know the location of each copy and those persons with access to it?

d. What are the Commission's instructions to its employees concerning the handling of confidential business submissions? Is the staff instructed not to accept writings which have not been declared confidential by the Secretary? What instructions exist concerning information solicited by telephone or in meetings? Does a staff person decide whether notes concerning such

- 3 -

information are to be treated as confidential information or is the staff instructed to consult supervisory personnel in making the decision?

e. How are the Commission's employees made aware of mandatory security procedures? How often does the Office of Administration survey compliance with these instructions?

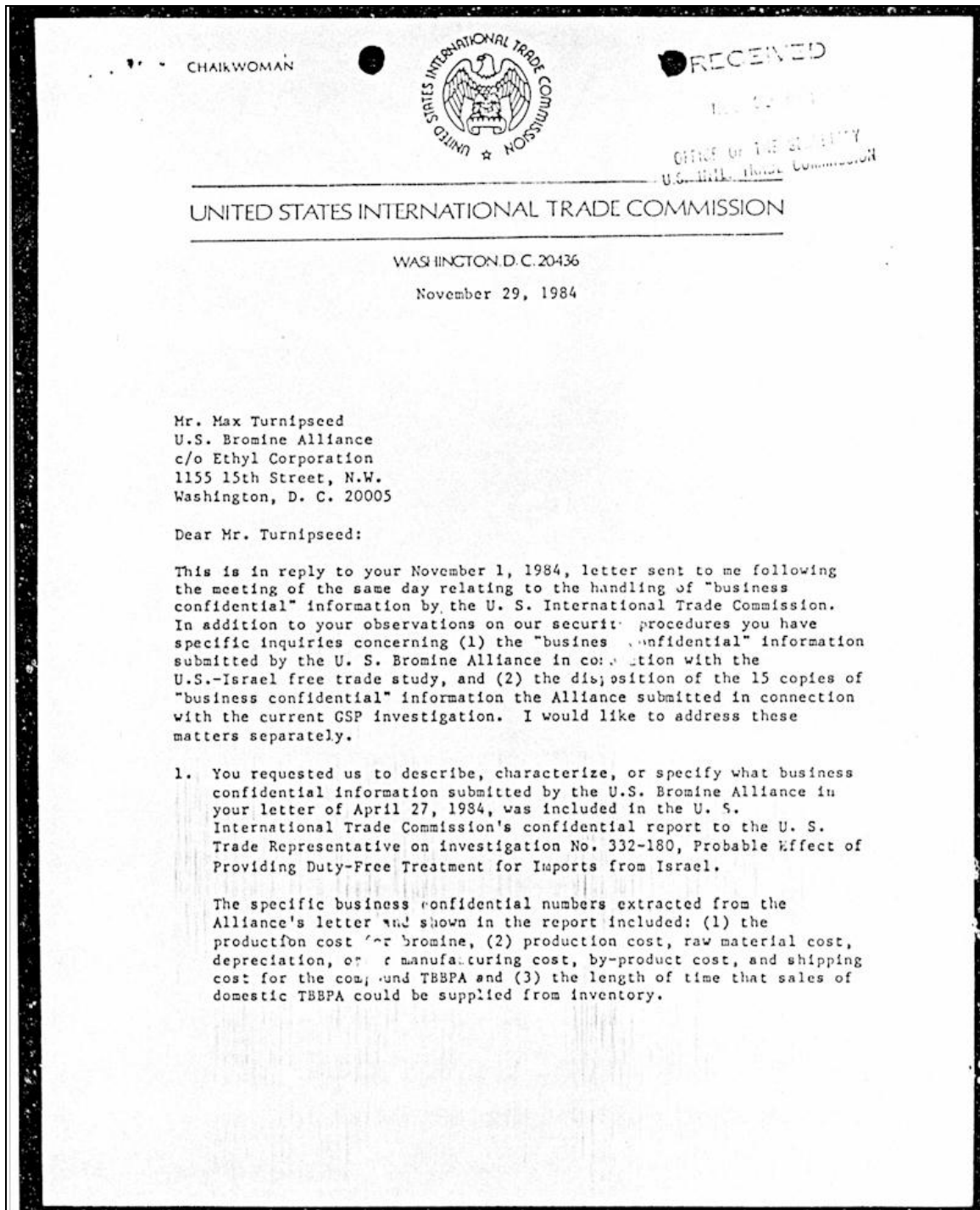
f. Does the Commission have a training program for instructing its employees on the treatment of submissions from business entities? How often is the program presented? How often are employees required to participate? Would the Commission allow interested business groups to participate in designing future programs?

5. Unlike other administrative agencies such as the Environmental Protection Agency or the Federal Drug Administration, the Commission has not undertaken to notify the submitter of confidential business information when access to such information is sought under the Freedom of Information Act or otherwise. Would the Commission be willing to amend its regulations to notify the submitter when such access was sought?

Within the ITC, the aftermath of the AIPAC classified document incident continued to reverberate. After considerable internal consultation about whether the ITC could even publicly respond to industry queries about what secret data from the classified report had been obtained by AIPAC, on November 29, 1984 ITC Chairwoman Paula Stern formally confirmed that all of the Bromine Alliance's most confidential business data had been contained in the report. "Specific business confidential numbers extracted from the

Alliance's letter and shown in the report included: (1) the production cost for bromine, (2) production cost, raw material cost, depreciation or manufacturing cost, by-product cost, and shipping cost for the compound TBBPA and (3) the length of time that sales of domestic TBBPA could be supplied from inventory."³² Stern confirmed that 15 copies of the confidential information were made and circulated, and stated, "You may be assured that we place a high priority on safeguarding sensitive data and we are currently preparing detailed internal procedures."³³

ITC Confirms All Confidential Business Info Stolen 11/29/1984



2.

As we discussed at the November 1 meeting the study is currently classified "confidential" from a national security standpoint by the Office of the U. S. Trade Representative. For your information I am enclosing a copy of the clearance (enclosure 1) we received from that office to allow us to provide you the above characterization of the "business confidential" information submitted by the Alliance.


2. Disposition of "business confidential" information related to investigation nos. 503(a)-12 and 332-187 ("GSP- to Add Products to the List of Eligible Articles for the Generalized System of Preferences") - in this particular case the 15 copies of the Alliance's "business confidential" information was distributed within the U. S. International Trade Commission as listed below. It should be noted that not all of the 15 copies are currently in the Commission's files. Some have already been processed for disposal by burning or shredding.

	<u>Number of Copies</u>
Chairwoman Stern	1
Vice Chairman Liebler	1
Commissioner Eckes	1
Commissioner Lodwick	1
Commissioner Rohr	1
Energy and Chemicals Division	1
Office of the General Counsel	1
Office of Economics	1
Office of the Secretary	Original and 6 copies
Total: Original and 14 copies.	

I appreciate your comments concerning the Commission's information security procedures and welcome any suggestions you may have. You may be assured that we place a high priority on safeguarding sensitive data and we are currently preparing detailed internal procedures. At this point we can respond to items 4. a., 4. b. and 5 of the discussion paper you left with me on November 1 (enclosure 2).

I hope this information is useful to you and we look forward to the Alliance's participation in future Commission investigations and studies.

Sincerely,


Paula Stern
Chairwoman

Enclosures

cc: Morris Lynch
Ken Mason
Mike Mabille
Lorin Goodrich

For its part, the FBI concluded that "this report was likely leaked while being prepared at the International Trade Commission (ITC). A review of security procedures at ITC disclosed the fact that there are no security procedures in place that would prevent the outright theft or the printing of an 'extra' copy of a report."³⁴

Israeli Economics Ministry and AIPAC Coordinate Lobbying

On January 7, 1985 the ITC secretary formally brought the fast-track U.S. IFTA negotiation process to a close.³⁵ In March, Dan Halpern, the economic minister of the Israeli Embassy in Washington, went on a U.S. public relations blitz for USIFTA. "This is going to help the Israeli economy in the long run." Halpern ignored the existing U.S. trade surplus with Israel, stating that "with a rising American trade deficit, it was essential for the U.S. to maintain a twenty percent share of the Israeli import market." Reading from the new AIPAC-supplied USIFTA booklet, the Israeli stressed the looming threat to U.S. exporters of the decade-old Israeli-European Common Market free trade agreement. The *New York Times* summarized that "from the American viewpoint, the most sensitive Israeli exports include cut roses, gold jewelry, leather goods, footwear, bromines (a sulfur derivative), olives, citrus juices and dehydrated garlic. Israel regards as sensitive American-made refrigerators, radio navigation equipment and aluminum bars." The *New York Times* positioned the deal positively. "For the United States it represents a further refinement of the use of trade to help countries that it considers strategically, and politically, important."³⁶

On the other hand, the *Providence Journal* viewed the deal as an "insurance policy" for Israel. Under the international trade General System of Preferences then in place, 90 percent of the merchandise sold by Israel to the U.S. was already duty-free, but the deal was a potential life preserver if global trade regimes collapsed. "It gains duty-free status for the remaining ten percent, plus confidence that what it now gets under the system will not be lost if the system should ever collapse." But the *Providence Journal* made no allusions that USIFTA was anything but aid for Israel: "Over time, Israel's trade balance likely will benefit more than America's. Any time such a strong economy makes it easier for such a weak economy to penetrate its markets, an element of generosity exists. Thus the free-trade pact can be seen as further U.S. aid to Israel."³⁷

In April Ariel Sharon, Israel's Minister of Industry and Commerce, and USTR ambassador William Brock signed the USIFTA agreement. The Israeli Cabinet approved the formal agreement in August of 1985, expecting the pact to add an additional \$200 million in exports over the next two years.³⁸ The Senate Finance Committee also approved the measure, agreeing to "make clear in a report accompanying the bill that it should not be viewed as a precedent for dropping trade barriers with Mexico, Canada and other nations."³⁹ The U.S.-Israel Free Trade Agreement went to Congress for an up or down vote, passed 422-0, and took effect on September 1, 1985.

FBI Intensifies AIPAC Investigation after Pollard Espionage Detected – 11/1985

In November of 1985, Israeli spy Jonathan Pollard was recorded stealing classified national defense information under active video surveillance by U.S. Navy investigators. Pollard, a former civilian intelligence analyst for the Navy, was arrested by the FBI in November of 1985. The vast volume of documents stolen by Pollard, his receipt of cash

payments, and his divulgence of the identities of U.S. agents in the Soviet Union who were coldly traded by Israel in exchange for Jewish émigrés enraged the Secretary of Defense. Caspar Weinberger later delivered classified memoranda and a public supplement to the judge presiding over Pollard's sentencing, arguing that they all weighed against leniency. Weinberger accused Pollard of treason and recommended a life sentence, which Pollard received.

The agent in charge of counterintelligence for the Naval Investigative Service at the time of Pollard's arrest believes the incident was "one of the most devastating cases of espionage in U.S. history" and that Pollard stole over "one million classified documents."⁴⁰ The Pollard espionage case is also unique in that it was the first instance of an Israeli handler with diplomatic immunity being criminally indicted in the United States.⁴¹ The day after Pollard's arrest, Israel quietly recalled two of its diplomats from the United States: Yosef Yagur, a science attaché at the Israeli mission in New York, and Ilan Ravid, deputy science attaché at the embassy in Washington. The Pollard affair also had a direct tie to the BIRD Foundation, raising questions about whether the U.S. had inadvertently funded espionage against its own military.

Pollard delivered his stolen documents a few hundred yards from the Israeli embassy to the apartment of Irit Erb, an Israeli embassy employee and unindicted co-conspirator who fled the U.S. after Pollard's arrest. A second apartment in Erb's building served as the alternate drop for classified documents stolen by Pollard; it was also where he met his controller every month to be paid in cash, obtain feedback on the quality of documents stolen, and receive new instructions. This apartment housed key photocopying and photographic equipment and was owned by Harold Katz, an American attorney living in Israel who served as an adviser to the Israeli Ministry of Defense and legal counsel to the BIRD Foundation. Katz admitted knowing Erb and giving him a key, but claimed he thought the apartment was "unoccupied" during the incident. Katz denied involvement in the operation, but only agreed to answer U.S. prosecutor questions in Israel.⁴² Pollard's handling by the LAKAM⁴³ network of accomplices and the wide-ranging Justice Department investigation had an immediate impact on the aborted investigation of AIPAC, though it was never publicly revealed.

FBI Alleges a Member of Israeli Intelligence Present on AIPAC Staff

The DOJ and FBI clearly related Pollard's activities to the 1984 AIPAC investigation. The Washington Field Office had earlier noted an "allegation that a member of the Israeli Intelligence Service was a staff member of AIPAC."⁴⁴

FBI Status Update on AIPAC/Espionage Incident "a member of the Israeli intelligence services was a staff member of AIPAC" and "Usurping" USTR (Presidential) Authority

– 08/13/1984

DECLASSIFIED BY 60324 kic baw/dk/bbs
ON 04-17-2009

Airtel

Date: 8/13/84

TO: DIRECTOR, FBI

FROM: SAC, WASHINGTON FIELD OFFICE (65C-13191) (P) (CI-7)

UNSUBS:
THEFT OF CLASSIFIED DOCUMENTS FROM
THE UNITED STATES TRADE REPRESENTATIVES;
ESPIONAGE-ISRAEL
OO:WFO

~~SECRET~~

~~All markings, notations, and items of information
contained in this communication are classified "SECRET" unless
otherwise noted.~~

Re WFO tel to Director dated 6/20/84.

Enclosed for the Bureau are the original and four
copies of an LHM dated and captioned as above.

Preliminary investigation by WFO indicates that the
confidential report on trade with Israel was likely taken while
being prepared at the International Trade Commission (ITC). A
 cursory review of security procedures at ITC disclosed no
security procedures are in place that would prevent outright
theft or the printing of an "extra" copy of the report.

This confidential report contains no national defense
information and was originally classified to protect the U.S.
bargaining position during negotiations with Israel. The
"Business Confidential" information identifies seven U.S.
industries that would be harmed by lowering import tariffs on
Israel products.

~~SECRET~~

Classified by: 558
Declassify on: OADR

2-Bureau (Enc. 5)
1-Washington Field

MFR:ldj
(3)

WFO 85C-13191

~~SECRET~~

Personnel at USTR and ITC were most angered by the fact that the American-Israeli Public Affairs Commission (AIPAC) had apparently attempted to influence members of Congress with the use of a purloined copy of the ITC report and had usurped their authority.

WFO files disclose that AIPAC is a powerful pro-Israel lobbying group staffed by U.S. citizens. WFO files contain an unsubstantiated allegation that a member of the Israeli Intelligence Service was a staff member of AIPAC.

REQUEST OF THE BUREAU

The Bureau is requested to coordinate this matter with the appropriate officials at the DEPARTMENT OF JUSTICE for a prosecutive opinion.

- 2* -

~~SECRET~~

DECLASSIFIED BY 60324 uc bau/dk/sbs
ON 04-17-2009

U.S. DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
WASHINGTON FIELD OFFICE
WASHINGTON, D.C. 20535
August 6, 1984

UNKNOWN SUBJECTS;
THEFT OF CLASSIFIED DOCUMENTS FROM
THE OFFICES OF
THE UNITED STATES TRADE REPRESENTATIVES;
ESPIONAGE-ISRAEL
PRELIMINARY INQUIRY
(INITIATED JUNE 19, 1984)

~~All markings, notations, and items of information
contained in this communication are classified "SECRET" unless
otherwise noted.~~

OFFICE OF ORIGIN: WASHINGTON FIELD OFFICE

DATE INVESTIGATIVE SUMMARY PREPARED: August 13, 1984

BASIS FOR INVESTIGATION:

Investigation is based upon a complaint received from
[redacted] Associate General Counsel, Office of the
United States Trade Representative (USTR), 600 17th Street, NW,
Washington, D.C. (WDC). This complaint alleges that person(s)
unknown had made available to the government of Israel, a
confidential report published by the International Trade
Commission outlining The Probable Effect of Providing Duty-Free
Treatment of Imports from Israel (332-180).

b6
b7C

INVESTIGATION TO DATE:

On January 25, 1984, the U.S. International Trade
Commission (ITC), WDC, was requested by the USTR to prepare a
report for the President relating to the establishment of a free
trade area with Israel. This report was to be available within
four month. The first "prehearing report" was published April 4,
1984, by ITC. Twenty copies were distributed within ITC to key

This document contains neither recommendations nor
conclusions of the FBI. It is the property of the FBI
and is loaned to your agency; it and its contents are
not to be distributed outside your agency.

~~SECRET~~

Classified by: 558
Declassify on: OADR

UNKNOWN SUBJECTS~~SECRET~~

personnel. On May 3, 1984, five more copies were distributed within ITC for senior staff/editorial review and for review by the six ITC Commissioners. On May 16, 1984, 13 more copies called "Action Jacket" copies were distributed within ITC as a device for recording the clearances and comments of the commissioners. On May 31, 1984, 40 copies of the final report were distributed with one copy to the President, 28 copies to USTR, and 11 copies within ITC. One copy of the statistical appendix to the subject report was made available to USTR on May 9, 1984, to assist in the preparation of testimony before Congress. No other copies were available to any other individuals or agencies until May 30, 1984.

On May 21, 1984, a DEPARTMENT OF COMMERCE (DOC) employee was in Jerusalem following the formal U.S.-Israeli negotiations which had been held the week before. This employee met with a [] of the Israeli delegation and an Israeli Embassy official from WDC. [] stated he had received a cable from the Israeli Embassy in WDC and then proceeded to read from this cable what appeared to be a full summary of the report including the conclusions regarding sensitive products.

b6
b7C

On or about May 30, 1984, prior to the USTR distribution of the "final report," a member of the Trade Subcommittee of the Senate Finance Committee notified USTR that after a conversation with an employee of the AIPAC, WDC, this member was left with the impression that AIPAC had a copy of the subject report although they did not offer a copy to this employee. This AIPAC member was familiar with the report's contents and conclusions.

On June 7, 1984, the Israeli trade minister and [] lunched with Ambassador WILLIAM BROCK [] USTR. [] recalled that [] was aware of the contents of the report.

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b7C

On June 12 and 13, 1984, information passed to USTR indicated that certain members of Congress could acquire copies of the ITC report through AIPAC.

On June 15, 1984, the USTR general counsel telephoned AIPAC employee ESTER KURZ and inquired if AIPAC had a copy of the USTR report. KURZ advised they did. KURZ was asked to return this confidential report and all copies. Subsequently, THOMAS DINE of AIPAC, contacted USTR, to claim no knowledge of the report himself and to disassociate himself from such activities. A copy of the USTR report was subsequently

b6
b7C

- 2 -

~~SECRET~~

UNKNOWN SUBJECTS

~~SECRET~~

delivered to USTR. Also delivered was a substantial portion of a second copy of the report in an unsorted condition. The full report copy was a copy of the "final report" and had no identifying mark on the outside cover which was clearly stamped confidential. This indicates that this copy was probably made prior to the May 30 delivery to USTR. USTR officials advised the significance of the unauthorized disclosure of the contents of the ITC report is that the bargaining position of the United States was compromised and "Business Confidential" information used in the report was made available to the public. This disclosure also impacts on the effectiveness of the ITC to solicit data from the U.S. business community. No national defense information was utilized in the preparation of the ITC report.

OBJECTIVE:

To identify individual(s) responsible for the unauthorized disclosure of the contents of the ITC report to the government of Israel and employees of AIPAC through interviews of ITC personnel and congressional staff aides.

- 3* -

~~SECRET~~

The FBI quietly reopened its previously aborted investigation of AIPAC under the direction of Assistant Attorney General Stephen S. Trott.

AIPAC Classified document Theft Investigation Reopened After Pollard Espionage Breaks – 11/1/1985

SECRET	
Subject	Date
Unknown Subjects, Theft and Unauthorized Disclosure of Documents From the United States International Trade Commission	NOV 1 1985 SST:GEMcD:GAC:mtf
To	From
The Director Federal Bureau of Investigation	Stephen S. Trott Assistant Attorney General Criminal Division

The Criminal Division has determined that additional investigation should be conducted to ascertain responsibility for the unauthorized disclosure of the report of the United States International Trade Commission (No. 332-180). This matter was the subject of a previous FBI inquiry which may be identified by reference to file no. 52B-18153.

The known information indicates that it is likely that offenses under 18 U.S.C. §641 (theft of government property) and 18 U.S.C. §1905 (disclosure of confidential business information) have occurred; therefore, please conduct an appropriate investigation, designed to identify the offender or offenders and to determine the details regarding the disclosure(s).

Reports of your investigation should be made to the Public Integrity Section to the attention of [redacted] b6 b7C
[redacted] Any questions regarding the investigation should be addressed to him.

ALL FBI INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 04-17-2009 BY 60324 uc baw/dk/sbs

~~SECRET~~

52B-18153-4
SEARCHED _____
SERIALIZED mdj
INDEXED _____
FILED mdj
12-2-85

The Public Integrity Section of the DOJ met on November 15, 1985 with representatives of the FBI to "outline investigative strategies." They settled on hitting the fading trail anew by simultaneously interviewing the AIPAC employees known to have had first contact with the ITC report in order to finally determine how they obtained it. The FBI

sought to determine whether AIPAC's Ester Kurz and Peggy Blair had violated Theft of Government Property and Disclosure of Confidential Business Information statutes.^{vi}⁴⁵

On December 11, 1985, as the deep impact of Pollard espionage was cascading through the administration; Deputy Assistant Director Phil Parker from the Intelligence Division at FBI headquarters contacted the special agents in charge of the AIPAC investigation at the Washington Field Office. Parker notified the agents that "this investigation had come to the attention of Director [William] Webster," "asked for an explanation of [the] investigation thus far," and told them the case was being "studied" at FBI headquarters and the Washington Field Office would soon be contacted about its renewed investigation.⁴⁶

AIPAC Received a Stolen Classified Report Directly from Israeli Economics Minister during a Coordinating Meeting with this Foreign Principal

Ester Kurz and Peggy Blair were less than forthcoming during their separate December 19, 1985 interviews with the FBI.^{vii} **In the presence of a lawyer, Kurz detailed her employment status at AIPAC and the explosive news that she had received the classified ITC report from Dan Halpern, the economic minister at the Israeli Embassy who had been so active in public relations for USIFTA.** She described it as being 50-80 pages in length, but denied being aware of the document title, though she did confirm it was marked "confidential." Kurz claimed she couldn't recall who was at the AIPAC meeting about USIFTA where Halpern passed the secret document.

Kurz said that about a week after receiving the document, she passed it to Margaret [Peggy] Blair, the author of the special USIFTA lobbying booklet, but "did not recall any specific instructions" she gave to Blair. Kurz said she also received a duplicate copy of the secret report from AIPAC employee Douglas Bloomfield. She claimed she "paid no attention to" the classified ITC report until she received a phone call "several weeks later" from USTR General Counsel Claude Gingrich, seeking to "ascertain if AIPAC had this trade report in their possession." After Gingrich called, Douglas Bloomfield told Kurz to destroy the duplicate copy of the report, which she claimed she did by "throwing it down the garbage" chute at her residence. She told the FBI the original report was returned to the USTR. Kurz wouldn't speculate about who else at AIPAC had the document or what use they made of it, but claimed it was "floating around town" and that the contents were common knowledge to those interested in these matters. What Kurz couldn't explain, if the report was all but blowing like tumbleweed throughout Washington, was why she had to acquire it from the Israeli embassy, and how the Israelis obtained it. Her lawyer then stepped in and advised the FBI that it should submit any further questions for Mrs. Kurz to him, but that otherwise she "did not wish to furnish any additional information regarding this matter."⁴⁷

^{vi} 18 U.S.C. 641 and 18 U.S.C 1905

^{vii}The records of AIPAC staff interviewed by the FBI were submitted to headquarters on FD-302 forms. These are used for noting interviews that may become testimony.

FBI Interviews Ester Kurz 12/19/1985 ⁴⁸ viii

FD-302 (REV. 3-10-82)

FEDERAL BUREAU OF INVESTIGATION

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DATE 04-20-2009 BY 60324 uc baw/dk/sbs

Date of transcription 1/6/86

1

MRS ESTER KURZ, DEPUTY LEGISLATIVE DIRECTOR
American Israel Public Affairs Committee (AIPAC), 500 North
Capitol Street, N.W., Suite 300, Washington, D.C. (WDC),
telephone #638-2256 was interviewed by **FEDERAL BUREAU OF
INVESTIGATION Special Agents (SAs)** [redacted] and
[redacted] regarding a trade report published by
the United States Trade Representatives (USTR) which allegedly
was in the possession of AIPAC in 1984. b6 b7C

KURZ was interviewed in the presence of her
Attorney, [redacted] representing the law firm of
DICKSTEIN, SHAPIRO, AND MORIN, 2101 L Street, N.W., WDC,
telephone #828-2236. **KURZ** provided the following information: b6 b7C

KURZ advised that she has been employed with
AIPAC from January 1982 until present. She advised that in
April of 1984, she received a document from an Israeli Embassy
official, **DAN HALPERN**. **KURZ** advised that **HALPERN** b6 b7C
is the **ECONOMIC MINISTER** at the Israeli Embassy. **ESTER
KURZ** described this document as being an International Trade
Commission (ITC) report studying free trade between Israel
and America and the implications resulting from possible
agreements. She stated that the document was 50-80 pages in length and
that she was not aware of the title of this report. She further
advised that this document was marked "confidential".

Regarding the receipt of this document, **KURZ**
stated that **HALPERN** came to the AIPAC office for a meeting b6 b7C
and prior to the meeting he handed her an envelop which was
unmarked. At that time, she said she was unaware of the contents
of the envelop. She further stated that this meeting was a
conference on the free trade issue between America and Israel
but she advised she cannot recall who else was attending this
meeting.

Investigation on 12/19/85 at Washington, D.C. File # 52B-18153-7
SAs [redacted] JAH:rlw Date dictated 12/23/85 b6 b7C
by [redacted]

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FD-302a (Rev. 11-15-83)

Continuation of FD-302 of ESTER KURZ, On 12/19/85, Page 2*

KURZ stated that HALPERN never discussed the document with her and that he never explained to her how he received it. She stated that after she received the document, she placed the document in her desk and subsequently gave it a cursory examination a short time later before passing it on to MARGARET BLAIR for AIPAC. She advised that she provided BLAIR with this document approximately one week after she had received it from HALPERN. KURZ advised that when she gave this document to BLAIR she does not recall any specific instructions she gave to BLAIR.

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KURZ advised that she paid no attention to this document until she received a phone call from the U.S. Trade Representative (USTR) General Counsel CLAUD GINGRICH several weeks later. GINGRICH called to ascertain if AIPAC had this trade report in their possession. She further advised that prior to that call she was given a duplicate copy of the report by AIPAC official DOUGLAS BLOOMFIELD. She advised she had no information as to who duplicated this report but that after AIPAC received a call from GINGRICH she then received a call from BLOOMFIELD telling her to destroy the duplicate copy of the report. KURZ advised that she destroyed this duplicate copy by throwing it down the garbage chute at her residence. She stated that the original report was then returned to the U.S. Trade Representatives but that she does not know the identity of the person who returned the report.

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Regarding the availability of the report, KURZ advised that the document was known to be "floating around town" and that the contents of the report were common knowledge to those interested in these matters.

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KURZ advised that she could provide no opinion or comments regarding what other officials at AIPAC may have seen the report or in what manner HALPERN obtained the report. It was then requested by her Attorney, [REDACTED], that if the FBI had any further request of KURZ that the FBI should contact [REDACTED] and he would submit any questions to KURZ. KURZ otherwise did not wish to furnish any additional information regarding this matter.

Margaret "Peggy" Blair had even less to say when she met with the FBI in the presence of her lawyer from the firm Frank, Harris, Shriver, and Jacobson. She confirmed that Ester Kurz had passed her the classified ITC report, telling her to "keep it in a safe place," but claimed no specific direction about how to use the report in AIPAC's lobbying campaign or who initially gave the report to AIPAC. Blair confirmed that some time in July, the general counsel for the USTR had asked her if she'd seen a copy; she advised him she had, but passed him off to AIPAC's general counsel. Like Kurz, Blair claimed she "did not see a title to this report," but described it as being an ITC document "examining the different product sectors in America and the possible impact [on] these sectors if duty free imports from Israel were allowed." Blair claimed she did not "utilize any of the information gleaned from this report" and that she "could not recall" whether the report was classified or not. Blair also confirmed that there was "general discussion of the report at AIPAC but that this was not considered an especially significant matter." Like Kurz, she ended the interview by asking the FBI to direct any future questions about the affair to her lawyer.⁴⁹

FBI Interviews Margaret Blair 12/19/1985^{50ix}

FD-302 (REV. 3-10-82)

FEDERAL BUREAU OF INVESTIGATION

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DATE 04-20-2009 BY 60324 uc baw/dk/sbs

Date of transcription 1/6/86

1

MARGARET BLAIR

Maryland, home telephone [redacted] was interviewed by FEDERAL BUREAU OF INVESTIGATION (FBI) Special Agents (SAs) [redacted] regarding a classified report received by the American Israel Public Affairs Committee (AIPAC) in June 1984.

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BLAIR was interviewed in the presence of her Attorney [redacted] representing the law firm of FRIED, FRANK, HARRIS, SHRIVER AND JACOBSON, 600 New Hampshire Avenue, N.W., Washington, D.C. (WDC), telephone #342-3622. **BLAIR** provided the following information:

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BLAIR advised that while she was employed by AIPAC, she was **TRADE ANALYST**. She advised that she had been employed by AIPAC from the period of [redacted]. She stated that the address for AIPAC is 500 North Capitol Street, N.W., Suite 300, WDC, telephone #638-2256. She furthered advised that she does not plan on returning to AIPAC [redacted].

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BLAIR advised that she first became aware of the U.S. International Trade Commission Report on American Israeli Free Trade when she received the report in June of 1984. She stated that she received the report from **ESTER KURZ** who as employed as **DIRECTOR** with AIPAC. **BLAIR** advised that when she was given the report by **KURZ** she was told to "keep it in a safe place" but was otherwise given no specific instructions regarding the report or regarding who initially received the report for AIPAC.

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BLAIR advised that as **TRADE ANALYST** it was her responsibility to study any reports or documents pertaining to American Israeli trade and considered the receipt of this report a very ordinary event. She did not know if it was common knowledge at AIPAC whether or not AIPAC had possession of this report. She stated she received the report in June of 1984 and

Investigation on 12/19/85 at Wheaton, Maryland File # 52B-18153-8
SAs [redacted] JAH:rlw Date dictated 12/23/85

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^{ix} IRmep has restored FOIPA data deletions where the subject is obvious.

FD-302a (Rev. 11-15-83)

Continuation of FD-302 of [REDACTED]

12/19/85

2*

held on to it for a few weeks. She stated that sometime in July of 1984, the General Counsel for the U.S. Trade Representatives (USTR) CLAUD GINGRICH asked her if she had seen a copy of this report. She advised GINGRICH that she had seen a copy and for her to check with AIPAC General Counsel [REDACTED] if he had any further questions regarding this document.

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BLAIR advised that subsequent to her conversation with [REDACTED] she turned the report over to someone at AIPAC but she does not remember specifically who it was. She further advised that she had no information regarding who provided this report to KURZ and that KURZ did not indicate to her how she received it.

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BLAIR described the report as being approximately 100 pages in length but stated she did not see a title to this report. She further described this report as being a study by the International Trade Commission (ITC) examining the different product sectors in America and the possible impact these sectors if duty free imports from Israel were allowed. She advised that she did not utilize any of the information gleaned from this report. She could not recall whether the report was classified or not.

BLAIR does not specifically recall to whom she returned the report at AIPAC but thinks it could have been [REDACTED]. She further advised that there was general discussion of the report at AIPAC but that this was not considered an especially significant matter. BLAIR advised that her [REDACTED] became aware of the report at the time of the newspaper articles regarding this matter.

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BLAIR could otherwise provide no other information relating to how the report was received by AIPAC or who initially received the report. BLAIR advised that she has no pertinent information regarding this matter and requested that any future contact of her by the FBI be coordinated through her Attorney, [REDACTED].

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AIPAC Makes an Unauthorized Copy of Classified US government Report before "Returning" to USTR

The FBI was unable to interview Douglas Bloomfield, AIPAC's head of congressional relations and lobbying on Capitol Hill, until February 13, 1986. Bloomfield claimed he first became aware of the secret ITC report when Ester Kurz "advised him that she received a call from the USTR General Counsel Gingrich." According to the FBI transcript, "Bloomfield advised that Kurz stated to Gingrich that she had the document and at that point Gingrich asked that she return it to the USTR. Bloomfield asked Kurz if that was true that she had this report and she advised that she did have it." Bloomfield's account of when a copy of the secret document was made differed substantially from the Kurz account. Kurz claimed that Bloomfield came into possession of it and copied it to her before the USTR call, but Bloomfield outlined a private and lawyerly review of the ITC document with AIPAC director Thomas Dine following the USTR call, after which a duplicate was made for imminent AIPAC lobbying on the USIFTA.

Dine immediately called Gingrich at the USTR to make arrangements to return the document. The report was subsequently returned to the USTR by a member of the AIPAC office staff. Prior to returning this document, UNKNOWN asked to have a duplicate copy of the document made so that the staff of the AIPAC could further examine the report. Bloomfield advised that he saw no "secret classifications"^x on the report and there were no indications that this was a report pertaining to United States National Security. He further believed that AIPAC had not acted improperly or illegally in having this report in its possession and thereafter asked UNKNOWN to examine the document regarding the free trade issue between the U.S. and Israel. He stated that Kurz retained the duplicate copy of the report and that the original report was returned to the USTR. Bloomfield advised that he did not consider this report to be especially important and thought that any controversy regarding the report had ended.⁵¹

Bloomfield said he followed up with Ester Kurz about the duplicate ITC report in November of 1985, confirming that she had "eventually thrown it away." Bloomfield claimed no firsthand knowledge of "the individual who provided the report to AIPAC, but advised he was told that Dan Halpern at the Israeli Embassy originally passed the report to AIPAC."⁵² The FBI was soon on a trail that, like the Pollard affair, led directly to the Israeli embassy.

FINDING: AIPAC and the Israeli Ministry of Economics claimed the stolen secret document was of no importance. If that were true it would not have retained a copy after being ordered to return it to the USTR. The US government also would likely have lifted the classification of this document after 25 years, but in 2009 found the document was still properly classified and could not be publicly released.

^xThe United States government has three levels of classification: confidential, secret, and top secret. The ITC report was marked "confidential."

FBI Interviews Douglas Bloomfield 03/13/1985 ⁵³ xi

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FD-302 (REV 3-10-82)

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/21/86

DOUGLAS BLOOMFIELD

American Israel Public Affairs Committee (AIPAC), 500 North
Capitol Street, N.W., Suite 300, Washington, D.C., telephone
(202) 638-2256 was interviewed by Federal Bureau of Investigation
(FBI) Special Agents (SAs) [redacted]
[redacted] regarding a classified report received by AIPAC in June
of 1984. b6 b7C

BLOOMFIELD was interviewed in the presence of his
Attorney, [redacted] representing the law firm of
WILLIAMS & CONNOLLY, the HILL Building, Washington, D.C.,
telephone (202) 331-5000. BLOOMFIELD provided the following
information:

BLOOMFIELD advised that he is employed at AIPAC in
the capacity of LEGISLATIVE DIRECTOR with responsibilities
pertaining to Congressional Relations and for Lobbying on Capitol
Hill. BLOOMFIELD advised that he first became aware of the
International Trade Commission (ITC) report being at AIPAC on a
Friday afternoon in the spring of 1984. He stated that on this
occasion ESTER KURZ DEP LEGIS. DIR. with AIPAC advised him that
she received a call from the U.S. Trade Representative (USTR)
General Counsel CLAUD GINGRICH asking her whether she or anyone
at AIPAC had this document. BLOOMFIELD advised that KURZ
stated to GINGRICH that she had the document and at that point
GINGRICH asked that she return it to the USTR. BLOOMFIELD
asked KURZ if it was true that she had this report and she
advised that she did have it. [redacted] subsequently examined
the document to determine if it had any secret classification or
pertained to any United States National Defense matters. [redacted]
BLOOMFIELD advised that he and KURZ went to the office of
THOMAS DINE EXEC DIRECTOR of AIPAC and informed him of the
incident. DINE inquired as to whether KURZ actually
had the report and if AIPAC had done anything illegal in having
it. BLOOMFIELD advised that he stated to DINE that it

Investigation on 2/13/86 at Washington, D.C. File# 52B-18153-13
SAs [redacted] b6 b7C
By [redacted] DDR:erw Date dictated 2/14/86
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agency; it and its contents are not to be distributed outside
your agency.

^{xi} IRmep has restored FOIPA data deletions where the subject is obvious.

FD-302a (Rev 11-13-83)

Continuation of FD-302 of [REDACTED] On 2/13/86 Page2*

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contained no National Defense information and that AIPAC did not solicit the report. Both [REDACTED] were satisfied that AIPAC had not acted improperly in possessing the report.

[DINE] immediately called [GINGRICH] at the USTR to make arrangements to return the document. The report was subsequently returned to the USTR by a member of the AIPAC office staff. Prior to returning this document, [BLOOMFIELD] asked to have a duplicate copy of the document made so that the staff of the AIPAC could further examine the report. [BLOOMFIELD] advised that he saw no "secret classifications" on the report and there were no indications that this was a report pertaining to United States National Security. He further believed that AIPAC had not acted improperly or illegally in having this report in its possession and thereafter, asked [REDACTED] for AIPAC to examine the document regarding the free trade issue between the U.S. and Israel. He stated that [KURZ] retained the duplicate copy of the report and that the original report was returned to the USTR. [BLOOMFIELD] advised that he did not consider this report to be especially important and thought that any controversy regarding the report had ended.

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In November of 1985, [BLOOMFIELD] asked [KURZ] about the report and she stated to him that it was generally useless and that she had eventually thrown it away.

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Regarding the identity of the individual who provided the report to AIPAC, [BLOOMFIELD] advised that he has no first hand knowledge pertaining to this matter. He did advise that he was told that Israeli Embassy official [DAN HALPERN] had initially provided the report to a representative of AIPAC. [REDACTED] [BLOOMFIELD] further advised that he had no information pertaining to who may have provided the report to [DAN HALPERN].

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[BLOOMFIELD] stated that it was his understanding that several other industries had copies of this report as well as several people on Capitol Hill and that AIPAC did not consider possessing this report an especially significant matter. [REDACTED] [BLOOMFIELD] could otherwise provide no additional information relating to who may have provided the report to [DAN HALPERN]. He further requested that any future contact of him by the FBI be coordinated through his Attorney, [REDACTED].

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FINDING: AIPAC officials and the Israeli Minister of Economics delivered identical talking points when interviewed by the FBI for handling stolen classified US documents. Coordinating their work and use of stolen classified US government information substantiates that AIPAC operates as a foreign agent of Israeli government agencies.

Israeli Economics Minister Admits to Passing Classified US Gov't Document to AIPAC, Claims Immunity

After receiving a clearance from the U.S. State Department, the FBI interviewed Dan Halpern, the economics minister at the Israeli Embassy in Washington, DC on March 7, 1986. Halpern admitted "having a report which was prepared by the U.S. Trade Representatives in early 1984 and subsequently turning it over to representatives of the American Israel Public Affairs Committee." In his opinion, the report contained "little, if any sensitive or confidential information" and it was of "little or no interest to his government."⁵⁴ **Halpern then claimed diplomatic immunity from prosecution.**

When the FBI pressed him for information about who gave him the classified ITC report, Halpern stated it would be "impossible within the professional ethics of his diplomatic position" to identify the individual who gave it to him. But Halpern then assured the FBI it was not a U.S. government official or employee and stated he was given the report because "somebody on the U.S. side had an interest in Israel knowing [that the] U.S. [was] falling short on [its] commitments."⁵⁵ Halpern assured the FBI investigators that "the fact that Israel had the report caused no economic damage to any U.S. business or interest and that the entire issue seems to have received more attention than it deserved."⁵⁶ But only time would tell if Halpern's assessment proved correct.

Tariff-free access to the U.S. market from behind Israel's own protective wall of tariffs, quotas, non-tariff barriers, and shifting regulatory regimes was an incredible, though ill-gotten, prize for Israel. Stymied, disenfranchised, and disunited American industries have never stopped opposing it. Meanwhile, Israel overtly and covertly pursued U.S. military technology, commercial intelligence, and the know-how to build its own competing export base. The U.S.—constantly urged to provide for Israel's defense—wound up subsidizing a competing industrial complex. Israel soon won a well deserved reputation for selling weapons to any regime with ready cash, particularly those off-limits to U.S. vendors.

FBI Interviews Israeli Economics Minister Dan Halpern – 03/07/1986

FD-302 (REV. 3-10-82)

FEDERAL BUREAU OF INVESTIGATION

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Date of transcription 3/13/86

1

DAN HALPERN, ECONOMIC MINISTER
Embassy of Israel, 3514 International Drive, N.W., Washington, D.C. telephone (202) 364-5692 was interviewed by Federal Bureau of Investigation Special Agents [redacted] and [redacted] regarding the receipt of a U.S. International Trade Commission (USITC) report pertaining to free trade between the U.S. and Israel. b6 b7C

During this interview, **HALPERN** was accompanied by [redacted] for the Embassy of Israel, Washington, D.C. b6 b7C

HALPERN advised that at some unrecalled time in 1984 he received this USITC report pertaining to free trade between America and Israel. **HALPERN** advised that he received this document from someone that he would not identify. He indicated that he received this information in his official capacity as a diplomat and that it would be against the principles of diplomatic work to divulge any information pertaining to the identity of the individual who provided him the report. He further advised that it is impossible within the professional ethics of a diplomat to identify individuals who provide certain information to a diplomat.

HALPERN did state that the individual who provided him with the report was not a U.S. Government Official nor was he an employee of the U.S. Government. **HALPERN** indicated that there were numerous negotiators regarding this free trade issue representing several U.S. Government agencies including the U.S. Trade Representatives, the U.S. Treasury, the U.S. Commerce Commission, the U.S. Department of State, and the U.S. Department of Agriculture. He advised that there were usually one or two principals representing each of these agencies which would attend most negotiations. He further advised that he thinks certain U.S. negotiators wanted the person who provided **HALPERN** the report to know about certain aspects pertaining to the United States b6 b7C

Investigation on 3/7/86 at Washington, D.C. File # 52B-18153-12

by SAs [redacted] JAH:cjc Date dictated 3/13/86 b6 b7C

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FD-302a (Rev. 11-15-83)

Continuation of FD-302 of 52B-18153; [REDACTED], On 3/7/86, Page 2

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b7C

and Israel.

Regarding the availability of this report, **HALPERN** advised that the report had been widely circulated among the staff and members of Capitol Hill, as well as among various consultants representing the interest of each agency affected by the free trade issue. He advised that the Government of Israel did not ask to receive the report and stated that when the individual provided him with the report, the transaction was not conducted in a discreet or secretive manner.

HALPERN advised that he furnished the report to an employee at the American Israel Public Affairs Committee (AIPAC) during the Spring or Summer of 1984. He believes he gave the report to either **ESTER KURZ** or to **[REDACTED]**. **HALPERN** indicated that this report was only part of a package that he provided to AIPAC with other routine information.

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[REDACTED] advised that he could not recall the specific period of time when he was given the report but stated that the contents of the report were well known by the time he had received it. **HALPERN** advised that he did not try to conceal the fact that representatives of Israel had this report in their possession. He further stated that he believes that the controversy regarding this report is extremely exaggerated and that in his opinion, the fact that representatives of Israel viewed this report, caused no economic damage to any U.S. business or interest.

Impact: Israeli Commercial Espionage Against US Intensifies

Although the DOJ did not pursue theft of government property or espionage charges, the USTR and ITC with proper backing of the president could have fought harder for the

U.S. industry and worker rights they claimed to advance under existing treaties. AIPAC and the government of Israel abrogated the Treaty of Paris^{xii} (in effect before and after the negotiations) by obtaining and leveraging the confidential business information provided by corporations and associations most concerned about the FTA against them. Beginning in 1984, the Israeli government, industry, and AIPAC acted in concert with this highly sensitive market and industry information—unobtainable from any legitimate market research or data service provider. This insight touched off a string of intellectual property rights violations, empowered by purposeful regulatory changes in Israel and economic espionage generating billions of dollars of losses to the United States.

Assistant Attorney General Stephen S. Trott told the FBI that no further investigation would be necessary, not because criminal activity wasn't evident, but that it was "improbable that additional investigation would be productive."

^{xii} The core foundation for expanded and productive trade is the protection of intellectual property. This was encapsulated in the July 21, 1969 Paris Convention for the Protection of Industrial Property. Signatory countries including the United States and Israel pledged to avoid "breach of contract, breach of confidence and inducement to breach, and includes the acquisition of undisclosed information by third parties who knew, or were grossly negligent in failing to know, that such practices were involved in the acquisition."

It was subsequently expanded in the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS), ratified by the United States and Israel. The Uruguay Round of the General Agreement on Tariffs and Trade (GATT) negotiated TRIPS in 1994. TRIPS is an international agreement administered by the World Trade Organization (WTO). It is binding on the U.S. and Israel, and establishes even more highly defined regulations and standards for many varieties of intellectual property (IP) than the Paris Convention. Under TRIPS, trading nations' laws must meet strict requirements covering copyrights, industrial designs, patents, monopolies for the developers of new plant varieties, and trademarks, as well as undisclosed or confidential information. TRIPS also establishes enforcement procedures, remedies, and dispute resolution procedure.

US Assistant Attorney Calls off AIPAC Investigation – 08/25/1986

Memorandum	
SECRET	
Subject Unknown Subjects, Theft and Unauthorized Disclosure of Documents from the United States International Trade Commission	Date AUG 25 1986 SST:GEMcD:GAC:mtf
To The Director Federal Bureau of Investigation	From Stephen S. Trott Assistant Attorney General Criminal Division
<p>The investigative reports of the Federal Bureau of Investigation concerning the theft and unauthorized disclosure of a copy or copies of the report of the United States International Trade Commission (No. 332-180) have been examined in the Public Integrity Section of the Criminal Division. We have decided that it is improbable that additional investigation would be productive; therefore, no further investigation is necessary. Thank you for your assistance.</p>	
<p>ALL FBI INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 04-20-2009 BY 60324 uc baw/dk/sbs</p>	
<div>SECRET Derived from FBI 558 Declassify on: OADR</div> <div>52-18153-15 SEARCHED INDEXED SERIALIZED FILED JAN 16 1987 FBI - WASH. FIELD OFFICE</div>	

The director of the FBI formally closed^{xiii} the AIPAC investigation on January 14, 1987.⁵⁷

There were further avenues open for criminally pursuing the source of the classified report, including interviews with ITC employees. But the Washington Field Office was unequivocal: "Due to the fact that Dan Halpern has claimed diplomatic immunity in this matter, active investigation in this matter will be discontinued..."⁵⁸ The report *Probable Economic Effect of Providing Duty Free Treatment for U.S. Imports from Israel, Investigation No. 332-180* is still classified by the ITC and USTR. It is considered so highly sensitive that almost three decades later, neither agency will release it under the Freedom of Information Act or Mandatory Declassification Review.⁵⁹

FINDING: Although the DOJ and FBI had multiple avenues open for successfully terminating their investigation of AIPAC instead, the DOJ chose to quietly close the investigation and no warranted accountability proceeding ever took place in criminal court.

FINDING: The DOJ, upon discovering that AIPAC was acting under the Israeli Ministry of Economics could have insisted on complete and ongoing registration at the FARA section, but did not.

^{xiii} Acting FBI Director John Otto asked for an update in October of 1987, after former Director William Webster left the FBI to lead the Central Intelligence Agency.

**USTR denies FOIA/Declassification Request of Report Stolen by AIPAC/Israel –
3/9/2009**

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

March 9, 2009

Mr. Grant Smith
Institute for Research
Middle Eastern Policy
Calvert Station
P.O. Box 32041
Washington, D.C. 20007

Dear Mr. Smith:

This letter is USTR's final response to your request for **"the complete report prepared by the International Trade Commission to U.S. Trade Representative William E. Brock in preparation for the U.S.-Israel Free Trade Agreement in 1984"**, under the Freedom of Information Act.

Please be advised that, after a thorough review, it has been determined that the report should not be declassified. The report is classified in its entirety, leaving no segregable portions available for public viewing.

The report is being withheld in full pursuant to 5 U.S.C. §552(b)(1), which pertains to information that is properly classified in the interest of national security pursuant to Executive Order 12958.

Inasmuch as this constitutes a complete grant of your request, I am closing your file in this office.

In the event that you are dissatisfied with USTR's determination, you may appeal such a denial, within thirty (30) days, in writing to:

FOIA Appeals Committee
Office of the United States Trade Representative
1724 F Street, N.W.
Washington, DC 20508

Both the letter and the envelope should be clearly marked: "Freedom of Information Act Appeal". In the event you are dissatisfied with the results of any such appeal, judicial review will thereafter be available to you in the United States District Court for the judicial district in which you reside or have your principal place of business, or in the District of Columbia, where we searched for the records you seek. Should you have any questions, please feel free to contact me or my assistant Jacqueline Caldwell at (202) 395-3419.

Sincerely,



Jacqueline B. Caldwell
FOIA Specialist

Case File #08122649

Impact of AIPAC Foreign Agency/Israeli Espionage on the American Economy

USIFTA has been an overwhelmingly unfavorable treaty for the United States. After the deal threw open the U.S. market to Israel in 1985, difficult questions about U.S. agricultural exporter access to Israeli consumers were postponed for future negotiations. USIFTA permitted import restrictions based on quotas and fees determined by each party. Israel quickly imposed both.^{xiv} Far from following "free trade" principles, Israel engaged in straightforward mercantilist policies of expanding exports while limiting imports.

Israeli promoted economic development by protecting infant industries. USIFTA gave Israel the unilateral right to impose a floating 20 percent ad valorem^{xv} customs duty on merchandise imports of its choosing. This helped Israel protect infant industries that weren't major exporters at the time of USIFTA's signing.^{xvi} USIFTA also allowed Israel the flexible application of "corrective" measures in the form of surcharges, import deposits, and restrictions on import quantities to assuage Israel's constant balance of payments problems. Israel could suddenly impose sweeping duties or charges in the event that the value of its currency decreased more than 20 percent against the U.S. dollar.

Though the U.S. and Israel did not (and still do not) have any formalized mutual defense treaties, USIFTA mandated coordination between the Israel Ministry of Defense and U.S. Department of Defense—a reminder of the treaty's origins in the DOD MOUs and Operation Tipped Kettle.^{xvii} Both parties waived their "buy national" government procurement restrictions: the U.S. fully, and Israel with caveats. In USIFTA, Israel gained permanent preferential access to procurement from the entire U.S. government, as opposed to only DOD, avoiding the reciprocal and performance-based pressures of temporary MOUs.

Minor trade disputes and accusations erupted when Israeli rose vendors were effectively shut out of the U.S. market, but most complaints were from U.S. exporters. In 1989, Israel's Magam United Rubber Industries Ltd. was found guilty of violating anti-dumping laws and fined for conveyor belt exports. The ITC, in its enforcement role, found that Magam incorporated subsidized components in order to beat American prices.⁶⁰ Magam then called for "Industry Minister Ariel Sharon to make a personal call to the U.S. trade secretary."⁶¹ U.S. Ambassador to Israel Bill Brown charged that "Israel was continually violating the spirit of the FTA by making it hard, if not impossible, for American goods to be sold in Israel at competitive prices...not only were these unfair trade barriers harming American exporters, but they were also souring Israel's relationship with the U.S."⁶²

^{xiv} Article 6

^{xv} Based on the assessed value

^{xvi} Article 10

^{xvii} Article 15

The longest-standing public rift involves food and agriculture exports from the U.S. to Israel. Given the power of the U.S. grain lobby and farm-subsidy-fueled agro industry, it is not surprising that Israel limited a flood of cheap imports by putting forward "differing interpretations" about its own agricultural trade rights and obligations. The U.S. and Israel signed a separate annex to USIFTA clarifying treatment of agricultural products, but the November 1996 Agreement on Trade in Agricultural Products (ATAP) was only meant to be temporary; it was set to expire on December 31, 2001. Israel rarely upheld its commitments.

The ATAP divided U.S. agricultural exports to Israel into three categories: products exempt from tariffs; products exempt from tariffs, but under numerical quotas; and products levied at a "preferential" import tariff rate. Most Israeli agricultural products entered the U.S. duty-free. As an incredibly generous additional concession, the U.S. unilaterally lifted all quota allocations governed by its WTO commitments.⁶³ Israel could export as many agricultural products as it could produce.

As in the 1984 fast-track negotiations, U.S. agricultural interests were formally invited to submit public and "business confidential" comments to the USTR via the ITC toward renegotiating ATAP on December 1, 2000. From the perspective of American natural and processed food sellers, their experience accessing the Israeli market was portrayed as limited, governed by arbitrary rules, and far from "mutually beneficial."

The California Pistachio Commission quickly uncovered new Israeli-Iranian intrigues. It argued that while "Israel is the largest per capita consumer of pistachios in the world and imports annually around 9 million pounds," American "industry has not been successful in increasing its pistachio trade" since "most of Israel's pistachio imports are Iranian in origin, even though the country has a ban against trade with Iran." Israel categorized re-exports of Iranian pistachios to the U.S. as originating in the European Union. But U.S. exporters only experienced spikes in Israeli demand in 1997, when aflatoxin (a fungus) temporarily halted Iranian exports to Europe. University scientific tests and data confirmed the pistachio origins in Iran. One Israeli importer was indicted for such practices, but later acquitted of charges for trafficking Iranian pistachios.⁶⁴

The Northwest Horticultural Council, representing apple, cherry, pear, and stone fruit growers, charged that "Israel utilizes a complex and confusing combination of tariffs, duty free quotas, and 'cost of production prices'...to limit market access." Sunkist Growers, representing U.S. citrus fruit producers, noted a disparity in reciprocity: "While the U.S. seems to strictly adhere to the provisions of this agreement in providing duty free U.S. market access for Israeli fresh citrus fruit, U.S. citrus exporters nevertheless continue to be denied access to the Israeli market...Israel maintains a Tariff Rate Quota^{xviii} (TRQ) that limits the volume of American-origin citrus that may enter Israel and

^{xviii} A trade tactic used to protect a domestically produced product or commodity from competitive imports. The tariff rate quota (TRQ) quota component sets a specified tariff level to provide the desired degree of import protection. Imports entering a country during a specific time period under the quota component of a TRQ are usually subject to a lower tariff rate or no tariff. Imports above the quota's quantitative threshold face a much higher (and usually even prohibitive) tariff.

imposes a very high 30 percent duty on imports outside their TRQ limits." Sunkist recommended that the USTR return to the original vision of the USIFTA by "reduction of Israeli's tariffs on U.S. citrus to zero, or in the absence of such elimination by the Israelis, the harmonization of U.S. tariffs with Israeli tariffs." However, the USTR pursued neither.

The National Sunflower Association complained that TRQs led to significant losses: "U.S. exporters have sold product to Israeli importers late in the year, only to have the Israeli officials declare that the quota had already been filled. The exporter was then forced to reroute these containers into another country at a significant loss."⁶⁵

Kosher winemaker Royal Wine charged that Israeli delays and the original ATAP punished its wine and grape juice exports while allowing duty-free entry of Israeli products: "Israel agreed to substantially reduce import duties it imposes on these products, these reductions are not meaningful, as they did not result in the import duties being lowered to levels which would permit either wine or grape juice to be sold in Israel at competitive prices....The FTA has now been in existence for fifteen years, more than enough time for the Israeli government to phase out import duties on wine and grape juice."⁶⁶ Non-kosher winemaker JBC International stated flatly that "U.S. wines have not benefited from the U.S.-Israel FTA, but Israeli wine exports to the U.S. have increased greatly...In 1998 Israeli wine exports to the U.S. totaled \$2.58 million, while U.S. exports to Israel totaled only \$313,000...A tariff rate of 40 percent on wine imports, sixteen years after the original FTA in which Israel agreed to lower its tariffs to zero, is unacceptable....Israel is growing their market at our expense and that violates the principles of the Free Trade Agreement."⁶⁷

The Grocery Manufacturers of America faulted Israel's punitive and arbitrary administration of its TRQ system: "The quota is allocated on a lottery-style basis so that applicants with no history or capacity to import product stand as much chance of obtaining a license as those with historical trade flows."⁶⁸ Kraft Foods noted with alarm the "disappearance" of unfilled quotas and general chaos: "Under the current Israeli system of TRQ administration, licenses for importing cheese are allocated arbitrarily. Consequently, some importers fill quota, others don't. As a result, distributors are unable to estimate how much will be available at the in-quota rate, so are reluctant to buy at full duty of 133.2 percent....The result is that Kraft can only import a small fraction of the quota for cream cheese and is unable to grow its business. The current duty on fresh cheese is 148 percent. Imports from the U.S. pay no duty but are subject to a 90 percent surcharge, so the effective rate U.S. suppliers pay is 133.2 percent ad valorem."⁶⁹

Many American ATAP petitioners expressed suspicions about Israeli regulatory agencies. An association representing 90 percent of U.S. chocolate and confectionary products and \$23.5 billion in sales worried about product formulas: "Our members have expressed concern over requests by the Ministry of Health Food Control Administration for proprietary ingredient and food additive information in order to obtain a license to import a product into Israel."⁷⁰ In isolation, the candy makers' complaint may seem overly

suspicious—until the Ministry of Health’s record of channeling pharmaceutical clinical dossiers to Israeli generic drug makers is examined.

In 2004, Israeli and U.S. delegations hammered out a temporary understanding over treatment of agricultural products that was to be binding through December 31, 2008. The agreement established import quantities and applicable tariffs for a number of categories identified by standard five-digit classification codes and scheduled consultations aimed at replacing the agreement by December 31, 2008.

The ITC received a renewed flood of U.S. private sector complaints about quota abuse and lack of reciprocity during a subsequent round of ATAP public comments in late 2007. The Corn Refiners Association reminded the ITC that the ATAP was discriminatory as "the only bilateral trade agreement that is not based on a general model of eventual elimination of trade barriers in agricultural products. The ATAP restricts many U.S. products through tariff-rate quotas and maintains permanent duties on numerous agricultural products. The United States should have an objective of aligning this agreement with other U.S. bilateral trade agreements that will result in elimination of all tariffs and quotas."⁷¹ Blue Diamond Almond growers were blunter still: "The fact that the U.S.–Israel Free Trade Agreement is twenty-two years old and still maintains high tariffs on almonds is a clear indication of its failure."

Blue Diamond went on to allege that Israeli almond production wasn’t economically viable, even as U.S. production was shut out under \$1,800 duties: "Although Israel claims to be an almond producer, it is not considered a commercial producer. It cannot supply its own market with almonds. Although Israel has tried to increase almond production, it has failed. It simply does not have the land to accomplish this successfully....Our understanding is that Israel has 3,500 acres of irrigated bearing almonds and 625 acres of irrigated new plantings. It also has 2,250 acres of un-irrigated bearing and 625 acres of un-irrigated new plantings. This is not commercially significant. Israel should not be allowed to protect a few selected growers to the detriment of U.S. growers. This is particularly true when one considers that the duty in the U.S. on Israeli almonds is zero."⁷²

The California Dried Plum Board, representing 900 growers and 22 packers in California, slammed Israel’s 91.8 percent tariffs on prunes and import licensing regime: "Israel offers excessive protection for its very small domestic dried prune industry. It allows importation of prunes only by import license holders, but the required licenses are often distributed through favoritism to companies that are not even prune importers, who then resell them at a profit to legitimate prune importers. There is no transparency to the licensing system, and its efficiency limits access for California Prune exporters. It is difficult for importers to arrange retail promotions in advance; since they are not sure they will be able to get a license to import California Prunes."⁷³

The touchy Iranian pistachio issue resurfaced as Paramount Farms cited the endemic Israeli refusal to prosecute violations: "Israeli national law prohibits the importation of goods and services—including pistachios—from Iran. Under Israel’s Trading with the

Enemy Act...any form of trading, direct or indirect, with Iran is prohibited. If Israeli customs authorities believe that goods are imported from Iran, they may block the import(s), and the importer(s) may be subject to certain penalties." Paramount estimated the Israeli pistachio market potential at \$20 million per year, but stated that Turkish re-exports of Iranian pistachios held 83 percent of the market compared to the paltry U.S. share of 5 percent.⁷⁴

The Distilled Spirits Council (DISCUS), which submitted protests in earlier ATAP negotiations, called again for reciprocity for liquors: "...the United States imposes *no* tariffs on imports from Israel of *any* beverage alcohol product, including beer, wine, brandy, and other spirits." DISCUS also sought elimination of 10.2 percent tariffs on brandy and recognition of both bourbon and Tennessee whiskey as distinctive products of the United States.⁷⁵

The Western Growers Association lamented the continuing existence of quota and tariff schedules on fresh U.S. vegetables: "Western Growers requests USTR to negotiate the elimination of all tariffs on imports of U.S. fresh fruits, tree nuts, and vegetables. These tariffs should be zeroed immediately. In addition, duty free import volumes must be expanded to allow Western Growers members to benefit fully from this twenty-two-year-old FTA. It seems just to expect an FTA with a trading partner as mature as Israel to provide U.S. fresh fruit, nut, and vegetable interests with the opportunities and benefits afforded to us under the more recently concluded high quality FTAs."⁷⁶

Although most ATAP submissions during the year 2007 process criticized ongoing tariff and quota barriers, the U.S. Grain Council praised ATAP's progress and alluded to its own inside track. "U.S. grain producers have benefited significantly from the U.S.-Israel FTA. Import duties on corn, barley, sorghum and related products are set at zero under the agreement, and we are not aware of any significant non tariff barriers to Israeli feed grain imports. As a result, U.S. exports of feed grains to Israel totaled just over 1 million metric tons (MT) in 2006, valued at \$124 million." The council then referenced a secret agreement obligating Israeli grain purchases: "It is our understanding that Israeli government officials at some point engaged in an exchange of letters with the United States committing to import no less than 1.6 MT annual of U.S. cereals and oilseeds. As we understand it, this letter may have been a side letter to a U.S.-Israel Support Funds Agreement. We strongly encourage U.S. negotiators to incorporate this commitment into the AFTA, as it would have significant value to the U.S. grains industry. Moreover, we believe it is in Israel's interest to reaffirm a strong feed grains trading relationship with the United States through such a commitment."⁷⁷

The U.S. Grain Council was unsuccessful in having a purchase quota formally written into ATAP, though other U.S. supports for U.S. agriculture remain high. In 2008, Congress passed a five-year, \$289 billion U.S. farm bill replete with loan guarantees, crop subsidies, and tax credits. Although controversy over Israeli food import barriers was still raging, in December of 2008 President George W. Bush signed a one-year extension to ATAP, allowing the highly contentious negotiations to continue.

USIFTA was the first bilateral trade agreement ever signed by the United States. The exploding U.S. trade deficit with Israel, while small compared to the overall U.S. trade deficit, is an anomaly among other bilateral free trade agreements (though not for the multilateral, intergovernmental managed trade pact known as NAFTA). Israel's ongoing violations of the spirit of rules-based trade threaten American workers and intellectual property of U.S. businesses. Unpunished violations could also signal to other trade partners that WTO enforcement mechanisms are not functioning as designed. USTR and ITC enforcement mechanisms similarly do not appear to be used when warranted. Visible violations that are not seriously investigated or punished by the United States undermine the confidence of U.S. industry in USTR-negotiated bilateral treaties. Quantitatively reviewing the result of USIFTA is illustrative.

Although the total loss to American businesses from stolen defense, pharmaceutical, and other IP is largely unquantifiable, the economic impact of the USIFTA-generated deficit can be precisely calculated in terms of job creation.^{xix} According to the U.S. Census Bureau's last survey of export manufacturing establishments published in 2006, total direct U.S. export-related jobs numbered 5,070,900.⁷⁸ U.S.-manufactured merchandise exports during that year totaled \$818 billion. Dividing export revenue by jobs yields one direct export-related job supported by every \$161,300 in export revenue in 2003. International Commercial Diplomacy Inc., a consultancy, estimates that two additional indirect jobs⁷⁹ are supported by each direct export manufacturing job. By factoring in yearly worker productivity gains from the Bureau of Labor Statistics (each worker produces more export revenue as manufacturing productivity rises), by 2008, the estimated revenue required to sustain one direct export related manufacturing job and two indirect jobs grew to \$187,000. We can use this input-output data to see how the deficit impacts the U.S. in terms of jobs.

AIPAC originally argued job loss avoidance as a factor for promoting USIFTA. The widely quoted 1984 AIPAC report "US-Israel Free Trade Area: How Both Sides Gain" by Peggy Blair predicted that a 10 percent decline in U.S. exports to Israel would generate 20,000 export-related jobs. She predicted that bringing the U.S. market share up to 40 percent via USIFTA would generate 40,000 U.S. jobs.⁸⁰

However, shortly after its inception, USIFTA reversed the formerly balanced trading relationship, producing an ever-widening United States trade deficit. Translating this into American jobs by the input-output method, the USIFTA has been highly negative for American workers. Using the formerly balanced trade as the relevant benchmark, the \$7.8 billion U.S. deficit with Israel in the year 2008 was equivalent to 125,663 lost American jobs.

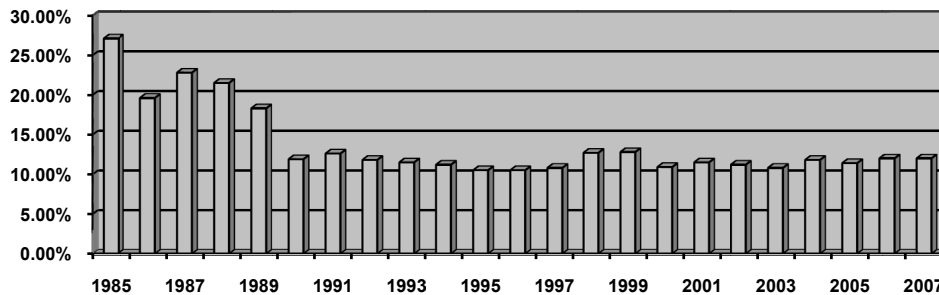
^{xix} Job creation calculations have most frequently been used by lobbies pushing trade agreements before they are signed, but are rarely used to measure actual performance after several years under managed trade treaties.

American Jobs Lost to USIFTA

Year	Nominal U.S. Trade Deficit with Israel (\$Billion)	Revenue per Direct Manufacturing Job	Manufacturing Labor Productivity Gain	Direct Jobs	Indirect Jobs	Total American Jobs Loss
1999	-\$2.2	\$132,500	6.40%	-16,604	-33,208	-49,811
2000	-\$5.2	\$141,500	7.10%	-36,749	-73,498	-110,247
2001	-\$4.5	\$152,400	1.10%	-29,547	-59,094	-88,641
2002	-\$5.4	\$154,000	4.50%	-35,065	-70,130	-105,195
2003	-\$5.9	\$161,300		-36,578	-73,156	-109,733
2004	-\$5.3	\$169,700	5.20%	-31,232	-62,463	-93,695
2005	-\$7.2	\$178,200	5.00%	-40,404	-80,808	-121,212
2006	-\$8.2	\$185,300	4.00%	-44,253	-88,505	-132,758
2007	-\$7.8	\$192,200	3.70%	-40,583	-81,165	-121,748
2008	-\$8.0	\$187,000	-2.70%	-41,888	-83,775	-125,663

The fact that USIFTA mainly benefits Israel is also revealed in market share. Even discounting that U.S. military sales are taxpayer-subsidized, the U.S. share of the total Israeli import market declined from 27.1 percent in 1985 to 12 percent in 2007, as Israeli trade barriers kept U.S. agricultural products out while Israel's intellectual-property-fueled exports grew. The CIA World Factbook lists the U.S. as the number one destination for Israel's exports (receiving 35 percent of the total). The U.S. is Israel's number one import partner, followed by Belgium, ^{xx} Germany, China, Switzerland, the UK, and Italy.⁸¹

U.S. Share of Israel's Import Market ⁸²



The stated purpose of the 1984 U.S.-Israel Free Trade Area, like those of most other trade agreements, is "mutual benefit" derived through cooperation.⁸³ But the U.S. clearly never achieved the potential share of Israel's market outlined by AIPAC. From 1985 to 2007, the U.S. share dropped from 27.1 percent to 12 percent of the Israeli import market. If the

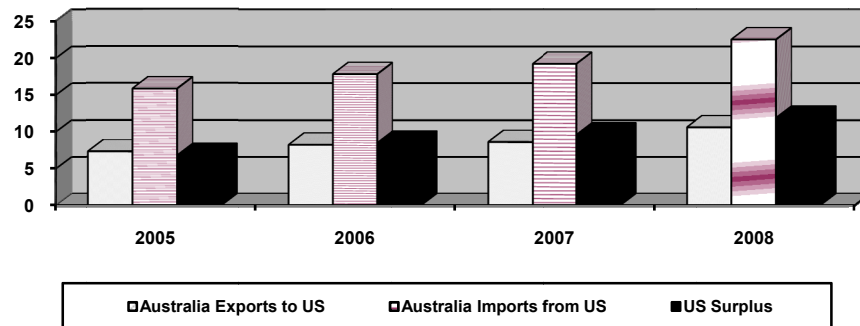
^{xx} Selling uncut diamonds to Israel's polishing industry.

deficit generated by the USIFTA (-\$7.8 billion) were eliminated, the surplus from bilateral FTAs signed by the United States would have been \$29.4 billion, sustaining the equivalent of 471,850 direct and indirect jobs in the American economy. Because USIFTA delivers most benefits only to Israel, it differs substantially from subsequent intergovernmental bilateral managed trade deals. In the year 2008, all ratified^{xxi} bilateral FTAs produced a cumulative \$21.6 billion surplus, while none of the other countries had histories of systemic espionage across high-technology and high-value-added U.S. industries. This extreme deficit anomaly is quantitatively revealed in a comparison of the other subsequent U.S. bilateral agreements.^{xxii}

^{xxi} As indicated on the USTR website on 12/31/2008.

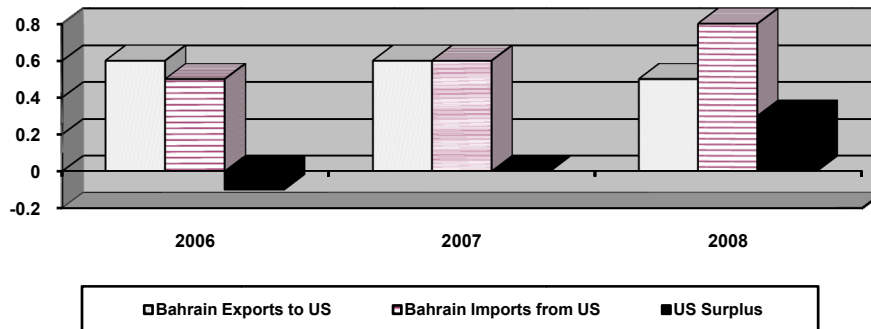
^{xxii} Data is from the U.S. Census Bureau TradeStats Express database.

2005 U.S.-Australia FTA



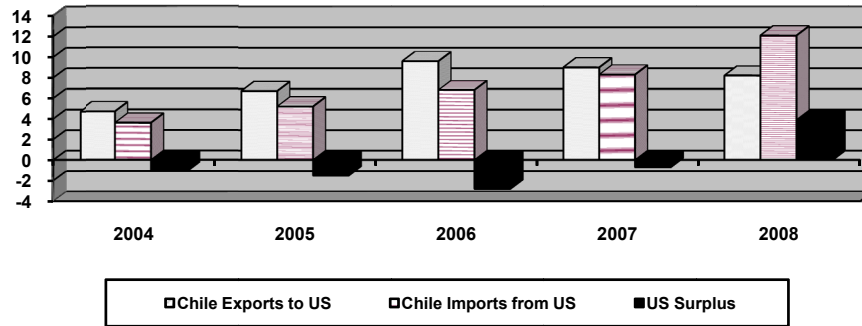
The U.S.-Australia FTA substantially improved U.S. access to the Australian market while rectifying conflicts over Australia's complex drug listing system. U.S. exports of industrial machinery and passenger vehicles expanded under the FTA, while Australian food and beverage exports blossomed. The formerly stagnant bilateral trade relationship experienced double-digit growth averaging 12 percent since 2005, and reached \$33 billion in 2008.

2006 U.S.-Bahrain FTA



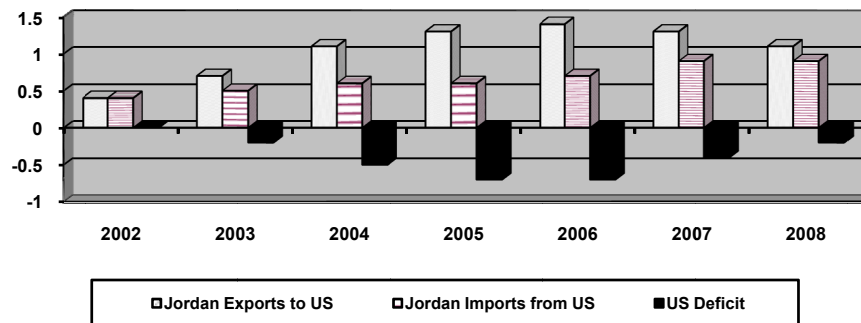
Though it is a small economy, Bahrain enjoys strong competitive advantages in aluminum and fertilizer production. Exports of both grew under the FTA, while diversified U.S. exports to Bahrain of aircraft, vehicles, and machinery boosted a minor trading relationship. Bilateral trade in 2008 amounted to \$1.37 billion.

2006 U.S.-Chile FTA



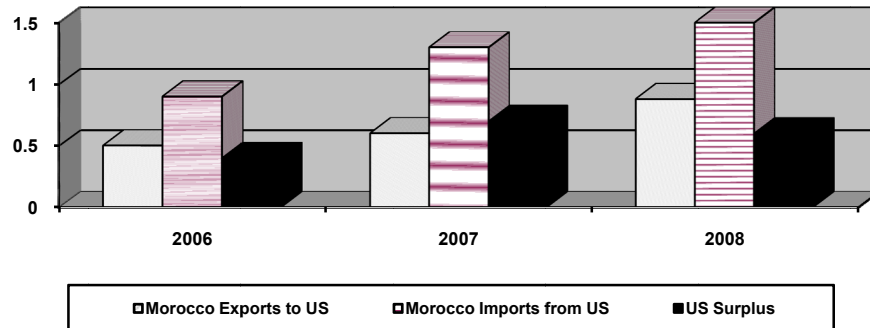
U.S.-Chile bilateral trade reached \$16 billion in 2008. Copper, fruit, and seafood dominate Chilean exports to the United States. U.S. exports are concentrated in heavy machinery, fuel, passenger vehicles, and aircraft. Over the past 15 years, Chile and the U.S. have held thin but temporary "surplus" positions in the relationship during alternating five- to six-year periods.

2006 U.S.-Jordan FTA



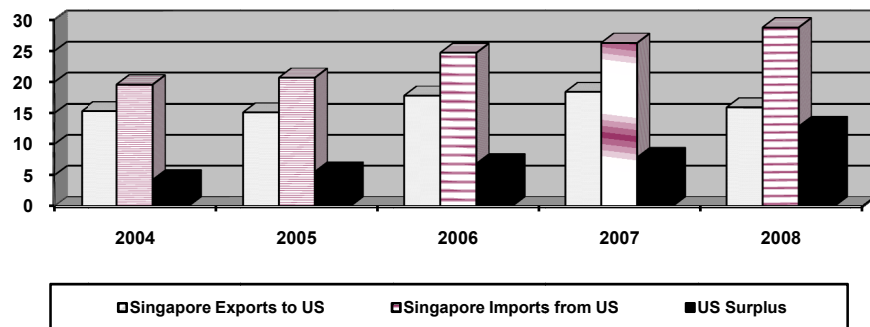
Bilateral trade between the depressed Jordanian economy and the U.S. reached only \$2 billion in 2008. Implementation of the FTA failed to deliver the robust job opportunities sought by Jordanian government for its workers or resolve longstanding disputes between Jordan and Israel over Palestinian refugees. Jordan's new sweatshop apparel industry instead employs many temporary Bangladeshi contract workers brought in to manufacture for export, drawing condemnation from international human rights organizations. The U.S. deficit with Jordan has narrowed from \$0.7 billion to \$0.2 billion since the pact was implemented in 2006.

2006 U.S.-Morocco FTA



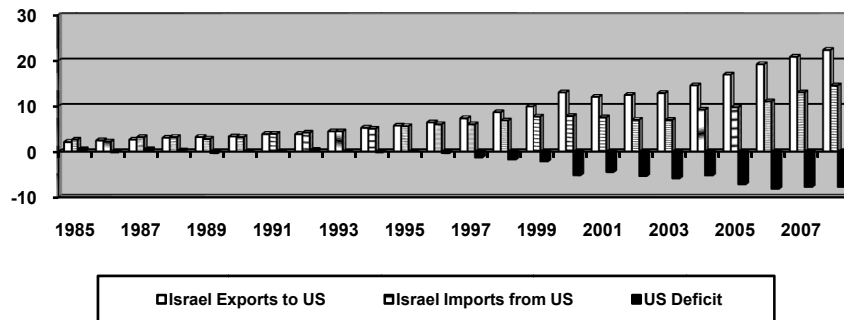
Trade relations have been on a sound footing since Morocco became the first country to recognize the newly independent United States in 1777. Morocco exports raw materials for cement, as well as machinery, apparel, and fuel, to the U.S. The U.S. exports cereals, aircraft, and other agricultural commodities in exchange. Bilateral trade reached \$2.38 billion in 2008. The U.S. has enjoyed a trade surplus with Morocco in all but one year since 1989.

2004 U.S.-Singapore FTA



Bilateral U.S.-Singapore trade reached \$44.7 billion in 2008. Major U.S. exports to Singapore include electronics, heavy machinery, aircraft components, and optical and surgical instruments. Singapore exports include heavy machinery, electronics, and pharmaceutical products. After a long period of deficits with Singapore, the U.S. has won a growing surplus since the year 2001, but neither holds artificial systemic advantages.

1985 U.S.-Israel FTA



Only with carefully chosen numbers and qualifiers can a positive case for USIFTA be made. Mitchell Bard^{xxiii} wrote in the *Los Angeles Times* that "the financial benefits to the states from bilateral agreements can also be substantial, considering that seventeen states exported at least \$100 million worth of goods to Israel in 2006, and three exported more than \$500 million, with New York leading the way with \$4.6 billion."⁸⁴ While U.S.-Israel bilateral trade totaled \$36.8 billion in 2008, the U.S. trade deficit with Israel reached \$7.8 billion. Precious stones, metals, and coins account for almost half of Israeli exports to the U.S., followed by pharmaceutical products, which grew from less than \$57.1 million in 1995 to \$2.6 billion (12.4 percent of total exports) in the year 2007.

FINDING The AIPAC-Israeli Ministry of Economics incident has had a lasting effect on the American economy. A U.S. trade deficit with Israel has occurred every year since 1994. Since 1985 when USIFTA was signed, the cumulative U.S. trade deficit with Israel has grown to \$63 billion.⁸⁵ When inflation is factored in, the value of the cumulative deficit through 2008 totals U.S. \$71 billion. All other bilateral trade agreements entered into by the US produce a net benefit, the corrupted US-Israel deal does not.

AIPAC has also slowly cut off U.S. export access to natural trading partners across the 22-country Arab League, particularly Gulf oil producer states. AIPAC-driven legislation drives such as the Syrian Accountability Act, the annual attempt to pass a Saudi Accountability Act, embargoes, and even blockades have sought to condition and cut commercial ties between U.S. exporters and Arab trading nations. Periodic lobby-fanned conflagrations, such as the 2006 drive to keep Dubai Ports World, a company backed by a UAE sovereign wealth fund, from acquiring and managing U.S. port facilities, have also driven many Arab investors and importers away from the U.S. market fearful of discrimination and unmanageable legal exposure.

Yet this "Israel lobby boycott" has been partially masked by AIPAC's long-term efforts to condition trade under the banner of a "Middle East Free Trade Area" initiative through bilateral agreements amalgamated into a larger managed trade area. While the proposal

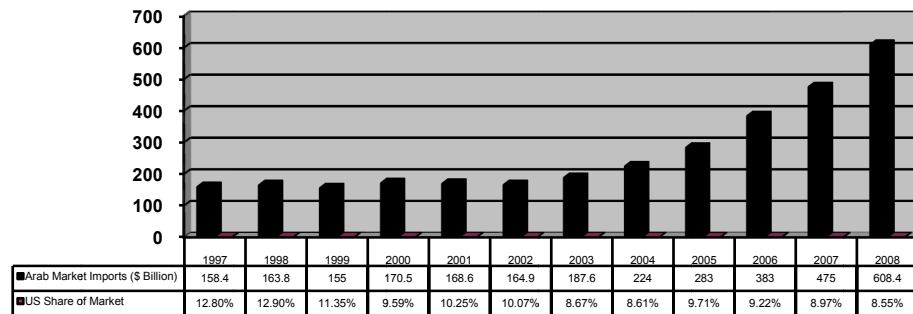
^{xxiii} Director of the America Israel Cooperative Enterprise and former editor of AIPAC's *Near East Report*.

is portrayed as multilateral free trade, its effect would subjugate U.S. regional trade policy to an Israel-centric model.

In 1994, House Majority Leader Richard A. Gephardt urged President Bill Clinton to expand the USIFTA to include all Middle East countries if they would normalize relations with Israel.⁸⁶ The wife of Speaker of the House Newt Gingrich was later put on the payroll of Israel Export Development Corporation to seek corporate tenants for an export-related business park in Israel.⁸⁷ In 1998, in exchange for Jordan's peace agreement with Israel, the U.S. launched the Qualified Industrial Zones (QIZ) program. It gave Jordanian products that sourced at least 8 percent of their content from an Israeli manufacturer duty- and quota-free access to the U.S. market. During the George W. Bush administration, the United States and Israel tried to replicate the model in other trade deals in the Arab world, but President Bush's plan to create the MEFTA "tying all 22 Arab states with the U.S. and Israel in a trade deal by 2013" largely stalled. The Jordanian QIZs degenerated into sweatshops using imported labor at two cents per hour to supply U.S. retailers such as Wal-Mart, Target, Gloria Vanderbilt, and Kohl's. The QIZ climate of 24- to 72-hour shifts, physical abuse (including rape), and near imprisonment for workers has been named in numerous human rights reports. In 2005, 54 companies registered in QIZ, rising to 203 as exports reached a total U.S. \$1.3 billion by 2007.⁸⁸

The U.S.-Oman FTA, which AIPAC lobbied for as a way to break the Arab boycott of Israeli goods, didn't roll up the larger boycott effort, although Bahrain did close down its boycott office in 2005 just ahead of signing its free trade agreement with the United States.⁸⁹ Meanwhile, earlier lobby attempts to control U.S. trade continue to face critical review. Although Russia has still not attained WTO ascension, it began agitating for the U.S. to drop the punitive Jackson-Vanik amendment as an irrelevant Cold War relic standing in the way of increased U.S.-Russian trade. Israel's influence over U.S. trade policy has been disastrous for U.S. exporters searching for opportunities in fast-growing Middle East markets.

Arab Import Market Growth and Declining U.S. Share



Natural U.S. trading partners such as Saudi Arabia and other Gulf oil-producing states have increasingly sourced merchandise and industrial goods imports from Asia. The U.S. share of Saudi imports declined from 24.75 percent in 1997 to 11.6 percent in 2008. The overall U.S. share of the import market in the 22-country Arab League declined from 12.77 percent in 1997 to 8.55 percent in 2008. Antagonism of consumers and industrial partners to U.S. trade and regional foreign policy accelerated the decline after the year 2001.⁹⁰ For U.S. exporters, this is significant. Arab merchandise import demand reached \$609 billion in 2008, after doubling every three years. If U.S. exporters had maintained market share momentum in the region, capturing a reasonable 25 percent, it would have added over 800,000 export-related jobs to the U.S. economy in 2008.^{xxiv}

By limiting such competition and taking advantage of trade preferences, Israel increased its share of total U.S. import demand from .97 percent in 1997 to 1.06 percent in 2008, an amazing feat for a country with a population of less than eight million. Even as AIPAC continues to push for policies that could trigger enormous economic consequences for Americans, such as U.S. economic and military blockades on Iran, the dark underside of a trade deal forged in a crucible of espionage is becoming apparent.

FINDING: AIPAC works to disrupt US trade ties with natural trading partners in the service of its foreign principal. This has contributed to a dwindling US share in the \$608 billion 22 country Arab market.

During its 1984 lobbying push for USIFTA, AIPAC invited the American pharmaceutical industry to step up its presence in the Israeli market. "Tariffs range from 2 percent for antibiotic preparations which are not produced in Israel to 18 percent for those medicines competing with Israeli goods. If U.S. companies were to step up their advertising to increase brand name recognition, and take advantage of duty-free treatment, it is likely that American firms could greatly increase their current 16 percent share of the import market."⁹¹ In reality, increased presence by the American pharmaceutical industry has

^{xxiv} Using the previous input-output model.

been a trap. Just as American businesses indirectly gave Israel their trade secrets via the ITC's classified report, drug manufacturers have faced systematized violations of their intellectual property rights.

The USIFTA has fueled an Israeli regulatory and manufacturing collusion that feeds American drug innovations into Israel's new export-oriented generic drug industry. This is enabled by the Israeli government's legally mandated access to sensitive American drug company innovations. However, unlike the military contractors, U.S. pharmaceutical industry representatives have fought back, insisting that Israel remain on the USTR's Priority Watch List for intellectual property violations between 2006 and 2009.

Under the auspices of approving drugs for its domestic market, the Israeli Ministry of Health (MOH) solicits patented drug data and formulas. MOH then delays the approval process while data is reviewed by Israeli drug-makers. The drug makers subsequently challenge the patents while seeking rushed commercialization of cutting-edge U.S. drug innovations worldwide. Israel is obligated by TRIPS to protect clinical dossiers against unfair commercial use.^{xxv} But in March of 2005, Israel purposefully enacted the weakest data exclusivity regulations in the developed world. Under the weaker regime, American clinical dossiers quickly became a data source that Israeli generic drug exporters came to rely on for manufacturing and accelerated exports of generic versions based on U.S. drug patents.

USTR's 2005 annual intellectual property violations report (called Special 301 after the relevant section of trade law) to the U.S. Congress details the protection of IP rights and financial incentives at the core of pharmaceutical innovation:

The United States is firmly of the conviction that intellectual property protection, including for pharmaceutical patents, is critical to the long term viability of a health care system capable of developing new and innovative lifesaving medicines. Intellectual property rights are necessary to encourage rapid innovation, development, and commercialization of effective and safe drug therapies. Financial incentives are needed to develop new medications; no one benefits if research on such products is discouraged.

Israel's intellectual property protection deteriorated over the last year. The recently-enacted patent term extension (PTE) and data exclusivity (DE) legislation, taken together with Israel's continued pre-grant opposition and its attempts to exclude intellectual property infringement from the scope of its unjust enrichment doctrine, guarantees that Israeli generic producers will be free to manufacture in Israel for export, primarily to the United States.

U.S. pharmaceutical companies allege that Israeli intellectual property laws have been purposely weakened and placed out of sync with major industrial countries that permit much longer time periods before market exclusivity given by patents expires. Israel seems to agree. Developed country regulators don't count the regulatory approval process time period against patent term expiration the way Israel does. The chairman of the Knesset's Constitution, Law and Justice Committee confirmed during consideration of the Patent Term Extension Legislation that cutting the patent term was a protectionist

^{xxv} A practice known as "data exclusivity."

measure to boost generic exports, saying, "We have a local industry that we want to protect." The short periods left to recoup investments have left U.S. pharmaceutical manufacturers at a major disadvantage compared to Israeli generic drug manufacturers such as Teva.

Teva's global sales are premised upon preferential access to the U.S. market, commercial data leaks, and purposely weakened IP protection in Israel. U.S. consumers and taxpayers subsidize research and development that Israeli generic drug manufacturers then monetize—in the U.S. PhRMA, the U.S. industry lobby, observed the following:

Under Israeli law, patents are thoroughly examined by technically competent examiners. It normally takes four to six years until the examination is completed. The duration of a patent is twenty years from the date of filing the application. As a result of the examination, the patentee "loses" a significant part of the period of exclusivity to which it is entitled. After examination and acceptance of the application, it is published for possible oppositions in the Patent Gazette. One would have assumed that, once the examiner deems that the invention is worthy of patent protection and accepts the application, the patent will finally be granted. However, under Article 30 of the Israeli Patents Act, any competitor may block patent grant simply by filing an opposition to the patent application.

The resolution of the opposition may take many more years so that the patentee is actually deprived of the remainder of the period of exclusivity to which it is entitled. During the opposition proceedings the patent is not registered and not yet valid. The legal situation in Israel is diametrically opposed to the legal situation worldwide. In most (if not all) OECD countries, any opposition proceedings are conducted post registration (e.g., in the EPO) and it is not possible to block the registration of the patent. The deeply flawed pre-grant opposition system applicable under Israeli law has been rejected in the vast majority of developed countries, including in the EU and the United States. Third parties can be given an opportunity to challenge the validity of the patent, but as recognized elsewhere, any such action should be done post-grant. Indeed, the Patents Act already provides a system for post-grant challenge. Additionally, a potential infringer is also entitled to challenge validity in infringement proceedings. However, a system of pre-grant oppositions, which blocks patent grant for many years, actually nullifies patent protection. Such a system has been rejected worldwide.⁹²

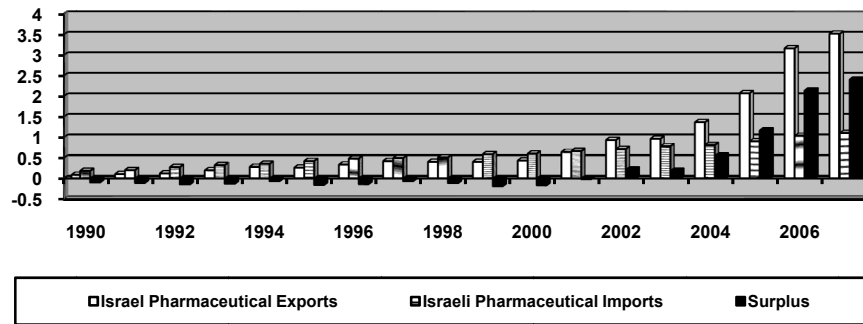
American pharmaceutical companies and associations seeking redress in Israeli courts found that governing laws had been undermined by Israeli Ministry of Justice enforcement policies:

The Ministry of Justice has recently revived a 2003 recommendation of the now disbanded Patent Advisory Committee to exclude the principle of unjust enrichment from litigation concerning IP issues. Since the unjust enrichment principle has been the only enforcement tool available to PhRMA member companies for use against generic infringers when faced with pre-grant opposition, the exclusion has been high on the wish list of Israeli generic manufacturers. Revival of a recommendation of an advisory committee, whose recommendations had not been accepted by the then Minister of Justice precisely because it had been demonstrated at the time that the Committee had been under the influence of the Israeli generic industry, is a cause of concern for PhRMA member companies, especially when coupled with enactment of the recent PTE and DE legislation and the continued maintenance of pre-grant patent opposition.⁹³

A quantitative analysis of Israel's pharmaceutical exports and imports reveals how pharmaceuticals became yet another high-margin export business (like weapons) derived from misappropriated U.S. innovations and preferential access. According to WTO data, in 1990 Israel exported only \$80 million in pharmaceuticals while importing \$180 million—a category trade deficit of \$100 million. Weaker IP regimes were mandated in

2005, and by the year 2007 Israel was exporting \$3.51 billion (74 percent destined for the United States under the USIFTA) and importing only \$1.11 billion—a net category surplus of \$2.4 billion. Israeli pharmaceuticals accounted for 10 percent of all Israeli industrial exports, reaching more than 120 countries.⁹⁴

Israeli Pharmaceutical Imports, Exports, Surplus⁹⁵



U.S. pharmaceutical innovations that are detached from U.S. rights holders by the Israeli legal regime and MOH to be monetized by "free riding" Israeli manufacturers and marketed in the U.S. have a special designation—an "at risk" product launch. Despite Israel's placement on the USTR watch list in 2009, Teva Pharmaceutical Industries showed no sign of slowing its aggressive production and marketing of generic versions of U.S. patent-protected formulations, taking advantage of U.S. regulatory jurisdiction conflicts. On July 7, 2009, Teva was forced to stop shipping a generic version of the birth control pill Ortho Tri-Cyclen after Johnson & Johnson filed a patent infringement lawsuit. Teva had already received FDA approval for its generic version, shipping under the name of Tri-Lo Sprintec, in an "at risk" launch into a \$400 million American market held by Johnson & Johnson.

The Israeli government has been unapologetic toward American industries, innovators, and workers. In March of 2008, in response to the USTR's third sequential placement of Israel on the "Priority Watch List," the Ministry of Foreign Affairs highlighted the USTR's weakness:

The Government of Israel maintains that its intellectual property law regime, including acquisition, maintenance and enforcement of intellectual property rights, is modern, effective and exceeds uniform minimum standards set forth in multilateral treaties regulating large aspects of intellectual property standards. Intellectual property law provides for monopolies limited in time and scope with respect to, inter alia, inventions, trademarks, and works of copyright, such as computer software, films and recorded music....Despite Israel's 2007 ranking on the watch lists, no claim has ever been commenced against Israel by USTR alleging failure to maintain a treaty obligation, and it is the position of the Government of Israel that its intellectual property regime fully conforms to its treaty obligations. Accordingly, maintaining Israel on any of the watch lists is unjustified.⁹⁶

Israel's hardened stance against the rights of U.S. producers and disdain for the USTR indicate that little progress will likely result from USTR efforts to create "positive

dialogue," promised "preparatory" work to change regulations, and periodic treaty reviews, which make no attempt to obtain damages for past misappropriation of U.S. intellectual property.

In Israel, U.S. patent regimes are depicted as "overly generous to U.S. companies." In the U.S., pharmaceutical companies have been portrayed by Israeli legal experts as "bullies" trying to block cheaper generic drugs from reaching U.S. consumers.⁹⁷ In 2008, Israel attempted to get off the USTR watch list not by harmonizing or rolling back its controversial laws, but by mobilizing the Israel lobby to enlist 28 members of the U.S. Congress to write letters in protest. This effort failed to secure watch list removal.⁹⁸ Teva's CEO refers to drug innovators as "monopolies...trying to stop the exports of our generic medicines abroad through so-called legal means."⁹⁹ Teva has deployed an army of lawyers across the U.S. that rivals the Sonneborn network and LAKAM in its ability to win IP for Israeli production.

Israel first passed patent laws in 1967 allowing Israeli companies to copy any drug if foreign patent holders didn't actively market it in Israel.^{xxvi} Early on, Teva Pharmaceutical Industries Ltd. received domestic approval to copy drugs and carved out a market in Israel by becoming the most efficient copycat manufacturer.¹⁰⁰ Currently, although 10 percent of the estimated \$250 billion the United States spends on pharmaceuticals each year goes for generics, Teva's strategy is to take over production of \$92 billion worth of U.S. branded drugs with the assistance of its multitude of lawyers deployed in Israel and across the United States.¹⁰¹

After Congress passed the 1984 Hatch-Waxman legislation^{xxvii} loosening rules for launching generic drugs, Teva transformed itself into a legal powerhouse by building a vast network of international subsidiaries devoted to "at risk" launches and legal challenges to drug innovators. Under the Hatch-Waxman Act, the first company to file a patent challenge wins 180 days of market exclusivity. This legal maneuver is Teva's main source of competitive advantage. Teva reports that between 2003 and 2006, it won eight cases, settled eight, and lost two, while being involved in 50 patent challenges. It is a numbers game; the Israeli generic manufacturer realizes that if it files enough challenges, it diversifies its risk enough to reap huge profits. One law firm estimated Teva can capture "80 percent of the innovators' market—sometimes within two months" through huge numbers of patent challenges.¹⁰²

Around the world Teva operates in 50 markets, with 44 manufacturing sites, 15 generic R&D centers, and 18 facilities that generate active pharmaceutical ingredients aimed at

^{xxvi} According to Teva and Israeli regulators, such a law was necessary to counteract the Arab Boycott, which discouraged multinational pharmaceutical companies from dealing with Israel.

^{xxvii} The Drug Price Competition and Patent Term Restoration Act of 1984 promoted generics while attempting to sustain the financial incentive for research and development. It allows generics to seek FDA marketing approval by submitting "bioequivalence studies" rather than much costlier clinical trial data, eliminating the requirement for extensive human testing of generics. The law allowed generic companies to market drugs if they convinced a court that their products didn't violate any patents while proving that their copies were equivalent to the original drug.

producing 36 billion tablets and capsules in 2006.¹⁰³ Of 250 patent lawyers in Israel, half work in pharmaceuticals, and Teva alone demands the services of 100. Teva trains its in-house lawyers to "look at other people's patents, assess them, and decide when to attack and when to challenge them." If Teva can't disqualify patents on drugs with significant markets, it opts for "bypass" by using substitute compounds (such as magnesium for calcium) to launch a "bioequivalent" generic version of a patented drug. U.S. innovators have been forced to devote more resources to defending patents at the cost of innovation and R&D.¹⁰⁴

As employment in generic pharmaceuticals in Israel grew to 7,000 by 2007, global pharmaceutical innovators faced an unpleasant tradeoff. They could invest in manufacturing in Israel, while facing accelerated commercialization of their patents from Ministry of Health leaks, or stay out of the market entirely and be publicly chastised for "never investing a penny" in Israel.¹⁰⁵

The unique regulatory framework that is the basis of Israel's pharmaceutical industry has fed another serious challenge to the rule of law—counterfeit Israeli pharmaceuticals and illegal narcotics trafficking. In 2008, Israel ranked as the eighth largest pharmaceutical counterfeiter in the \$75 billion world market. Counterfeit pharmaceuticals kill thousands around the world each year due to poor quality and lack of active ingredients and physician oversight. A Knesset member insisted that "pharmaceutical enforcement manpower should be doubled, and entities beyond the police, such as the Health Ministry and the Tax Authority, should be authorized to deal with the problem...The emphasis should be on immediate sanctions rather than extended legal proceedings, so that this trade won't pay."¹⁰⁶ But Israeli law enforcement seems to be unaware of how the overall climate of a renegade regulatory regime degrades the entire industry.

Nowhere is this more apparent than in the trafficking of illegal narcotics. In 2003, the U.S. State Department placed Israel at the center of international Ecstasy trafficking. "Israeli drug-trafficking organizations are the main source of distribution of the drug to groups in the U.S, using express mail services, commercial airlines, and recently also using air cargo services." A Drug Enforcement Administration (DEA) report found that "Israeli drug traffickers, perhaps thanks to their long-standing ties in Antwerp, continue to be the major elements in the transfer of large shipments of Ecstasy from Belgium [to the United States]." The DEA believes that Israeli mobsters operating in the Belgian diamond smuggling trade became Ecstasy traffickers when Antwerp became the drug's major export hub to the U.S. The common estimate was that Israeli criminals controlled 75 percent of the Ecstasy market in the U.S.¹⁰⁷

FINDING: The successful effort by AIPAC and the Israeli Ministry of Economics to subvert advice and consent has opened US industries, such as the pharmaceutical market, to attack. Israel generics makers steal US patents from clinical dossiers and commercialize American innovations in generic and counterfeit drugs. The USTR has placed Israel on its punitive "watch list" for violations of US intellectual property in each of the last five years.

2.0 AZC/AIPAC established by the Jewish Agency, Israeli Ministry of Foreign Affairs by order of Israeli Prime Minister – 1940s-1950s

That AIPAC would act in concert with the Israeli government against US industry, with historical perspective, is not surprising. As documented by Isaiah L. Kenen and FARA office files, AIPAC clearly originates from the Israeli Ministry of Foreign Affairs. In the late 1940s, AIPAC Isaiah Kenen was actively probing the Department of Justice FARA unit for weaknesses he could exploit. By the late 1950s and early 1960s, Kenen and his front organizations were moving truckloads of tax-exempt foreign cash and lobbying influence across the spans of deception erected over the US Department of Justice and around public scrutiny.

Isaiah Kenen worked closely with Abba Eban, Israel's ambassador to the United Nations, in the late 1940s. Eban soon became Israel's ambassador to Washington and would later rise to various Israeli government ministries. Kenen was in charge of Israel's press relations on behalf of the Israeli embassy's Office of Information, an organization specifically established, registered, and funded to distribute Israeli government propaganda within the United States. Kenen's tendencies toward non-disclosure and misleading filings (which had landed other foreign agents in jail) during his tenure at the Israel Office of Information in New York City are apparent in DOJ filings.

Israeli Ministry of Foreign Affairs Opens "Israel Office of Information"

The Israel Office of Information's first FARA filing (Form FA-2) and the Department of Justice's responses, released under the Freedom of Information Act in March 2008, are a case in point. The form was originally received and date-stamped by the Department of Justice FARA section on October 12, 1948.¹⁰⁸

Israel Ministry of Foreign Affairs Registers "Israel Office of Information" as
a Foreign Agent¹⁰⁹

מדינת ישראל
STATE OF ISRAEL
MISSION TO THE UNITED STATES
WASHINGTON, D. C.
No. 3148

October 6, 1948

Reg 543

Dear Mr. Foley:

Enclosed please find Registration Statements for
the Israel Office of Information and for its principal
officers, Rita Grossman, Bernard Zamichow, Isaiah Kenen,
Harvey Rosenhouse, and Harry Zinder.

Detailed statements and copies of publications will
be sent to you separately as soon as they have been
collected.

Sincerely yours,

Arthur C. A. Liverhant
Arthur C. A. Liverhant

Mr. William E. Foley
Chief Foreign Agents Registration
Department of Justice
Washington 25, D.C.

Encs.
Form FA-2
Exhibit A
Exhibit C

DOCKETED

NEW

149-3754
DEPARTMENT OF JUSTICE
OCT 12 1948
DIVISION OF RECORDS
F. A. R. A. Sec

RELEASED PER P.L. 102-526 (JFK ACT)
NARA KJ DATE 03/15/02

FILED
OCT 12 1948
FOREIGN AGENTS
REGISTRATION SECTION
DEPARTMENT OF JUSTICE

UNITED STATES DEPARTMENT OF JUSTICE
WASHINGTON, D. C.

REGISTRATION STATEMENT

Pursuant to Section 2 of the Foreign Agents
Registration Act of 1938, as Amended

Reg 543

1. (a) Name of Registrant. Israel Office of Information

(b) All other names used by Registrant during the past 10 years and when used.

(c) Address of principal office. 2210 Massachusetts Avenue, N.W., Washington 8, D.C.
16 E. 66th Street, New York, New York

(d) Name of person or persons in charge of principal office. Harry Zinder - Washington, D.C.
Isaiah Kenen - New York, N.Y.

2. (a) Date when Registrant was organized or created. September 15, 1948

(b) State or other jurisdiction in which organized or created.

(c) Type of Registrant's organization.

Committee Voluntary group Association Partnership
Corporation Other type (specify) Agency of Government of Israel

3. If Registrant is a nonbusiness membership organization, state:

(a) Approximate number of members in the United States.

(b) Approximate number of members outside the United States.

(c) If more than one class of members, specify classes and approximate number of members in each.

(d) Who may be members and on what terms and conditions.

DO NOT WRITE IN THESE SPACES

2

FORM FA-2

4. All partners, officers, directors, and similar officials of Registrant.

Name and address of official	Position, office, or nature of duties
Harry Zinder, 2210 Mass. Ave., Wash. 8, D.C.	Director of Information
Isaiah Kenen, 16 E. 66th St., New York	Director of Information

5. All branches and local units of Registrant and all other component or affiliated groups or organizations.

Name and address of branch, unit, group, or organization	Nature of connection with Registrant	Name and address of person in charge

6. Name and principal address of each foreign principal of Registrant.

Name of foreign principal	Principal address
Israel Ministry of Foreign Affairs	Hakiryah, Israel

7. State the nature and purpose of Registrant's representation of each foreign principal named under item 6 and describe fully all activities of Registrant for or in the interests of each such foreign principal.

The purpose of the Israel Office of Information is to provide accurate and up-to-date information in the United States on all aspects of the State of Israel, including political, economic, cultural, social, and other activities.

RELEASED PER P.L-102-526(JFK ACT)
NARA MS DATE 3/11/09

3

FORM FA-2

8. Describe briefly all other businesses, occupations, and public activities in which Registrant is presently engaged.

9. All employees and other individuals, except those named under item 4, who render any services or assistance to Registrant, with or without compensation, for or in the interests of each foreign principal named under item 6.

Name and address of employee or other individual	Nature of services or assistance rendered
✓ Harvey Rosenhouse, 6320 14th Street, N.W. Wash. D.C.	Asst. Press Adviser
✓ Rita Grossman, 600 Nicholson Street, New York, N.Y.	Secretary
✓ Bernard Zamichow, Manhattan Towers Hotel, N.Y.C.	Asst. Dir. of Information
✓ Rita Grossman, 130 East 36th St., N.Y.C.	Administrative Officer

10. Furnish the following information as to Registrant's receipts and expenditures during the 3 months preceding the filing of this statement. The information may, if Registrant desires, be furnished for Registrant's latest fiscal quarter or other latest fiscal period of not less than 3 months.

(a) All amounts received during the period directly or indirectly from each foreign principal named under item 6, itemized as follows:¹

Date funds received	Name of foreign principal from whom funds received ²	Purposes for which received ³	Amount received ⁴
Pending allocation of Ministry of Foreign Officers of separate budget for Israel Office of Information, its expenses are covered out of total budget for Israel Mission and it is therefore difficult to give accurate figures.			

¹ Include all amounts so received, whether received as compensation, loans, contributions, subscriptions, fees, dues, subsidies, or otherwise.

² Receipts from a person amounting to less than \$100 for the period may be combined with other like amounts, provided the source of the funds is clearly indicated.

³ Where funds were received for various purposes, such purposes shall be listed in reasonable detail.

⁴ Show separately the amount received for each purpose listed under the preceding column.

4

FORM FA-2

(b) All amounts received during the period from other sources to be used directly or indirectly for or in the interests of any foreign principal named under item 6, itemized as follows:¹

Date funds received	Name of person from whom received ²	Purposes for which received ³	Amount received ⁴
---------------------	--	--	------------------------------

(c) All expenditures made during the period directly or indirectly for or in the interest of each foreign principal named under item 6, itemized as follows:⁵

Date payment was made	Name of person to whom payment was made ²	Purposes for which payment was made ³	Amount of payment ⁴
-----------------------	--	--	--------------------------------

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NARA MS DATE 3/11/09

¹Include all amounts so received, whether received as compensation, loans, contributions, subscriptions, fees, dues, subsidies, or otherwise.

²Receipts from or payments to a person amounting to less than \$100 for the period may be combined with other like amounts, provided the source or disposition of the funds, as the case may be, is clearly indicated.

³Where funds were received or paid, as the case may be, for various purposes, such purposes shall be listed in reasonable detail.

⁴Show separately the amount received or paid, as the case may be, for each purpose listed under the preceding column.

⁵Include all transfers of funds to any foreign principal.

5

FORM FA-2

- II. (a) Speeches, lectures, talks, and radio broadcasts arranged or sponsored by Registrant or delivered by officials or employees of Registrant, during the past 3 months.

Date delivered	By whom delivered	Where delivered ¹	Kind of audience	Subject matter discussed
June	Harry Zinder	Washington	Radio	Palestine
July	" "	"	Hadassah	Palestine
September	" "	Boston	Hadassah	Israel
September	" "	"	Radio	Israel
September	" "	New York	Welfare Board	Israel
September	" "	Washington	Television	Israel

- (b) Publications prepared or distributed by Registrant, or by others for Registrant, or in the preparation or distribution of which Registrant rendered any services or assistance, during the past 6 months. (Indicate each type of publication by an "X".)

(1) Press releases X	(8) Circulars	(15) Lantern slides
(2) News bulletins	(9) Form letters	(16) Still pictures X
(3) Newspapers	(10) Reprints X	(17) Posters
(4) Articles X	(11) Copies of speeches, lectures, talks, or radio broadcasts X	(18) Photographs X
(5) Books X	(12) Radio programs	(19) Charts
(6) Magazines	(13) Radio scripts	(20) Maps X
(7) Pamphlets	(14) Moving pictures	(21) Other publications

- (c) Preparation of publications referred to in answer to (b) above.

Number checked under (b)	Description of publication	By whom written, edited, or prepared	By whom printed, produced, or published
1	Press Releases	H. Zinder	Office
4	Articles	Tel Aviv Office	Mission
10	Reprints	Newspapers	Commercially
11	Copies of Talks	Authors	Scripts

- (d) Distribution of publications referred to in answer to (b) above.

Number checked under (b)	Name of distributor	Methods and channels of distribution	Classes or groups of persons to which distributed
1	Israeli Mission	By hand and mail	Newspapers magazines
4	" "	" "	Newspapers magazines
10	Israeli Mission	By mail	General newspapers
11	Israeli Mission	By mail	Radio, newspapers magazines

¹ In case of radio broadcasts, identify the stations from which the broadcasts were made.

RELEASED PER P.L-102-526(JFK ACT)
NARA MS DATE 3/11/09

6

FORM FA-2

12. (a) Registrant's affiliations, associations, or other connections, not fully described above, with foreign governments, foreign political parties, or officials or agencies thereof.

Name of government, party, or official or agency thereof	Nature of Registrant's connections therewith
None	

(b) Registrant's pecuniary interest in or control over partnerships, corporations, associations, or other organizations or combinations of individuals, not fully described above.

Name of organization or combination	Nature of Registrant's ownership or other pecuniary interest	Nature of any direction or control exercised by Registrant
None		

13. (a) Ownership of, or supervision, direction, or control over, Registrant by all organizations, groups, or individuals.

Name of organization, group, or individual	Nature of ownership, supervision, direction, or control
None	

RELEASED PER P.L-102-526(JFK ACT)
NARA MS DATE 3/11/09

7

FORM FA-2

(b) Any subsidy or other financial assistance received by Registrant directly or indirectly from—

Any individual who is a citizen of, or resides in, a foreign country.

Any organization created in, or under the laws of, any foreign country or having its principal place of business in a foreign country.

Any foreign government or foreign political party, or any official or agency thereof.

Name of person from whom subsidy or financial assistance received	Nature and amount of subsidy
None	

14. File the following exhibits with this statement:

Exhibit A.—File an Exhibit A, on the printed form provided therefor, for each person named under items 4 and 9.

Exhibit B.—File a copy of the agreement, arrangement, or authorization (or if not in writing a written description thereof) pursuant to which Registrant is acting for, or receiving funds from, each foreign principal named under item 6.

Exhibit C.—File an Exhibit C, on the printed form provided therefor, for each foreign principal named under item 6.

Exhibit D.—If Registrant is a nonbusiness organization, file a copy of its charter, constitution, bylaws, or other instruments of organization.

Exhibit E.—File copies of all printed matter referred to under item 11 (b), except photographs and moving pictures.

Exhibit F.—File a copy of the agreement or arrangement (or if not in writing, a written description thereof) between the Registrant and each business firm or other organization named under item 11 (c) or (d).

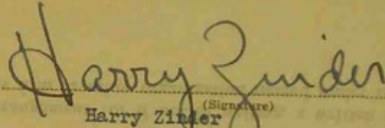
RELEASED PER P.L-102-526(JFK ACT)
 NARA MS DATE 3/11/09

8

FORM FA-2

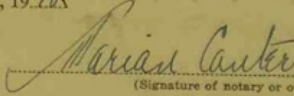
The undersigned swear(s) or affirm(s) that he has (they have) read the information set forth in this registration statement and the attached exhibits and that he is (they are) familiar with the contents thereof and that such contents are in their entirety true and accurate to the best of his (their) knowledge and belief, except that the undersigned make(s) no representation as to the truth or accuracy of the information contained in Exhibit A insofar as such information is not within his (their) personal knowledge.

(Type or print name under each signature)


 Harry Zinder
 (Signature)

(Both copies of this statement shall be signed and sworn to before a notary public or other person authorized to administer oaths. The statement shall be signed by the Agent or, if the Agent is an organization, by a majority of those partners, officers, directors, or persons performing similar functions who are in the United States. If no such person is in the United States, the statement shall be signed and sworn to by the duly authorized representative of the Registrant.)

Subscribed and sworn to before me at Washington, D.C.
 this 26th day of October, 1948


 (Signature of notary or other officer)

My commission expires August 31, 1951

U. S. GOVERNMENT PRINTING OFFICE 500551

RELEASED PER P.L-102-526(JFK ACT)
 NARA MS DATE 3/11/09

On October 26, 1948 the FARA office acknowledged receipt of the filing and offered the Israeli Embassy the courtesy of choosing mid-year and year-end calendar reporting dates. The Israeli Embassy responded, availing itself of June and December reporting deadlines.¹¹⁰

After an internal review, on June 17, 1949, the FARA office cited the initial filing as "deficient" and notified the Israel Office of Information's Washington office.

An examination of your registration statement, filed on October 12, 1948, reveals certain deficiencies which are noted below. It is requested that these deficiencies be corrected in filing the next supplemental statement.¹¹¹

FARA Deficiency Notice – Israel Office of Information – June 17, 1949¹¹²

WEP:LFB:ev
149-3754 JUN 17 1949

B. D. H. Israel Office of Information
2210 Massachusetts Avenue, N. W.
Washington 8, D. C.

Gentlemen:

Re: Registration No. 543

Enclosed herewith are supplemental registration statement forms to be filed, pursuant to the Foreign Agents Registration Act of 1938, as amended, for the period beginning October 13, 1948 and ending June 30, 1949. In the future, as indicated in your letter of November 1, 1948, the regular six months reporting period will end on June 30 and December 31, respectively, in each year. These forms should be filed in duplicate within thirty days after that date.

An examination of your registration statement, filed on October 12, 1948, reveals certain deficiencies which are noted below. It is requested that these deficiencies be corrected in filing the next supplemental statement.

Item 14 of the registration statement requires the filing of Exhibits B, D and F. To this date we have not received these exhibits.

Rule 400 requires the filing of statements concerning the distribution and labeling of political propaganda. These statements also have not been submitted.

Items 5, 8, 10(b) and 10(c) were unanswered.

In Item 5(a) of the Exhibit A filed by Lillian Guterman, it is indicated that you have an office in the Los Angeles Consulate. It is requested that this be reported in Item 5(a) of the enclosed supplemental statement forms as well as all of the other information concerning branches and local units which began or ceased to operate during the period.

Sincerely yours,

SIGNED
William F. Foley, Chief
Foreign Agents Registration Section

FILE Misc-1
Per VF

Enclosures
3 FA-2-68 forms

RELEASED PER P.L. 102-526 (FK ACT)
NARA KJ DATE 03/13/08

FILED
BY Bill Beach
On JUN 21 1949

Internal Department of Justice working papers and the official notice reveal that the Israel Office of Information not only omitted four required supplementary exhibits, including detailed propaganda dissemination reports, **but also neglected to mention the existence of an entirely separate "information office" already up and running in California.**¹¹³

The FARA form required disclosure of "all branches and local units of registrant and all other component or affiliated groups or organizations."

The required exhibits^{xxviii} the IOI failed to file would have given the FARA a clear picture of the organization's geographical span, its contractual agreements with the Israeli consulate, and the terms under which Israel Office of Information material was entering the US "news stream" via continuous press relations, suggested newspaper articles, paid placements, and magazines.

During the Israel Office of Information's startup period, the FARA section was rarely given complete information about agent lobbying, the specific content of important radio addresses and appearances, or the public relations efforts targeting prominent journalists that Kenen pursued mainly from behind the scenes.

But the FARA section review could not detect other far more deliberate omissions by Isaiah Kenen that would have presented an accurate and early picture of the network of contacts of the IOI's most important individual foreign agent and his early lobbying.

Israel Office of Information director Kenen Files Deficient FARA Declarations

As a co-director of the IOI, Kenen was required to file his own individual foreign agent declaration (Form FA-1, called a "short form") with the Department of Justice. In his declaration, Kenen neglected to disclose the most important data sought by FARA: his close working relationships with Israeli government officials such as Eban and scores of others.¹¹⁴ Kenen's own writing about these relationships many decades later, after he retired, fills in important historical records about the founding of Israel and its initial lobbying forays.

The Israel Office of Information's two declared offices in New York City and Washington, DC were modest. 2210 Massachusetts Avenue is northwest of DuPont Circle, nearly four miles from Congress. In 2008, the building housed the Embassy of Sudan. (This can be contrasted with AIPAC's present office at 440 1st ST NW, which is two minutes from the Capitol and eight minutes from the White House.) The IOI New

^{xxviii} Exhibit B—a copy of the agreement, arrangement, or authorization (or if not in writing a written description thereof) pursuant to which Registrant is acting for, or receiving funds from, each foreign principal named.

Exhibit D—If Registrant is a non business organization, a copy of its charter, constitution, bylaws or other instruments of organization.

Exhibit F—A copy of the agreement or arrangement (or if not in writing, a written description thereof) between the Registrant and each business firm or other organization named.

York office was located close to Central Park and less than two miles from the UN building.

The IOI's first FARA declaration in 1948 understandably did not include overall budget information or payments from foreign principals, since this was still being worked out from the budget of the overall Israel mission. Nevertheless, its overall budget from the Israeli Ministry for Foreign Affairs grew to almost \$50,000 per month by 1950 (about half a million in today's dollars) for New York, Washington, and Los Angeles offices.¹¹⁵

Kenen came to understand the burdens of FARA compliance, as he personally signed off on the Israel Office of Information's FARA declaration for January 1–June 30, 1950 for all three offices.¹¹⁶ Kenen listed himself as in charge of the New York office, Minna Davidovitch as running the DC office, and Shirley Brostoff Lewis as heading up the Los Angeles operation.

FORM FA-2-4M

UNITED STATES DEPARTMENT OF JUSTICE
WASHINGTON, D. C.

FILED

OCT 30 1950

Foreign Agents
Registration Section
DEPARTMENT OF JUSTICE

SUPPLEMENTAL REGISTRATION STATEMENT

Pursuant to Section 2 of the Foreign Agents
Registration Act of 1938, as Amended

REGISTRATION NO. 543

For Six Months Period Ending June 30, 1950
(Insert date)

1. (a) Name of Registrant.

Israel Office of Information

(b) All other names used by Registrant during the period.

None

(c) Address of principal office.

1. 2210 Massachusetts Avenue, N.W., Washington, D. C.
2. 11 East 70th Street, New York, New York
3. 208 West Eighth Street, Los Angeles, California

(d) Name of person or persons in charge of principal office.

1. Minna Davidovitch
2. I. L. Kenen
3. Shirley Brostoff Lewis

3. If Registrant is a nonbusiness membership organization, state—

(a) Approximate number of members in the United States None

(b) Approximate number of members outside the United States None

4. (a) All persons who became partners, officers, directors, and similar officials of Registrant during the period.

Name and address of official	Date connection began	Position, office, or nature of duties
Y. H. Rosenkrantz Embassy of Israel Washington, D. C.	May 1, 1950	Press Adviser

(b) All persons who ceased to be partners, officers, directors, or similar officials of Registrant during the period.

Name and address of official	Date connection ended	Reason for ending connection
None		

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FORM FA-24M

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5. (a) All branches and local units of Registrant and all other component or affiliated groups or organizations which began to operate during the period.

Name and address of branch, unit, group, or organization	Nature of connection with Registrant	Name and address of person in charge
None		

(b) All branches and local units of Registrant and all other component or affiliated groups or organizations which ceased to operate during the period.

Name of branch, unit, group, or organization	Reason operations ceased
None	

6. All persons who at any time during the period were foreign principals of Registrant.

Name and principal address	Is person still a foreign principal of Registrant?	If not, give date connection ended
Moshe Pearlman Ministry for Foreign Affairs Hakiryah (Tel Aviv), Israel	Yes	

7. Describe fully all activities of Registrant during the period for or in the interests of each foreign principal named under item 6.

Information, news, and statements issued either in the name of foreign principal or Office of Information through press releases, speeches, news bulletins, special statements, pamphlets, documents, and broadcasts

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FORM FA-2-4M

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5. (a) All branches and local units of Registrant and all other component or affiliated groups or organizations which began to operate during the period.

Name and address of branch, unit, group, or organization	Nature of connection with Registrant	Name and address of person in charge
None		

(b) All branches and local units of Registrant and all other component or affiliated groups or organizations which ceased to operate during the period.

Name of branch, unit, group, or organization	Reason operations ceased
None	

6. All persons who at any time during the period were foreign principals of Registrant.

Name and principal address	Is person still a foreign principal of Registrant?	If not, give date connection ended
Moshe Pearlman Ministry for Foreign Affairs Hakiryah (Tel Aviv), Israel	Yes	

7. Describe fully all activities of Registrant during the period for or in the interests of each foreign principal named under item 6.

Information, news, and statements issued either in the name of foreign principal or Office of Information through press releases, speeches, news bulletins, special statements, pamphlets, documents, and broadcasts

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FORM FA-2-4M

8. Describe briefly all other businesses, occupations, and public activities in which Registrant engaged during the period.

None

9. Furnish the following information as to all employees and other individuals, except those named under item 4, who during the period rendered any services or assistance to Registrant, with or without compensation, for or in the interests of any foreign principal named under item 6:

- (a) All such employees and other individuals for whom Exhibits A have previously been filed.

Name and address of employee or other individual	Nature of any changes during period in activities for Registrant or its foreign principals	Has connection with Registrant ended?
I. L. Kenen, c/o Consulate of Israel, 11 E. 70th St., N.Y.		No
Rita Grossman	" " " "	No
Shirley Brostoff Lewis, " " , 208 W. 8th St., Los Angeles, Calif.		No
Minna Davidovitch, 2210 Massachusetts Ave., Washington, D.C.		Yes
Yaaqov Gutman " "		Yes

- (b) All such employees and other individuals for whom Exhibits A have not been previously filed.

Name and address of employee or other individual	Nature of services or assistance rendered	Has connection with Registrant ended?
Ephraim Kaufman	Reference Service	No
2210 Massachusetts Ave., Washington, D. C.		
(Lillian Friedman	Secretary	No
(Ruth Goldschmidt	Dir. Ref. and Research	No
(Judith Swet	Research	No
(Catherine D. Saffron	Research	No
(Lillian Guterman	Secretary	No
(Nadine Cherner	Stenographer	Yes
(Idel Pann	Interviewer	No
(Marcia Pearlstein	Interviewer	Yes
(Rachel Mizrachi	Stenographer	Yes
(Hannah Roth	Clerk	No
c/o 11 East 70th Street, New York, New York		

FORM FA 1-68

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10. Furnish the following information as to Registrant's receipts and expenditures during the period covered by this statement. The information may, if Registrant desires, be furnished for Registrant's latest semiannual fiscal period, provided the period covered is indicated and future statements are furnished on the same basis:

(a) All amounts received during the period directly or indirectly from each foreign principal named under item 6, itemized as follows:

Date funds received	Name of foreign principal from whom funds received ¹	Purposes for which received ²	Amount received ³
Middle of each month	Ministry for Foreign Affairs	Information Services	

(b) All amounts received during the period from other sources to be used directly or indirectly for or in the interests of any foreign principal named under item 6, itemized as follows:⁴

Date funds received	Name of person from whom received ¹	Purposes for which received ²	Amount received ³
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(c) All expenditures made during the period directly or indirectly for or in the interests of each foreign principal named under item 6, itemized as follows:⁵

Date payment was made	Name of person to whom payment was made ¹	Purposes for which payment was made ²	Amount of payment ³
See Appendix A			

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received, whether received as compensation, loans, contributions, subscriptions, fees, dues, subsidies, or combined with other like amounts,

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FORM FA-3-4M

11. (a) Speeches, lectures, talks, and radio broadcasts arranged or sponsored by Registrant or delivered by officials or employees of Registrant, during the period.

Name of person by whom delivered	Number of speeches, lectures, and talks delivered	Number of radio broadcasts delivered
Yaaqov Gutman	1	
Ruth Handelman	1	
Ephraim Kaufman	5	
Amos Nir	3	
Y. H. Rosenkrans	1	
I. L. Kenen	22	83
Rita Grossman	6	
Ruth Goldschmidt	25	

- (b) Publications prepared or distributed by Registrant, or by others for Registrant, or in the preparation or distribution of which Registrant rendered any services or assistance, during the period. (Indicate each type of publication by an "X".)

(1) Press releases <input checked="" type="checkbox"/>	(8) Circulars	(15) Lantern slides <input checked="" type="checkbox"/>
(2) News bulletins <input checked="" type="checkbox"/>	(9) Form letters	(16) Still pictures
(3) Newspapers	(10) Reprints	(17) Posters
(4) Articles <input checked="" type="checkbox"/>	(11) Copies of speeches, lectures, talks, or radio broadcasts <input checked="" type="checkbox"/>	(18) Photographs <input checked="" type="checkbox"/>
(5) Books		(19) Charts
(6) Magazines	(12) Radio programs <input checked="" type="checkbox"/>	(20) Maps
(7) Pamphlets <input checked="" type="checkbox"/>	(13) Radio scripts <input checked="" type="checkbox"/>	(21) Other publications
	(14) Moving pictures	

- (c) Preparation and distribution of publications referred to in answer to (b) above.

Description of publication	By whom written, edited, or prepared	By whom printed, produced, or published	By whom distributed
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See Appendix C

- (d) Compliance with the filing, labeling, and reporting provisions of Section 4 of the Foreign Agents Registration Act of 1938, as amended, and Rule 400 thereunder.

- (1) Were copies or summaries of all communications and publications referred to in answer to (a) and (b) above filed with the Department of Justice and the Librarian of Congress? If not, explain why copies or summaries of any such communications and publications were not filed.

Yes

- (2) Were all such communications and publications labeled in accordance with Section 4 and Rule 400? If not, explain why any such communications and publications were not so labeled.

Yes

- (3) Were reports of the delivery, distribution, or other dissemination of all such communications and publications made to the Department of Justice in accordance with Section 4 and Rule 400? If not, explain why any such reports were omitted.

Yes

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FORM FA-548

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12. (a) Any changes during the period, not fully described above, in Registrant's affiliations, associations, or other connections with foreign governments, foreign political parties, or officials or agencies thereof.

<i>Name of government, party, or official or agency thereof</i>	<i>Nature of changes during period in Registrant's connections therewith</i>
None	

(b) Any changes during the period in Registrant's pecuniary interest in or control over partnerships, corporations, associations, or other organizations or combinations of individuals.

<i>Name of organization or combination</i>	<i>Nature of changes during period in Registrant's ownership or other pecuniary interest</i>	<i>Nature of changes during period in any direction or control exercised by Registrant</i>
None		

13. (a) Any changes during the period in the ownership of or supervision, direction or control over Registrant by any organization, group, or individual.

<i>Name of organization, group, or individual</i>	<i>Nature of changes during period in ownership, supervision, direction, or control</i>
None	

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FORM FA-2-6M

(b) Any subsidy or other financial assistance received by Registrant during the period directly or indirectly from—

Any individual who is a citizen of, or resides in, a foreign country.

Any organization created in, or under the laws of, any foreign country or having its principal place of business in a foreign country.

Any foreign government or foreign political party, or any official or agency thereof.

Name of person from whom subsidy or financial assistance received	Nature and amount of subsidy or financial assistance
---	--

See particulars given under 10(a)

14. File the following exhibits with this statement:

Exhibit A.—File an Exhibit A, on the printed form provided therefor, for each of the following persons for whom an Exhibit A has not previously been filed:

(a) All partners, officers, directors, and similar officials of Registrant.

(b) All employees or other individuals who during the period rendered any services or assistance to Registrant, with or without compensation, for or in the interests of any foreign principal named under item 6.

Exhibit B.—File a copy of any changes during the period in the agreement, arrangement, or authorization (or if not in writing a written description thereof) pursuant to which Registrant is acting for, or receiving funds from, each foreign principal named under item 6.

Exhibit C.—File an Exhibit C, on the printed form provided therefor, for each foreign principal named under item 6 for whom an Exhibit C has not previously been filed.

Exhibit D.—If Registrant is a nonbusiness organization, file a copy of any changes during the period in its charter, constitution, bylaws, or other instruments of organization.

Exhibit E.—File a copy of the agreement or arrangement (or if not in writing, a written description thereof) between the Registrant and each business firm or other organization named under item 11 (c), and copies of all changes during the period in similar contracts previously filed.

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FORM FA-2-6M

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The undersigned swear(s) or affirm(s) that he has (they have) read the information set forth in this statement and the attached exhibits and that he is (they are) familiar with the contents thereof and that such contents are in their entirety true and accurate to the best of his (their) knowledge and belief, except that the undersigned make(s) no representation as to the truth or accuracy of the information contained in Exhibit A insofar as such information is not within his (their) personal knowledge.

(Type or print name under each signature)


 (Signature)
 I. L. KENEN

(Both copies of this statement shall be signed and sworn to before a notary public or other person authorized to administer oaths, by a majority of those partners, officers, directors, or persons performing similar functions who are in the United States. If no such person is in the United States, the statement shall be signed and sworn to by the duly authorized representative of the Registrant.)

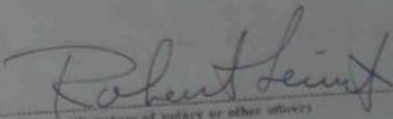
(Signature)


(Signature)

(Signature)

Subscribed and sworn to before me at 839 Madison Ave.

this 24th day of October, 1950


 (Signature of notary or other officer)



ROBERT LEWIT
 Notary Public, State of New York
 Qualified in Bronx County No. 03-2350850
 Cert. Filed with N. Y. Co. Clk. & Reg.
 Commission Expires March 30, 1951

My commission expires _____, 19____

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Kenen listed Y. H. Rosenkranz at the Israeli embassy as a new Israel Office of Information Press Advisor. Rosenkranz, formerly a captain of the Israeli army and foreign editor of the *Palestine Post*, was then pressing an urgent PR campaign against the internationalization of Jerusalem.¹¹⁷ The Israel Office of Information reported that Moshe Pearlman at the Ministry of Foreign Affairs in Israel was its solitary "foreign principal."

Kenen listed Rita Grossman as another New York IOI office employee on the declaration. Indeed, Grossman had accompanied Kenen from the Jewish Agency on to the United Nations delegation, and then to the Israel Office of Information. From there, she would follow Kenen all the way to AIPAC lobbying and other public relations activities on behalf of Israel.

When the United Nations opened its special session to determine the fate of Palestine in 1947, I was besieged by the press and I urgently needed an assistant to handle the office while I was at the U.N. In the meantime, Jesse Lurie of the Jerusalem Post served as my temporary assistant....

...That was a momentous day for me too because on that day Gromyko made his astonishing speech endorsing partition and because Rita Grossman became my first assistant—a post she filled brilliantly for about 18 years. She worked for me at the UN, and then in Washington. She was my indispensable aide at political conventions and fundraising meetings across the country...¹¹⁸

Grossman continued working for Kenen until 1965, a traumatic year for the AZC and important moment for AIPAC. As Kenen reviewed and edited the mandatory annexes to FARA reports, he strategized how to lay claim on US taxpayer dollars through direct foreign aid from the government, as opposed to the scattered charitable donations and investments from individuals that were the mainstay of "Israel bond" campaigns attended by members of the Israel Office of Information. Kenen's filing divulged cursory details of the IOI's Israel bond campaign meetings and community fundraising gatherings at regional Hadassah and ZOA chapters, as well as film and radio clip distribution and cultural outreach activities.¹¹⁹ But his public relations activity disclosure provided few additional details.

Kenen did list himself as the top broadcast PR "producer" of the Israel Office of Information. While he made only 22 formal speeches, three less than Ruth Goldschmidt, Kenen delivered 83 separate radio broadcasts in six months. No other Israel Office of Information officer listed any.

Yet even as IOI activity ballooned throughout the early 1950s, IOI declarations continued to be cited as deficient by the FARA section office. For every proper listing of a new or departing employee (such as research assistant Mordecai Chertoff, the uncle of the George W. Bush administration's Department of Homeland Security director, who resigned on February 2, 1951)¹²⁰ or activities disclosure, the FARA office cited missing employees, missing copies of the actual Israeli government propaganda distributed, or propaganda circulated without a proper FARA disclosure label.

FINDING: The Israeli Ministry of Foreign Affairs' Office of Information under the leadership of Isaiah Kenen routinely failed to provide adequate disclosures under FARA in the 1940s and 1950s.

At that time, the FARA section's recommended label, when affixed to material, left little to the reader's imagination:

A copy of this material is filed with the Department of Justice where the required statement under the Foreign Agents Registration act of (your name and address) as an agent of (name and address of your foreign principal) is available for public inspection. Registration does not indicate approval of this material by the United States Government.¹²¹

All publicly circulated Israel Office of Information communications had to bear such declarations. Kenen's writings reveal acute insights about the attributes of effective public relations. IOI FARA disclosures gave him firsthand experience about how revelatory, and thus restrictive, the filings could be in their listings of people, expenditures, locations and topics of public or private events, and required duplicates of images, recordings, and print documents.

FBI Director Warns FARA Section the Israel Office of Information Circulates Propaganda without FARA Disclosure Stamps

In 1953, the director of the FBI filed a classified internal report to Assistant Attorney General Warren Olney III alleging that the Israel Office of Information was not properly labeling all of the propaganda it was circulating.¹²² On June 2, 1953, Olney responded that the propaganda filed at his office did bear the proper disclosure stamps. Whether the FBI sent the wrong source documents in its communication or misinterpreted the labeling requirements, the matter ended. Since Olney found that an original copy of the propaganda had in fact been filed in the FARA section, no further action to see whether propaganda actually circulating on American streets bore the proper label was taken.¹²³ The DOJ exhibited tolerance for the ongoing irregularities, but Kenen would remain on the Department of Justice radar for many more years, despite his best efforts.

FBI Director Warns FARA Section that the Israel Office of Information Circulates Unregistered Propaganda - April 24, 1953

STANDARD FORM NO. 64

SECURITY INFORMATION - CONFIDENTIAL

Office Memorandum • UNITED STATES GOVERNMENT

TO : Assistant Attorney General
Warren Olney III

DATE: April 21, 1953

FROM : Director, FBI

RECEIVED
APR 24 1953
CRIMINAL DIVISION

SUBJECT: THE ISRAEL OFFICE OF INFORMATION
REGISTRATION ACT *Reg. 543*

The Israel Office of Information is located at
11 East 70th Street, New York 21, New York.

This Bureau has received copies of informative
literature emanating from captioned source through the
Israeli Consulate in Chicago, Illinois, which bore the
proper notation to the effect that its material is filed
with the Department of Justice, where the required state-
ment of the Israel Office of Information under 56 Stat.
248-258 or 22 USC 611, as an agency of the Israel Govern-
ment is available for inspection. However, the enclosed
three Photostats of similar literature identified as "RP
33," "RP 35," and "RP 39," dated April, 1952, do not con-
tain any such statement of registration.

In view of this, you are requested to advise
whether failure to place such statement on this material
is a violation of the terms of this organization's regis-
tration. You are also requested to advise if you desire
any investigation in this matter.

Enclosure

149-3754
7 APR 24 1953
F. A. R. A. Sec

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SECURITY INFORMATION
CONFIDENTIAL

SECURITY INFORMATION - CONFIDENTIAL

*4/29/53
FAB*

DOCKETED

FINDING: The FARA section disregarded FBI warnings about IOI propaganda circulation in the 1940s and declined offers of assistance in the AZC investigation in the 1960s.

Kenen's writings reveal that as he chafed under FARA registration, he came to believe that the degree of disclosure required to lobby on behalf of the Israeli embassy as a foreign agent would never allow him to win the level of unconditional aid and influence he felt Israel deserved. The IOI's open approach was encapsulated in its mission:

The purpose of the Israel Office of Information is to provide accurate and up-to-date information in the United States on all aspects of the State of Israel, including political, economic, cultural, social, and other activities.¹²⁴

Kenen may have felt that as a public relations practitioner that FARA would never allow him to properly "frame" issues in a sophisticated way that transformed and sold their presentation from Israeli needs to perceived American interests. Kenen's own preference for stealth can be seen on his personal 1948 FA-1 "short form" declaration. A cursory review of Kenen's personal registration statement as director of the New York IOI office, filed with the Department of Justice on October 12, 1948, would have revealed it was unacceptable. Rather than disclose the titles and subjects of publications he had circulated in the previous six months at the Jewish Agency and UN, as required, Kenen simply noted that any he personally deemed covered under FARA had already been "filed" at his discretion.¹²⁵

FINDING: The Israeli Ministry of Foreign Affairs' Office of Information didn't want Americans to know the true source of propaganda circulated in the United States in the 1940s and 1950s which was why it routinely failed to provide adequate notice to the public under strict FARA regulations then in effect.

Kenen Lobbies Congress for Israel as a Foreign Agent without due FARA Disclosures

In reality, Kenen's personal discretion was quite forgiving. He never let his status as a foreign agent of the Israeli government keep him away from Capitol Hill, noting in his biography that he actively lobbied Congress to provide arms for Israel in 1950.

I spent a week in Washington in January 1950 to voice concern to friends on Capitol Hill.¹²⁶

Kenen never disclosed this crucial congressional lobbying foray or documents delivered in his FARA declarations. The FARA section never discovered the omissions or investigated it. Kenen's brevity included even his own name: in the first FARA disclosure form question, Kenen stated that his full name was "Isaiah Leo Kenen." To a subsequent question regarding "all other names ever used and when each was used," Kenen responded simply, "None."

Today, even with modern computer keyword search and data retrieval, it is difficult to find any of Kenen's writings or associations by searching for "Isaiah Leo Kenen." That is

because most of his articles since the Ohio newspaper days were filed under the byline "IL Kenen." Indeed, Kenen usually abbreviated his first and middle names to initials in his signature. His nickname among friends was written "Si" or alternately "Sy."

Kenen Refuses to Disclose Israeli Government Associates in his FARA Declaration

Any Department of Justice investigator following up on Kenen's public relations activities in the 1940s and early 1950s, limited to index card files and print reference guides to major newspapers, would not have been able to find Kenen's articles or locate any of his associates. But Kenen's connections to the fledgling Israeli government after serving at the Jewish Agency and the United Nations were legion.

Among Kenen's closest associates was the legendary Aubry "Abba" Eban, who served with Kenen at the Jewish Agency and later the UN delegation while simultaneously acting as ambassador to the US. He was a brilliant orator, and Kenen reveled in the honor of working with him:

For a decade I was privileged to work with Eban, both at the UN and later in Washington.¹²⁷

At the UN, Kenen also worked closely with delegation leader Moshe Sharett, who later became the first foreign minister of Israel. In 1946, he traveled to Palestine from Paris at the direction of David Ben-Gurion to help spring Sharett from jail. He was being held on arms smuggling charges.

David Ben Gurion, who led the struggle to establish the Jewish state, was responsible for my first visit to Palestine, in 1946. BG then lived at the Royal Monceau Hotel in Paris and I had a room nearby. He was in Paris because he had left Israel to escape arrest and detention by the British. He directed activities of the Jewish Agency and of the Haganah—Israel's Defense Forces—from his hotel room. I was then in Paris representing the American Jewish Conference, which, along with major constituent organizations, was meeting to consider the future of the surviving Jews in Europe.

One Saturday morning there was the alarming report that the British had arrested leaders of the Jewish Agency, accusing them of smuggling arms in anticipation of an impending struggle with both the British and the Arabs. Moshe Sharett was one of them....I knocked on Ben Gurion's door. He was furious. "There has been a pogrom," he shouted at me. "Go there. Go there at once. You can help them. You are a newspaperman."¹²⁸

Kenen traveled to Palestine, where he then nearly died at the hands of Menachem Begin. By 1946 Ben-Gurion had agreed that the Haganah could cooperate with Menachem Begin's Irgun fighters against the British. Begin planned the 1946 terror bombing of the King David Hotel targeting British military units stationed there. Kenen recalls his near brush with death at the hands of these terrorist-to-be-statesmen:

After two weeks in Israel, I felt it was time for me to return to Paris. A rickety single engine plane that shuttled between Cairo and Jerusalem was scheduled to leave Jerusalem around 11:00 AM. I thought I should use the time to visit the barbershop in the King David Hotel. But the manicurist was not there; it was a Saturday. And so I walked to Ramallah to board the tiny plane, which, it seemed to me, was tied together by shoelaces. An hour or so later I picked up a newspaper in Cairo, at Shepherd's Hotel, and read that some 96 British soldiers and civilians had been blown into eternity. Two years later I learned that Eban had stopped at the King David that day to get a haircut. We almost met that day—in eternity.¹²⁹

Kenen had reservations about reporting his tightening ties with legendary Israeli government officials like Ben-Gurion to the US Department of Justice. In Kenen's FARA declaration, a question demands "List all of your connections, not fully described above, with all foreign governments, foreign political parties, or officials of agencies thereof." It provides space for both officials' names and connections; Kenen simply wrote "None." Kenen then scrawled his entire first name on the signature line, though he dropped that inconvenience and returned to "IL Kenen" in his subsequent FARA declarations.¹³⁰

AIPAC Founder Isaiah Kenen's Deficient Foreign Agent Registration -09/01/1948¹³¹

UNITED STATES DEPARTMENT OF JUSTICE
WASHINGTON, D. C.

EXHIBIT A

TO REGISTRATION AND EXEMPTION STATEMENTS

Under the Foreign Agents Registration Act of 1938, as Amended

Reg 543

Furnish this exhibit for all partners, officers, directors, or similar officials of the Registrant or Agent, as the case may be, and for all employees or other individuals who render services or assistance to the Registrant or Agent for or in the interests of any foreign principal of the Registrant or Agent.

THIS EXHIBIT WILL NOT BE ACCEPTED FOR FILING UNLESS IT IS REASONABLY COMPLETE AND ACCURATE.

1. (a) Full name.
Isaiah Leo Kenen

(b) All other names ever used and when each was used.
none

(c) All present business addresses.
16 East 66 Street
New York, 21, N.Y.

(d) All present residence addresses.
Apartment 62A, 3900 Greystone Avenue, Bronx 63, N.Y.

2. (a) Date and place of birth.
March 7, 1905 St. Stephen, New Brunswick, Canada

(b) Citizenship or nationality.
U.S.

(c) If present citizenship not acquired by birth, indicate when, where, and how acquired.
naturalization, District Court, U.S.; Northern District of Ohio, June 8, 1934

3. All visits to or residence in foreign countries during the past 5 years.

Name of foreign country	Purpose of visit or stay in foreign country	Date and port of each departure from and entry into United States
England and France	attendance at international conferences for American Jewish Conference	left NY Oct. 12, 1945 ret'd NY Dec. 7, 1945
England, France, Egypt, Palestine, Germany	same	left NY June 20, 1946 ret'd NY Sept. 7, 1946
England, Palestine, Egypt, France, Switzerland, Germany, Austria	member of Jewish Agency for Palestine liaison with United Nations Special Committee on Palestine	left NY June , 1947 ret'd NY Aug. 18, 1947
France, Israel, countries of transit	member, Israeli Mission to UN	left NY Aug 11, 1948

(Frequent trips to Toronto, Canada, to visit my mother)

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4. All clubs, societies, committees, and other nonbusiness organizations in the United States or elsewhere, including any active or reserve military or naval forces, of which you have been a member, director, officer, or employee during the past 2 years.

Name and address of organization	Nature of connection with organization	Duration of connection
Jewish Agency for Palestine	New York Information Director	from April 15, 1947, to May 15, 1948
American Jewish Conference	Executive Secretary	from Dec. 1, 1943, to Feb. 1, 1948
Zionist Organization of America	member	many years
Riverdale Temple	"	since Sept., 1947
Temple Emanuel of Yonkers	"	from Sept. 1944 to Sept. 1946
Jewish National Workers Alliance	"	many years until 1947

5. (a) A full description of all activities of any kind in which you are presently engaged for or in the interests of the Registrant or Agent or any foreign principal of yourself or of the Registrant or Agent.

am now Director of Information for the Government of Israel's Mission to the United Nations, previously having served as Director of Information for the Jewish Agency for Palestine at the United Nations. I am assuming direction of the Israeli Government's Office of Information in New York.

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(b) A brief description of all other businesses, occupations, and public activities in which you are presently engaged.

none

6. Furnish the following information as to all amounts received by you, as compensation or otherwise, during the 3 months preceding the filing of this exhibit, directly or indirectly from the Registrant or Agent or from any foreign principal of yourself or of the Registrant or Agent.

Date funds received	Name of person from whom received	Purpose for which received	Amount received
June 1	Jewish Agency for Palestine	salary	\$916.66
July 1	Jewish Agency for Palestine	salary	\$916.66
August 1	Government of Israel	salary	\$916.66
September 1	Government of Israel	salary	\$916.66

3

7. (a) Speeches, lectures, talks, and radio broadcasts delivered by you during the past 3 months.

Date delivered	Where delivered	Kind of audience	Subject matter discussed
none			

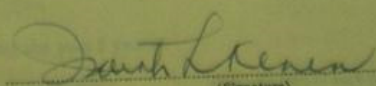
(b) All newspapers, magazines, articles, books, pamphlets, press releases, moving pictures, radio programs and scripts, and other publications, prepared or distributed by you or by others for you, or in the preparation or distribution of which you rendered any services or assistance, during the past 6 months.

Description of publication	By whom written, edited, or prepared	By whom printed, produced, or published	By whom distributed
pamphlets and press releases (those requiring registration were filed with Department of Justice)	myself and Miss Rita Grossman	Jewish Agency for Palestine and Israeli Mission to UN	same

8. List all of your connections, not fully described above, with all foreign governments, foreign political parties, or officials or agencies thereof.

Name of government, party, or official or agency thereof	Nature of your office, employment, or other connection	Nature of any subsidy or other financial arrangement
none		

I CERTIFY that I have read the information set forth in this exhibit and am familiar with the contents thereof and that the information herein contained is true to the best of my knowledge and belief.


 (Signature)

September 1, 1948
 (Date of signature)

Isaiah L. Kenen
 (Type or print name)

(Two copies of each Exhibit A shall be filed. Both copies shall be signed by the person for whom the information contained herein is given. A third copy should be prepared and retained for future reference.)

RELEASED PER P.L-102-526(JFK ACT)
 NARA MS DATE 3/11/09

Also revealing is Kenen's response to the request to "furnish the following information as to all amounts received by you, as compensation or otherwise, during the 3 months preceding the filing of this exhibit, directly or indirectly from the Registrant or Agent or from any foreign principal of yourself or of the Registrant or Agent." In June and July of 1948, Kenen received a monthly salary of \$916.66 from the Jewish Agency (a quasi governmental organization), the equivalent of roughly \$8,200 today. In August and September, he also received \$916.66 each month from the "Government of Israel."

When he claimed to leave the service of the Israel Office of Information in 1951, Kenen stated in a letter to the Department of Justice that he was actually more of a public relations "advisor" than an actual employee.

Still later, he would be forced to explain to both the Federal Bureau of Investigation and Senator J.W. Fulbright why he was still receiving funds from the Jewish Agency in Israel for public relations well into the 1960s, in amounts much greater than his old monthly salary of \$916.66.

Kenen Leaves Israel Office of Information in Coordination with the Israeli Ministry of Foreign Affairs to Lobby from the AZC/AIPAC

By December of 1950, Kenen was charting his departure from the Israel Office of Information for a more effective, less visible public relations and lobbying organization. He made no pretext that this new initiative was anything but a response to the demands of the Israeli government.

Israelis began looking for a lobbyist to promote the necessary legislation...would I leave the Israeli delegation for six months to lobby for aid on Capitol Hill?

There were other questions. Should I continue my registration as an agent of the Israel government? Was it appropriate for an embassy to lobby? Embassies talked to the State Department, and American voters talked to their congressmen...¹³²

Kenen held multiple, overlapping leadership positions in major Zionist organizations and ties to entities and political parties in Palestine and later Israel were. Other visitors to Palestine in 1946 included Abba Hillel Silver, president of the Zionist Organization of America and co-chair of the American Zionist Emergency Council. Dr. Stephen Wise (1874-1949) was another co-chair, joining Louis Lipsky, former president of the Zionist Organization of America and career Zionist leader. All were simultaneously members of the Jewish Agency Executive, the World Zionist Organization's core financing and colonization entity.¹³³ Kenen's FARA filings disavowed his relationships with all these major leaders of foreign quasi-governmental organizations.

The omissions in his filing occurred at a point in time when the Justice Department was very actively enforcing FARA. It is reasonable to deduce from Kenen's later writings that in 1948, his position as a quasi-diplomat for Israel may have led him to believe that he even had a future in Israel's fledgling diplomatic corps. If he left the jurisdiction of the US legal system, from this personal perspective, his FARA declarations would simply no longer matter. The general climate under the Truman administration was also highly

favorable. But a critical visit to Israel after a lobbying victory in Congress irrevocably changed his career plans and left him scrambling to purge his FARA records at the US Department of Justice.

FARA Official Orders Kenen to Continue Registering Under FARA - 1951

Kenen began coordinating with the Israelis to undertake stealth lobbying as a purely domestically registered lobbyist late in 1950. On January 17, 1951, Kenen met with Nathan B. Lenvin, chief of the FARA section. In a Department of Justice office memorandum summarizing the meeting, Lenvin filed an internal memo stating that Kenen told him he would be leaving the Israel Office of Information and setting up a public relations business, ostensibly with the Israeli government as his main client. Given Kenen's trajectory in the press and public relations, this was certainly a plausible career move. Lenvin nevertheless advised Kenen that he'd still need to keep filing as a foreign agent and even provided him with additional registration forms:

Mr. Isaiah L. Kenen, Director of Information for the Government of Israel's Mission to the United Nations and one of the officers of the Israeli Office of Information, visited my office on January 17, 1951 to discuss his possible obligations under the Foreign Agents Registration Act in the event he terminates his present activities and establishes his own public relations business.

Mr. Kenen stated that his first client would probably be the Government of Israel and consequently I told him that he should file a new registration statement on Form FA-1. I explained to Mr. Kenen the registration statement of the Israeli Office of Information and the necessity for the filing of a new statement. Mr. Kenen stated that he would file a new statement as soon as he commences his activities on behalf of the Government of Israel. Suitable forms were given to Mr. Kenen.¹³⁴

FARA Section Memo on Kenen Visit—01/17/1951

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : Files

FROM : Nathan B. Lenvin

SUBJECT: Isiah L. Kenen

DATE: January 17, 1951

REF: NBL:et

149-3754 ✓
~~149-26-2-20~~

27

Mr. Isiah L. Kenen, Director of Information for the Government of Israel's Mission to the United Nations and one of the officers of the Israeli Office of Information, visited my office on January 17, 1951 to discuss his possible obligations under the Foreign Agents Registration Act in the event he terminates his ~~possible~~ activities and establishes his own public relations business. *present*

Mr. Kenen stated that his first client would probably be the Government of Israel and consequently I told him that he should file a new registration statement on Form FA-1. I explained to Mr. Kenen the restrictive application of the Exhibit A which he had filed to the registration statement of the Israeli Office of Information and the necessity for the filing of a new statement. Mr. Kenen stated that he would file a new statement as soon as he commences his activities on behalf of the Government of Israel. Suitable forms were given to Mr. Kenen.

RELEASED PER P.L.-102-526(JFK ACT)
 NARA 143 DATE 03/13/08

FILED
 BY ➡ D ON
 FEB 14 1951

FILE Misc. 1
 PER ✓

149-3754
 DEPARTMENT OF JUSTICE
 FEB 1951
 FARA Sec

Kenen Leaves Israel Office of Information for AZC/AIPAC - 1950

Kenen's later actions reveal clearly that he had no intention of ever filing another disclosure with the FARA section. He finalized his actual plans coordinated in December of 1950 with the Israelis to lobby Congress from the tax-exempt US nonprofit American Zionist Council.

On January 31, 1951, it was decided that I should leave the Israeli government and spearhead the lobbying campaign for the Zionist Council.¹³⁵

Kenen noted that the American Zionist Council had already started a fledgling "education" campaign for aid to Israel, but that "no legislation had been projected." He quickly got to work, noting that:

On February 13, [1951] I notified the Department of Justice that I was withdrawing as an agent of a foreign principal, and I then filed with the Clerk of the House and the Secretary of the Senate in conformity with domestic lobbying law.¹³⁶

The full text of the actual letter Kenen sent to the Department of Justice, referred to so briefly suggests a complete severance from any ties to the Israeli government, but he mentioned nothing to the Department of Justice about his plans to domestically register and lobby in Washington. If he had, the Department of Justice would have probably again asked Kenen for a new FARA registration. But Kenen made every effort to give the FARA office no grounds for following up with him about any further registration requirements, even downplaying his role leading three Israel Office of Information offices as a paid employee of the Israeli government to that of a mere "advisor."

This is to inform you that, effective today, I have resigned from the service of the Government of Israel.

I have been registered on an exhibit A form, as part of the registration of the Israel Office of Information.

Since January 1st, I was retained by the Government of Israel in an advisory capacity in the field of public relations. However, I have now changed my plans and severed my relations with the Israel Government. I would, therefore, request that my name be removed from your lists.¹³⁷

AIPAC's Founder Resigns from Israeli Government Service – February 13, 1951¹³⁸

I. L. KENEN
ROOM 1421
342 MADISON AVENUE
NEW YORK 17, N. Y.
MURRAY HILL 7-1068-9

February 13, 1951

United States Department of Justice
Foreign Agents Registration Section
Washington, D. C.

Dear Sirs:

REGISTRATION No. 543

This is to inform you that, effective today, I have resigned from the service of the Government of Israel.

I have been registered on an exhibit A form, as part of the registration of the Israel Office of Information.

Since January 1st, I was retained by the Government of Israel in an advisory capacity in the field of public relations. However, I have now changed my plans and severed my relations with the Israel Government. I would, therefore, request that my name be removed from your lists. I will submit a financial statement for the period from January 1st to February 14th, as soon as it is completed. During this period, I published no documents, circulated no printed or propaganda material, and made no speeches.

Sincerely yours,

I. L. Kenen
I. L. Kenen

ILK:SL

RELEASED PER P.L.-102-526(JFK ACT)
NARA KJ DATE 03/13/08

RECEIVED

Kenen was no doubt familiar with the FARA statutory language covering withdrawal when he wrote his termination letter to the FARA section. There is also little doubt that his desire to be "removed from your lists" was in earnest. However, that decision was up to the attorney general, not Isaiah Kenen.^{xxix}

The Department of Justice never removed Kenen from their lists and internal files. Kenen never stopped coordinating his lobbying or receiving payments from the Israeli-government. Using funds laundered from Israel into the US to jump-start lobbying and propaganda efforts, he soon began operating from a series of nonprofit front organizations and domestic lobby umbrellas as well as his own newsletter that would ultimately merge into the domestically funded, secretive, self-sustaining foreign agent that is AIPAC.

From his perspective, Kenen's timing was fortuitous. The mid-to-late 1950s were a period of FARA enforcement malaise, with registrations below the level of the early 1940s when the law was fresh on the books. The US State Department, formerly in charge of FARA enforcement and zealous about comprehensive registration of agents, was now mostly out of the picture and not in tight FARA oversight coordination with the Department of Justice. Truman had opened the door for productive US-Israel relations and direct lobby-elite-to-president contacts. Barring any mistakes, Kenen could quietly build his lobby's political power base to a point where not even the appointed attorney general, much less the FARA section, would want to publicly challenge it.

Kenen at the American Zionist Council/AIPAC

Isaiah Kenen's move to the American Zionist Council shifted foreign agent activity out from under the scrutiny of FARA. The American Zionist Council traced its roots to the American Zionist Emergency Council, formed in 1939 and led by Dr. Abba Hillel Silver, Stephen S. Wise, and Louis Lipsky. The American Zionist Emergency Council was publicly positioned as a "joint political action agency." Today it would be called simply an umbrella organization.

At that time, the American Zionist Emergency Council united 26 representatives from several key organizations: the Zionist Organization of America, Hadassah (the women's Zionist movement), Poale Zion (Zionist workers), and Mizrachi (the Reform movement). As an elite umbrella organization, the AZEC was only functional as long as key fundraisers and donors were convinced of its cause, leadership, and effectiveness. In 1946, the American Zionist Council's predecessor suffered additional blows from the US State Department. Kenen and other lobby leaders would see this as cause for discrediting and seeking the elimination of State Department influence on all matters concerning

^{xxix} The applicable statute read: "The Attorney General may withdraw from public examination the registration statement and other statements of any agent of a foreign principal whose activities have ceased to be of a character which requires registration under the provisions of this subchapter."

Palestine and later Israel. Building a unified movement in the US, able to take direction, funding, and coordination from Israel, but defensible as a purely "American lobby"—the core proposition of AIPAC—began in earnest in 1951.

By 1952, the American Zionist Council was positioning itself, with Kenen's vital expertise, as the "public relations arm of the Zionist movement." The Council touted itself as uniting and tapping political and financial support from the largest and most powerful Zionist organizations in the United States. The reality was somewhat less grandiose and seamless, given the different organizational objectives, leadership, and overlapping areas of concern. Uniting and exerting influence was contentious and not always successful. Kenen lamented the turf wars that greeted his arrival as a lobbyist:

I encountered many difficulties. There was Elihu Stone of Boston, a veteran of the Zionist Council staff stationed in Washington. He strongly resented my coming to Washington to supersede him. He argued that I was a public relations counsel and contended that I should do my job in New York rather than on his beat.

And there was some resentment in the Israeli Embassy because the diplomatic corps led by Eliahu Eilat and Moshe Keren contended that they could do it all by themselves and that I was an intruder....

In addition there was Hadassah, which had inspired and assisted me for many years. But Denise Tourover, who represented Hadassah in Washington, insisted that she knew Washington much better than I did and she constantly complained to the New York Hadassah leadership that I was an interloper.

To sum up all my difficulties; I was the unwanted man. Keren and Stone did not want me in Washington working for the American Zionist Council. Unger did not want me in New York because that was his turf. But the adamant Lipsky did not want me to have anything to do with the Embassy; he wanted the job done by the American Zionist Council.¹³⁹

This all began shaping up when harsh new orders came in from abroad. On November 23, 1952, the former Jewish Agency executive, now Prime Minister David Ben-Gurion met with leaders of the four major American Zionist groups in Jerusalem. On the table was the issue of how to transfer important activities from the Jewish Agency, the executive arm of the World Zionist Organization, to the American Zionist Council. This move was meant to bolster the appearance of "indigenous American control." Ben-Gurion's vision was for an "all-embracing territorial federation" with which individuals or groups such as synagogue congregations could affiliate themselves. Ben-Gurion's overall objective was to remove legal and organizational barriers to the growth of Zionism, and the final resolution of the conference vastly broadened the functions of the American Zionist Council.

By design, the Jewish Agency's US subsidiary, the American Section in New York, would now "confine its activities to control of fund campaigns, economic activities, and purchasing." The American Zionist Council could drive forward with establishing a definitive plan for structuring itself, coordinating subtle and effective public relations, and its most important tasks: broader grassroots and executive-level lobbying in support of Israel.¹⁴⁰

Israeli Prime Minister/ Jewish Agency President Structures US Lobby - 1952¹⁴¹

ZIONISTS PROPOSE A NEW U. S. SET-UP
Special to THE NEW YORK TIMES
New York Times (1857-Current file); Nov 24, 1952; ProQuest Historical Newspapers The New York Times (1851 - 2004)
pg. 6

ZIONISTS PROPOSE A NEW U. S. SET-UP

In Parley With Ben-Gurion, They
Move to Broaden Activities
of American Council

Special to THE NEW YORK TIMES.

JERUSALEM, Nov. 23 — Prime Minister David Ben-Gurion and leaders of four major Zionist groups in the United States formulated a program today for the strengthening of the Zionist movement by transferring certain activities from the Jewish Agency for Palestine, the executive arm of the world Zionist movement, to the American Zionist Council, which embraces all Zionist indigenous groups in the United States.

Represented were the Hadassah Organization of America, the Zionist Organization of America, the Mizrahi Organizations of America and the Labor Zionist Organization of America.

Mr. Ben-Gurion, who invited the leaders to Jerusalem, originally had proposed the establishment of an all-embracing territorial federation, with which individuals or groups like synagogue congregations might affiliate. The present position, however, is that membership in the Zionist movement may be obtained only through the individual Zionist organizations that are affiliated with political parties in Israel.

The Prime Minister's plan, which was designed to remove what he believed was an obstacle to the growth of Zionism, was rejected by all the United States groups, but it was agreed to discuss broadening the functions of the American Zionist Council, which deals at present only with public relations.

According to the new plan, which will be recommended to the respective United States organizations, the American Zionist Council will take over the coordination of Zionist participation in communal fund-raising for Israel, strengthening of Jewish and Hebrew education, youth work and pioneer training, and the deepening of Zionist interest and participation in Jewish community life.

The definitive program, as well as the structure of the council, were left for discussion and decision by Zionist groups in the United States.

If the plan is implemented, the Jewish Agency in New York would confine its activities to control of fund campaigns, economic activities and purchasing.

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FINDING: The basic structure of the Israel lobby in the United States that exists to the present day was implemented after a strategic meeting in 1952 on order of the Israeli Prime Minister former Jewish Agency president. It remains fundamentally a foreign government-to-foreign agent relationship.

Although Ben Gurion also registered as a Jewish Agency foreign agent in the FARA section, he never disclosed earlier activities in the US that led to the establishment and growth of a massive arms smuggling network across the United States.¹⁴²

Jewish Agency Initiates a US Arms Smuggling Network - (1945)

David Ben-Gurion was the chairman of the World Zionist Organization and the quasi-governmental Jewish Agency, which oversaw Jewish immigration into Palestine. Ben-Gurion traveled to the United States in 1945 in a desperate bid for the funding, arms, capital goods, and skilled people necessary to win and hold a new state in Palestine. The precedents established by Israel's first prime minister strongly influenced the formalized U.S.-Israeli diplomatic and commercial relationships that followed.

Ben-Gurion's colleague Dr. Rudolph Sonneborn convened an elite group of 19 wealthy Zionist activists on July 1, 1945 to hear his grand plan for transferring victims of the Holocaust to Palestine from displaced persons camps across Europe. Henry Montor, the national director of the United Jewish Appeal¹⁴³ (UJA), and other prominent Jewish-American fundraisers active in finance, law, and retail businesses began operating under the cover of a charitable front organization—ostensibly dedicated to the relief of European Jews—called the Sonneborn Institute.¹⁴⁴ The subsequent creation of separate but legally chartered corporate entities engaged in illicit activities gave the Jewish Agency and budding Israeli defense forces (the Haganah) operational "plausible deniability" if any of the autonomous cells engaged in "black operations" across the U.S. were uncovered.

Rabbi Irving Miller was instrumental in coordinating higher-level arms smuggling and finance even as he openly served as the chairman of the Jewish Agency's American Section, according to Teddy Kollek, a Haganah and Jewish Agency operative based in New York who later became mayor of Jerusalem.¹⁴⁵ In the years following its first meeting, the Sonneborn Institute spawned a half-dozen organizations conducting both aboveboard and highly illegal activities that gave rise to Israel's military, air transport, and shipping industries.

Vast quantities of war materiel were unleashed onto the American market when the U.S. demobilized after WWII. The War Assets Administration (WAA) administered sales of enormous stocks of highly specialized machinery and military equipment. WAA mandated this had to be either converted to civilian use or decommissioned and sold as scrap. The Sonneborn Institute's drive to build a self-reliant military-industrial capacity

began when Ben-Gurion sent engineer Haim Slavin to New York to research modern ammunition and arms production. Slavin operated under the truism that it is faster and cheaper to acquire the technology of others than to develop the same capability oneself. He began researching modern production while commissioning the design of an entirely new weapon (code named "the gun") for the Haganah and searching for highly specialized WWII surplus production machinery across the United States.

The Sonneborn network front companies bore innocuous names such as "Machinery Processing and Converting Company" and acquired, stored, packaged, disguised, and exported capital goods. The first purchases included six tons of machinery from the Remington Arms plant in Bridgeport, CT for manufacturing .303 caliber ammunition for "the gun." The network could acquire state-of-the-art ammunition-making equipment worth hundreds of thousands of dollars at the price of \$70 per ton only by promising complete decommissioning. Another WAA deal routed through a friendly entrepreneur's corporation secured 200 tons of M-3 demolition explosive at the price of 10 cents per 2.25-pound block, just as the U.S. Department of State declared an embargo on arms shipments to the Middle East.

The network's core competencies involved high secrecy. Sophisticated military-industrial gear was disassembled, catalogued, and disguised as civilian machinery so it could be divided up into innocent-looking components that would make it past U.S. customs inspectors for shipment to Palestine. Ammunition and firearms were welded into the centers of giant boilers or generators, while TNT crates were stenciled with innocuous labels. The Sonneborn Institute was also active in manpower exports. Friends inside and outside the U.S. government provided timely intelligence for key military personnel recruitment operations. One front, Materials and Manpower for Palestine, surreptitiously obtained the entire data set used by U.S. armed service chaplains, which allowed the Haganah to direct targeted appeals to Jewish veterans in the United States during its drive to recruit military volunteers to fight in Palestine.

Jewish Agency Smuggling Network Members Violate US Arms Export Controls

The network also thought big. Even after the U.S. State Department declared its embargo on arms shipments to the Middle East, it purchased a baby flat-top aircraft carrier from the WAA for \$125,000. The plan was for the *U.S.S. Attu* to ferry arms and DPs to Palestine and be fully restored for air attacks.¹⁴⁶

Nathan Liff, who had acquired a WAA contract for scrapping surplus arms, owned a Honolulu scrap yard that was the site of a major arms theft operation. Liff notified Sonneborn during a visit to New York about his access to surplus war planes. Al Schwimmer, a wartime TWA flight engineer who worked in an aircraft reconditioning and air freight business in Burbank, sent Haganah West Coast coordinator Hank Greenspun to Hawaii to look over Liff's inventory and procure functioning surplus aircraft engines.¹⁴⁷

Greenspun noticed brand-new crated .30 and .50 caliber machine guns in a military section of the yard full of stock that had not been rendered inoperable. The crates were not only still owned by the military, but actively patrolled by U.S. Marines. Greenspun observed the sentries' timetable and used a forklift to steal 58 crates containing 500 machine guns. He carefully replaced the new stock with crates of guns already rendered inoperable from Liff's side of the yard.¹⁴⁸ Greenspun moved the guns to Los Angeles for transshipment to Palestine via Mexico. He almost lost the 35 tons of machine guns out of San Pedro harbor while employing a civilian yacht for the Los Angeles-to-Acapulco leg of the smuggling operation. The machine guns arrived in Israel by October of 1948.¹⁴⁹ Kolleck also established front operations with Latin American dictators, including Anastasio Somoza in Nicaragua. Somoza bought operable WAA stock from the U.S. as a sovereign state, which he reshipped to Palestine in exchange for a 3.5 percent kickback. Haganah operatives also coordinated with gangster boss Sam Kay to traffic arms through Cuba and Panama.¹⁵⁰

Israel's proto-air transportation service began when Al Schwimmer purchased three surplus military Lockheed Constellations from the WAA for \$45,000. The sticker price for the new commercial service version, depending on the equipment configuration, was \$685,000 to \$720,000. The airplanes were capable of flying 300 miles per hour, had a service ceiling of 16,000 feet, and could carry 100 passengers or 10 tons of cargo. Schwimmer used another \$20,000 of the network's funds to rent space at the Lockheed Air Terminal, where he added 10 smaller surplus C-46 Commando cargo planes under the name of Schwimmer Aviation.

Schwimmer also made a proposal to an out-of-luck Florida cargo entrepreneur, Charles Winters, who had purchased two B-17 bombers and converted them for civilian use. Each was capable of carrying seven tons of bombs and cost \$204,370 to manufacture. When Winters' Caribbean fruit cargo business failed to prosper, Schwimmer asked if he was interested in flying the bombers to "somewhere in Europe." Winters navigated the bombers across the Atlantic to Czechoslovakia, where they were refitted for war and used to attack Egypt.

Schwimmer's air fleet left the United States for Panama, registered under a shell corporation as a Panamanian airline to evade export controls. It soon departed Panama and went into service in Europe, ferrying military supplies between Czechoslovakia and Tel Aviv. The U.S. Central Intelligence Agency detected the activity and filed a report titled "Clandestine Air Transport Operations" on May 28, 1948. The report cover letter advised that "U.S. National Security is unfavorably affected by these developments and that it could be seriously jeopardized by continued illicit traffic in the 'implements of war.'" The CIA noted that Schwimmer's crews operating in Europe "dressed in U.S. Army uniforms without insignia," which deceived airport authorities in sovereign nations such as Switzerland into believing Schwimmer's air transport smuggling ring was really a "U.S. Air Force Operation."¹⁵¹

Arab nations attacked the newly founded Israel in 1948 after a United Nations decision to partition the British-controlled territory of Palestine into Jewish and Arab states. Jewish

forces armed by the Sonneborn network prevailed, seizing territories far beyond those won in the United Nations. Egypt and Jordan absorbed much of what was left of the territories intended for a Palestinian state. The smugglers were largely immunized by Israel's victory. Sonneborn smuggling organizations handling "black" goods gradually became legitimate after Israel won independence. The Supply Mission of the State of Israel in New York absorbed Machinery and Metals Company to manage military acquisitions. Materials for Palestine became Materials for Israel and stopped handling military equipment in favor of basic civilian goods for immigrants, including medical supplies, clothing, footwear, and vehicles. Land and Labor for Israel quietly shut down for less formal recruiting efforts.

Jewish Agency Representatives Meet with FBI Director and Appeal for Non Prosecution

The FBI, like the CIA in Europe, was alerted early on to the massive smuggling activities taking place across the United States, but took little effective action. In 1949, Charles Winters pled guilty to illegally exporting airplanes and was sentenced to 18 months in prison. Schwimmer was charged with conspiracy to violate the Neutrality Act, and along with Leo Gardner, Rey Selk, and Service Airways, was found guilty. All were ordered to pay fines of \$10,000.

But none of the truly "big fish" of the Sonneborn arms smuggling network were ever indicted. Henry Montor, leader of the United Jewish Appeal, who organized the first Sonneborn meeting, became founder of the Israel Bond Organization, which successfully floated its first issue of \$52 million in 1951. His smuggling network fundraising efforts that operated in tandem with the UJA were never prosecuted. Montor left the U.S. to live in Rome and Jerusalem in 1957.¹⁵² Rudolf G. Sonneborn retired quietly as director of Witco Chemical Company and died in 1986. William Levitt is celebrated as the entrepreneur famous for postwar American mass production housing such as his "Levittown" development. Levitt provided a \$1 million loan at no interest for the purchase of 15 Messerschmitt ME-109 fighter aircraft from Czechoslovakia for the Haganah, but never faced legal consequences for violating the Neutrality Act.¹⁵³

Al Schwimmer prospered, as he went on to become managing director of Israel Aircraft Industries (later Israel Aerospace Industries) after Israel's war of independence.^{xxx} With the backing of Ben-Gurion and Shimon Peres (Director General of the Ministry of Defense), Schwimmer worked to make IAI an indispensable vendor to the Israeli Air Force in the 1950s. The ambitious IAI attempted to manufacture complete modern fighter jets suitable for domestic military use and export. Later, recognizing necessary economies of scale and industrial capacity shortcomings, it settled into a more specialized role as an advanced modification, upgrade, and improvement vendor for existing fighters, commercial aircraft, and helicopter airframes, as well as manufacturing engines and electronics systems.

^{xxx} Known by Arab Palestinians as "al Nakba" or "the disaster."

The organizations and individuals in the Sonneborn Institute's network all engaged in legitimate charitable activities as well as theft and smuggling. This cover and connection to elites involved across U.S. politics, business, and government made it a difficult target for law enforcement. After network members were arrested in Canada for smuggling prototype assault rifle components across the border in 1947, an unusual meeting was held. Leaders of the network traveled with a high-level Jewish Agency representative to Washington, DC and met with Robert R. Nathan, who had led the U.S. industrial mobilization in WWII, becoming the War Production Board's chairman in 1942.¹⁵⁴

Nathan brokered a summit with FBI Director J. Edgar Hoover. The Royal Canadian Mounted Police had already "asked the FBI to cooperate in tracking down the sources and personnel involved and maybe prosecuting." This law enforcement initiative presented a major threat to the Sonneborn network and the Jewish Agency. Nathan flatly told the FBI director that the network's activities were not "anything damaging to the United States. But it is not straight up and aboveboard. Some prominent people and some important organizations could be hurt." Nathan assured Hoover that none of the weapons involved in the smuggling ring would ever be used in or against the United States, and left the meeting feeling that the FBI director was "sympathetic," but with no indication that he would "cooperate."¹⁵⁵ But in the end, there were no meaningful prosecutions of the financial backers of what was perhaps the largest arms smuggling operation ever to take place on American soil.

Presidential Pardons for Jewish Agency Arms Smugglers, 1961, 2000, 2008

Over time, the criminal records of Sonneborn smugglers have been expunged, and even the reputations of the "little fish" convicted in court have been carefully rehabilitated to hero status. In 1950, Nathan Liff offered compelling testimony in a Los Angeles courtroom during the trial over Greenspun and Schwimmer's violations of the Neutrality and Export Control Acts. Liff explained to jurors that he gave guns to "young Jewish boys who went to the door of Hitler's ovens" to bring Holocaust survivors to Palestine.¹⁵⁶ John F. Kennedy pardoned Hank Greenspun in 1961 after winning Israel lobby support in his presidential election campaign. Bill Clinton pardoned Al Schwimmer in the year 2000, even though Schwimmer never personally applied for a pardon or expressed any contrition for his actions. U.S. supporters, led by Hank Greenspun's son, filed on his behalf. Schwimmer felt pardon requests demanded he "fill out all sorts of papers asking for forgiveness, telling the Justice Department you're sorry, you did wrong, and you regret it, and you won't do it again. I didn't feel that way, and I still don't. I didn't feel I had done anything wrong, so I never applied."¹⁵⁷

Charles Winters, the only network member to actually serve a meaningful prison sentence, was posthumously pardoned in December of 2008 by President George W. Bush after intense lobbying by Steven Spielberg and other prominent American Jews eager to repair the historical record.

The massive theft and smuggling campaign in the U.S. that was absolutely vital in the creation of Israel preceded more legitimate trade—but the general disregard for

inconvenient U.S. laws exhibited by the people who became Israel's new leaders and their U.S. supporters continues to this day. The U.S.'s inexhaustible economic benevolence is increasingly attributed to the growth in power of Israel's lobby. The values system of Israel's lobby—that almost any crime committed in the name of Israel is acceptable and must be defended—challenges American principles of blind justice.

FINDING: By appealing and successfully avoiding prosecution of key financiers by the FBI and threatening the director with "systemic risk" that high officials could be entangled by any warranted prosecution for arms smuggling in the 1940s, the AZC/AIPAC's seed money provider, the Jewish Agency, began a process of corrupting US law enforcement that continues in various forms today.

Jewish Agency Orders American Zionist Council/AIPAC to Assume Lobbying Leadership Role (1952)

After Ben-Gurion's 1952 order, the Jewish Agency's US subsidiary, the American Section in New York, was supposed to "confine its activities to control of fund campaigns, economic activities, and purchasing." The American Zionist Council could drive forward with establishing a definitive plan for structuring itself, coordinating subtle and effective public relations, and its most important tasks: funding broader grassroots and executive-level lobbying in support of Israel.¹⁵⁸

By 1954, the new AZC leader Rabbi Irving Miller had entered his second term as executive director of the organization. The Council was also gathering funding and other resources to execute a formal plan to "enlarge its activities here."¹⁵⁹ In 1954, the American Zionist Council proclaimed a total constituent organization membership of 750,000. The lead organizations under the American Zionist Council umbrella continued to be Hadassah and the Zionist Organization of America. But Ben-Gurion's mandatory reorganization had not revoked the Foreign Agent Registration Act, and the AZC soon ran into trouble.

Kenen regarded his ascension to the American Zionist Council in 1951 as the true beginning of AIPAC, as he wrote in his chapter "We Begin to Lobby." In private, Kenen made no pretense that this lobbying was in any way related to American interests:

The lobby for Israel, known as the American Israel Public Affairs Committee (AIPAC) since 1959, came into existence in 1951. It was established at that time because Israel needed American economic assistance...¹⁶⁰

By the early 1950s Kenen had crafted and implemented the American Zionist Council's new public relations issue framework. This PR frame has been further refined by AIPAC and is still in widespread use today. Rabbi Miller voiced it aloud in 1954, though he revealed that it was in fact a public relations strategy to change American public opinion. The American Zionist Council and its constituent organizations were now publicly pursuing "American interests."

Rabbi Miller underscored the council's need of "informing public opinion of the great issues which are at stake for America and for our way of life in Israel's struggle to build a secure, progressive and democratic society in the Middle East."¹⁶¹

While the issue reframing was underway early in 1952, Kenen became nervous about whether his continued contact and receipt of funds from the Israeli government would create problems with the Department of Justice. The FARA section chief was presumably still waiting for his personal FARA declaration as a private-sector public relations consultant to Israel.

For Kenen, the danger of exposure and legal liability under FARA intensified exponentially once Truman left office. In late 1951 through early 1952, Kenen's activities in Israel and return to the US proceeded quietly. Then, on February 29, 1952, the *New York Times* broke a short story detailing his activities in Israel and the US, titled "I.L. Kenen in Zionist Unit Post":

The appointment of I.L. Kenen, former director of information for the Jewish Agency in Palestine, as the Washington representative of the American Zionist Council, the public relations arm of Zionist groups in this country, was announced yesterday by Louis Lipsky, chairman of the council. Mr. Kenen, who also had served as director of information of the Israel delegation to the United Nations, recently returned from Israel.¹⁶²

I.L. Kenen in Zionist Unit Post – New York Times - 1952¹⁶³

I. L. Kenen in Zionist Unit Post
New York Times (1857-Current file); Feb 29, 1952; ProQuest Historical Newspapers The New York Times (1851 - 2004)
pg. 21

I. L. Kenen in Zionist Unit Post

The appointment of I. L. Kenen, former director of information for the Jewish Agency for Palestine, as the Washington representative of the American Zionist Council, the public relations arm of Zionist groups in this country, was announced yesterday by Louis Lipsky, chairman of the council. Mr. Kenen, who also had served as director of information of the Israel delegation to the United Nations, recently returned from Israel.

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Public disclosure of his trip left Kenen scrambling to explain his activities to the FARA office, which he eventually did using the same deception and omissions as his previous filings.

Kenen Lobbies Congressional Representatives in Israel with Israeli Government Funding 1951-1952

The FARA section monitored the media and filed relevant press clippings in its central files. Kenen felt he had to respond to the New York Times story. On March 14, 1952, Kenen wrote a letter to the FARA section about his employment at the American Zionist Council, still without revealing any Israel lobbying activity. In it, he stated that he had

joined and then temporarily resigned from the American Zionist Council for a precise period between October 1951 and January 1952. During that short time, he had visited Israel and received money from the Israeli government, only to return and pick up the reins of the American Zionist Council. He disclosed no material details about his actual activities in Israel. Kenen did reveal how urgent he felt it was to establish on record that since he was not sending propaganda back to the United States "during this trip," he should not be required to file as a foreign agent:

At the outset I should like to refer you to my letters of February 13, 1951, in which I advised you of my receipts and expenses in connection with personal services rendered to the Government of Israel prior to February 14, 1951.

Following that date I took a position with the American Zionist Council. That appointment expired in October 1951.

On November 1951, I went with my wife to Israel as guests of the Government of Israel. I was not an employee of the Government of Israel. However, the Government of Israel did pay for my passage and also a sum to cover expenses, amounting to approximately \$2518.00, calculating Israeli pounds at the tourist rate.

During this trip to Israel, I did not publish or transmit to the United States any documents, printed or propaganda material, whatever.

In January 1952, after returning from my trip to Israel, I again reverted to the American Zionist Council where I am presently employed.

I do not believe this is required to be filed under the Foreign Agents Registration Act, but am submitting this information to you to avoid any possible question.¹⁶⁴

Lacking relevant details of Kenen's actual lobbying activities, the chief of the FARA section, William E. Foley (1911-1990), responded that if Kenen was not engaging in propaganda, there would be no need to file.¹⁶⁵ Fatefully, Foley did not ask about Kenen's specific contacts or the substance of the meetings with Israeli government officials. If he had, he would have discovered that Kenen did not need to send propaganda back to the United States: the United States, in the form of key members of Congress, went to Israel to receive it. During his trip, Kenen had been formally tasked by the Israeli government with lobbying and feting these members of the United States Congress on Israel's behalf.

AIPAC founder Isaiah Kenen Letter to FARA Section about Trip to Israel¹⁶⁶

NORTH 0788

March 14, 1952

United States Department of Justice
Foreign Agents Registration Section
Washington 25, D. C.

RECEIVED
MAR 18 1952
CRIMINAL DIVISION

Gentlemen:

At the outset I should like to refer you to my letters of February 13, 1951 and April 10, 1951, in which I advised you of my receipts and expenses in connection with personal services rendered to the Government of Israel prior to February 14, 1951.

Following that date I took a position with the American Zionist Council. That appointment expired in October 1951.

In November 1951, I went with my wife to Israel as guests of the Government of Israel. I was not an employee of the Government of Israel. However, the Government of Israel did pay for my passage and also a sum to cover expenses, amounting to approximately \$2518.00, calculating Israel pounds at the tourist rate.

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In January 1952, after returning from my trip to Israel, I again reverted to the American Zionist Council where I am presently employed.

I do not believe this is required to be filed under the Foreign Agents Registration Act, but am submitting this information to you to avoid any possible question.

Sincerely yours,
I. L. Kenen
I. L. Kenen

RELEASED PER P.L.-102-526(JFK ACT)
NARA KJ DATE 03/13/08

149-3754
DEPARTMENT OF JUSTICE
7 MAR 17 1952 C.M.
RECORDS BRANCH

ILK-me

Perhaps tellingly, the Department of Justice did file Kenen's March 14 letter with all of Kenen's previous foreign agent registrations. Decades later Kenen accurately presented his leadership role in the American Zionist Council as seamless and uninterrupted:

Between 1951 and 1953, I had been the Washington Representative of the American Zionist Council, a tax exempt organization...¹⁶⁷

If Kenen had honestly disclosed his activity in Israel with members of Congress to the FARA section, they probably would have recognized it for what it was: a massive lobbying junket paid for by a foreign principal and continuation of his longstanding work for the Israeli government.

Much later in a biography, Kenen detailed how he was put in charge of visiting congressmen by his old employer, the Israeli Ministry of Foreign Affairs:

But I was not the only visitor to Israel to find out how Israel intended to use the \$65 million. Congressmen, naturally, were interested. On December 6, the Israel Foreign Ministry called to tell me that I must leave the ulpan to meet a delegation consisting of Representatives Fugate and Barrett, members of the House Banking and Finance Committee, who were part of an official sub-committee checking on loans made by the Export Import Bank. ...

That was just the beginning. Many more Congressmen were scheduled to arrive, for there was widespread doubt that Israel could survive. Celler was first and I escorted him around Jerusalem and its historic shrines.

Javits kept me busy for the next 18 hours. He had another project. His mother, Ida Littman Javits, was born in Safed. I went to Safed to urge the mayor, Rabbi Podhoretz—father of the editor of *Commentary*^{xxxi}—to name a street after her. He demurred because, he explained, there was no budget for street signs. Safed used the alphabet instead of street signs. In Jerusalem, I asked the Israel Foreign Ministry to paint the sign. But it too demurred. There was no money—either for signs or for paint. I promised to pay the bill....

During ensuing weeks I continued to escort visiting Congressmen: Ribicoff, Fugate, Keating, O'Toole, Barrett and Fein.

It soon became evident to me that I could be more useful in Washington than in Israel. Moreover, I became aware that youthful diplomats were being trained in Israel for overseas assignments. What would become of me?

So Bebe and I returned to Washington and I resumed my work on Capitol Hill.¹⁶⁸

^{xxxi} Norman Podhoretz, the former editor of *Commentary Magazine*, lobbied the George W. Bush administration to bomb Iran before the end of his term. Podhoretz's son-in-law Elliot Abrams worked as Bush's national security advisor.

Instead of regulating offshore trips paid for by the Israeli government as a foreign agency based lobbying operation, FARA did nothing. Today, Israel has become the second most important destination for members of congress, under the auspices of an AIPAC affiliate, the American Israel Education Foundation discussed later.

FINDING: AIPAC founder Isaiah Kenen failed to disclose that the purpose of his Israeli government paid trip in 1951-1952 was to lobby members of the US Congress offshore on behalf of the Israeli Ministry of Foreign Affairs. If he had, the FARA office probably would have required that he register as an Israeli foreign agent again and declare such offshore activity.

US State Department Questions Kenen's FARA Status 1953

Kenen's move from employee of the Israeli government to stealth lobbyist did not go entirely unnoticed by the US State Department. The public disclosure of his Israel trip was a legal exposure he needed to quickly paper over at the FARA section. After returning from Israel, Kenen also came under growing scrutiny and challenges from FARA's former enforcement agency. He noted:

Now, however we heard that the State Department was busily comparing my critical 1953 memoranda with those circulated by the Israeli Embassy.

"Shouldn't Kenen register as an agent of a foreign government?" a desk officer indignantly demanded of an Israeli journalist, Eliahu Salpeter of *Haaretz*, who called me to sound the alarm.¹⁶⁹

But the US State Department, no longer in charge of FARA enforcement, could do very little. Even in the face of such alarms, Kenen's American Zionist Council lobbying was beginning to pay huge dividends: on February 27, 1952, the US agreed to sell weapons to Israel, partly as a result of Kenen's ongoing Capitol Hill lobbying for arms that began while he was still on the payroll of the Israeli government's Information Office.

Eisenhower Finds AZC Lobbying with Tax Exempt Funds - 1953

Kenen's slipping FARA oversight did not prevent Eisenhower administration officials from detecting the pressures emanating from his growing stealth grassroots lobby. The Department of Justice Internal Security Division began compiling a file on American Zionist Council activities and financial operations. The Eisenhower administration then privately threatened to crack down, leading to a crisis at the American Zionist Council, as chronicled by Kenen:

Then, late in December 1953, a Republican member of our Executive Committee, who worked in Washington, told our Committee that I might be a target...¹⁷⁰

Beyond the issue of failing to file a FARA registration, the American Zionist Council operated within a category of nonprofit corporations that was "subject to strict limitations on the amount of time its employees were permitted to lobby members of Congress."¹⁷¹

Devoting most of its time and resources to lobbying with tax-exempt funds was unlawful, then as it is now. The Eisenhower administration attention also threatened exposure of the American Zionist Council's undisclosed activities as its grassroots lobbying pressures began challenging the administration's regional strategic and peace initiatives. Kenen reflected upon the American Zionist Council's resolution to its tax-exemption problems in his biography:

Our acrimonious clashes with the Eisenhower-Dulles regime over arms and water led to rumors that the American Zionist Council faced investigation. The rumors were ill-founded but they were persistent and could not be ignored. We reorganized and established a lobbying committee—the forerunner of the American Israel Public Affairs Committee (AIPAC).

Between 1951 and 1953, I had been the Washington representative of the AZC, a tax-exempt organization. A government agency had ruled that only an insubstantial portion of AZC funds had been used for lobbying.¹⁷²

FINDING: AIPAC learned in the 1950's that violating US laws, from FARA to IRS regulations governing the use of tax exempt funds and lobbying pays off. If caught, AIPAC could flex numerical political might of constituent organizations while lobbying for leniency, which it usually received.

Kenen and the administration quietly came to an agreement that the American Zionist Council would no longer lobby with tax-exempt funds.^{xxxii} Kenen then organized yet another Israel lobbying front group. It had all of the same donors and officers, but now operated under the pretext that no further tax-deductible contributions were to be used for lobbying. But it continued to lobby with Israeli government funds.

Nevertheless, because of the possibility that we might be subject to attack, we organized a new and separate lobbying committee in 1954, independent of AZC control and financing and thus impervious to challenge. It was named the American Zionist Committee for Public Affairs (AZCPA). There was no change in leadership or membership, but we stopped receiving tax-exempt funds from the AZC. Instead, we solicited contributions which would not be deductible from income tax.¹⁷³

FINDING: In the 1950's, the issue of FARA registration, the AZC's/AIPAC's true foreign principal, using Israeli funds transferred from the Jewish Agency into the United States was successfully delayed. Not until the early 1960s did the Senate begin to investigate whether US aid sent overseas and other funds were being secretly laundered back into the US to build political influence and a grassroots lobby for additional foreign aid; in 1963, a close examination of Isaiah Kenen's financing revealed that he continued to receive Israeli government funds which prompted of public calls for FARA enforcement to the Department of Justice.

^{xxxii} Many years later, another complaint would be filed against AIPAC with the Federal Elections Commission (FEC), alleging that AIPAC was illegally coordinating political action committees and functioning as a PAC in violation of its nonprofit status. The FEC found that this was "not the major purpose" of AIPAC, triggering an appeal against the FEC to Federal District Court in 1992.

FINDING: The creation of AIPAC was a direct result of the Israeli Ministry of Foreign Affairs, the Jewish Agency's desire to "localize" but continue directing US lobbying and public relations outside the bonds of FARA oversight. By maintaining stealth financial and coordinating ties with the Israeli government, Isaiah Kenen, the American Zionist Council, and AIPAC successfully thwarted FARA registration until the early 1960s.

3.0 AZC/AIPAC Lobby Under Jewish Agency/Israeli Government Direction and Funding

At the Israel Office of Information, AIPAC founder Isaiah Kenen performed public relations activities subsidized by the Israeli Ministry of Foreign Affairs. At AIPAC and the AZC, Kenen continued to perform the same function, secretly funded by the quasi governmental Jewish Agency.

Isaiah Kenen owned and edited the influential *Near East Report*, a professional lobbying bulletin published in Washington, DC beginning in 1957. Between June 1957 and May 1959, Kenen published 48 issues. The positioning and mandate of the newsletter appeared in a print issue shortly after it commenced publication. Kenen's public relations framework was now so highly developed and subtle that it made no mention at all the State of Israel:

In the last decade, the Near East has attained international significance in contemporary history. Always a center of religion, culture and philosophy, the Near East is now of primary concern in our "cold war" world. Events shaping the destiny of this crucial region are playing a decisive part in the arena of world politics—and propaganda in both a new mouthpiece to rewrite the past and a deadly weapon to determine the future.

Two years ago, the *Near East Report* was established as a Washington newsletter reporting and interpreting American foreign policy in the Near East. Our purpose, then and now: to sift out the propaganda and to clarify the facts. Our policy: to provide a lucid analysis of developments as they occur. Our aim: to contribute to a positive, constructive policy which will enlarge and strengthen the circle of American friendship in the Near East.¹⁷⁴

The *Near East Report* was absolutely vital to Kenen's Israel lobbying efforts, counting votes and lobbying for US military sales and foreign aid to Israel. Kenen kept a tight binary tally of what he categorized as "anti-Israel" votes in Congress and the UN. His expanded serialized criticism of members of Congress who attempted to craft more broadly representative Middle East policy was phrased in a lofty and disembodied third-person-plural voice. The prose was geared to instill a sense of an observant, omnipotent, and unified Israel lobby. Kenen also drummed up opposition phone calls, letters, and impassioned responses in key congressional districts. Early on Kenen went after Senator J. W. Fulbright, printing articles bearing lofty titles such as "We Differ with Fulbright" that chastised the senator for reaching out to Arab countries. Kenen also reprinted letters from activists and allies that appeared in leading regional and national newspapers.

The *Near East Report* also published many timely and detailed media monitoring reports of the Arab press and radio broadcasts, which appeared in the Comments section. Kenen seemed to be instantly privy to expansive in-region foreign press monitoring, though no information about sources and collections methods appeared in the *Near East Report*.^{xxxiii}

^{xxxiii} Since 1998, a nonprofit organization called the Middle East Media Research Institute, founded by a former colonel of Israeli Intelligence and two other intelligence officers, has provided free translated content from Arabic and Farsi sources in the Middle East. With a pipeline to many American journalists and media personalities including content prominently featured on Fox News, MEMRI's success has supplanted the

Somewhat ironically, an early mainstay section of the *Near East Report* was the "Propaganda Pressure" corner, which called out and rebuked individuals and entities Kenen considered "enemies of Israel." Analysis and excerpted statements from Senator J. W. Fulbright appeared under such blaring headlines as "Fulbright Attacks." Kenen may have seen Fulbright as attempting to expose and pull up the tender roots of his growing Israel public relations network in the US. In mid-May of 1960, Fulbright conducted a sweeping five-day tour of the Middle East. In his June edition of the *Near East Report*, Kenen printed an excerpt of Fulbright's pre-trip announcement in which the senator seemed to strike back at the very heart of the Israel lobby's US public relations campaign.

I have a feeling that we don't appreciate the Arab point of view. I think our press generally presents it in a way that makes it appear that he is just being arbitrary.¹⁷⁵

In the early 1960s, the *Near East Report* began to dabble in cartoons and more sophisticated graphics, which generally portrayed Arabs as heavily armed, violent, and incapable of crossing the bridge of modernity. The cartoons became more vicious and stereotypical as time went by.

One inalterable position of the *Near East Report* was that there should be no "right of return" or reparations payments for Palestinian refugees expelled during the formation of the state. Kenen would often highlight and diametrically oppose Fulbright's argument that the Palestinian refugee issue was at the heart of Arab-Israeli hostility.

While in Israel, Sen. Fulbright said that the refugee problem was at the root of Arab-Israel hostility. Although he conceded that the constructive solution was resettlement in underdeveloped areas of the Arab countries, he believed that Israel should accept more than a symbolic number. Mr. Ben-Gurion wants the refugee issue considered in Arab-Israel peace talks.¹⁷⁶

Kenen's own voice on the refugee issue, disembodied and expressed in an omniscient third-person-plural "we," countered such analysis. His counterpoints and talking points on Palestinian refugees emphasized the Israeli position as being the only "sensible" and clearly "mainstream" choice for Americans:

There is growing recognition of the fact that the Arab refugee problem is not the cause of the Arab-Israel war. It is a result of that war and cannot be solved unless and until the war is abandoned.¹⁷⁷

Fulbright opposed the new phenomenon of Israel-centric legislative restrictions attached to regional aid programs and unrelated bills. He publicly criticized this tactic of the AIPAC/AZC. Fulbright gradually won over even President John F. Kennedy, an extremely dangerous development for the lobby. The position probably infuriated Kenen, who printed many Fulbright quotes like the following in the *Near East Report* to mobilize his base:

I cannot help but believe that a marked improvement in our relations with the Middle East would result from some changes in attitude. A greater recognition of the dignity of newly independent nations and a small dose of humility would be deeply appreciated by most new nations....I am sure, the peoples of the Middle East would

fledgling media monitoring found in Isaiah Kenen's newsletter. Scholar Juan Cole hypothesized that MEMRI is fed, and thus subsidized, by Israeli intelligence service press monitors.

appreciate less preoccupation on our part with assertions of our own righteousness and fewer self-judging conditions tied to our aid.¹⁷⁸

The *Near East Report* also attempted to lionize and reward faithful supporters whenever it could. Senator Javit's pithy quotes were sprinkled liberally across many editions. In a section called "File for the Record," Kenen profiled then up-and-coming Senator John F. Kennedy's "correct" views about the need for Arab acquiescence to Israel and its demands on the Palestinian refugee issue. Senator Kennedy called for the new approach in the Middle East in a speech to the Senate on June 14, 1960:

We must formulate, with both imagination and restraint, a new approach to the Middle East—not pressing our case so hard that the Arabs feel their neutrality and nationalism are threatened, but accepting those forces and seeking to help channel them along constructive lines, while at the same time trying to hasten the inevitable Arab acceptance of the permanence of Israel.¹⁷⁹

But Kenen was not simply a distant and bombastic Washington political observer promoting Israel and chastising politicians from behind the drapery of a newsletter. He also began to draft planks for both major political parties.

Kenen Represents the Israeli Government in US Political Party Planks

Kenen traveled to Los Angeles on July 15, 1960 to participate in the formulation of the "Near East" plank at the Democratic Convention, which he reprinted in full in the *Near East Report*:

In the Middle East we will work for guarantees to ensure independence for all states. We will encourage direct Arab-Israel peace negotiations; the resettlement of Arab refugees in lands where there is room and opportunity for them; an end to boycotts and blockades; the unrestricted use of the Suez Canal by all nations.

We urge continued economic assistance to Israel and the Arab peoples to help them raise their living standards. We pledge our best efforts for peace in the Middle East by seeking to prevent an arms race while guarding against the dangers of a military imbalance resulting from Soviet arms shipments.¹⁸⁰

For Kenen the propaganda value of highlighting his personal involvement in both Democratic and Republican Party politics was irresistible. He momentarily broke from his usual background role dictated by his tight public relations standards. Kenen provided rare "meta level" analysis of the national and international impact of his participation in the plank formulation to *Near East Report* readers:

The importance of platforms. Many people are skeptical about political platforms. But skepticism is unjustified. Platform declarations have a positive value in the clarification and implementation of our national policies. They help to mold public opinion at home because they inform and guide candidates, who stand for election on their party's program. They have importance abroad because they transmit to other governments the views of the American people. Sometimes our foreign policy is expressed more forcibly and plainly in a platform than when masked in the language of diplomacy.¹⁸¹

FINDING: The Israeli government funded Near East Report served as a paper-based lobbying mini-seminar to educate and energize donors and activists in each congressional district. It piped Israeli lobbying objectives directly into Capitol Hill and US political parties without revealing its foreign financing.

Kenen Lobbies with Jewish Agency Funding to Quash Investigation of Israeli Terror Attacks on America and its Nuclear Weapons Program

As Kenen churned out the newsletter, Kremlinologists in US intelligence agencies were trying to interpret the complex inner workings of Soviet power politics during the Cold War by "reading between the lines." They observed body language and the location of various leaders at Soviet events in Red Square filling in troublesome gaps in hard human and electronic intelligence. Kenen's strange February 1, 1961 *Near East Report* article about the "Lavon Affair" is a contorted masterpiece of misdirection and obfuscation. It is close to being unintelligible without insider information. His article attempted to tell his readership how to react to what outsiders would have seen as merely a distant internal power struggle in the Israeli government.

The clash between Prime Minister David Ben-Gurion and Pinhas Lavon, secretary-general of Histadruth, Israel's powerful trade union federation, whipped up Israel's gravest political crisis and culminated in Mr. Ben-Gurion's resignation on Jan. 31....

The conflict came to a climax after a "security mishap." The Israel government has never disclosed the precise nature of the incident which forced Mr. Lavon to retire under a cloud in February 1955. At that time—and ever since—Mr. Lavon denied responsibility for the affair, but in the ensuing inquiry his subordinates in the defense department claimed that the operation was in accord with his instructions...

Censorship, however, creates vacuums which are swiftly filled—and contaminated—by propaganda. Egyptian propagandists identified the 1954 mishap as the 1955 Gaza raid. In 1955, the Israeli army attacked Egyptian military installations at Gaza in reprisal for fedayeen raids. Egyptians always claim that Nasser was forced to ask the Soviet bloc for arms because of their defeat at Gaza. And so they circulated press reports that the Lavon affair was responsible for Nasser's attachment to Moscow. But this propaganda is confounded by the calendar. The Gaza raid took place on Feb. 28—long after the Lavon resignation.

But the 1954 incident, itself, is of little significance today. The Lavon affair of 1954 is far overshadowed by the Lavon affair of 1960. What is important is that Israel's democratic system is now facing its most critical challenge.¹⁸²

What was Kenen tiptoeing around with such care? A scandal that very indirectly tied the Jewish Agency Executive to an Israeli terrorist attack on the United States. In the summer of 1954, Israel conducted a covert false-flag operation in Egypt, code-named "Operation Susannah." Israeli agents launched terrorist bombing attacks against US-, British-, and Egyptian-owned targets in Egypt. US Information Service libraries in Alexandria and Cairo were targeted.

Since 1950, it had been US policy to pressure the British to withdraw from the Suez Canal and abandon two treaties: the Anglo-Egyptian Treaty of 1936, which made the canal a neutral zone under British control, and the Convention of Constantinople. Israel feared that a British withdrawal would remove an important check on Egyptian president Gamal Abdel Nasser's military ambitions. After Israel's diplomatic efforts failed to convince the British to stay, Israel unleashed the false-flag terrorist operation designed to convince the British that it was too dangerous to leave while framing the Egyptians. Israel recruited and the IDF trained a group of young Egyptian-born Jews to carry out the terror operations in Cairo and Alexandria. While exactly who ordered the operation and other details remain to this day a closely guarded secret in Israel, it is known that

members of the terror cell were apprehended by Egypt in 1954. In December of the same year they were put on trial. Operatives Max Binet and Yosef Carmon avoided revealing operational details by committing suicide.

Kenen wrote about the scandal caused by the arrest of the group using its Israeli reference, *essek bish* (the mishap). The scant reporting on the "mishap" that appeared in the Western press referred to it as the "Lavon Affair," after defense minister Pinhas Lavon. Lavon strenuously denied that he had ordered the terror operation. As Kenen noted, Lavon was forced to resign his post over the matter in January 1955.¹⁸³

The incident caused a break between Ben-Gurion and Levi Eshkol (1895-1969) in 1961 over Ben-Gurion's insistence on fully investigating and learning lessons from the sordid incident. Up-and-coming political rival Levi Eshkol was insistent that investigating the affair was a waste of time, and he wished to bury it as soon as possible. On December 13, 1964, he addressed the issue before the Mapai Central Committee:

If I vote in favor of an inquiry into the Lavon Affair...We would be opening a Pandora's box of troubles. It will not end with this affair or with this investigation. We'll be spending the next fifteen years dealing with investigations into various unsolved matters.¹⁸⁴

The matter was of more than passing historical interest to Kenen. Before becoming Prime Minister of Israel in June of 1963 and engineering the Lavon cover-up, Eshkol^{xxxiv} sat on the board of the Jewish Agency. Eshkol and other Israelis approved the disbursal of millions in funding from that agency, some laundered through the American Zionist Council secretly subsidized Kenen's public relations efforts, lobbying, and publication of the *Near East Report*. Eshkol clearly felt that Jabotinsky and the Operation Susannah terrorists were quintessential Israeli heroes. This view was later quietly supported by the Israeli military. The surviving members of the terror cell received acknowledgement and military honors in Israel in 2005, as noted by the *Jerusalem Post*:

Marcelle Ninio, Robert Dassa and Meir Zafran were accorded military ranks Wednesday in recognition of their service to the state and their years of suffering. The three are the last surviving members of Operation Susannah, an Israeli spy and sabotage network.¹⁸⁵

Kenen, who delighted in publishing cartoons depicting Arabs as the region's only terrorist bomb-throwers, could never portray his foreign principal in the same way when writing about the Lavon affair or Israel's creation. By November of 1961, he had downgraded the Lavon Affair to merely an "espionage debacle" in the *Near East Report*:

Another Explosion. Premier Ben-Gurion may resign in a new political upheaval which has split the dominant Mapai party. He is protesting a cabinet decision which clears his political antagonist, Pinchas Lavon, secretary general of Histadruth, of any responsibility for an espionage debacle in Egypt in 1954. The investigation showed that a senior military officer had falsely accused Lavon of ordering the operation which led to Lavon's resignation as Minister of Defense.¹⁸⁶

Kenen's and the Jewish Agency's survival of the Lavon Affair required a degree of incuriosity from Congress. Senate investigators briefly compelled verbal testimony from Jewish Agency executives that revealed Eshkol's key position on the Jewish Agency

^{xxxiv} Levi Eshkol also fulfilled Vladimir Jabotinsky's wish that his body be brought to Israel for burial.

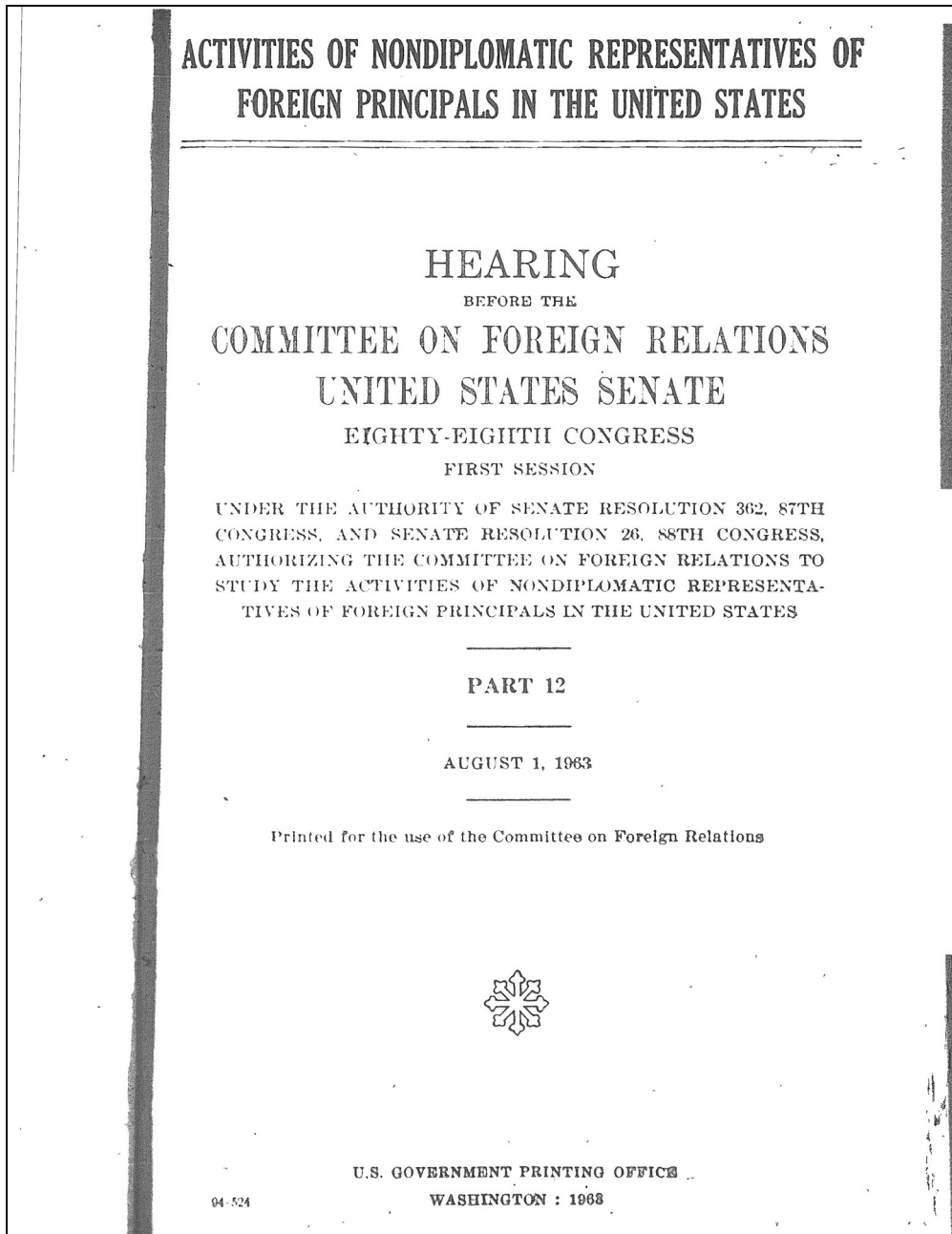
board which was directly funding Kenen's newsletter in the US during 1963 testimony. But they did not (and probably could not) establish Eshkol's link to covering up the bombing of US government property in Egypt, for lack of relevant public and classified US intelligence information. There were also no "Kremlinologists" capable of interpreting Kenen's or any other obtuse press accounts, foreign government funded PR and circumlocutions surrounding the cover-up in the US.

FINDING: The AZC/AIPAC used Israeli government funding (provided by the Jewish Agency) to launch public relations that downplayed and minimized the impact of an Israeli terrorist attack on the United States.

Jewish Agency Payments for AZC/AIPAC Lobbying

In reality, the Israeli-government-funded Jewish Agency was footing the bill. Between June 29, 1960 and October 13, 1961, Kenen received \$38,000, usually in \$5,000 increments, from the Jewish Agency, laundered through the American Zionist Council, to publish the *Near East Report*.¹⁸⁷

**Senate Record on Jewish Agency/Israeli Government Payments to AIPAC Founder-
August 1963¹⁸⁸**



1734 ACTIVITIES OF AGENTS OF FOREIGN PRINCIPALS IN U.S.

what they would be considered partners in their operation, wouldn't they?

Mr. Boukstein is a far better lawyer than I am, and I am sure he will say they were dealing at arm's length at all times.

Mr. Boukstein. I don't know, Mr. Chairman, if I am a better lawyer than you, you are a very distinguished lawyer.

There were two independent operations here. One is the Joint Fund. That Joint Fund was administered by the Consulate and money was contributed to it by the Agency. That is operation No. 1.

In that case clearly the Agency was not the agent of the Israel Government.

WESTERN HEMISPHERE RECORDS

The second operation was the Western Hemisphere records. That operation was exclusively an operation of the Agency. It conceived the records, it wrote the records, its staff composed them. The mechanical job of producing them was done in the office of the Israel Consulate or Office of Information, and for that the Agency paid the Government.

Now, here again, the Agency couldn't be an agent of the Government. In the first project they were partners in the project, but no one—certainly the Agency wasn't the agent of the Government.

In the second one, the Government was merely a mechanical tool for production.

The CHAIRMAN. Question 13(b) of the registration form reads as follows:

13(b) Any subsidy or other financial assistance received by registrant during the period directly or indirectly from—

Any foreign government or foreign political party, or any official or agency thereof—

It would seem from your statement that you did receive from the Israel Treasury the \$1,400, didn't you?

Mr. Hamlin. Sir, we didn't receive any assistance from the Israel Treasury.

The CHAIRMAN. You paid them.

Mr. Hamlin. We contributed toward a joint fund.

The CHAIRMAN. That is right.

We will put the document in there.

I am getting so confused on it I don't know which fund I am talking about.

STATEMENT ON PAYMENTS TO MR. KENEN THROUGH THE AZC

The CHAIRMAN. Mr. Hamlin, I show you a copy of a reply supplied the committee in answer to its question which appears in the printed record of the May 23 meeting on the payments made by your Agency to Mr. I. L. Kenen, directly or through the American Zionist Council, and ask if you wrote this statement.

Have you got a copy of it there?

Mr. Hamlin. Yes, sir.

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ACTIVITIES OF AGENTS OF FOREIGN PRINCIPALS IN U.S. 1735

(A copy of the document is as follows:)

[Material requested by Senate Foreign Relations Committee in letter of June 17, 1963, to Mr. Isadore Hamlin]

Item 8. Request for year-by-year accounting of payments made by the Jewish Agency—American Section, Inc., through the American Zionist Council or directly to Mr. I. L. Kenen and/or the American Israel Public Affairs Committee.

No direct payments were made by the Jewish Agency—American Section, Inc., to Mr. Kenen or the American Israel Public Affairs Committee. No payments were made by the Jewish Agency—American Section, Inc., to the above named through the American Zionist Council. However, at the request of the Jewish Agency—American Section, Inc., the Jewish Agency for Israel, Inc., made available to the American Zionist Council for the account of the Jewish Agency—American Section, Inc., the sums listed below. The American Zionist Council had advised the Jewish Agency—American Section, Inc., that it needed these funds in order that it might pay the same on account of its indebtedness to the Near East Report, a publication issued in Washington, D.C., by Mr. I. L. Kenen in his private capacity. The Jewish Agency—American Section, Inc., was informed that this indebtedness has been incurred by the American Zionist Council on account of subscriptions to the Near East Report, circulated to a list furnished by the American Zionist Council. These amounts were also to be taken into account in the adjustment of rent, at the end of the year, payable by the Jewish Agency—American Section, Inc., to the Jewish Agency for Israel, Inc., for office space occupied at 515 Park Avenue.

June 29, 1960	\$5,000	Apr. 17, 1961	\$3,000
July 21, 1960	5,000	Aug. 15, 1961	5,000
Aug. 18, 1960	5,000	Oct. 13, 1961	5,000
Mar. 2, 1961	5,000		
Mar. 29, 1961	5,000	Total	38,000

The CHAIRMAN. The statement reads as follows:

No direct payments were made by the Jewish Agency—American Section, Inc., to Mr. Kenen or the American Israel Public Affairs Committee. No payments were made by the Jewish Agency—American Section, Inc., to the above named through the American Zionist Council. However, at the request of the Jewish Agency—American Section, Inc., the Jewish Agency for Israel, Inc., made available to the American Zionist Council for the account of the Jewish Agency—American Section, Inc., the sums listed below.

Honestly, Mr. Hamlin, I find it extremely difficult to follow this, and I am reading it so I hope you will clarify it:

The American Zionist Council had advised the Jewish Agency—American Section, Inc., that it needed these funds in order that it might pay the same on account of its indebtedness to the Near East Report, a publication issued in Washington, D.C., by Mr. I. L. Kenen in his private capacity. The Jewish Agency—American Section, Inc., was informed that this indebtedness had been incurred by the American Zionist Council on account of subscriptions of the Near East Report circulated to a list furnished by the American Zionist Council. These amounts were also to be taken into account in the adjustment of rent, at the end of the year, payable by the Jewish Agency for Israel, Inc., for office space occupied at 515 Park Avenue.

Then there follows seven separate \$5,000 payments amounting—with one \$3,000—amounting to \$38,000.

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PURPOSE OF MAKING PAYMENTS THROUGH A CONDUIT

I won't read all of them. I would like to ask you why did you not pay the \$38,000 directly to Mr. Kenen. Why do you go through all this rigamarole?

Mr. HAMLIN. Sir, the answer is we would have no reason to pay this money directly to Mr. Kenen. The money was for the specific purpose of buying subscriptions for a list of the American Zionist Council.

The CHAIRMAN. I don't understand all this language here. What you mean is you just paid it to the Zionist Council, is that right?

Mr. HAMLIN. We would have normally paid the American Zionist Council; yes, as we did in previous periods.

The CHAIRMAN. But you knew it was for the purpose of paying Mr. Kenen.

Mr. HAMLIN. Yes, sir.

The CHAIRMAN. Were these actually for subscription—

Mr. HAMLIN. If I may correct that, so that the record will be absolutely clear, this was payment to the American Zionist Council so that the American Zionist Council could straighten out their affairs with Mr. Kenen in connection with the subscription.

The CHAIRMAN. If you can make this record clear you are a genius far beyond anyone I have ever met anywhere.

Mr. HAMLIN. I am sorry.

(See Appendix, items C and D, pp. 1779 and 1781.)

QUESTION OF WHY PAYMENTS ARE NOT MADE DIRECTLY

The CHAIRMAN. It is not at all clear to me what you gain by all this rigamarole. Why didn't you pay Mr. Kenen directly? He was serving your purpose, wasn't he?

Mr. HAMLIN. Mr. Kenen had no connection with us whatsoever. I stress again, Mr. Chairman, the American Zionist Council appealed to the American Section, to the Jewish Agency—American Section, to grant a certain amount of money, and this has been going on for several years, so that the American Zionist Council could get the Near East Report mailed to a large mailing list in which the American Zionist Council was interested. Therefore—

The CHAIRMAN. You were interested, too, weren't you?

Mr. HAMLIN. Sir?

The CHAIRMAN. You were interested, too.

Mr. HAMLIN. This was within our general purpose certainly.

The CHAIRMAN. Of course, it was.

Mr. HAMLIN. Pardon me.

The CHAIRMAN. I say, of course it was.

ACTIVITIES OF AGENTS OF FOREIGN PRINCIPALS IN U.S. 1737

I mean they were serving your purpose, they were all serving your purpose, you had a common purpose with all of them, didn't you and you had the money.

Mr. HAMLIN. Pardon me, sir.

The CHAIRMAN. And you had the money.

Mr. HAMLIN. Yes, sir; we did. Fortunately.

OWNERSHIP OF 515 PARK AVENUE

The CHAIRMAN. Who owns the building at 515 Park Avenue?

Mr. HAMLIN. The building at 515 Park Avenue is at this time owned by the Jewish Agency for Israel, Inc.

The CHAIRMAN. At this time, when—has it changed recently or how long have you owned it?

Mr. HAMLIN. It was always owned by the Jewish Agency, Inc.

Mr. BOUKSTEIN. He hopes to own it.

The CHAIRMAN. About the payment to Mr. Kenen, were these actually for subscriptions?

Mr. HAMLIN. Sir, the American Zionist Council came to us and said, "Please let us have an appropriation of funds so that we could straighten out our affairs in connection with the subscription list that we gave Mr. Kenen for distribution of the Near East Report."

LETTER FROM MR. KENEN, DATED JULY 31, 1963

The CHAIRMAN. Well, I have a letter from Mr. Kenen, a sworn letter, on the 31st of July 1963—that was yesterday.

(A copy of the document referred to follows:)

WASHINGTON, D.C., July 31, 1963.

DEAR SENATOR FULBRIGHT: Thank you for the opportunity to read and comment on the testimony taken by the Senate Committee on Foreign Relations on May 23.

I wish to refer specifically to statements which appear on pages 1252 and 1253 and which suggest that I received \$20,000 per year from the American Zionist Council for personal services.

The fact is that I was paid a fee of \$100 per week for my personal services, consisting mainly of speaking engagements—about one a week—before national and local bodies of the American Zionist Council, its constituent organizations, and other groups throughout the United States. The balance received from the American Zionist Council was in payment for subscriptions to the Near East Report, which I publish and edit, and in reimbursement for travel, printing and office expenses. My personal services to the council ended July 1, 1960.

The Near East Report, established in 1957, is sold on a subscription basis to many organizations and individuals throughout the United States. The American Zionist Council purchased subscriptions for its leaders and regional offices,

ACTIVITIES OF AGENTS OF FOREIGN PRINCIPALS IN U.S. 1737

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1738 ACTIVITIES OF AGENTS OF FOREIGN PRINCIPALS IN U.S.

for newspaper editors and educators. These subscriptions, averaging about 23 percent of the total circulation, expired in 1962.

Very truly,

I. L. KENEN.

Subscribed and sworn to before me this 31st day of July 1963.

_____, Notary Public.

It says: [Chairman reads the letter in its entirety.]

RELATIONSHIP BETWEEN MR. KENEN AND THE AZC

Here I would gather he says he is an employee, or was, of the American Zionist Council, he is not an independent entrepreneur the way you described a moment ago, according to his letter.

Mr. HAMLIN. Sir, I don't know the relationship between Mr. Kenen and the American Zionist Council. But the letter is clear, that he performed certain services to the American Zionist Council.

Now, what we are discussing in my answer to this question is a subsequent period to this relationship and refers only to subscriptions to the Near East Report.

The CHAIRMAN. Well now, this change in status came about approximately the same time as you reorganized your whole operation in America, did it not?

Mr. HAMLIN. Yes, it did.

PURCHASE OF SUBSCRIPTIONS FOR NEAR EAST REPORT

The CHAIRMAN. Now, was this change of Mr. Kenen's status part of the reorganization, so instead of paying him directly, you now buy enough subscriptions to pay him?

Mr. HAMLIN. It would not, sir.

The CHAIRMAN. Why not? Doesn't he perform very much the same function he did before? He serves the same purpose.

Mr. HAMLIN. No, sir, not at all.

The CHAIRMAN. Why not?

Mr. HAMLIN. He was performing speaking services during that earlier period. We were giving the American Zionist Council a money grant for subscriptions for the Near East Report.

The CHAIRMAN. Doesn't he speak any more?

Mr. HAMLIN. To my knowledge, he has no connection now, no arrangements with, the Zionist Council.

The CHAIRMAN. But he writes these letters, doesn't he?

Mr. HAMLIN. Pardon me?

The CHAIRMAN. He writes the Near East Report.

Mr. HAMLIN. Yes, sir, he does.

The CHAIRMAN. And he sends them to all sorts of people free of charge, doesn't he?

Mr. HAMLIN. I am sorry, sir.

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ACTIVITIES OF AGENTS OF FOREIGN PRINCIPALS IN U.S. 1739

Mr. HAMLIN. Free of charge? I don't know.

The CHAIRMAN. Well, you pay for them. I mean the arrangement is that you, through the Council, pay for them and they send them to a list who do not subscribe, is this not correct?

I can see from my own experience. He sends me one and I don't pay for it.

Mr. HAMLIN. Sir, the Council provided the funds—

The CHAIRMAN. Is it me or the committee? Maybe I do him an injustice but we get one; maybe it is the committee.

Mr. BOUKSTEIN. Mr. Chairman, it is obvious from what the witness said that a large number of recipients of the bulletins don't pay for it.

The CHAIRMAN. That is right.

Mr. BOUKSTEIN. The American Zionist Council pays for a number of them.

The CHAIRMAN. That is right.

Mr. BOUKSTEIN. But nevertheless the impression should not be left that that is the bulk of the majority or the major part of the recipients of the publication. My information is that it isn't so, and while you permit me, Mr. Chairman—

The CHAIRMAN. I missed that, wait a minute.

What is not so?

Mr. BOUKSTEIN. That the number of people receiving—that the people receiving the bulletins are—what is it called, the Near East Report—which are paid for by the American Zionist Council, are not the majority of the recipients. I don't know the exact percentage, but it is only a part of the number published and distributed.

QUESTION OF NEED FOR MR. KENEN TO REGISTER

Now, while I am at it, Mr. Chairman, I would like to say one more word so that you will have the information.

I personally, in my capacity as counsel, had a great deal to do with the reorganization of activity which took place in 1960. I participated in many meetings. At no time, Mr. Chairman, did the services or functions of Mr. Kenen enter into a discussion which had anything to do with the reorganization or the purposes for the reorganization.

I am saying this simply so that the record be clear and so that no unfair inferences may be drawn as to the payments being made to Mr. Kenen.

The CHAIRMAN. I am reminded, Mr. Kenen in his own letter says that these subscriptions, from the Zionist Council average about 23 percent of the total circulation expired in 1962.

You do not regard Mr. Kenen, for practical purposes, as an employee of the Agency?

Mr. HAMLIN. Definitely not.

The CHAIRMAN. Do you find his policies in disagreement with yours?

1740 ACTIVITIES OF AGENTS OF FOREIGN PRINCIPALS IN U.S.

Mr. HAMLIN. I know Mr. Kenen is a director of the American Israel Public Affairs Committee which is composed of distinguished citizens in this country. He travels around, they have a fund raising campaign. These are not tax-exempt funds which Mr. Kenen carries on his activities as a director of that committee.

The CHAIRMAN. What are his activities in Washington?

Are you familiar with it?

Mr. HAMLIN. Not in detail, no, sir. But he is a registered lobbyist in Washington in his capacity as a director of the American Israel Public Affairs Committee.

The CHAIRMAN. He is a registered lobbyist under the domestic lobbying law?

Mr. HAMLIN. That is right, sir.

The CHAIRMAN. Why do you think he shouldn't register under the Foreign Agent Registration Act?

Mr. HAMLIN. Excuse me. I can't comment on that, Mr. Chairman.

Mr. BOUKSTEIN. Mr. Chairman, I would suggest most respectfully that Mr. Hamlin couldn't competently answer that question.

The CHAIRMAN. Could you?

Mr. BOUKSTEIN. I am not acting here for Mr. Kenen, Mr. Chairman.

The CHAIRMAN. Well, maybe we ought to ask Mr. Kenen. Do you think he would be competent to answer that question?

Mr. BOUKSTEIN. I assume he would be. My offhand opinion would be that he does not have to register under the Foreign Agents Act, not from the facts as disclosed in this, in the executive session or at this hearing.

The CHAIRMAN. Not as disclosed but from the facts as you know them?

Mr. BOUKSTEIN. Let me go further.

From the facts as I know them he would not have to register.

The CHAIRMAN. Mr. Boukstein, I would hesitate to challenge your opinion about whether he should register or not, but for the life of me I can't understand why a person who received such a large subsidy from a foreign agent indirectly because it goes through the American Zionist Council, should not have to register whereas if he received it directly, I think you would agree he would have to register, wouldn't he?

Mr. BOUKSTEIN. He—

The CHAIRMAN. And the device of merely using the American Zionist Council seems to me to be a very thin way of insulating him from the effects of the Foreign Registration Act.

Mr. BOUKSTEIN. Mr. Chairman, he is selling a service, he is publishing a bulletin. If there are any debts or any liabilities he or his corporation are responsible for them.

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ACTIVITIES OF AGENTS OF FOREIGN PRINCIPALS IN U.S. 1741

As a matter of fact, when the American Zionist Council ceased paying him for the bulletin he ceased sending out the copies to the list which they had furnished him.

I don't believe he is subject to registration under those conditions.

PURPOSE OF MR. KENEN'S PUBLICATIONS

The CHAIRMAN. I have seen a number of his publications and if they aren't completely devoted to the promotion of the purposes of your—the same purposes, the Jewish Agency, and the State of Israel, I don't know what it is. It is directed to that purpose. I am not criticizing the purpose. You have a right to do it. You do it, and you register for it. I just am not quite clear why Mr. Kenen who serves the same purpose and, in fact, in some ways much more directly in his contact with the Congress than you are why he shouldn't have to register?

Mr. BOUKSTEIN. Mr. Chairman, this is not the only publication which is favorable to Israel in the United States, there are others.

The CHAIRMAN. I have no doubt of it.

Certainly, The New York Times, the Washington Post, I could name a hundred of them, I guess, they are very favorable and I am not suggesting that they are in your employ. I am suggesting Mr. Kenen is receiving far more of his funds from the Jewish—the Israel Government directly and indirectly than is The New York Times. They are doing it strictly on their own, at least as far as I know.

I really shouldn't speak authoritatively because we haven't looked at it but it is quite clear Mr. Kenen has been, for practical purposes, as he states himself, up to a certain point of your reorganization, he was on your payroll. Then in order to insulate him you took this indirect way of paying him by buying his product and paying him in that way.

I am only trying to understand how this is done. I don't know why he shouldn't register.

Mr. BOUKSTEIN. That is a matter of opinion, Mr. Chairman. My opinion as a lawyer is that he is not subject to registration.

The CHAIRMAN. I am sure that is your present opinion. When I say shouldn't register, I am thinking really of a law if it is to be effective at all the way it ought to be written, not the way it is written. I suppose that is what I am saying.

Mr. BOUKSTEIN. There, Mr. Chairman, I may agree with you. If the law is changed—

ISRAEL DIGEST

The CHAIRMAN. Mr. Hamlin, are you acquainted with a publication called the Israel Digest?

Mr. HAMLIN. Yes, sir, I am.

The Jewish Agency—American Section in New York filed highly deceptive registration statements with FARA, first omitting any mention of the financial transfers, then disclosing only "lump sum" disbursements to the American Zionist Council, which it

called "subventions"^{xxxv} for "education". These purposefully vague, non-itemized disbursement declarations were in keeping with Ben-Gurion's intent to amplify the domestic role of the American Zionist Council which did not disclose the ultimate destination of funds transferred from the Jewish Agency on to academics, lobbyists, members of the press and think tanks. These payments not only allowed Kenen to finance his own startup activities at AIPAC, but also paid for free *Near East Report* subscriptions for every member of Congress, large donors, editors, and allies in the private sector news and information services. Although the term "money laundering" was not used at the time, it is the most accurate description of how this financial flow thwarted FARA.^{xxxvi}

In a lengthy grilling of the Jewish Agency's American foreign agent, Isadore Hamlin, during the August 1, 1963 Senate Foreign Relations Committee hearings, Fulbright attempted to clarify Kenen's precise employment status as well as exactly how the Jewish Agency was financing the *Near East Report*. As mentioned, Kenen provided copies to the Senate Foreign Relations Committee and the rest of Congress free of charge. Fulbright's interrogation of Hamlin about Kenen was dogged and revealing:

Senator Fulbright: Here I would gather he says he is an employee, or was, of the American Zionist Council; he is not an independent entrepreneur the way you described a moment ago, according to his letter.

Mr. Hamlin: Sir, I don't know the relationship between Mr. Kenen and the American Zionist Council. But the letter is clear, that he performed certain services to the American Zionist Council. Now, what we are discussing is my answer to this question is a subsequent period to this relationship and refers only to subscriptions to the *Near East Report*.

Senator Fulbright: Well now, this change in status came about approximately the same time as you reorganized your whole operation in America, did it not?

Mr. Hamlin: Yes, it did.

Senator Fulbright: Now, was this change of Mr. Kenen's status part of the reorganization, so instead of paying him directly, you now buy enough subscriptions to pay him?

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Mr. Hamlin: Yes, sir, he does.

Senator Fulbright: And he sends them to all sorts of people free of charge, doesn't he?

Mr. Hamlin: I am sorry, sir?

^{xxxv} A subvention is a grant of money, as by a government or some other authority, in aid or support of some institution or undertaking.

^{xxxvi} The Financial Action Task Force, a Paris-based multinational group formed in 1989 by the Group of Seven industrialized nations to foster international action against money laundering, agreed to a "working definition" of money laundering that includes legitimate proceeds used with the intent to promote unlawful activity. In this case, tax-exempt charitable donations made by a foreign entity were surreptitiously moved into the US financial system to fund lobbying on behalf of Israel in a way designed to avoid FARA disclosures. All of this came out, painfully and abruptly, in J. W. Fulbright's historic 1963 hearings.

Senator Fulbright: He sends them all around free of charge.

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Mr. Boukstein: But nevertheless, the impression should not be left that that is the bulk of the majority or the major part of the recipients of the publication. My information is that it isn't so, and while you permit me, Mr. Chairman—

Senator Fulbright: I missed that, wait a minute. What is not so?

Mr. Boukstein: That the number of people receiving—that the people receiving bulletins are—what is it called, the *Near East Report*—which are paid for by the American Zionist Council, are not the majority of recipients. I don't know the exact percentage, but it is only a part of the number published and distributed. Now, while I am at it, Mr. Chairman, I would like to say one more word so that you will have the information.

I personally in my capacity as counsel had a great deal to do with the reorganization which took place in 1960. I participated in many meetings. At no time, Mr. Chairman, did the services or functions of Mr. Kenen enter into a discussion which had anything to do with the reorganization or the purposes for the reorganization. I am saying this simply so that the record be clear and so that no unfair inferences may be drawn as to the payments being made to Mr. Kenen.

Senator Fulbright: I am reminded, Mr. Kenen in his own letter says that these subscriptions, from the Zionist Council, average about 23 percent of the total circulation expired in 1962. You do not regard Mr. Kenen, for practical purposes, as an employee of the Agency?

Mr. Hamlin: Definitely not.

Senator Fulbright: Do you find his policies in disagreement with yours?

Mr. Hamlin: I know Mr. Kenen as a director of the American Israel Public Affairs Committee, which is composed of distinguished citizens of this country. He travels around, they have a fundraising campaign. These are not tax-exempt funds which Mr. Kenen carries on his activities as a director of that committee.

Senator Fulbright: What are his activities in Washington? Are you familiar with it?

Mr. Hamlin: Not in detail, no, sir. But he is a registered lobbyist in Washington in his capacity as a director of the American Israel Public Affairs Committee.

Senator Fulbright: He is a registered lobbyist under the domestic lobbying law?

Mr. Hamlin: That is right, sir.

Senator Fulbright: Why do you think he shouldn't register under the Foreign Agents Registration Act?

Mr. Hamlin: Excuse me. I can't comment on that, Mr. Chairman.

Mr. Boukstein: I am not acting here for Mr. Kenen, Mr. Chairman.

Senator Fulbright: Well, maybe we ought to ask Mr. Kenen. Do you think he would be competent to answer that question?

Mr. Boukstein: I assume he would be. My offhand opinion would be that he does not have to register under the Foreign Agents Act, not from the facts as disclosed in this, in the executive session, or at this hearing.

Senator Fulbright: Not as disclosed, but from the facts as you know them?

Mr. Boukstein: Let me go further. From the facts as I know them, he would not have to register.

Senator Fulbright: Mr. Boukstein, I would not hesitate to challenge your opinion about whether he should register or not, but for the life of me I can't understand why a person who received such a large subsidy from a foreign agent indirectly, because it goes through the American Zionist Council, should not have to register, whereas if he received it directly, I think you would agree he would have to register, wouldn't he?

Mr. Boukstein: He—

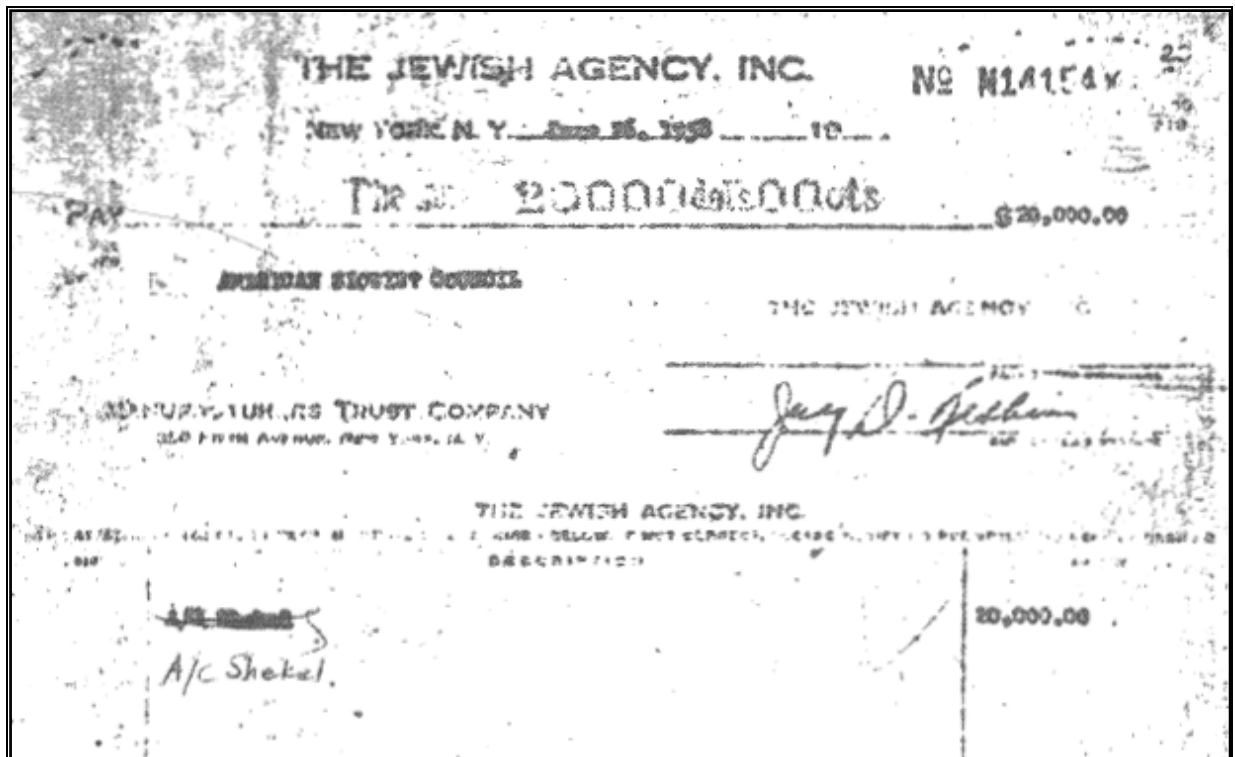
Senator Fulbright: And the device of merely using the American Zionist Council seems to me to be a very thin way of insulating him from the effects of the Foreign Registration Act.

Mr. Boukstein: Mr. Chairman, he is selling a service, he is publishing a bulletin. If there are any debts or any liabilities, he or his corporation are responsible for them. As a matter of fact, when the American Zionist Council ceased paying him for the bulletin, he ceased sending out copies to the list which they had furnished him. I don't believe he is subject to registration under those conditions.

Senator Fulbright: I have seen a number of his publications, and if they aren't completely devoted to the promotion of the purposes of your—the same purposes, the Jewish Agency, and the state of Israel, I don't know what is. It is directed to that purpose. I am not criticizing the purpose. You have a right to do it. You do it, and you register for it. I just am not quite clear why Mr. Kenen, who serves the same purpose, and, in fact, in some ways much more directly in his contact with Congress than you are, why he shouldn't have to register?¹⁸⁹

FINDING: The Israeli government/Jewish agency paid for production and free distribution of the Near East Report lobbying newsletter published by AIPAC's founder. A senate investigation found this lobbying publication to be "completely devoted to the promotion of the purposes of...the state of Israel."

\$20,000 Payment from the Jewish Agency to the American Zionist Council 1958¹⁹⁰



The Senate investigation into Israel's foreign agents created an unassailable public record of the fact that Kenen and AIPAC never formally severed ties to the Israeli government and related foreign principals as he had represented in his FARA correspondence. Yet both Kenen and his supporters would continue to attempt to drown out facts surrounding their Jewish Agency startup funding. They played up the supposedly "cleansing" and legitimizing effect of non-tax-deductible funds he later raised in the US as an AIPAC lobbyist, never discussing his foreign principal or startup subsidy. Kenen's defenders at later Senate hearings maintained that shell corporation transfers shielded him from foreign agent status. To Kenen, claiming autonomous non-tax-deductible domestic funding, as scarce as it was, was the whole key to stealth. He even tried to make this clear to his colleagues, many of whom did not understand why he was even bothering to

present himself as somehow severed from the foreign payroll or anything but a foreign agent.

Many could not understand why the Israeli government could not subsidize this modest undertaking; they did not realize that foreign agents were limited in expression and activity.¹⁹¹

However, from a strictly cash-flow standpoint, Kenen's early lobbying fundraising was a disaster that would not have survived if he had not tapped his Israeli-subsidized cash flow to the *Near East Report* and even his own funds to meet budgetary gaps.

We were always in the red, and I often had to wait a long time for my modest \$13,000 a year salary. I frequently had to lend money to the Committee, and I had to dispense with a capable assistant. The budget was not lifted until the Six-Day War.¹⁹²

Kenen at times tried to publicly highlight policy differences he allegedly had with the Israeli government as a badge of independence that AIPAC was somehow a domestic entity lobbying for "American interests." Instead they tended to confirm that he continued to act and the Israeli government's foreign agent. But in spite of the Six-Day War crisis and massive fundraising opportunity it generated, he was candid about his tight coordination with the Israeli embassy on the key issues of arms and aid to Israel. The Israeli embassy, in turn, was more truthful to Kenen than it was to the US President, even as it pumped the administration for arms.

I was opposed to a major public campaign for arms because I had been led to believe by the embassy that it would not be necessary.¹⁹³

Kenen's *Near East Report* and burgeoning ranks of allies in the US press supplanted much of the need for the Israel Office of Information's policy-oriented propaganda bulletins. In turn, the *Near East Report* served as an advocacy training program for others who went on to achieve high-profile mainstream mass media careers entirely independent of Israeli funding. Wolf Blitzer served as an editor of the *Near East Report* in the mid-1970s. While at the newsletter he followed Kenen's adversarial style with Fulbright and launched attacks on Capitol Hill opponents. Senator James Abourezk felt Blitzer was extremely one-sided.¹⁹⁴ Blitzer has since moved on to serve as the anchor of CNN's *Situation Room*.

The *Near East Report* was eventually transferred from Kenen's private ownership to an affiliated AIPAC nonprofit shell corporation called Near East Research, housed in the same building as AIPAC's Washington DC headquarters (discussed later).

1963 Senate Investigation of AIPAC and the AZC

In 1963 the Senate Foreign Relations Committee conducted lengthy hearings on the activities of agents of foreign principals in the United States.^{xxxvii} Two days of testimony

^{xxxvii} Portions of this chapter are from the book *Foreign Agents: The American Israel Public Affairs Committee from the 1963 Fulbright Hearings to the 2005 Espionage Scandal*.

in May and August publicly revealed the massive money laundering operation that had only briefly been investigated a decade before by the Eisenhower administration.

On May 23, 1963, the committee heard testimony and reviewed subpoenaed internal American Zionist Council activity reports and vouchers of payments made to Kenen. Senator Fulbright wondered aloud why Kenen was not registered as a foreign agent with the Department of Justice. Fulbright would receive few satisfactory answers to that question during the hearings. A transcript of sworn testimony details Senator Fulbright grilling two representatives of the Israeli entity responsible for channeling overseas funds to Kenen. Maurice Boukstein and Isadore Hamlin of the Jewish Agency grudgingly revealed to Fulbright how hidden "subscription" payments for Kenen's *Near East Report* subsidized his lobbying activities well into the early 1960s. Later, in his memoirs, Kenen would insinuate that Senator Fulbright was a product of such rural isolation he was susceptible to anti-Semitism:

While a strong majority of Congress supported us, one man conspicuously led the opposition. He was Senator J. W. Fulbright, an Arkansas Democrat. There were few Jews in that state, most of them—a handful—in Little Rock, and he had little opportunity to learn about Jews and their interest in Israel. Understandably, he was susceptible to the anti-Semitic doctrine that Jews were guilty of dual allegiance.¹⁹⁵

Kenen's Jewish-Agency-financed attacks on Fulbright had reached a crescendo in his *Near East Report* by the early 1960s. Given the buildup, it is a mystery that Kenen was completely unprepared for an investigation into the financing of his activities. When Kenen caught wind of Fulbright's pending investigation in 1961, he promptly fled the country for a safe haven, as he detailed in *All My Causes*:

In 1961, it was rumored that Fulbright intended to investigate foreign agents. I was subjected to a barrage of inquiries from friends and foes wherever I went, and while I was confident that I would survive the attack I decided to vanish from the scene. Coincidentally, I was invited that year to visit Iran as a guest of the Iranian government. I accepted the invitation and from there I flew on to Africa to learn more about the people of that continent. I was happy to find most African countries friendly to Israel and I was more relaxed in Africa than in Mr. Fulbright's Washington.¹⁹⁶

FINDING: When advised that the Senate was investigating his foreign agent related activities, AIPAC founder Isaiah Kenen immediately fled abroad to Africa and Iran in 1961.

Kenen had two valid reasons for worry. First, the Department of Justice was privy to the Senate investigation and about to go on record that it was dead serious about allegations that the American Zionist Council was operating as an unregistered foreign agent. It issued a blunt public statement in March of 1963 before the Senate hearings began:

The American Zionist Council's relationship with the American section of the Jewish Agency for Israel has raised the question of whether the council has an obligation to register under the Foreign Agents Registration Act.¹⁹⁷

Second, Kenen could not successfully counter the formal investigation by the Department of Justice and Senate as a "pogrom" instigated by "anti-Semites." Once again it was the American Council for Judaism leading the charge against the American Zionist Council.

Fed up, the ACJ had taken its case directly to the Department of Justice, as noted in the *New York Times*:

The Justice Department said today it was studying whether the American Zionist Council should be required to register as a foreign agency.

The acknowledgement, in response to reporters' queries, was the first statement of the department on differences between the Zionist group and the American Council for Judaism.

The Council for Judaism has publicly urged that the Zionist Council be required to register as a foreign agency that promotes immigration to and advances the political policies of Israel.¹⁹⁸

The American Council for Judaism's public demands provided added impetus and a bit of political cover for the deep and probing Senate investigation that followed. The group's objections about how tax-exempt funds raised in the United States were being used to finance politics in Israel as well as the US stemmed from a quiet power struggle. The unprecedented disclosure of how United Jewish Appeal and international funds were actually being used in America was a rumbling aftershock to the earth-shifting Zionist takeover of Jewish relief fundraising in the United States.

Jewish Relief Fundraising to Israel Laundered back into US Lobbying

Between 1921 and 1930, Zionist organizations active in the United States collected approximately \$15 million in contributions from the public. Between 1931 and 1940, this amount only rose to \$25 million, but in the period from 1941 to 1948, the amount suddenly ballooned to \$287 million. The replacement of general philanthropic, humanitarian, and relief-oriented leaders at the largest fundraising organizations with dedicated Zionists was premeditated and caused a wholesale redirection of these private tax-deductible financial flows.¹⁹⁹

The United Jewish Appeal was established in 1939. IRS treatment of UJA funds as tax-deductible contributions has been uninterrupted since then, though it was briefly threatened by the Eisenhower administration and placed in jeopardy by the non-exempt activities of groups such as the American Zionist Council. The war for control and direction of the funds raised by the United Jewish Appeal and related organizations led to a series of ugly battles between Zionist and non-Zionist stakeholders, as chronicled by Rabbi Elmer Berger:

Some years earlier, Rosenwald and Rabbi Morris Lazaron had fought against merging the United Palestine Appeal (the central Zionist fund raising effort in the United States) with the American Jewish Joint Distribution Committee. The "joint" was dominated by "non-Zionists." Its beneficiaries ran to practically every country where there were Jews in need. In an over-simplified formulation its philosophy was to provide assistance to Jews in countries in which they lived, hoping to facilitate their eventual integration into those societies. The United Palestine Appeal restricted its beneficiaries to Palestine and Zionist propaganda designed to condition contributors to support building "the national home."

Of the two major funds, the JDC had consistently enlisted the greater support—proof again that on its own, Zionism had no firm hold on the grass-roots of American Jews. Never at a loss for maneuver—or dissembling—however, the Zionist managers persuaded the "big givers" that a "united campaign" would be more efficient than the competing, double campaigns. Ideology was deliberately subordinated to "expediency" and, after a long series of negotiations and several "trial marriages" and separations, the Zionists succeeded again in forcing the "philanthropists" to confront the issue of a joint campaign. Rosenwald and Lazaron were leaders of the

opposition and the battle established a kind of friendship. But they lost and the United Jewish Appeal was established.²⁰⁰

Candidly and much later, Kenen was very succinct about the need to establish umbrella organizations that would consolidate power and ongoing fundraising resources into the hands of a few relatively nontransparent elites who could maintain cohesion through urgent issue advocacy and appeals to the funding base:

American Jews have a multiplicity of organizations serving diverse religious, philanthropic, cultural, and educational views and needs, but they have never created one permanent national Jewish organization to express the views of the totality. The American Jewish Conference came the closest. It was conceived in 1942, and its liquidation, in 1948, came after it helped to win its major objective—the restoration of a Jewish state. It died in success—perhaps because of it.²⁰¹

Between 1951 and 1960, approximately \$18 million of United Jewish Appeal money raised in the United States was transferred to the Jewish Agency in Israel and then on to Israeli political parties. In 1954, American Zionist groups affiliated with Israeli political parties were the dominant means for participating in the movement, though none registered as foreign agents.

Zionist Groups are now quasi political bodies affiliated more or less with the political parties in Israel. A Zionist sympathizer can become a member of the World Movement only by joining one of these constituent groups.²⁰²

The \$2 million per year allocation (2 percent of the agency's \$100 million budget) kept political parties from directly conducting unsightly political fundraising campaigns within the United States.²⁰³ However, FARA statutes in force at the time (see Appendices) strictly defined and applied to even these hidden aggregate connections to foreign political parties without proper disclosure.^{xxxviii} US funding flows to politicians in Israel continue to create problems. In 2008 Israeli Prime Minister Ehud Olmert was forced to resign over a corruption scandal involving US based donors. No US based Zionist organization faced prosecution for dodging FARA statutes covering ties to foreign political parties.

US Treasury Warns Israel Lobby of Impending Crackdown

However, in 1959, Treasury Undersecretary Fred Scribner (1908-1994) warned Zionist organization leaders that they needed to restructure and alter their US fundraising operations to keep the administration, the IRS, and the Department of Justice from prosecuting them for criminal violations. In a wide-ranging 1960s reorganization, the Jewish Agency transferred Zionist activities to the American Zionist Council's management, including youth immigration to Israel, propaganda, and Zionist cultural activities in the US.²⁰⁴ But funding commingled with contributions from other countries

^{xxxviii} The relevant section states "(f) the term "foreign political party" includes any organization or any other combination of individuals in a country other than the United States, or any unit or branch thereof, having for an aim or purpose, or which is engaged in any activity devoted in whole or in part to, the establishment, administration, control, or acquisition of administration, control, or acquisition of administration or control, of a government of a foreign country or a subdivision thereof, or the furtherance of or influencing of the political or public interests, policies, or relations of a government of a foreign country thereof..."

and even from the Israeli government continued to flow back into the US from entities directed by Israeli principals.

The Jewish Agency created a new executive board of 21 members in control of all UJA appeal dollars going to Israel—what one critic called "another paper operation intended to satisfy a legalism in Washington."²⁰⁵ This allowed Kenen and like-minded Zionists to obliterate the financial influence of opponents like the American Council for Judaism. Chairman Lessing J. Rosenwald quickly saw through the reorganization and complained loudly in May of 1960:

For a time, these past few months, non-Zionists and anti-Zionists had the opportunity to recover control of the vast fund-raising mechanism. Despite some honorable efforts to make a basic change in the system, the Jewish nationalist movement once again rode roughshod over non-Zionists and anti-Zionists alike.²⁰⁶

The reorganization successfully channeled funds raised in the US through conduits under the exclusive control of Zionist activists. But it also legally exposed the Jewish Agency and the American Zionist Council as they surreptitiously moved tax-exempt funds raised in the US and overseas into non-tax-deductible FARA-regulated propaganda operations, including Kenen's lobbying newsletter. This operation was uncovered in 1962 and vividly revealed by Senator Fulbright in hearings. Behind the scenes, on a parallel track, the Department of Justice moved to register the AZC as a foreign agent.

FINDING: Organizations such as the American Council for Judaism objected that tax exempt charitable donations in the United States were being used to sustain offshore political activities, and later laundered back into the US for non-exempt political expenditures.

AZC/AIPAC Funding from the Jewish Agency – Evading Investigators

The Senate Foreign Relations Committee's research team, led by Walter Pincus,^{xxxix} went to work in 1962 subpoenaing Jewish Agency and American Zionist Council documents and deposing witnesses. The Senate investigators personally visited the offices of the Jewish Agency–American Section in New York to rifle through filing cabinets, an insult that Kenen blasted in the *Near East Report*.

The hearings immediately revealed the American Zionist Council's lack of independent fundraising capabilities in the US. In spite of its status as an official Israeli-sanctioned umbrella organization for powerful Zionist organizations, even in 1963 the American Zionist Council had so little direct non-tax-deductible US funding that it all but completely relied on the Jewish Agency for support. The AZC was forced to admit this in a deposition to Fulbright:

The American Zionist Council is composed of local Zionist groups in the United States and is affiliated with the World Zionist Organization with headquarters in Geneva.

^{xxxix} A longtime reporter at the *Washington Post*.

The American Zionist Council has received virtually all of its operating funds from the Jewish Agency for Israel, via the American Section. Approximately 40 per cent of the total budget of the Jewish Agency for Israel, in turn, is contributed from the United States through the United Jewish Appeal. The Government of Israel also contributes to the Jewish Agency's budget.²⁰⁷

Ben-Gurion's vision for the American Zionist Council as a US-based successor organization to the Jewish Agency did not inspire direct funding from Jewish-relief-oriented donors. The Jewish Agency's corporate veil and actual status as an arm of the Israeli government was gradually lifted.

Initially in the May 23, 1963 Fulbright hearings testimony about the American Zionist Council's funding from the Jewish Agency in Israel ran into a wall of offshore opacity. The Jewish Agency's New York legal "architect" and long-serving registered agent was Maurice Boukstein^{x1} (1905-1980). He issued a complicated set of wire diagrams of both on- and offshore entities. He hoped they would convince the Senate investigators that the Jewish Agency was highly complex, somewhat inscrutable, and mainly engaged in "resettlement", education and "relief" operations. Whenever testimony approached formal contractual arrangements with the Israeli government, articles of incorporation, and bylaws, the "architect" became vague and evasive. All of that was safely ensconced offshore, beyond the reach of the Senate. Fulbright, a former Department of Justice lawyer in the anti-trust division attempted to penetrate the veil through cross examination.

Senator Fulbright: Do you execute and prepare the registration? [FARA registration]

Mr. Boukstein: Mr. Chairman, as I am the expert on the subject, having acted for the Agency as counsel. The constitution defines the function of the Executive. There is no document that I am aware of that lays down the working rules, such as we would in this country refer to as bylaws of the Executive. They act by resolution.

Senator Fulbright: Well, do they act under majority rule?

Mr. Boukstein. They act under majority rule by resolution.

Senator Fulbright: Do they have subcommittees?

Mr. Boukstein: They have subcommittees which they appoint ad hoc or sometimes continuing subcommittees, Mr. Chairman. But we shall search—but I am aware of the existence of no document which would be the equivalent of rules or bylaws.

Senator Fulbright: Do they have minutes of meetings?

Mr. Boukstein: Yes, they do.

Senator Fulbright: Could you supply us with copies of the minutes of their meetings since 1960?

Mr. Boukstein: Mr. Chairman, I am not so sure that would be a pertinent document. The minutes are in Jerusalem. They relate to all kinds of matters. If you mean excerpts of minutes relating to activities in the United States, we will be glad to furnish them. But I don't think that you have any interest in minutes relating to matters of completely ungermane subjects.

Senator Fulbright: No; we wouldn't request anything ungermane. It was my understanding from testimony this morning that a very large percentage of the funds of the Executive derive from this country, is that correct?

Mr. Boukstein: That is correct.

Senator Fulbright: I will agree that not all of it would be. I was interested in how this Agency operates. I don't know of any precedent of anything like it in any other instance, and I thought it would be interesting to the committee to understand how foreign agents in this particular field operate and what kind of principals they represent.²⁰⁸

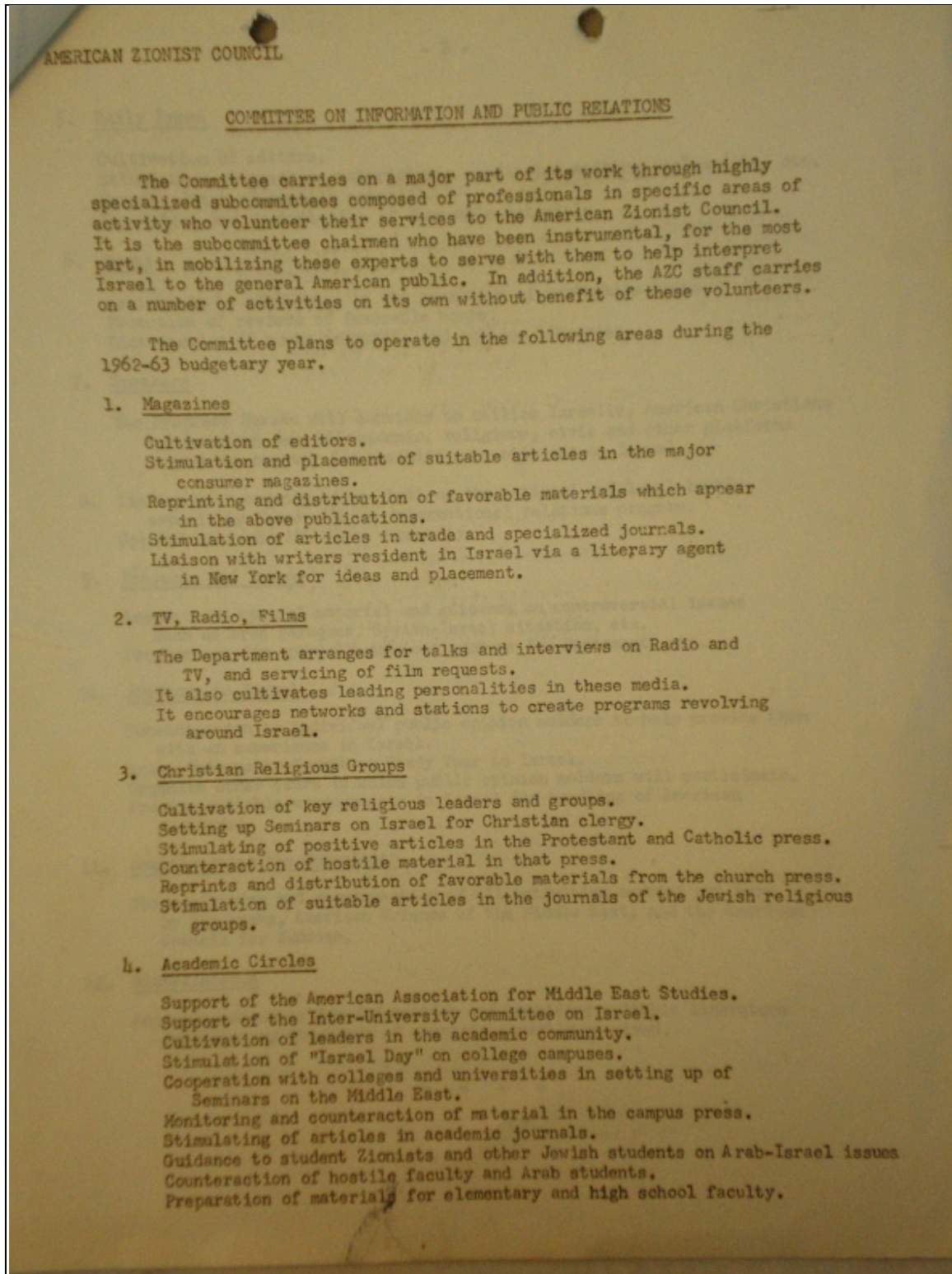
^{x1} Boukstein also served as the director of a group called the American Economic Committee for Palestine in the late 1930s, a leading member of the Claims Conference delegation to the Hague negotiations for Holocaust reparations, and served as a legal advisor to the World Zionist Organization.

Boukstein's effort to dodge discussions about offshore operations and the existence of a formal "covenant" document between the Jewish Agency and the Israeli government endured, for a while. But during the same May hearing, subpoenaed internal American Zionist Council "activity reports" never meant for public release revealed the extensive, highly developed, and subtle behind-the-scenes effort to plant stories favorable to Israeli initiatives via a select and growing group of volunteer and paid public relations specialists based in New York. The FARA section of the US Department of Justice was dumbfounded by this testimony illuminating the extent of the operations divulged in the internal documents:

The American Zionist Council's Public Relations Advisory Board was reported by Mrs. Epstein to be "our newest Committee which has only had its first meeting, and, therefore, it is difficult to know how it will develop. One of the more important public relations men in this city was invited by the Government of Israel to introduce a course on public relations at the University of Tel Aviv and to help the Government map out better procedures for its own public relations effort. Israel was delighted with the contribution which this man made, and he, in turn, came back excited and deeply interested in Israel and everything for which it stood. We were asked to approach him to build up a committee of public relations men who could be called on when and if problems arose which needed the technical know-how and assistance which only such people could give. Mrs. Epstein approached him, found him most responsive. He sent out a letter and last week 15 of the outstanding public relations men of this city sat around this table to consider how they could be of help in presenting a positive picture of Israel in the US.²⁰⁹

A confidential and damning internal strategy report on 1962-1963 public relations was placed into the Senate records ("American Zionist Council Committee on Information and Public Relations"). It was not only shockingly detailed, but seemed purpose-built to violate every line of FARA disclosure laws about foreign propaganda.

Jewish Agency Funded AZC US Public Relations Infrastructure Plan – 1962-1963



- 2 -

5. Daily Press

Cultivation of editors.
Stimulation of positive material via syndicated writers, columnists, etc.
Counteraction of hostile material.
Reprinting and distribution of favorable materials.

6. Books

Assistance to publishers in the promotion of worthwhile books.
Promotion of reviews of favorable books.
Distribution of books to public and college libraries.

7. Speakers

The Speakers Bureau will continue to utilize Israelis, American Christians and American Jews on academic, religious, civic and other platforms around the country for positive presentations on Israel.

8. Liaison with organizations, both on the national and local levels, especially those with an international relations program.
Special liaison with Negro community.

9. Projects and Issues

Issuance of special material and guidance on controversial issues such as Arab refugees, Syrian-Israel situation, etc.
Programming for special occasions such as Yom Haatzmaut, etc.

10. Visitors to Israel

Subsidization to individual public opinion molders to help provide them with an experience in Israel.
Inter-University Committee Study Tour to Israel.
Organize other tours in which public opinion molders will participate.
Provide suitable arrangements in Israel for handling of American visitors.

11. Counteracting the Opposition

The monitoring and counteraction of all activities carried out here by the Arabs, American Friends of the Middle East, and the American Council for Judaism.

12. Miscellaneous

Answering requests for information and providing suitable literature for the many thousands of requests annually received.

* * * *

Jewish Agency/AZC/AIPAC Public Relations Activities in the US

The documents placed into the Senate record also included a field report filed on October 23, 1962 by Mrs. Judith Epstein, chair of the American Zionist Council's Department of Information. Her budget had fallen from \$750,000 to \$175,500 since part of the work of the American Zionist Council had, in her words, "now been taken over by the Kenen Committee, which was charged with political action, formerly in the province of the American Zionist Council. All approaches on the Hill to the political parties, etc. are now the responsibility of the American Israel Public Affairs Committee whose funds are not tax-exempt. Thus the greater emphasis is now put on the more subtle approach, which, through positive presentation of Israel's accomplishments, aims and purpose, and by counterattack of the many enemies of Israel and the Zionist movement."²¹⁰

Epstein mentioned the American Zionist Council Information Department's efforts to prepare responses to what they considered hostile anti-Israel reports appearing in *Cosmopolitan*, *The Columbia University Quarterly Forum*, and *Editor and Publisher*. These were among "25 responses to newspapers or magazines that are written or sent" in an average month.²¹¹ The American Zionist Council was "following closely" the "Arab States with their numerous embassies and consulates, the Arab Information Office, the American Friends of the Middle East, and the American Council for Judaism," but urged that "local Councils be strengthened throughout the country so that we may be kept informed of anti-Israel activities."²¹² The Middle East Institute in Washington, DC was also being closely monitored for "anti-Israel propaganda of a subtle nature."²¹³ The department formed a campus watch group^{xli} called the Inter-University Committee on Israel, which expanded from its base in New York to place favorable articles in "leading academic publications" in the US.²¹⁴

The American Zionist Council also established a "Magazine Committee" chaired by a "man who holds a key position on the editorial level in the magazine business. He knows everyone in the trade, has important contacts and exploits them on behalf of Israel."²¹⁵ This unnamed editor led a committee composed of "15 writers and editors who are eminent in their respective fields" that "built up a 'bank of ideas' for freelance writers who go to Israel in search of articles and has provided the Israelis with a better idea of the kind of material which is acceptable to the American reading public and magazine editors. We cannot pinpoint all that has already been accomplished by this committee except to say that it has been responsible for the writing and placement of articles on Israel in some of America's leading magazines."²¹⁶ For broadcast media placements, the "TV-Radio Committee" had secured the services of "the director of creative projects of an important TV chain" to arrange for "talks and interviews on radio and TV; submits ideas for possible programs to stations and networks so as to give a better and more sympathetic understanding of Israel to the viewing American public; and takes steps to counteract hostile propaganda in these media. In view of the many millions of Americans who daily

^{xli} In 2002, Daniel Pipes, leader of the neoconservative think tank Middle East Forum, founded a group called Campus Watch. Like the AZC unit, it is charged with monitoring academia for professors who speak against Israel or content that reflects negatively on Israel. They originally published critical "dossiers" on individual professors on the Internet.

watch TV and radio, this is one of the more important media in which we must expand our work."²¹⁷

The Department of Information Speakers' Bureau had 2,240 engagements in 1961 with an "absurdly small staff." Targeting multiple community venues, one speaker in a single day would make four to seven appearances: "a Rotary Club, a World Affairs Council, a church group, a high school assembly or college group, a woman's club, a TV or Radio appearance, a background session with a local editor or commentator, etc." with the majority of "engagements before non-Jewish groups."²¹⁸

According to the field report, the American Zionist Council Research Bureau "analyzes books and articles that deal with Israel or the Middle East. When a book is favorable, it is recommended. When it is unfavorable, it is analyzed and distortions are pointed up by providing the factual data required, so that our local councils will be prepared to react to the impact which these books have on the communities."²¹⁹

The Research Bureau also interjected itself into high school textbook content: "The Inter-University Committee has been preparing textbook material as a guide to social science teachers in the junior and senior high schools on the subject of Israel. It would be impossible for these busy academicians to do the painstaking research required..."²²⁰ The Research Bureau developed centralized policy positions, now commonly referred to as talking points, for "informing local Zionist Council leaders and Jewish community leadership as to our recommended position and steps for action on issues such as the Arab refugee problem, the Soblen case,"²²¹ the Jordan water dispute, etc. Similarly we distribute material and advisories for special occasions such as the celebration of Israel's Anniversary, the tenth anniversary of Weizmann's passing, etc."²²²

The American Zionist Council in New York was quick to put out memos and templates for stories to be submitted to local newspapers from local councils across the United States. Propaganda quality control was a key concern. A February 27, 1963 American Zionist Committee memo from Harry A. Steinberg urged that "enclosed herewith suggested material which can be used by you in preparing replies to the Max Freedman articles, in the event they have appeared in one of your local papers. It is not necessary to use all of this material in your own letters to the editor. Use the portions which you feel will make the most impact on your editor and the readership of the paper. We request also that you do not use this material in the submitted form, but that you rewrite it so that letters submitted in various parts of the country do not appear to be identical..."²²³

Influencing Christian religious groups was also a key objective of the American Zionist Council. The AZC's Commission on Inter-Religious Affairs was responsible for "effort in gaining friends in the Protestant and Catholic religious communities." In addition to bringing together Orthodox, Conservative, and Reform rabbis, the committee concerned itself with "monitoring the Christian church press, stimulating articles presenting Israeli and Zionist ideology, and answering the hostile attacks very often found in the publications of the Protestant and Catholic Church, as well as cultivating key religious leaders and editors."²²⁴

The commission held seminars that in Boston alone attracted 50 Catholic priests, and documented the successful seminar approach in a "Manual for Rabbis giving the know-how of establishing these seminars, steps to be taken and the scope of the subject matter, approach, etc." The commission's work was seen as one of the "great possibilities for the future since one cannot underestimate the impact of public opinion of churchmen in this country."²²⁵ The successful fusion of the power of evangelical Christian groups with the Israel lobby a generation later would prove this analysis to be entirely correct.

The range of Department of Information activities described in the American Zionist Council field report, and the fact that they were being financed with Jewish Agency funds, raised Senator Fulbright's curiosity. Isadore Hamlin (1917-1991) was appointed executive director of the Jewish Agency–American Section in 1961. In sworn testimony, Hamlin was evasive about the massive public relations campaign underway in the United States and the central role of Isaiah L. Kenen.

Senate Testimony about “The Kenen Committee (AIPAC)” Division of the AZC²²⁶

Senator Fulbright: Now, let us see. Was this report furnished to the Jewish Agency–American Section by the American Zionist Council?

Mr. Hamlin: Sir, this handwriting on this memorandum indicates to me that it was sent to one of the members of our Executive, who is a member of one of the governing boards of the American Zionist Council. It happens to be a member of one of the governing boards of the American Zionist Council.

Senator Fulbright: But he is also a member of the Jewish Agency?

Mr. Hamlin: Yes.

Senator Fulbright: Does this report accurately describe the type of activities of the American Zionist Council which were being financed by the Jewish Agency–American Section?

Mr. Hamlin: I cannot answer that question honestly, sir, I do not know.

Senator Fulbright: Who would know about that?

Mr. Hamlin: Sir?

Senator Fulbright: Who would know about that?

Mr. Hamlin: I presume the staff members of the American Zionist Council.

Senator Fulbright: You are not very familiar with what the American Zionist Council does?

Mr. Hamlin: I am in a general way, but I am not an officer there, or an employee, so I cannot vouch for these activities.

Senator Fulbright: Do you approve of the budget that they submit to you?

Mr. Hamlin: No, sir.

Senator Fulbright: Who does?

Mr. Hamlin: The treasurer did in this period.

Senator Fulbright: Who is the treasurer?

Mr. Hamlin: Mr. Louis A. Pincus.

Mr. Boukstein: Mr. Chairman, I think there was a misunderstanding. You did not mean him personally. You mean "you" in the sense of the organization?

Senator Fulbright: Yes, the Jewish Agency.

Mr. Boukstein: He took it to mean, does he personally approve the budget.

Mr. Hamlin: Yes, I did.

Senator Fulbright: Does the Agency approve the budget?

Mr. Hamlin: Yes, sir.

Senator Fulbright: This was a period in 1962 in which, as you have testified before, the Agency is contributing approximately 80 percent of their budget, and it would be quite natural that you would examine and approve or criticize, or what you like, the budget, would it not? I mean not you, in every instance, but I mean the Agency.

Mr. Hamlin: Yes, the organization, certainly. Now, the treasurer of the Jewish Agency was requested by the Executive to negotiate this allocation.

Senator Fulbright: Who did he negotiate with?

Mr. Hamlin: With Rabbi Miller and Mr. Bick, the treasurer of the Council.

Senator Fulbright: That is right.

Mr. Hamlin: Yes, sir.

Senator Fulbright: Take the second paragraph of that memorandum, the report, I guess you would call it. I quote, "At that time the department had a budget of \$750,000." What is "the department"?

Mr. Hamlin: Did you ask at what time?

Senator Fulbright: What does "the department" mean?

Mr. Hamlin: The Department of Information.

Senator Fulbright: Department of Information?

Mr. Hamlin: Yes.

Senator Fulbright: (reading) "Today the budget is \$175,450 with an obligation to carry on a comprehensive, diverse and complex project which demands personnel and funds. However, she pointed out that the part of the work of the original council had now been taken over by the Kenen Committee, which was charged with political action, formerly in the province of the American Zionist Council. All approaches on the Hill to the political parties, etc. are now the responsibility of the American Israel Public Affairs Committee whose funds are not tax-exempt. Thus the greater emphasis is now put on the more subtle approach, which, through positive presentation of Israel's accomplishments, aims and purpose, and by counterattack of the many enemies of Israel and the Zionist movement."

Was direct political action of the unsubtle type at one time in the province of the American Zionist Council?

Mr. Hamlin: I have no personal knowledge of this, Senator.

Senator Fulbright: What do you mean by the "Kenen Committee"? I have not heard it referred to as a committee before.

Mr. Hamlin: The "Kenen Committee" is the American-Israel Public Affairs Committee.

Senator Fulbright: I thought he was known as some kind of reporter up to now. What did he—

Mr. Boukstein: It was brought out, Senator, he was in two capacities. He is the owner and publisher of a—what is it called—*Near East Report*. But in addition, he is also the director of the American-Israel Public Affairs Committee.

Senator Fulbright: And that is what this is?

Mr. Boukstein: Yes.

Senator Fulbright: Well, we will just place the report in the record.²²⁷

FINDING: Few of the Israeli government's extensive and sophisticated public relations expenditures in the United States were being properly reported under FARA in the 1960's.

AIPAC Startup Lobbying funded by the Jewish Agency

The documents that Fulbright placed into the Senate record reveal that the assertion that AIPAC was only receiving "non-tax-exempt funds" from American donors was not accurate. \$574,550 (former budget of \$750,000 minus the then-current budget of \$175,450) mysteriously disappeared from the Department of Information budget around the same time that the "Kenen Committee," or AIPAC, was ramping up its activities. The Jewish Agency's legal counsel refused to affirm what seemed obvious to Fulbright and the Senate Foreign Relations Committee: Kenen was lobbying Congress with Jewish Agency and Israeli government funds. The earlier lobbying with tax-exempt funds became untenable after the meeting with Fred Scribner and warnings of impending investigations. New artifices were erected to hide activities while the AZC continued the effort with UJA relief and Israeli government funds from the Jewish Agency. Based on budget analysis, the formation of AIPAC was an effort that temporarily sapped the "Department of Information" as startup funds were channeled to Kenen and his activities through various hidden conduits.

FINDING: The American Israel Public Affairs Committee operated as an internal lobbying division of the American Zionist Council which referred to it in internal documents as the "Kenen Committee". While the AZC claimed to be raising non tax exempt funding for the Kenen Committee, cash flow analysis reveals it received funding and direction from Israel.

Jewish Agency in Jerusalem directed payments to AIPAC Director

The Jewish Agency and the American Zionist Council initially claimed that they had an "arm's-length" subscription-based relationship with Isaiah Kenen during senate hearings. However, their own internal reports and handwritten notes revealed that Jewish Agency payments were directed by the foreign principals in Jerusalem specifically to subsidize Kenen and AIPAC.

Senator Fulbright: Well, I now show you an undated handwritten note and signed "OK. I. Hamlin," and ask you if you signed and approved the payment set forth in this note?

Mr. Hamlin: Yes, sir. This is my signature.

Senator Fulbright: The main part of the note deals with "HK Subventions," but I call your attention to the line reading "Kenen (paid 1/14 5,000)" which has a line drawn through it and the initials "OK" next to it, and ask you if this refers to I. L. Kenen?

Mr. Hamlin: Sir, I will have to look, try to find out what happened in this case. But it is possible that when we made the payments to the Council for Kenen we may have, that is, for the purpose of these subscriptions of the *Near East Report*, which was done by the American Zionist Council, for the sake of bookkeeping, for the sake of our internal records, it may have been designated as "Kenen," just as in the case of these memorandums I designated "Shwadran"^{xlii} just to save time.

Senator Fulbright: I am just trying to clarify the record on this. Could you file for the record the payments that you made through the American Zionist Council to Mr. Kenen?²²⁸

FINDING: The Israeli government/Jewish agency directly authorized funding disbursements to AIPAC's director, who maintained close contact and communications with both to achieve their policy objectives in the United States.

Jewish Agency Chief Urges FARA Changes to Accommodate Israel Lobbying - 1963

Widespread evidence that the Jewish Agency, American Zionist Council, and AIPAC were end-running the Foreign Agents Registration Act led to one final showdown over the registration law. Late in the August 1, 1963 hearing, Fulbright put the question directly to the Jewish Agency's legal counsel and engineer of the 1960 reorganization of US-based Zionist organizations, Maurice M. Boukstein:

Senator Fulbright: Mr. Boukstein, you haven't enlightened me as to how we may deal with this matter because you only confirmed my view that under the existing law and practices, at least, as they are illustrated here, it completely thwarts the purpose of the Foreign Agents Registration Act, because we are not given any

^{xlii} Benjamin Shwadran ran one of the precursor Israel lobby "think tanks" funded by the Jewish Agency. For a complete history of the strategic evolution of these entities, see *Foreign Agents: The American Israel Public Affairs Committee from the 1963 Fulbright Hearings to the 2005 Espionage Scandal*.

information—neither the public or government—as to the nature of these activities and the nature of these projects for which this registrant here is supplied the money.

Mr. Boukstein: Mr. Chairman, if you would go back to the time when the Foreign Agents Act was made law, in 1938, I think the purpose was altogether different. The language, of course, comprehends everybody; but the purpose at the time was to bring out, into the open, subversive, at that time particularly Nazi activities, and I hope that the law in this respect served its purpose.

But to the extent that it is still law and to the extent that it is to be applied to other purpose, I certainly agree with you that it needs considerable modification and change.²²⁹

In fewer words, the head of the Jewish Agency–American Section implied that that governing laws should accommodate the lobby's activities, rather than the reverse. **This is an attitude still held at AIPAC, toward election, trade, and espionage laws.**

The FARA section, Department of Justice, and FBI were working in tandem with the Fulbright investigation, although the public record in the press is truncated and provides no closure. This is because the records of the internal DOJ deliberations and actions were classified and unavailable for public review. The files contain valuable insight about the DOJ's battle to enforce FARA over its most egregious violator.

Attorney General Considers Ordering AZC/AIPAC to Register as a foreign Agent - 1962

News of the foreign agent investigation reached Isaiah Kenen in 1961. Fulbright's team investigated in 1962, rifling through Jewish Agency filing cabinets and analyzing proprietary financial data. The Senate Foreign Relations Committee held hearings about Israeli foreign principals in May and August of 1963. The looming threats of the investigation forced the Jewish Agency–American Section to file slightly more detailed declarations: the American Section began revealing, but not itemizing, substantial payment flows to the AZC in the fall of 1962.²³⁰ Senate testimony and preliminary committee reports soon made their way into the public domain in 1963. But the fate of the AZC has always been something of a mystery. The relevant internal documents revealing a secret Department of Justice battle to force the AZC to register as a foreign agent were not released until June 10, 2008 in response to Freedom of Information Act filings. An analysis of the episode sheds light on why the US Department of Justice has subsequently been extremely reticent to prosecute Israel lobby legal violations, even when the evidence of wrongdoing is simply overwhelming.

The Internal Security Division of the US Department of Justice quietly took action on a parallel track to the Senate. On October 31, 1962, Assistant Attorney General and director of the Internal Security Division J. Walter Yeagley^{xliii} (1909-1990)²³¹ notified Attorney General Robert F. Kennedy (RFK) (1925-1968)^{xliv} of a major enforcement

^{xliii} In 1959, Yeagley became the Assistant Attorney General and director of the internal security division. Yeagley had graduated from the University of Michigan and practiced law in South Bend, Indiana before becoming an FBI agent and later administrative aide to Director J. Edgar Hoover.

^{xliv} Robert F. Kennedy served as Attorney General of the United States from January 20, 1961 through September 3, 1964.

move. Yeagley's division was formally demanding FARA registration of the American Zionist Council:

I think you ought to know that we are soliciting next week the registration of the American Zionist Council under the Foreign Agents Registration Act. In an amendment to a supplemental registration statement filed by the American Section of the Jewish Agency for Israel for the period ending in March 31, 1962, it was reported that the Council received over \$32,000 in subventions and over \$11,000 as a special grant from the American Section of the Jewish Agency for Israel. Under the Act the receipt of such funds from the Jewish Agency constitutes the Council an agent of a foreign principal as that term is defined in Section 1(c) of the statute. The stated purpose for which these funds were received makes unavailable any exemption from registration...You may be aware that the American Zionist Council is composed of representatives of various Zionist organizations in the United States including the Zionist Organization of America.²³²

Going after a group of powerful nonprofit corporations under the AZC umbrella such as the Zionist Organization of America and Hadassah was no trifling matter. John F. Kennedy had courted and won over key figures in the Israel lobby in his campaign for president. Although the aftermath of the Cuban missile crisis was undoubtedly requiring most of the administration's attention, RFK brought in Department of Justice Director of Public Information Edwin Guthman²³³^{xlv} to review the strength of the case against the AZC and the exact approach the FARA section chief would take.

On November 14, 1962, Guthman sent his report to RFK and copied it to Deputy Attorney General Nicholas deBelleville Katzenbach (1922-). Guthman, Yeagley, and Nathan Lenvin in the FARA section were confident about the likely response of the American Zionist Council and its constituent organizations.

I met with Walter Yeagley and Nat Lenvin today in connection with the proposal to require the American Zionist Council to register under the Foreign Agents Registration Act.

The facts as set forth in the attached memorandum from Yeagley and Lenvin should clearly that the American Zionist Council has been receiving substantial amounts of money for two years or more from the American Section of the Jewish Agency for Israel for the express purpose of disseminating propaganda about Israel's position in the Middle East. This money comes from funds raised in America through the United Jewish Appeal.

Nat Lenvin proposes to write a letter to the American Zionist Council indicating that the Council should register. Undoubtedly, representatives of the Council will wish to confer with Nat.

I believe that Nat should go ahead and send the letter and handle this matter as any other registration. I doubt very much that there will be any fuss. I don't think the American Zionist Council is in any position to do so. If, as it appears, the Zionist Council has used for political propaganda purposes money raised by the UJA in America, the Council has compromised its position. This UJA money is generally for charitable work in the United States and Israel. Disclosure that some of the money—even a small part—had been used for political propaganda could hurt the UJA fundraising.²³⁴

FINDING: The Department of Justice thought in 1962 that the evidence of the AZC/AIPAC's agency relationship with the Jewish Agency was so compelling that it would register without much "fuss."

^{xlv} Guthman served in DOJ public information between 1961 and 1964. He was press assistant to Robert F. Kennedy from 1964 to 1965.

In the ensuing two-and-one-half-year battle, the Internal Security Division would obtain few direct material disclosures of the massive propaganda campaign funded by the Jewish Agency and document no specific international control relationships beyond the damning testimony and documents disclosed in Fulbright's Senate Foreign Relations committee hearings. Understanding JFK's and Lyndon B. Johnson's (LBJ) evolving relationships with the Israel lobby and nonproliferation initiatives is critical for understanding the failure of the Department of Justice's extremely serious attempt to compel the Israel lobby's FARA registration.

AZC Ordered to Register as a Foreign Agent - 1962

On November 21, 1962, J. Walter Yeagley sent a two-page letter (signed by Nathan B. Lenvin, Chief of the Registration Section) and foreign agent registration forms to the American Zionist Council by certified mail.²³⁵

DOJ Orders the AZC to Register as a Foreign Agent - 1962

JWY:NBL:IAB:lm
146-1570-1-51-14032
(typed 10/23/62)
(P.1 retyped 11/21/62: row)
November 21, 1962
146-1570-1-51-14032

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

American Zionist Council
515 Park Avenue
New York 22, New York

Gentlemen:

In an amendment to a supplemental registration statement filed by the American Section of the Jewish Agency for Israel under the Foreign Agents Registration Act of 1938, as amended, for the period ending March 31, 1962, it is reported that your organization received \$32,361.77 in subventions and \$11,450.00 as a special grant from the American Section of the Jewish Agency for Israel.

The receipt of such funds from the American Section of the Jewish Agency for Israel constitutes the Council an agent of a foreign principal as that term is defined in Section 1(c) of the Foreign Agents Registration Act of 1938, as amended. The stated purpose for which these funds were received would appear to make unavailable any exemption from registration as provided in the statute. Consequently, the Council's registration is requested.

For your information and guidance in this matter there is enclosed a pamphlet which contains a reprint of the statute together with the rules and regulations promulgated thereunder by the Attorney General.

For your use in registering there are enclosed three copies of Form FA-2, three Exhibit C forms and twelve Forms FA-4. Each officer and director of your

J. WALTER YEADLEY
Assistant Attorney General
Internal Security Division
FILE *Mass. 1*
By: *ABW*
NATHAN B. LEVINE, Chief
Registration Section

Mailed direct from RS
Date: *11/21/62* Reprint
By: *ABW*
3 FA-2 Forms
3 Exhibit C Forms
12 FA-4 Forms
1 sample dissemination report

- 2 -

organization as well as each employee or other person above the grade of stenographer or clerk who renders assistance for or in the interests of the foreign principal is required under the terms of the Act to file a Form FA-4 in duplicate. No form is provided for the Exhibit B, which is a copy of the agreement with the foreign principal. If the arrangement is not in writing, then a description of the terms and expenses agreed upon must be submitted. The registration statement and all exhibits and supplements thereto are to be filed in duplicate.

Registration is accomplished by the filing of a registration statement supported by the appropriate number of exhibits and by the filing of supplemental statements at six month intervals for as long as the agency relationship continues.

Your attention is also directed to Section 4 and Rule 400 of the Act pertaining to the filing and labeling requirements of the statute. If you as a registrant disseminate any material in the United States which contains political propaganda as defined in Section 1(j) of the Act, it is necessary for you to file a copy of such material with this Department and two copies with the Library of Congress as well as to label such publications and to submit dissemination reports. A sample for a dissemination report is enclosed herewith. The following is a suggested form for the required label.

A copy of this material is filed with the Department of Justice where the required statement under the Foreign Agents Registration Act of (your name and address) as an agent of (name and address of your foreign principal) is available for public inspection. Registration does not indicate approval of this material by the United States Government.

If you have any question with regard to this matter, please feel free to communicate with me.

Sincerely,

J. WALTER YEAGLEY
Assistant Attorney General
Internal Security Division

Enclosures

- 1 Pamphlet Reprint
- 3 FA-2 Forms
- 3 Exhibit C Forms
- 12 FA-4 Forms
- 1 sample dissemination report

By:

NATHAN B. LENVIN, Chief
Registration Division

SIGNED

NOV 30 1962

The DOJ letter cited the section's finding that because it received Jewish Agency funds for propaganda purposes, the AZC had to register. The Jewish Agency–American Section received advance notice that such a request was imminent. On October 31, 1962, even as Yeagley notified RFK of the pending registration request, Maurice Boukstein, the Jewish Agency's New York legal counsel and architect of the 1960 Zionist reorganization, conferred with Lenvin about a potential AZC registration.

Boukstein inquired about whether the recent and more detailed Jewish Agency–American Section FARA disclosures would trigger any Department of Justice action. Lenvin stated that the matter was "still under consideration," but then turned the question around and asked Boukstein whether the AZC would likely protest a FARA registration demand. Boukstein said the matter had already been discussed internally and outlined a possible strategy the AZC might tender to avoid registration. He also speculated about RFK's likely reaction if the registration issue moved forward;

Mr. Boukstein replied that in his view it was doubtful that any great protest would be made since in the discussions he has had with the various officials connected both with the Zionist Council and the Jewish Agency he had made it clear that in his view an agency relationship would result which may well require registration.

He hazarded a view that perhaps the most that would be sought would be a non-pressing by A. G. of any request for registration on the basis of bona fide representations that the Jewish Agency no longer would contribute funds to the American Zionist Council. I did not express any opinion as to what action the Department would or would not take in this regard.²³⁶

J. Walter Yeagley wrote in the margin of Lenvin's file memo that he "would expect this" same non-pressing of registration. But the magnitude of Jewish Agency disbursements to the AZC was not yet known within the US Department of Justice. When they were later fully disclosed in Fulbright's hearings, the Justice Department's insistence on registration became absolute.

Rabbi Irving Miller of the American Zionist Council, in a December 6, 1962 letter to Lenvin, politely acknowledged receipt of the FARA registration forms but contested the basis of the Justice Department's request:

The request for registration contained in your letter raises various questions of fact and of relationships which first must be resolved by us before compliance can be made. Therefore, it is requested that you be good enough to grant us a delay of 120 days to consider these matters and to take appropriate action.²³⁷

The American Zionist Committee immediately hired Simon H. Rifkind (1901-1995) of the powerhouse law firm Paul, Weiss, Rifkind, Wharton & Garrison LLP^{xlvi} as its outside legal counsel to deal with the Department of Justice. Between 1941 and 1950, Rifkind had been a federal district court judge in New York City. In March of 1961 he was appointed chair of the Presidential Railroad Commission, having taken over from Secretary of Labor James P. Mitchell. Rifkind chaired the commission on behalf of President Kennedy until it terminated with the publication of its final report on February

^{xlvi} As of July 2008, Paul, Weiss, Rifkind, Wharton & Garrison LLP employs more than 500 lawyers, according to its website.

28, 1962.²³⁸ He also continued to provide valuable political cover to JFK over the fallout with railroad labor groups generated by the abolishment of their formerly sacred work rules. On March 5, 1962, Rifkind proclaimed to the news media that labor concessions were the only option for avoiding a "moribund" economy.²³⁹

FINDING: The AZC objected to being asked to register as a foreign agent and immediately hired a close associate of the President of the United States and former judge as its legal counsel.

On January 23, 1963, Rifkind, an unrecorded member of his law firm, and two representatives of the AZC sat down with Nathan Lenvin and his executive assistant Thomas K. Hall in what could have been an intimidating and contentious confrontation. Rifkind's opening gambit was in line with Boukstein and Yeagley's initial expectations: he positioned himself as if he were delivering a considered ruling from the bench.

Judge Rifkind indicated that he had carefully reviewed the facts and the pertinent provisions of the Foreign Agents Registration Act and had concluded that while the situation is fraught with considerable doubt he had advised his client to discontinue completely the agency relationship and cut off the receipt of any additional funds of this nature. This action he stated on the part of this client became effective on January 18. He stressed the fact that his client and its activities fall within the purview of the so-called educational or cultural exemption of the Act. There were, however, certain activities such as the dissemination of publications and the use of mass media as to which it could conceivably be argued they were non-exempt. In the light of this he deemed it advisable that his client terminate the relationship in its entirety.²⁴⁰

This "we didn't do it and certainly won't do it again" stance, fairly common in corporate crime investigations and non-prosecution agreements, didn't initially work out. Lenvin's meeting notes also record Rifkind's frank assessment that the Jewish Agency funding cutoff would be an enormous financial sacrifice:

In regard to the latter point, Judge Rifkind pointed out that rather than incur any possible obligation to register, the subject had arrived at a decision that it would no longer accept any funds from the Jewish Agency and that it would attempt to continue its activities by raising its own funds within the United States, which would be a task of considerable difficulty.²⁴¹

FINDING: The AZC initially offered that it would cease accepting Jewish Agency funding in order to avoid registering as a foreign agent.

Rifkind's comment substantiates how weak Zionist fundraising, as opposed to general Jewish relief fundraising, continued to be in the United States at the time. It was this debility that necessitated the elaborate international financial conduits and money laundering through Boukstein's various shell corporations. Senator Fulbright referred to this often in the hearings as simply "rigmarole."

Lenvin wasn't sympathetic to the AZC's self-imposed penalty of future direct US Zionist fundraising. He wouldn't back down before Rifkind.²⁴² He indicated that the alleged termination of Jewish Agency funding did not absolve the AZC of an obligation to retroactively register for the period when an agency relationship clearly existed and

foreign subsidized activities were being carried on across the US. Rifkind objected on the grounds that the AZC would have carried on such activities anyway, without, it should be noted, explaining precisely how they would have been financed or coordinated. Possibly realizing the inconsistency of that case with the dearth of direct funding, Rifkind then suddenly changed course and made an impassioned "good vs. evil" plea for special treatment:

...it would not benefit the government at this time to obtain such a registration and the disclosure involved; that registration would place a noose around the neck of his client, a long-standing organization of excellent repute and important to the national interest of the United States and thus choke the very life out of it; that registration would furnish a weapon to anti-Zionist groups, a spokesman of which is alleged to have said he would pay a half million dollars to get AZC registered as a foreign agent. He further stated that he was not urging that we should not enforce the statute solely because of the disastrous consequences but because it was a reasonable and permissible canon of construction to give it a meaning dispensing with registration by AZC thus applying it in a manner that would do good rather than promote evil.²⁴³

FINDING The AZC appealed that the DOJ not force it to register because negative publicity would have "disastrous" consequences.

Lenvin and Hall reasserted the FARA section's position that the request for registration represented an official interpretation of the act, which was applied on an equal basis to all. They then suggested that Rifkind submit a brief to Yeagley outlining his legal argument, and Rifkind agreed.²⁴⁴

Conveniently for Rifkind, a news item drawing on this closely held information appeared the very next day. It was probably released by AZC insiders. Titled "AZC Gives Up \$ to Avoid Foreign Agent Registration," it appeared in the *National Jewish Post*. The clipping duly made its way to the Internal Security Division and was docketed in the FARA section files on April 8, 1963.²⁴⁵

FINDING: The AZC quickly had a friendly news outlet publish a report that the AZC was forgoing Jewish Agency/Israeli government funding in a bid to convince the DOJ that the issue was resolved.

The American Council for Judaism was pleased with the DOJ's enforcement efforts. In a February 19, 1963 bulletin to members celebrating its own upcoming 20-year anniversary, the ACJ broke the FARA registration news and trumpeted the imminent fall of the AZC:

The American Zionist Council (coordinating political-action arm of all US Zionist organizations) was asked last month by the Justice Department to register as a "foreign agent" of the State of Israel.²⁴⁶

On March 6, 1963, Tony Lewis of the *New York Times* telephoned the FARA section seeking verification of the AZC registration order, but Lenvin, who normally handled inquiries from Lewis, was not available to receive the call. Edwin Guthman was still working out a communications strategy for dealing with such calls in the interim.²⁴⁷

On March 21, Nathan Lenvin received a cover letter individually signed by each partner of Paul, Weiss, Rifkind, Wharton & Garrison and a brief outlining why the AZC could not be compelled to register under FARA.²⁴⁸ Another face-to-face meeting was called.

On April 1, 1963, Hall and Lenvin met with Rifkind and other members of his firm at their 575 Madison Avenue law office in New York City. Lenvin stated that based on the Jewish Agency FARA registration, "the facts did not bear out" the firm's objections to AZC registration based on claims that it was no longer an agent of a foreign principal or that the material disseminated was only educational in nature. Lenvin said he believed there was an inherent agency relationship created by the funding flows and communications, and bluntly stated that he would recommend litigation over the matter. The meeting ended with Lenvin promising to deliver reproductions of the relevant Jewish Agency–American Section FARA registration documents to Paul, Weiss, Rifkind, Wharton & Garrison. For its part, the AZC promised to produce copies of its informational materials to prove its contention that only exempt "cultural" material was ever disseminated.²⁴⁹

Yeagley, meanwhile, wrote a memo to Hall on April 5, 1963 asking if the relevant Jewish Agency FARA registration disclosure had been sent to the AZC's legal counsel.²⁵⁰ But the matter was far from concluded, and the clock was ticking toward the Senate hearing. Rifkind abruptly escalated his appeal directly to Yeagley's boss.

On May 2, 1963 (only two weeks before Fulbright's first formal Senate hearings on the agents of Israeli foreign principals), Deputy Attorney General Nicholas Katzenbach, J. Walter Yeagley, and Nathan B. Lenvin met at the New York City offices of Paul, Weiss, Rifkind, Wharton & Garrison for a passionate appeal by Rifkind composed of blanket denials, accusations, appeals for clemency and raw political calculations. Lenvin detailed the meeting in a three-page internal file reviewed and verified by both Yeagley and Katzenbach:

Judge Rifkind opened the discussion by explaining to Mr. Katzenbach something of the nature of the composition and activities of the American Zionist Council. He explained that the Council is composed of representatives of the various Zionist organizations in the United States and that it thereby, in effect, represents the vast majority of organized Jewry within this country. He also mentioned the existence of the American Jewish Committee, which is an anti-Zionist organization, and briefly touched on the conflict which exists between the Zionist groups and the American Jewish Committee.^{xlvi} He placed particular stress on the proposition that for the Department to insist upon the registration of the Council would do it incalculable harm without any corresponding benefit to the government. He touched briefly upon the points raised in the brief previously submitted by his law firm in support of the argument that the Council was not under an obligation to register. He stated that regardless of what technical agency relationship may have resulted as a consequence of the subventions received by the Council from the American Section of the Jewish Agency for Israel, nevertheless, this agency relationship had now been terminated since the Council had arrived at a decision that it would not incur any vestige of possible obligation to register by cutting off all funds from the American Section and that it would continue its program through the raising of funds from domestic sources. Judge Rifkind went on to state that even though an agency relationship may have been created by the receipt of funds, the general over-all program of the Council was such that it could come within the purview of the cultural exemption from registration as contained in Section 3 (e) of the Foreign Agents Registration Act, and even though the Council did disseminate some publications which conceivably through a broad interpretation of the definition of political propaganda would fall within that category, Judge Rifkind stressed the fact that these activities were a very minor portion of the entire program for which funds received from the Jewish Agency were utilized. He emphasized that the Council used most of these funds for Hebrew education, youth movements, charitable purposes and other cultural activities related to the Jewish people.

Finally, Judge Rifkind raised the point, after emphasizing the disparity of numbers between the American Jewish Committee and the American Zionist Council, that the vast number of Jews who adhered to the principles of Zionism could not understand how "our administration" could do such harm to the Zionist movement and impair the effectiveness of the Council by insistence on registration. He appealed to the discretionary power of the Department which he claims it has in all criminal cases by stating that the Department generally makes a judgment as to which cases it will pursue and which it will not, pointing out in this connection that not all traffic violators, for instance, are given tickets, but that other circumstances must be taken into consideration.

Mr. Katzenbach replied to this observation that it was a matter of proper administration of justice to use discretion and judgment in the exercise of prosecutive powers, but that he wanted to make the point to Judge Rifkind that the laws of the United States were not only to be enforced against Republicans, but were to be enforced impartially.

After Judge Rifkind completed his outline of his position—and in this connection it is noted that he did not go into any detail as to the controlling facts upon which the request for registration was based—Mr. Lenvin outlined for Mr. Katzenbach's benefit the principal facts upon which the request for registration was predicated.²⁵¹

Deputy Attorney General Katzenbach then offered a very clever, but ultimately fatal, accommodation to Rifkind: additional disclosure from the AZC in exchange for DOJ reconsideration of the entire FARA registration order. After hearing these facts, Mr.

^{xlvi} Lenvin probably meant to reference the American Council for Judaism.

Katzenbach asked Mr. Rifkind whether the receipt of the funds from the American Section of the Jewish Agency was considered to be confidential and the reply was negative. Mr. Katzenbach then asked whether information as to how these funds were expended was considered to be of a confidential nature, and again Judge Rifkind replied in the negative. Mr. Katzenbach then noted that if the Council made a full disclosure of the receipt and expenditure of the funds it received from the Jewish Agency so that such information would then be available for public inspection the purposes and objectives of the Registration Act might well be accomplished and very likely there would be nothing further for the Government to do. Mr. Katzenbach made it clear that he was not at this time committing the Department to accepting this procedure, but that we would examine the material filed by the Council before reaching a decision. In the event this was the eventual solution, it should be understood that the information submitted would be a matter of public record, the same as a registration statement filed under the Act. Judge Rifkind indicated the Council quite likely would submit all of the information to the Department.²⁵²

FINDING: Deputy Attorney General Katzenbach offered a special deal to the AZC in May of 1963. In lieu of full FARA registration the AZC could simply detail the full receipts and expenditures of Jewish Agency/Israeli government funding. The full extent of Jewish Agency funding was not yet known to the DOJ since the Senate hearings on the matter had not yet begun.

As the true volume of Jewish Agency payments was entered into the Senate record in 1963, Rifkind and the AZC would alternately delay, reinterpret, flood the FARA section with irrelevant data and ruthlessly exploit this "Katzenbach concession" to avoid filing the requested information. This lasted until the support provided by the JFK administration was suddenly and violently destroyed forever.

Adrian W. DeWind^{xlvi} and another lawyer from Paul, Weiss, Rifkind, Wharton & Garrison submitted a stack of publications and papers to Nathan Lenvin on June 28, 1963. When Lenvin asked whether the submission included papers in compliance with the Rifkind-Katzenbach agreement, including receipts and expenditures, DeWind indicated that he had not attended the meeting, but did not think the papers delivered included expenditures. Lenvin briefed DeWind on what he understood were the terms of the Katzenbach concession before leaving:

We would examine the submitted publications, and if it was decided that the exemption from registration was not available, the Department would insist that the receipts and expenditures of the Council be furnished for public inspection. It was understood in the meantime that records regarding receipts and expenditures would be made available to the Department.²⁵³

Lenvin's interpretation clearly provided no motivation for the AZC to risk delivery of highly sensitive public relations and lobbying disclosures, if, under the agreement, these

^{xlvi} Adrian W. DeWind is listed as legal counsel at the Paul, Weiss, Rifkind, Wharton & Garrison tax department according their company website as of June 28, 2008.

could later be made public by the FARA section. Yeagley's handwritten notes on the file outlined a possible special registration deal for the AZC: "It was my understanding they were to give us in effect a full disclosure but not on a registration form."

On July 17, 1963, Nancy Fahrnkopf filed an internal content analysis memorandum to Nathan Lenvin. She first outlined the corporate objectives of the AZC to "create and maintain a climate of opinion favorable to Israel" through the efforts of the "Department of Information and Public Relations" and reviewed approximately 40 samples of literature delivered by DeWind. She found that "a substantial portion of this material contains support for specific domestic and foreign policies of the Israeli government" and that "memos to the Local Zionist Chairmen and key community leaders included reprints of favorable articles, instructions for countering unfavorable articles, recommendations of books and articles, comments on the Syrian-Israel crisis..." Fahrnkopf's summary was conclusive: "the bulk of the materials and programs offered by the various departments of the AZC are intended to promote a favorable attitude toward Israel" and that the "Department of Information and Public Relations is clearly the most 'political' of its activities." Fahrnkopf included an extensive distribution list from Rabbi Jerome Unger dated August 27, 1962 outlining public relations market channel segmentation, segment size, and materials to be distributed.²⁵⁴ (see Appendices for the complete original 1962-1963 Committee on Information and Public Relations strategic communications plan summary.)

Yeagley telephoned Rifkind on July 17, 1963 about the absence of itemized financial information in the DeWind submission.²⁵⁵ Rifkind claimed to be "embarrassed" that the AZC had not delivered any information on receipts and expenditures and said he understood from DeWind that everything "had been settled." He promised to get back to Yeagley "right away."²⁵⁶ On July 22, Yeagley also responded to Donald Rumsfeld. He confirmed that the AZC FARA registration matter was under consideration, but clarified that the *Wall Street Journal* article was not an accurate representation of the way the Department of Justice did business.

You may wish to advise your constituents that the implications they found in the Wall Street Journal article represent neither the views nor policies of the Department of Justice. The question of whether the American Zionist Council should be required to register under the Foreign Agents Registration Act is presently under consideration by this Department. I am sure that your constituents will be interested in knowing that our ultimate determination will be based on the law as applied to the facts in this particular case and not on any consideration of its effect on the public opinion of the Jewish community in the United States.²⁵⁷

Senator Fulbright's second hearing on the Jewish Agency was scheduled for August 2, 1963. On Friday, July 18 at noon, Nathaniel S. Rothenberg, representing the AZC, was logged^{xlix} telephoning Nathan Lenvin at the FARA section. He advised Lenvin that Mr. Bick, the treasurer of the AZC, was out of town for two weeks. The controller was hospitalized due to a heart attack. Rothenberg requested a two-week extension for the submission of the registration statement data. Lenvin replied that he would discuss it with Yeagley, but that the registration was expected not later than the first week or so in August. Rothenberg asked how detailed the statement should be and Lenvin replied that

^{xlix} Only as "Mr. Rothenberg."

the "statement should be detailed and complete in every respect." Rothenberg said he wanted to stress that "we are working on it" and ended the call.²⁵⁸ By July 30, on the eve of the second round of Senate hearings, Katzenbach wrote to Yeagley that "Rifkind should be needed, but much depends on Fulbright, too."²⁵⁹

On August 14, 1963, the FARA section had received nothing from the AZC, but was immersed in digesting the deluge of highly incriminating information from testimony and documents divulged in the Senate Foreign Relations Committee hearings. Yeagley asked Thomas K. Hall for an update: "Mr. Hall, is it time to write Rifkind—or send a memo to AG, or send in FBI?" he scrawled. Hall wrote a derisive internal memo to Lenvin about the AZC's filing status: "Judge Rifkind has had ample time to respond to our request for information in this matter. It appears to me that as in the past he is stalling hoping that time will resolve the difficulties faced by the AZC. Immediate action in my opinion is necessary...we should go on record with the AG (copy to the Deputy) outlining the posture of this matter and indicate the need for more drastic action..." Yeagley ordered Nathan Lenvin to prepare another memo on the matter.²⁶⁰

On August 16, 1963, Rabbi Jerome Unger sent Lenvin two reports of income and expenditures, which Irene Bowman of the Internal Security Section rejected as inadequate in light of the newly public information from the Senate Foreign Relations Committee. On August 20, 1963, Lenvin responded with an internal memo to Yeagley outlining how the records of the May and August Fulbright hearings had disclosed a much broader and deeper array of AZC activities than the FARA section was previously aware of.

...this testimony reveals that the Council's actions have been much more widespread in the propaganda area than was heretofore realized or disclosed during the course of our meetings with counsel for and representatives of the Council...

While some of the activity of the Council may well fall within the educational or cultural exemption from registration, it is clear that the principal objective of the Council is to create by means of propaganda and other devices a favorable picture of the State of Israel and the Zionist movement. In addition, despite the disclaimers of representatives of the Jewish Agency that the Agency is separate and distinct from the State, it is also clear there is a close affinity between the two. Consequently, it appears to me that there is no alternative but to require the American Zionist Council to do no less than file a full and complete registration statement and to make a public disclosure through a registration statement of its activities on behalf of the Jewish Agency, Jerusalem, and/or the American Section of the Jewish Agency. There is attached hereto a proposed letter to Judge Rifkind implementing this recommendation.²⁶¹

This "close affinity" mentioned by Lenvin would later provide grounds for a direct Department of Justice challenge to the Jewish Agency–American Section. George Washington University law professor W. T. Mallison Jr. and Rabbi Elmer Berger of the ACJ would ask the DOJ to force the American Section to disclose its true agency relationship with the Israeli government. It would ultimately do so, but not for almost another decade.

On August 22, Yeagley forwarded the Lenvin memo and an AZC material and hearings analysis to Deputy AG Katzenbach, suggesting that a letter to the AZC be copied to Rifkind demanding a complete public AZC registration statement. The FBI director had

asked Yeagley on August 14 whether he needed the bureau's assistance regarding the AZC matter.

FBI Offers Assistance on AZC FARA Registration – August 14, 1963²⁶²

UNITED STATES GOVERNMENT

Memorandum

TO : Mr. J. Walter Yeagley
Assistant Attorney General

DATE: August 14, 1963

FROM : *jet* Director, FBI

SUBJECT: AMERICAN ZIONIST COUNCIL
REGISTRATION ACT - ISRAEL

Reference is made to a memorandum dated August 5, 1963, previously forwarded to you in the captioned matter.

In view of recent public hearings by the U.S. Senate Foreign Relations Committee involving the captioned organization and in view of information in the referenced memorandum, it is requested that you advise whether any investigation is desired of the American Zionist Council to determine if it is engaged in activities requiring its registration within the provisions of the Foreign Agents Registration Act of 1938, as amended.

146-1-51-14032

RECEIVED
AUG 16 1963
INTERNAL SECURITY DIVISION

DEPARTMENT OF JUSTICE
25 AUG 15 1963
RECORDS BRANCH
P. R.

DOCKETED

INDEXED

Yeagley responded:

This is to advise you that the registration of the American Zionist Council was originally solicited by letter dated November 21, 1962, as a result of disclosures made in the registration statement filed by the American Section of the Jewish Agency for Israel....pending a determination as to whether a further letter should be written insisting on registration no investigation will be required. You will be kept advised of developments in this matter.²⁶³

On October 9, 1963, Nathan Lenvin and Irene Bowman from the FARA section met once again with Rifkind in the firm's offices. Lenvin advised Rifkind that Nicholas Katzenbach was in agreement: due to new facts emerging from the Fulbright hearings, the department must insist that the AZC file a complete FARA registration statement using official forms immediately. The Katzenbach concession was canceled. Lenvin also suggested that Rifkind could file a statement indicating the registration was made under protest, if he so desired.

FINDING: After delays and AZC refusal to offer relevant disclosures of its receipts and expenditures, and after the second Senate hearing on the huge volume of payments to Israeli foreign agents, the DOJ retracted its previous offer to "consider" AZC receipts and then decide whether it should register. The DOJ ordered the AZC to file a full FARA registration within 72 hours.

Rifkind asked Lenvin what exactly had arisen in the hearings that had not been previously disclosed. Lenvin cited a Jewish Agency payment to the AZC of \$197,500, another for \$712,000, and a \$100,000 AZC loan taken at Bank Leumi and left on the AZC's books. Repayment was guaranteed by the Jewish Agency. He also discussed the AZC's propaganda activities in "cultivation of editors," letters to editors and approaches to Capitol Hill. **Lenvin summed it up by stating that since the American Section of the Jewish Agency was itself just a conduit, the AZC should name the Jewish Agency in Jerusalem as its true foreign principal.** He also rejected the summary report submitted by the AZC on August 16, 1963 as "bald statements" that precluded any previously discussed exemptions to registration tendered by Katzenbach.

Rifkind asked if there were any special registration forms and Yeagley responded affirmatively. Rifkind said he "believed the statement should be filed as of the date of dissolution of the AZC, January, 1963."²⁶⁴ On October 10, 1963, Yeagley and Lenvin sent a terse one-page letter to Rifkind, again including FARA registration forms, insisting on a response within 72 hours.

DOJ FARA Section 72 Hour Registration Demand to the AZC – 10/11/1963²⁶⁵

JWY:NBL:IAB:tlg
146-1-51-14032
10/10/63

20530

October 11, 1963.

Judge Simon H. Rifkind
Paul, Weiss, Rifkind,
Wharton & Garrison
575 Madison Avenue
New York 22, New York

Dear Judge Rifkind:

Pursuant to our conversation in your office on October 9, 1963, forms are enclosed for the use of the American Zionist Council in registering under the Foreign Agents Registration Act of 1938, as amended. The forms include three copies each of Form FA-2, the basic registration statement filed by organizations, and Exhibit C Form, which calls for information regarding the foreign principal. Form FA-4 (short-form registration statement) should be filed by each officer or director of the Council as well as by all other persons rendering assistance to the registrant in the interests of the foreign principal in other than a clerical or secretarial capacity. No form is provided for the Exhibit B, which is a copy of the registrant's agreement with the foreign principal, or if it is not in writing, a written description thereof. All forms and exhibits are to be filed in duplicate with the third copy being retained for the registrant's files.

Registration is accomplished by filing a registration statement supported by the appropriate exhibits. In accordance with our conference the Department expects a response from you within 72 hours with regard to this matter.

Sincerely,

J. WALTER YEAGLEY
Assistant Attorney General
Internal Security Division

By: SIGNED

NATHAN B. IERVIN, Chief
Registration Section

Mailed direct from RS
Date: 10/11/63
By: Rew

Enclosures
3 FA-2 Forms
3 Exhibit C Forms
15 FA-4 Forms

DECKETED

146-1-51-14032
DEPARTMENT OF JUSTICE
OCT 23 1963
RECORDS BRANCH
INTERNAL SECURITY DIV.
Civil Section

FILE MISC. 1
Per Rew

Four days later, the AZC had still not complied with the deadline, but instead called another meeting. Yeagley detailed this summit between Katzenbach, Rifkind, and DeWind, at which Simon Rifkind was apoplectic:

Judge Rifkind then made the plea for no registration, stating that it was the opinion of most of the persons affiliated with the Council that such registration would be so publicized by the American Council for Judaism that it would eventually destroy the Zionist movement....Mr. DeWind thought there were no differences between its situation and a hypothetical situation such as the NAACP receiving grants from some group in England but continuing its same program and functions....²⁶⁶

FINDING: The AZC initially assented to filing as a foreign agent of the Jewish Agency. But on October 14, 1963 the AZC told the DOJ that "such a registration would be so publicized by the American Council for Judaism that it would eventually destroy the Zionist movement."

Katzenbach held his ground and told Rifkind that he did not have any discretion in the case, and that it "seemed clear to the government that the Council came squarely within the provisions of the Act and would have to register." Rifkind countered that he thought requirements could be covered by filing materials amounting to disclosure, but Yeagley replied that materials submitted so far by the AZC had not been relevant.

Rifkind claimed he had already consulted with the AZC member organizations and believed they could supply all the information required of the "average registrant," but he did not believe his clients would file any papers indicating that the organization was the agent of a foreign principal.²⁶⁷

The FARA section was pressing a very strong case against the AZC. It had compiled documentary evidence of agency through the Fulbright hearings. With Rifkind now talking about the "dissolution of the AZC," it seemed as though a transparent, publicly disclosed FARA disclosure of relationships and activities, however historical it might be, was at hand. FARA was also being reinvigorated with new resources after years of institutional malaise, falling registrations, and declining prosecutions. This was due to the efforts of Senator Fulbright and the Foreign Relations Committee preliminary 1962 reports with their warranted criticism of the DOJ and US State Department's implementation of FARA. Both played major roles in restoring FARA enforcement, for a time. But events favored Rifkind.

The unity of purpose of the Department of Justice under RFK was about to be shattered by a cataclysm that would forever shift the advantage back to the AZC: the assassination of President John F. Kennedy on November 22, 1963, less than one month in the future.

FARA Enforcement

The Senate Foreign Relations Committee's damning report alleged that FARA was enforced only "sporadically" and selectively. It was usually directed at members of Communist countries. The report depicted foreign agents for a vast array of other countries, most of them US citizens, as free to propagandize and lobby without disclosure of activities:

With the growth of foreign Government representation in the public relations field, the amount of disguised political propaganda disseminated has greatly increased...though the act contemplated control of just this type of activity through its labeling provisions, these particular provisions have been all but erased from the law books through non-application.²⁶⁸

The initial report cited registration statements with obvious omissions and verifiable evasions, suggesting that the Justice Department was not devoting sufficient resources to monitoring registrations, policing and enforcing FARA. The report's citation of the Department of Justice's own statistics seemed to support charges that FARA enforcement had largely stalled. In the first six years of the act, nineteen indictments were brought, with eighteen convictions. Between 1945 and 1955 only two indictments were lodged, and only nine between 1955 and 1962. Most damning, according to the report, was that since 1945 all cases were for failure to register, rather than failure to list all activities, expenses, and other required data:

The requirement for full and accurate completion of the various forms has been only sporadically enforced by the Justice Department.²⁶⁹

The Department of Justice was also failing to be proactive about keeping the US State Department in the loop about foreign agents' activities, according to the report:

In almost every case, the initial statement becomes the first and last time that State receives official information on a registered agent and his activities. Six-month supplemental statements, dissemination reports and any additional short-form statements...are normally not circulated to the State Department.²⁷⁰

A Justice Department spokesperson countered that there was some cooperation with the State Department and indicated that they could provide more information on a regular basis if desired. The Senate report, meanwhile, mandated a further inquiry into the five categories of foreign agents investigated by the committee:

Lawyers, who handle everything from purchasing an embassy, lobbying a bill through Congress, drawing up a peace treaty and supervising public relations activities;

Public relations men, who, through the mass media, try to establish the United States public image desired by their client country;

Economic consultants, whose activities range from drawing up development plans for their client countries to helping promote the United States Government loans that put such plans in operation;

Purchasing agents, who, for their foreign clients, deal in anything from light machinery to heavy armaments;

Influence peddlers, who, because of their Washington contacts, are hired to advance their foreign client's interests at the highest and lowest levels of the United States Government.²⁷¹

By early February 1963, the Department of Justice announced that sixteen additional lawyers were being put to work reviewing active foreign agent files just as the Senate Foreign Relations Committee began holding hearings. The Department of Justice reviewed 510 paid agents for foreign principals, and additional information was requested of 70 more. Twenty-two were asked for additional details of expenditures. Other inquiries pertained to proper labeling of foreign government propaganda circulated in the US. Although he had already privately agreed to force the AZC to register as a foreign agent,

Deputy Attorney General Nicholas E. B. Katzenbach publicly agonized during the hearings over the political consequences of going after the nation's elites:

I think this committee can appreciate the problems involved for indicting, for example, a prominent attorney or a prominent public relations firm for a failure to report expenditures in great detail where the expenditures were for entirely legitimate activities.²⁷²

Senate Committee chair J. W. Fulbright responded that the committee felt that Americans acting as foreign agents had done things "inimical to the interests of our government" and that both the US State Department and Department of Justice had been "very casual" in enforcement and compliance. Senator Bourke B. Hickenlooper concurred in particular with investigating whether foreign aid money was being cycled back to US agents "to lobby in behalf of more foreign aid."²⁷³ Fulbright was clearly thinking about Israel's US lobby and the activities of Isaiah L. Kenen, the ballooning demands for aid and opaque foreign financial flows.

Israel's Drive for Nuclear Weapons

An overarching issue during the FARA registration battle was president John F. Kennedy's work to avert the development of Israeli nuclear weapons. When the existence of Israel's secret nuclear reactor abruptly became public in the early 1960's, Isaiah Kenen carefully broadcast the Israeli government line that the Dimona nuclear reactor was being built for research and peaceful purposes in his January 2, 1961 issue of the *Near East Report*:

New Reactor. Israel is building a nuclear reactor high in the frontier town of Dimona, east of ancient Beersheba and overlooking the southern tip of the Dead Sea. The French are assisting in the project which will be completed in three or four years...

Mr. Ben Gurion denied published rumors that Israel intended to produce an atomic bomb. Ambassador Avraham Harman informed the Department of State that Israel would welcome visits by students and scientists of friendly countries when the reactor is completed, to demonstrate its peaceful character.

...reports of Israel's new reactor created a furor and a temporary U.S.-Israel rift because of the secrecy which attended them...Israel government spokesmen then denied that they could or intended to produce the bomb and gave that assurance to Secretary of State Christian A. Herter upon his return from a NATO conference. But U.S. officials were vexed because they had not been kept informed.²⁷⁴

When reporting on particularly sensitive matters such as the Israeli nuclear weapons project, Kenen carefully selected and highlighted clips from mainstream US news sources that downplayed the issues or supported the Israeli government's line on them. Kenen's work with the American Zionist Council cultivating a cadre of PR professionals and opinion columnists often paid off in such moments of crisis, when he would print exonerating quotes from "outside experts" and "reliable sources" in the *Near East Report*.

No Bombs Possible. Meanwhile, many asked whether the Israel reactor could really produce sufficient plutonium, a nuclear weapon component, to construct a bomb. Science editor William L. Laurence of the New York Times deflated these reports, on Dec. 25, when he wrote that "the plutonium produced in a small nuclear reactor of 24,000 thermal kilowatts is very minute indeed...and 'completely useless for bomb material.'" The basic facts, if fully understood, would make it clear why only great industrial nations, particularly the United States and Soviet Russia, can be full-fledged members of the "atomic club."²⁷⁵

Kenen's fellow travelers at the venerable business magazine *Barron's* also managed to get off a broadside at the State Department about Dimona which he reprinted in the *Near East Report* :

Against this background, observers ask why a non-military reactor caused such a violent explosion in Washington. Barron's, the business weekly, caustically commented on Dec. 26, "The U.S. State Department once more placed itself in a ridiculous posture by accusing Israel of conspiring to build atomic weapons. The project was a subject of common gossip in the coffee houses of Tel Aviv (where American diplomats venture)..."²⁷⁶

FINDING: Isaiah Kenen coordinated with the Israeli government and used Israeli government funding to launch a publicity campaign against speculation that Israel was developing a nuclear weapons arsenal. President Kennedy was trying to obtain US inspections of Israel's Dimona nuclear plant to keep Israel from developing nuclear weapons.

Kennedy administration's firm internal consensus was that the Dimona facility would indeed be used to produce nuclear weapons. President Kennedy privately sent a top secret ultimatum to the new Israeli Prime Minister through American ambassador Walworth Barbour about US concerns over Dimona on July 5, 1963. Kennedy demanded that Israeli Prime Minister Levi Eshkol submit to periodic US inspections of the facility to verify claims that it was only for research:

It gives me great personal pleasure to extend congratulations as you assume your responsibilities as Prime Minister of Israel. You have our friendship and best wishes in your new tasks. It is on one of these that I am writing you at this time.

You are aware, I am sure, of the exchange which I had with Prime Minister Ben-Gurion concerning American visits to Israel's nuclear facility at Dimona. Most recently, the Prime Minister wrote to me on May 27. His words reflected a most intense personal consideration of a problem that I know is not easy for your Government, as it is not for mine. We welcomed the former Prime Minister's strong reaffirmation that Dimona will be devoted exclusively to peaceful purposes and the reaffirmation also of Israel's willingness to permit periodic visits to Dimona.

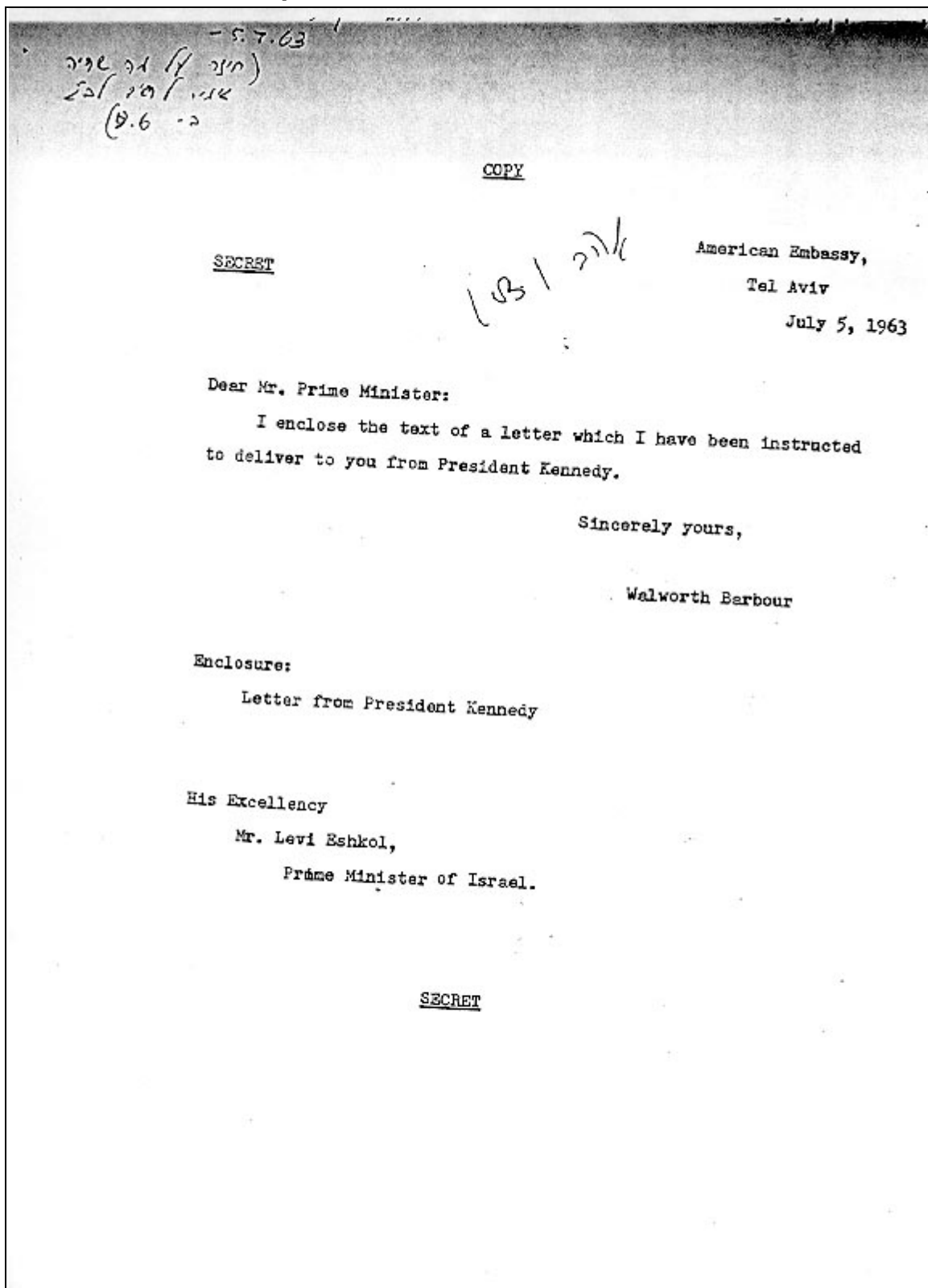
I regret having to add to your burdens so soon after your assumption of office, but I feel the crucial importance of this problem necessitates my taking up with you at this early date certain further considerations, arising out of Mr. Ben-Gurion's May 27 letter, as to the nature and scheduling of such visits.

I am sure you will agree that these visits should be as nearly as possible in accord with international standards, thereby resolving all doubts as to the peaceful intent of the Dimona project. As I wrote Mr. Ben-Gurion, this Government's commitment to and support of Israel could be seriously jeopardized if it should be thought that we were unable to obtain reliable information on a subject as vital to the peace as the question of Israel's effort in the nuclear field.

Therefore, I asked our scientists to review the alternative schedules of visits we and you had proposed. If Israel's purposes are to be clear beyond reasonable doubt, I believe that the schedule which would best serve our common purposes would be a visit early this summer, another visit in June 1964, and thereafter at intervals of six months. I am sure that such a schedule should not cause you any more difficulty than that which Mr. Ben-Gurion proposed in his May 27 letter. It would be essential, and I understand that Mr. Ben-Gurion's letter was in accord with this, that our scientist have access to all areas of the Dimona site and to any related part of the complex, such as fuel fabrication facilities or plutonium separation plant, and that sufficient time to be allotted for a thorough examination.

Knowing that you fully appreciate the truly vital significance of this matter to the future well-being of Israel, to the United States, and internationally, I am sure our carefully considered request will have your most sympathetic attention.²⁷⁷

JFK Orders Israeli Prime Minister to Receive US Inspections of Dimona Nuclear Weapons Plant - 1963²⁷⁸



SECRET

"Dear Mr. Prime Minister:

"It gives me great personal pleasure to extend congratulations as you assume your responsibilities as Prime Minister of Israel. You have our friendship and best wishes in your new tasks. It is on one of these that I am writing you at this time.

"You are aware, I am sure, of the exchanges which I had with Prime Minister Ben-Gurion concerning American visits to Israel's nuclear facility at Dimona. Most recently, the Prime Minister wrote to me on May 27. His words reflected a most intense personal consideration of a problem that I know is not easy for your Government, as it is not for mine. We welcomed the former Prime Minister's strong reaffirmation that Dimona will be devoted exclusively to peaceful purposes and the reaffirmation also of Israel's willingness to permit periodic visits to Dimona.

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"I am

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SECRET

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"Knowing that you fully appreciate the truly vital significance of this matter to the future well-being of
Israel

SECRET

SECRET

- 3 -

Israel, to the United States, and internationally, I am
sure our carefully considered request will have your
most sympathetic attention.

"Sincerely,

JOHN F. KENNEDY

SECRET

JFK's administration was later proven correct in believing that Dimona was a nuclear weapons facility. Disclosures by Israeli whistleblower Mordechai Vanunu revealed that the reactor would ultimately be configured and cooled to operate at 120-150 megawatts, capable of producing enough enriched materials for up to twelve nuclear bombs per year. In March of 1968, the Mossad surreptitiously acquired 24 tons of uranium ore from West Germany, ostensibly bound for an Italian company, but illicitly diverted by sea to Israel.²⁷⁹ By 1969, Israel had quietly emerged as a full-blown nuclear power.²⁸⁰ In 1979, the Israelis even tested a low-yield nuclear artillery shell, which was detected by an American spy satellite despite the cloudy conditions.²⁸¹ But not until 2008 would a former US president publicly confirm for the first time that Israel had developed an arsenal of 150 nuclear weapons.²⁸²

Kennedy's insistence on international inspections of Dimona and his evolving position on Palestinian refugees had him falling out of favor with Kenen's lobby late in 1963. He joined Senator Fulbright in vocal criticism of the Israeli prerogatives constantly being written into foreign aid bills at the urging of AIPAC. Kenen's November 19, 1963 *Near East Report* alerted the lobby to Kennedy's sudden and dramatic reversal under the shrill banner "President Kennedy Opposed":

At his November 14 press conference, President Kennedy criticized Congress for denying the foreign aid funds he requested and for putting restrictions on their expenditure.

He did not think that the language of the anti-aggression amendment, which required him to make an "extremely complicated" finding, "strengthens our hands or our flexibility" in dealing with the UAR. "In fact, it will have the opposite result," he declared.

He described the Arab countries as nationalist, proud, and "in many cases radical." Threatened with suspension of aid, they would be tempted to say, "Cut it off."

President Kennedy did not think that "threats" from Capitol Hill produced hoped-for results. He said that cutting off the Aswan project had not "brought the UAR to follow us."²⁸³

Kennedy was assassinated one week later. Kenen's next issue of the *Near East Report* briefly mourned JFK's passing before moving on to the business at hand. The Department of Justice subsequently lost all of the political cover necessary to force the AZC/AIPAC to register under FARA.

The death of John F. Kennedy changed everything, especially at the Department of Justice. It meant that RFK's remaining days as attorney general were numbered. RFK began looking at a run for a New York Senate seat (Jacob K. Javits held the other) early in 1964. Although Nicholas Katzenbach succeeded RFK as attorney general in September of 1964, there was no longer any White House support for directly confronting the Israel lobby. The reelection question loomed large with Lyndon B. Johnson, like it had with his predecessors.

FINDING: The assassination of John F. Kennedy derailed US inspections of Israel's nuclear weapons plant and the FARA registration to the AZC/AIPAC.

Investigative reporter Seymour Hersh chronicled Abraham Feinberg's inroads with the Lyndon Johnson administration as his crowning achievement. The older, more experienced Abraham Feinberg now had booming business concessions in Israel, which turbo-charged his financial and lobbying acumen and allowed him to provide cash directly to the president.

There is no question that Feinberg enjoyed the greatest presidential access and influence in his twenty years as a Jewish fund-raiser and lobbyist with Lyndon Johnson. Documents at the Johnson Library show that even the most senior members of the National Security Council understood that any issue raised by Feinberg had to be answered....By 1968 the government of Israel had rewarded Feinberg for his services by permitting him to become the major owner of the nation's Coca-Cola franchise. It would quickly become a multi-million-dollar profit center.²⁸⁴

FINDING: Abraham Feinberg, who provided critical large cash campaign contributions to Truman and Johnson had significant business dealings in Israel, close ties to the Israeli government, and is believed to have strongly supported Israel's development of nuclear weapons.

The exemption of Israel from Kennedy's nuclear nonproliferation regime was confirmed after his death by President Lyndon Johnson in a telephone call to Clark Clifford (1906-1998). Clifford replaced Robert MacNamara as secretary of defense. In 1968, as the Israelis ramped up processing at their Dimona facility while denying to the US that there was a weapons program, Clifford placed an urgent call to Johnson:

"Mr. President, I don't want to live in a world where the Israelis have nuclear weapons." Johnson's reply was definitive: "Don't bother me with this anymore." And he hung up.²⁸⁵

Johnson would go on to celebrate the signing of the Nonproliferation Treaty with 50 nations as "the most difficult and most important of all the agreements reached with Moscow." But Johnson soon learned that even though the Israel lobby had been granted an unofficial preliminary exemption to the Nuclear Nonproliferation Treaty and even US agreement not to acknowledge its arsenal, this could not buy support for the war in Vietnam. None of his Israel lobby backers would (or more likely, could) push top-down policy mandates into the grassroots organizations for whom they claimed to speak. In particular, Johnson simplistically pandered for more "Jewish support" for the war in Vietnam. He colorfully recalled to Israeli Foreign Minister Abba Eban the lack of horse trading on the issue during one delegation's visit:

A bunch of rabbis came here one day in 1967 to tell me that I ought not to send a single screwdriver to Vietnam, but on the other hand [the US] should push all our aircraft carriers through the Strait of Tiran to help Israel.²⁸⁶

Johnson suffered an excruciating public scolding in 1966 when his entreaties for "Jewish support" were leaked to the press. Johnson was upbraided by the American Council for Judaism for believing in the "top-down power myths" of his circle of elite campaign financiers and or that American Jewish views were somehow monolithic and homogeneous:

...critical of the meeting held at Mr. Goldberg's apartment last week at which the United States Representative to the United Nations reportedly defended President Johnson from charges that he had ascribed a single view on Vietnam to all Jews and linked the Administration's Vietnam policy with United States aid to Israel....

For 20 years, Mr. Korn said, American Zionists have given the impression that all Jews automatically support Zionist policy.

President Johnson, Mr. Korn stated, should ignore such claims. American Jews, he said, face a fundamental problem when their interests are linked with the national interests of Israel. American Jews, he charged, have permitted "a handful of self-appointed spokesmen to wheel-and-deal in the name of the 'Jews.'"²⁸⁷

Although applying FARA to the Israel lobby was swept off the table by the Johnson administration, pursuit of FARA violations related to other small countries remained active. But the fact remains that any deep FBI or FARA investigation into Abraham Feinberg concerning Israel's nuclear weapons program would have created presidential campaign contribution chaos. Indeed, the volume of Feinberg's cash campaign contributions became a flashpoint when a Johnson administration staffer was caught up in a sordid sex scandal.

On October 14, 1964, Johnson's top administrative assistant Walter Jenkins was arrested in a public restroom and charged with sexual solicitation. It was less than three weeks before the 1964 presidential elections, and panic ensued. At least \$250,000 in cash that Abraham Feinberg had raised was secured in Jenkins's office safe. Johnson telephoned his trusted aides Bill Moyers and Myer Feldman to retrieve the money. They successfully moved the cash, contained in a heavy briefcase, to a safer location.²⁸⁸

FINDING Abraham Feinberg was one of many key lobbyists for Israel with significant business dealings in that country, who have moved cash and campaign contributions to presidential campaigns and won policy objectives on behalf of Israeli without registering as foreign agents.

After JFK's assassination, the AZC immediately went into an offensive posture on the FARA battlefield. Rifkind promptly and unequivocally notified the FARA section on December 11, 1963 that "our client is not prepared to register as an agent of a foreign principal, or to concede that it is subject to the registration requirement." But Rifkind also included an attachment of AZC payroll records, an income statement, and a schedule of AZC payments made between November 1, 1962 and January 18, 1963. This, he stated, "represents the date when the mode of financing of the American Zionist Council was modified and after which date no further subventions were received from the Jewish Agency." Rifkind then made an additional request for special treatment of the disclosure: "We request, however, under the circumstances, that these papers be kept in files of the Department not available for general public inspection."²⁸⁹

FINDING: After JFK's assassination, the AZC immediately went on the offensive and refused to register as a foreign agent.

On December 13, 1963, Yeagley examined the submission and noted to Nicholas Katzenbach that for FARA purposes it was deficient:

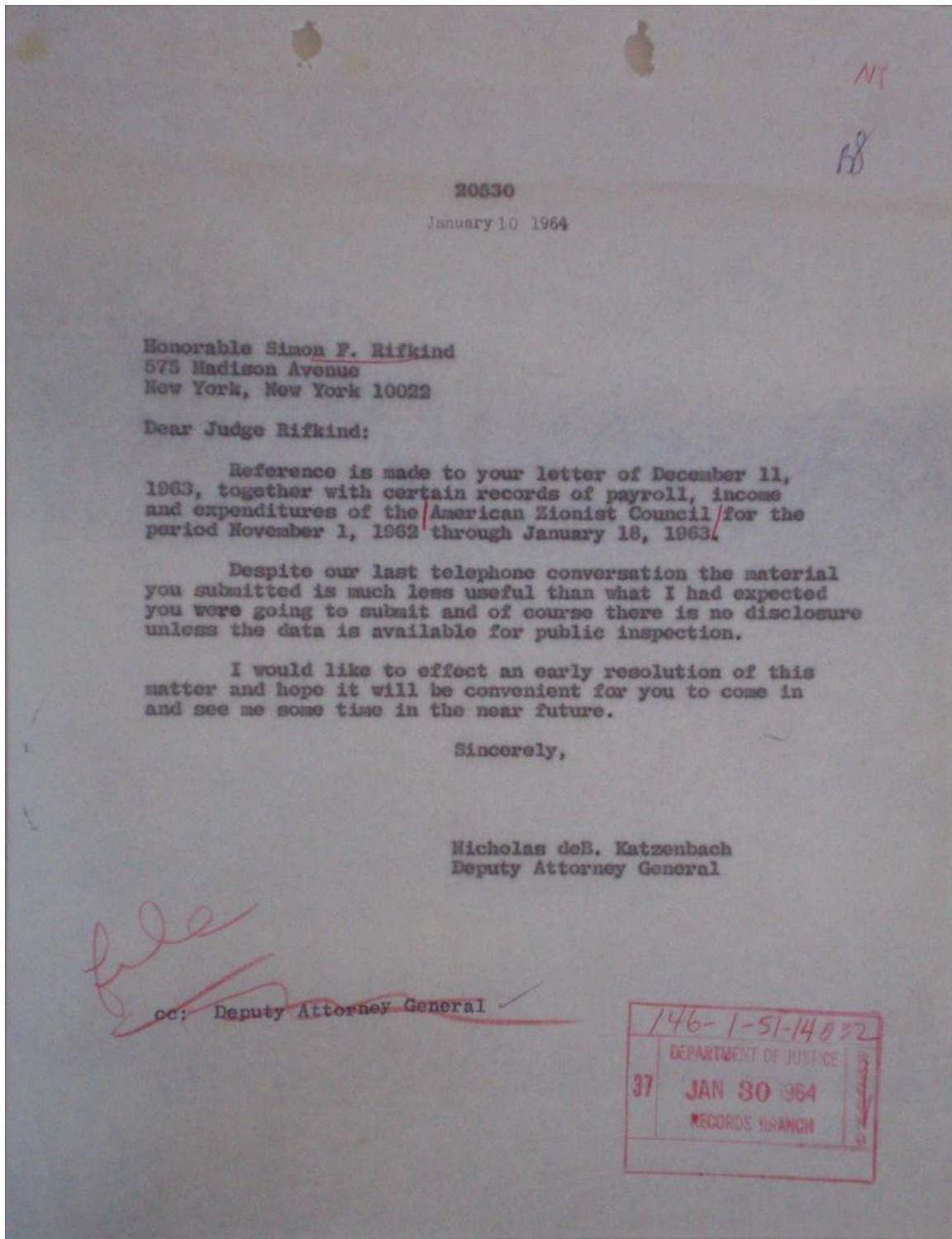
There is no statement as to activities. The lengthy payroll serves no useful purpose for disclosure purposes. The figures supplied are described as "typical" although greater sums were received at other periods. The figures show \$173,000 received from the Jewish Agency for Israel over the three months. Although this is far less disclosure than they made to the [Senate Foreign Relations] Committee, they ask it not be available to public inspection.

I suggest I write Rifkind—or better—the Council, with a copy to Rifkind advising it is not only not in compliance with the law—but not fulfillment of his representations at the meetings in your office.

This Division would then recommend prosecution of the Council and possibly some top officials to the Attorney General. P.S. Some months ago De Wind brought in some publications and other printed material.²⁹⁰

Katzenbach suggested a different approach. Yeagley listened and then instructed Nathan B. Lenvin to prepare a letter to Rifkind in a "friendly, rather than a hostile tone and rather brief, generally to the effect that the material be[ing] submitted is not satisfactory or not what we expected, or etc. and adding if Judge Rifkind is going to be in Washington in the near future he hopes he will come in to see him." It was to be signed by Katzenbach, not J. Walter Yeagley.²⁹¹ On January 10, 1964, the letter was dispatched to Rifkind, dryly noting that "of course there is no disclosure unless the data is available for public inspection."²⁹²

Letter from DOJ to AZC Counsel – 1/10/1964²⁹³



On January 31, 1964, Nathan Lenvin attended a meeting with Rifkind and Nathaniel S. Rothenberg at Rifkind's New York law office. Rothenberg presented Lenvin with his

business card. The card listed his business address at 55 Liberty Street in New York City. A handoff ensued.

Rifkind kicked off the meeting by showing Lenvin a pamphlet being circulated by the American Council for Judaism, which "contained charges that the Zionists were acting as propaganda agents for the State of Israel and that the Jewish Agency was being used as a conduit for funds to Zionist organizations in the United States." Rifkind was "concerned that any disclosures which were to be made by the subject organizations should not be such as to substantiate these charges made by the American Council."

In discussing the adequacy of previous filings, Rifkind indicated the fact of a high-level conversation with Katzenbach and Yeagley on January 30, 1964. Rifkind characterized Katzenbach as now "relaxed" about the overall FARA issues. He also portrayed Katzenbach as wanting the registration section to work out an "acceptable formula" with respect to the type of information disclosed and what AZC information would be open to public inspection. Lenvin pressed back that too much detail on payrolls and other data was being submitted and not enough data was itemized on expenditures, their destinations, and their purposes. Rifkind countered that Katzenbach had indicated that the Justice Department "did not wish the American Zionist Organization to go to undue expense and trouble in providing this information, and that the Department would be reasonable in regard to the period and details which this statement would contain."

As if to punctuate that the AZC registration issue was now merely a low-level technical matter that would be resolved with preferential treatment, Rifkind announced that he would personally "not need to participate in the future" and officially delegated attorney Nathaniel S. Rothenberg as the new key contact before the Department of Justice on the matter.²⁹⁴ On the way out, Rothenberg stressed to Lenvin "one caveat, that they would have to be sure that anything they submitted would not ultimately prejudice the organization in the eyes of the public." Lenvin promised to deliver copies of relevant May and August 1963 Jewish Agency–American Section FARA testimony before the Senate Foreign Relations Committee to Rothenberg.

FINDING The AZC agreed to file registration information, but only information which would not "prejudice the organization in the eyes of the public."

Rothenberg had his work cut out for him. At one time he was secretary of the United Palestine Appeal,²⁹⁵ he was likely highly qualified to interface with organizations making expenditures and then trace how they were channeled back into US programs, if compelled to do so. But now the only question was how much the AZC wished to disclose. The answer was not very much.

Rothenberg's assignment as AZC's lead lawyer before the Department of Justice underscored the power shifts in the final phase of the registration attempt. Simon Rifkind was out of the picture. Katzenbach was now the insider attorney general candidate and would be named AG in less than a year. The tough "72 hours or else" stance for an

accurate FARA declaration was dissipating as the AG scrambled to extend the more conciliatory line of the Johnson administration. Lenvin, providing Senate transcripts to the AZC, was now functioning more like the DOJ's duplication and typing pool. He was also being forced to respond to Rifkind's assertions of privilege derived from a January 30, 1964 Rifkind-Katzenbach-Yeagley discussion for which no available DOJ minutes exist. As a meticulous note taker dedicated to the accurate conveyance of facts, Lenvin must have feared the return of the amorphous, seemingly multipurpose Katzenbach concession. The FARA section staff was now fighting a losing battle, armed only with facts, evidence, and the law.

Irene Bowman of the FARA section read the January 31 meeting notes and was livid. "I don't see how we can accept a caveat that an organization won't submit information that might prejudice it publicly. I hope Nathan made clear to Mr. Rothenberg that is not the test. I think we should advise Rothenberg that the worst that the Council can do publicly is to stall and delay in submitting the financial information which the law clearly requires."²⁹⁶ In a February 10 memo to Yeagley, Edwin Guthman relayed Bowman's concerns verbatim. By going over his head, Bowman signaled she no longer seemed to trust Lenvin.

Yeagley responded on the 17th to Guthman, Bowman, and Nathan Lenvin: "I don't think the above is quite justified since I did not indicate that we would accept any 'caveat'. But let's wait and see what is submitted."²⁹⁷ The very same day, February 10, Yeagley sent a letter (signed by Nathan Lenvin) to Nathaniel Rothenberg at his Liberty Avenue offices. It requested detailed expenditures from "April 1, 1960 to the date of the Council's dissolution, if such request is too burdensome, the statement should cover the last two years, 1961-1962." Their request again made clear that the Justice Department was not interested in expenditures related to "Hebrew education and culture," but rather expenditures by the "Department of Information and Public Relations, so as to include the specific dates payments were made, the name of the person or organization to whom payment was made, the purpose for which payment was made and the amount of the payment."²⁹⁸

FINDING: The AZC wanted to offer only educational and cultural activity disbursements as registration information, rather than the lobbying and public relations expenditures the FARA section sought.

Rothenberg responded on March 16, 1964. He suggested that the request for income and expenditures from the AZC fiscal year 1962 and the ten months ending January 31, 1963 "merely duplicated the information already furnished you by the American Zionist Council." Rothenberg then raised the "Katzenbach concession":

You are familiar, I know, with the agreement reached between Judge Rifkind and Mr. Katzenbach, in the presence of Mr. Yeagley, with regard to additional information to be furnished your Section. Such agreement was reached, as I understand it, in the realization by Mr. Katzenbach that with the present size of the staff of the Council it would be indeed burdensome to furnish your department with itemization of expenditures of the past two years. A sample itemization was therefore forwarded to you for a period of approximately three

months. The basis of such agreement still obtains and your request with regard to the expenditures of the Department of Information and Public Relations would certainly impose that burden which it was felt and agreed could be avoided. However, for the purpose of showing the good faith of the American Zionist Council, the Council would be prepared to submit to you a detailed statement of expenditures for the Department of Information and Public Relations for a sample period of three months. Such a period would, I am sure, be representative of the expenditures for the entire period requested.²⁹⁹

FINDING: the AZC wanted to submit only a "sample" registration filing of three months, rather than the entire two year period requested by the FARA section. It wanted to avoid disclosing the essential information FARA requires.

Rothenberg's hard-line position that the AZC would provide only pro forma "samples" drawn from any period it wished rather than providing actual itemized expenditures generated sharp internal debate. The Rothenberg proposal letter crossed paths in the mail on March 16 with an outbound letter from the new acting head of the FARA registration section, James L. Weldon, demanding action. Weldon's letter was drafted by Yeagley, who noted, "the attached outgoing letter is for your information. We requested this info better than a month ago and I see no justification for delaying our attached letter or reminder. I believe our last para[graph] is more polite than is warranted, however, I'm aware of the scope of interest within the Department on this matter."³⁰⁰

But the larger question remained unresolved. What exactly were the strictures of the "Katzenbach concession" made to the AZC? Only one person could answer. Yeagley forwarded the Rothenberg correspondence to Nicholas Katzenbach under a confidential memo cover: "Nick, This is the most blatant stall we have encountered. Do you mind suggesting what we do next because all of us here would call their records before a grand jury."³⁰¹

Katzenbach wrote to Nathaniel Rothenberg. Three-month samples were not sufficient. But the deputy attorney general's conciliatory response failed to clarify any tangible limits to his earlier concession made to Rifkind. "While we have endeavored to make our requests as reasonable as possible, we cannot accept your suggestion since the information offered is not in compliance with the Act or what we thought our understanding was with Judge Rifkind."³⁰²

The AZC dispatched yet another raft of irrelevant documents to the FARA section, analyzed internally by Irene Bowman on October 20, 1964. She found the expenditures were:

...lumped into general headings with no dates or recipients mentioned....Under the heading entitled "Department of Information & Public Relations" there are 17 subheadings such as "Grants to Foundations & Kindred Organizations" (\$54,020); "Pamphlet, Newspapers, Books & Written Materials" (\$7,119.68); "Radio, TV & Films" (\$1,503.34) and "Speakers Fees and Expenses" (\$17,856.49). As another illustration under a separate heading titled "Special Services & Events" there is an item called "Allocations to Constituent Zionist Organizations" (\$83,871.06).³⁰³

The AZC positioned itself as simply another node in the network, either unwilling or incapable of disclosing the ultimate destination and use of the transferred funds. Bowman again noted the attribute plaguing previous AZC submissions:

This sample itemization of payments was deemed deficient in that it did not cover a sufficient period of time and the itemization set forth insignificant items in great detail while failing to focus attention to payments by the Department of Information and Public Relations.³⁰⁴

Bowman then attempted, possibly in desperation, to outline how the previous FARA requests for itemized disclosures actually fell within the limits of the "Katzenbach concession":

The above request [FARA Section] appears to be in line with Mr. Katzenbach's position in this matter as expressed in his meeting on May 2, 1963, with Judge Rifkind in which he said if the Council made a full disclosure of the receipt and expenditure of the funds it had received from the Jewish Agency so that such information would then be available for public inspection, the purposes and objectives of the Registration Act might well be accomplished. Mr. Katzenbach made it clear that he was not at that time committing the Department to accepting this procedure, but that we would examine the material filed by the Council before reaching a decision.³⁰⁵

But the AZC no longer had to risk full and potentially public disclosure to the Justice Department. On October 22, 1964, Katzenbach briefly attended his last formal meeting on the AZC matter with Rothenberg, Yeagley, and Lenvin. The meeting was the beginning of a cascading series of capitulations to AZC demands for special treatment. Katzenbach then became acting attorney general in September when Robert F. Kennedy resigned from the Department of Justice to begin his run for a New York Senate seat.

Nathan Lenvin outlined the October 22, 1964 meeting by noting the scarcity of Katzenbach's time and submission to AZC demands for material and temporal disclosure limits. "Mr. Katzenbach had to excuse himself because of urgent business elsewhere, but before he left he made clear to Mr. Rothenberg that, in response to the latter's assertion that to submit all of the financial information we had previously requested for a two to two-and-a-half year period would be a great burden on the subject, we would accept a statement as to a typical three month expenditure projected for the entire period concerned."³⁰⁶ Katzenbach was now accepting a "projection" as opposed to comprehensive actual declaration filing over the period in question for the FARA section. Katzenbach was even more conciliatory in allowing the AZC to choose which period it would like to report, as noted by Lenvin: "Mr. Rothenberg replied to Mr. Katzenbach that the Department could take any three month period it wanted, but Mr. Katzenbach made it clear that it was their responsibility to pick a three-month period that would reflect by projection the true state of the expenditures made by the Public Information Department of the American Zionist Council."³⁰⁷

After Katzenbach left the meeting, Rothenberg contested the point that actual itemized rather than representative data would be required. Lenvin's notes continue:

...he did not entirely appreciate the ruling which Mr. Katzenbach had made in this matter, to-wit that we would not accept a typical three-month period, which was what Mr. Rothenberg seemed to think Mr. Katzenbach had requested, but we would have to have this typical three month period projected so that it would reasonably reflect all of the expenditures of the Public Information Department of the subject during the period concerned. Mr. Rothenberg then stated that he understood and would attempt to accomplish this result.

³⁰⁸

Rothenberg pressed for an additional major concession from the Department of Justice—that the names of public speakers contracted by the AZC who received indirect compensation from the Jewish Agency not be made public. Lenvin noted that this core public disclosure in the proposed three-month filing was going to be ruled on by Katzenbach:

Included among the items which we advised Mr. Rothenberg we would want in the breakdown of expenditures were payments made to lecturers who were retained by the subject to make speeches or talks on behalf of the subject. Mr. Rothenberg claimed that this could well be embarrassing, particularly to individuals such as university professors who would not want to make it part of a public record that they received fees or expenses from the subject for this type of activity. Mr. Yeagley indicated that he would present this view to Mr. Katzenbach to determine whether he would be willing to modify the financial statement we were expecting so that the names of these particular individuals would not have to be included.³⁰⁹

Katzenbach apparently agreed. In handwritten notations to the meeting memo, Yeagley noted that this type of confidentiality for the speakers was "OK, in view agency is

terminated and speakers did not realize Council was a foreign agent." Yeagley further proposed a novel technical treatment of the speakers list: a non-public file to be held in the FARA public registration office. He made this handwritten notation on the second page of Lenvin's meeting notes file: "They are to include the names for confide[ntial] info. of Dept. [of Information and Public Relations] not for public file."³¹⁰

DOJ Deal to Classify AZC FARA Disclosure – 10/30/1964

U.S. GOVERNMENT
DEPARTMENT OF JUSTICE

Memorandum

TO : Files

DATE: October 30, 1964

FROM : Nathan B. Lenvin, Chief
Registration Section

JWY:NBL:rcw
~~146-1-51-14032~~

SUBJECT: AMERICAN ZIONIST COUNCIL
Conference - October 22, 1964

On October 22, 1964, I was present during the course of a meeting held in Mr. Katzenbach's office regarding the discharge of the above subject's obligations under the Foreign Agents Registration Act. Present during the meeting were: Messrs. Katzenbach and Yeagley, and Mr. Nathaniel Rothenberg, acting as counsel for the subject.

Mr. Katzenbach had to excuse himself shortly after the meeting commenced because of urgent business elsewhere, but before he left he made clear to Mr. Rothenberg that, in response to the latter's assertion that to submit all of the financial information we had previously requested for a two to two-and-a-half year period would be a great burden on the subject, we would accept a statement as to a typical three month expenditure projected for the entire period concerned. Mr. Rothenberg replied to Mr. Katzenbach that the Department could take any three-month period it wanted, but Mr. Katzenbach made it clear that the responsibility of selecting the three-month period was squarely on the American Zionist Council and that it was their responsibility to pick a three-month period that would reflect by projection the true state of the expenditures made by the Public Information Department of the American Zionist Council.

After Mr. Katzenbach's departure, Mr. Rothenberg's statements indicated he did not entirely appreciate the ruling which Mr. Katzenbach had made in this matter, to-wit that we would not accept a typical three-month period, which was what Mr. Rothenberg seemed to think Mr. Katzenbach had requested, but we would have to have this typical three-month period projected so that it would reasonably reflect all of the expenditures of the Public *146-1-51-14032*

Noted

COCKETED

-2-

Information Department of the subject during the period concerned. Mr. Rothenberg then stated that he understood and would attempt to accomplish this result.

Included among the items which we advised Mr. Rothenberg we would want in the breakdown of expenditures were payments made to lecturers who were retained by the subject to make speeches or talks on behalf of the subject. Mr. Rothenberg claimed that this could well be embarrassing, particularly to individuals such as university professors who would not want to make it part of a public record that they received fees or expenses from the subject for this type of activity. Mr. Yeagley indicated he would present this view to Mr. Katzenbach to determine whether he would be willing to modify the financial statement we were expecting so that the names of these particular individuals would not have to be included.

*How view
agency is
terminated
speeches did
not realize
Council was
a foreign agent.*

*They are to include the names
for confid. info of Dept - not
for public file*

[Signature]

FINDING: The AZC asked that the recipients of public relations and lobbying expenditures be kept secret by the DOJ FARA section, a complete violation of the public disclosure mandate. The DOJ accepted this request.

On November 4, 1964, Nathaniel Rothenberg advised Nathan Lenvin that he would provide detailed expenditures from the AZC Department of Information and Public Relations for the period of April, May, and June 1962. The list was to contain administrative expenses, meetings and speakers' fees, written materials, television radio and film, subventions, and visitors to Israel. Rothenberg affirmed that the period chosen "is a fair representation of the expenditures of this Department for any and all other three-month periods, and that the items set forth, when projected over a yearly period, would approximate the annual costs for each item."³¹¹

Yeagley responded to Rothenberg on November 18, 1964 that "it was intended, however, that the reporting period would be the entire period with which we are concerned, for example January 1960 to April, 1962. Mr. Katzenbach agreed, however, that the report for the full period could be prepared by projecting a typical three month period and that as long as you were satisfied that the sample period selected was representative of the entire period and would result in a reasonably or substantially accurate report, he would be willing to accept it in that form."³¹² The Department of Justice had now capitulated, via Yeagley, on any right to compare the three-month expenditures to an actual year of true income and expenses. On November 23, 1964, Rothenberg returned a short letter stating, "In accordance with our understanding, I have asked the American Zionist Council to proceed with the preparation of the report. It will be forwarded to you at the earliest possible moment."³¹³

Yet by January 19, 1965 no AZC declaration had yet been received in the FARA section. Irene Bowman alerted Nathan Lenvin to his responsibilities: "To date to my knowledge no such report has been submitted. It may be that you would like to bring this matter to Mr. Yeagley's attention. It appears that a follow-up letter is in order."³¹⁴ Then, on January 28, 1965, President Lyndon B. Johnson suddenly ended months of speculation by appointing Nicholas Katzenbach as attorney general.³¹⁵ The AZC registration issue soon began to move rapidly toward closure.

Nathan Lenvin spoke with Rothenberg on February 25, 1965 about the delayed filing. Rothenberg asserted that it was caused by "the inability to collect all of the information we wanted in the detail it was indicated the Department desired; however, he assured me this material had now been collected and was in the process of being put into proper form..." Lenvin then invoked the name of the new attorney general in double negative scolding: "I told Mr. Rothenberg we had depended to some extent on his good faith in assuring us that the material would be coming in, and that I would not like to believe that he did not intend to adhere to the assurances he gave to Mr. Katzenbach during the course of the above referred meeting."³¹⁶

On March 2, 1965, Harry A. Steinberg, Executive Director of the American Zionist Council forwarded an itemization of disbursements for the Department of Information

and Public Relations for the period April 1, 1962 through June 30, 1962. Itemized payments were numerically coded to a separate list of speakers, organizations, and foundations, but Steinberg cautioned it was to be handled with the utmost care: "Mr. Rothenberg has requested of you that this listing be kept separate and apart from the record of disbursement in any public files of your Section."³¹⁷

The list of sample Department of Information and Public Relations disbursements for the period only totaled \$37,986.92 in payments for administration, speakers' fees, written materials, broadcast media, subventions, and visitors to Israel. The secret list of speakers and payments for publications, as probably intended, is somewhat unremarkable. It did not divulge any of the payments to Isaiah Kenen that the Jewish Agency had specifically slated for the *Near East Report*. Those incremental payments, totaling \$38,000 disclosed in the Senate hearings were made much earlier—between June 29, 1960 and October 13, 1961.³¹⁸ The itemized payments disclosed were for a period long after the American Section and AZC already knew of an impending investigation. Nevertheless, the disclosure matched to the secret coded list is of some interest.

FINDING: The AZC refused to itemize the most questionable Jewish Agency/Near East Report, public relations and lobbying expenditures, already made public in Senate hearings in its sample three month FARA filing.

Mortimer J. Kroll, the desk operations manager at the *New York Times* radio station WQXR and later with *The New Yorker* magazine in 1963, appears on the AZC payments list. He received \$350 for "press and publicity" from the AZC.³¹⁹ If this payment had been disclosed in 1965 it might have surprised Senator Fulbright, who had cautiously and somewhat humorously exonerated the *New York Times* and other major publications during testimony about Kenen's *Near East Report* in the August 1, 1963 session:

Mr. Boukstein: Mr. Chairman, this is not the only publication which is favorable to Israel in the United States; there are others.

Senator Fulbright: I have no doubt of it. Certainly, the *New York Times*, the *Washington Post*, I could name a hundred of them, I guess, they are very favorable and I am not suggesting they are in your employ. I am suggesting that Mr. Kenen is receiving far more of his funds from the Jewish—the Israel Government directly and indirectly than is the *New York Times*. They are doing it strictly on their own, at least as far as I know.

Senator Fulbright (continued): I really shouldn't speak authoritatively because we haven't looked at it, but it is quite clear Mr. Kenen has been, for practical purposes, as he states himself, up to a certain point of your reorganization, he was on your payroll. Then, in order to insulate him, you took this indirect way of paying him by buying his product and paying him in that way. I am only trying to understand how this is done. I don't know why he shouldn't register.³²⁰

The publications may not have been on the AZC/Jewish Agency's payroll, but some reporters and media personalities were certainly contractors. Among the other names appearing in the key word index were Reverend Karl Baehr of the American Christian Association for Israel (\$500 for "meetings" and "written materials") and Jacques Torczyner, president of the Zionist Organization of America (\$142 for "travel expenses"). Academics include Harvard Ph.D., professor, and author John Stoessinger (\$210 for "fees and expenses") and Dr. Nasrollah Fatemi (\$234.97 for "travel expenses"). Fatemi served

as Iran's delegate to the United Nations in the 1950s and later became Director Emeritus of the Graduate Institute of International Studies at Fairleigh Dickinson University in New Jersey.³²¹ Among the smaller payments itemized (as little as \$0.72 for a booklet) was a disbursement to Joseph B. Schechtman (1891-1970). But the payment is nonetheless noteworthy.

Schechtman was a founder of the World Union of Zionist Revisionists and became a prolific author after moving to the US in 1941. His many books include *The Arab Refugee Problem* (1952), *The Life and Times of Vladimir Jabotinsky: Rebel and Statesman: The Early Years* (1956), *On Wings of Eagles: the Plight, Exodus, and Homecoming of Oriental Jewry* (1951), *Jordan: A State that Never Was* (1968), *Arab Terror: Blueprint for Political Murder* (1969), and *Israel Explores Deir Yassin Blood Libel* (1969). Though he only received \$12 as a "speaker's expense" on the AZC coded disclosure, he was already serving on the executive committee of the Jewish Agency at the time.³²² Like other individuals listed in the "disclosures," the AZC probably felt that Schechtman could fend for himself if he was "outed" as an AZC contractor. Few of the organizations and individuals selected for the short AZC filing would generate undue problems, or even interest, if discovered. They never were. Their "public" disclosure was classified.

FINDING: Israel's payments to US academics, new media, and Israel lobby operatives in the three month sample filing were classified and not made available in the FARA section public files. This violated FARA's disclosure mandate.

Nathan Lenvin notified Irene Bowman that closure was imminent:

Apparently my visit with Mr. Rothenberg has had at least some concrete results. If we can reasonably find that this is in substantial compliance with the understanding reached between Messrs. Rothenberg and Katzenbach in regard to what this organization would report, then I believe we should try to write "finis" to this at least for the time being. If you do find this fairly satisfactory, then we should make an effort to gather the other material which has been submitted including the propaganda material and, if possible, make one file which would then be available for public inspection should such an occasion arise.³²³

Bowman initially filed a neutral, almost mechanical memo recapitulating Katzenbach's earlier acceptance of a sample reporting period and the AZC's submission of material without indicating any tangible approval or disapproval. She did raise one final outstanding issue: Would Steinberg's request for recipient secrecy actually be granted by the DOJ? If it was, how would the FARA section handle a non-public, public disclosure? Bowman once again appealed to Lenvin's superiors, writing, "In the covering letter to the Department Mr. Harry A. Steinberg, Executive Director of the American Zionist Council, states that Mr. Rothenberg has requested that this listing be kept separate and apart from the record of disbursements in any public files of this Section....It is suggested that the sufficiency of this material as a registration statement should be passed upon by either Mr. Yeagley or Mr. Katzenbach." But then, in cursive handwriting across the bottom of the memo appears Bowman's obtuse, initialed capitulation. Later documents indicate her

additional clarification was produced under duress. "I agree with the conclusion that I recommend that the material be accepted and put into form for public examination."³²⁴

Bowman's actual position, truer to her previous form, is illuminated in a file entry detailing the utter inadequacy of the AZC material as a FARA registration. It is dated the very next day (March 24, 1965). Her resentment at being forced to synthesize and approve a statement conjured up from disparate documents and projections shines through in her memo, now coolly addressed to the department "files" rather than to Nathan B. Lenvin:

While it appears possible to make up a registration statement from documents furnished by a prospective registrant, these documents should furnish all of the information required by the Act to be stated in a registration statement. The above material, none of which is executed under oath, fails to provide the following information for the purpose of the Act: The identification of the foreign principal, the Jewish Agency, American Section, Inc. and whether the agency relationship still exists; the agreement or terms of the agreement, if oral, between the Jewish Agency and the AZC; a detailed itemization of the expenditures for the period, April, 1960—to the date of dissolution from the Department of Information and Public Relations; a comprehensive statement regarding the funds received from the foreign principal from 1960 including the purpose for which received; and a concise statement of the activities taken on behalf of the foreign principal. In addition no short-form registration statements have been filed by responsible officers of the AZC.

It should also be pointed out that the Department has apparently agreed to accept the report of expenditures submitted by the Department of Information and Public Relations without the listing of the names of the recipients of the subventions, the problem with which Senator Fulbright was concerned during his inquiry regarding the administration of the Foreign Agents Registration Act. It is the writer's view that the report without this listing does not comply with the Act and is meaningless.

For the foregoing reasons the writer is opposed to the acceptance of the material submitted by the AZC as a registration statement.³²⁵

FINDING: FARA professional staff objected to the non-standard AZC FARA filing, but were overruled.

Bowman was the last resister in the FARA section, but time had run out and she was about to be overruled internally. In an exasperated March 31, 1965 memo to Yeagley, Lenvin noted, "At this stage in the game, our only alternative would be to institute prosecutive proceedings. Since in my view this would be impractical, I recommend that the material submitted be accepted as a registration statement and put into such form as would be available for public inspection in the event such an occasion should arise."

Readers of the internal DOJ record may accurately interpret the word "impractical" as a euphemism for "completely lacking necessary political capital." The clock had run out, and rule of law now had to take a back seat as Lenvin approved Rothenberg's assertion that "no useful purpose would be served by including these names in the material which would be made available for public inspection." Lenvin hinged his final recommendation that the section accept the filing as a FARA registration on a tenuous tidbit from a preliminary legislative report draft divulged by a staffer on Fulbright's Senate Foreign Relations Committee:

In connection with our original basis for requesting the registration for the AZC, it is interesting to note that the contemplated report of the Senate Foreign Relations Committee as shown me by Mr. Norville Jones, a staff member of the Committee, states that the receipt of a subsidy from a foreign principal without direction or control by the foreign principal would, in the view of the Committee, not create an obligation to register. In the event it was determined that prosecution should be instituted and such prosecution was initiated subsequent to the issuance of the report, such a statement by the Committee indicating the intent of Congress in regard to coverage of the Foreign Agents Registration Act would, in my view, seriously militate against any successful prosecution.³²⁶

Yeagley, who was apparently now eager for the section's blessing of the highly unorthodox registration, noted, "Also the relationship terminated a couple of years ago, at least." Beneath Lenvin's typed justification for not making public the names of fund recipients, Yeagley handwrote, "OK, I would like to see how the file is set up."³²⁷

FARA Section Memo on Special Treatment of AZC Filing, March 31, 1965

DEPARTMENT OF JUSTICE

Memorandum

TO : J. Walter Yeagley, AAG
Internal Security Division

DATE: March 31, 1965

FROM : Nathan B. Lenvin, Chief
Registration Section

JWY:NBL:rcw
146-1-51-14032

SUBJECT: AMERICAN ZIONIST COUNCIL

Attached hereto is the entire file relating to the American Zionist Council (AZC) and our efforts to obtain its registration under the terms of the Foreign Agents Registration Act.

As you may recall, our original determination that registration was required was based upon information obtained from the registration statement filed by the American Section of the Jewish Agency for Israel, to the effect that that organization had made substantial contributions to the subject in order to finance its activities within this country.

In her Memorandum to Files, Mrs. Bowman points out certain lacunae, which fail to establish all of this material as meeting all of the requirements for registration under the provisions of Section 2 of the Foreign Agents Registration Act. However, in the light of Mr. Katzenbach's rulings during the course of meetings with representatives of the subject organization, we were well aware that no full and complete registration statement in the ordinary sense would be received. It seems to me, therefore, that at this stage of the game our only alternative to a refusal to accept what has been submitted as compliance with the Act would be to institute prosecutive proceedings. Since in my view this would be impractical, I recommend that the material submitted be accepted as a registration statement and put into such form as would be available for public inspection in the event such an occasion should arise.

With regard to the request by Mr. Rothenberg that the names of the recipients of funds from the subject in connection with speaking engagements be omitted

OK Guy I would like to see how the file is set up.

146-1-51-14032
DEPARTMENT OF JUSTICE
JUN 8 1965
RECORDED

-2-

from the public file, I am inclined to agree that no useful purpose would be served by including these names in the material which would be made available for public inspection.

In connection with our original basis for requesting the registration of the AZC, it is interesting to note that the contemplated report of the Senate Foreign Relations Committee as shown to me by Mr. Norville Jones, a staff member of the Committee, states that the receipt of a subsidy from a foreign principal without direction or control by the foreign principal would, in the view of the Committee, not create an obligation to register. In the event it was determined that prosecution should be instituted and such prosecution was initiated subsequent to the issuance of the report, such a statement by the Committee indicating the intent of Congress in regard to coverage of the Foreign Agents Registration Act would, in my view, seriously militate against any successful prosecution.

Also the relationship was terminated
Attachments *a couple of years ago - at least.*
Jay

FINDING By allowing a nonstandard AZC FARA filing, DOJ Internal Security Division executives guaranteed that full details of Jewish Agency funding for Isaiah L. Kenen and his "committee" the AIPAC, would never fully be disclosed to the American public. This deal violated the core purpose of the 1938 FARA.

The DOJ believed that the "agency" issue of the AZC was now resolved. But the FARA section would be forced to endure a final and precisely timed revelation. It revealed how the essence of the foreign principal-AZC/AIPAC foreign agency relationship was simply being reorganized and fortified, rather than properly registered or terminated.

AZC's Secret FARA Registration

The majority of the Internal Security Division seemed anxious to close the AZC file "finally and forever."³²⁸ The Bowman reversal on principal coupled with Katzenbach's newer and higher responsibilities meant only one thing: Yeagley needed to formalize the AZC's special joint public-secret filing at the FARA section.

Nathan Lenvin had already worked out an internal procedure for public inquiries. He circled back to the phrase used by the Jewish Agency's Maurice Boukstein on October 31, 1962, having probably read through his earlier records before crafting his final major memo. Lenvin downgraded the entire affair to the level of a "bona fide dispute."

The material filed by the American Zionist Council (AZC) was filed in accordance with an understanding between the Department and the AZC and was filed as a result of a bona fide dispute between the parties as to whether registration was, in fact, required under the Foreign Agents Registration Act. Neither party was inclined to test the applicability of the statute in a criminal proceeding. Thus it was agreed that the material would not comprise a registration statement but would supply basic information regarding the activities of the AZC financed in part by the Jewish Agency, American Section, Inc. This material is available for public inspection.³²⁹

Lenvin built up his earlier tentative rationalizations about the AZC while simultaneously devaluing the real power and institutional prerogative of the Department of Justice to act in the interest of the American people. In retrospect, the only "party" capable of initiating a "criminal proceeding" was the Internal Security Division, which had relatively recently contemplated taking the AZC file to a grand jury and sending in the FBI. The "bona fide dispute" branding now characterized the affair as a squabble between curiously equal parties. J. Walter Yeagley quickly adopted Lenvin's "bona fide dispute" phraseology when he formally closed the case with the FBI, though he wisely dropped Lenvin's references to "testing the statute." May 14, 1965 was the date of Yeagley's last formal contact with the FBI on the entire AZC matter.

Reference is made to the Division's memorandum to your Bureau dated August 23, 1963, captioned as above, in which you were advised that the registration of the American Zionist Council (AZC) had been solicited under the Foreign Agents Registration Act and that discussions were being held between Departmental officials and representatives of the AZC regarding its obligations under the Act.

For your information the AZC has submitted informational material which is available in the Registration Section for public examination. This material was filed in accordance with an understanding between the Department and the AZC and was filed as a result of a bona fide dispute between the parties as to whether

registration was, in fact, required under the Act. The material does not comprise a registration statement but does supply basic information regarding activities of the AZC financed in part by the Jewish Agency, American Section, Inc.³³⁰

Yeagley then coached the rest of the DOJ staffers about where the color-coded AZC material would be located and how to handle any public inquiries:

The material filed by the AZC was placed in an expandable portfolio to distinguish it in appearance from the registration statements which are filed in manila folders. In the event Mrs. Eldred receives inquiries as to whether the AZC is registered under the Act, she has been instructed to respond in the negative. She is to advise, however, that the AZC has filed information with this Section which is available for public examination.³³¹

DOJ FARA Section AZC File Treated Differently – May 17, 1965

May 20, 1965.

J. Walter Yeagley, AAG
Internal Security Division

Nathan B. Lenvin, Chief
Registration Section

American Zionist Council

JWY:NBL:IAB: Tlg
146-1-51-14032
May 17, 1965
cc: RECORDS
MRS. BOWMAN
MR. LENVIN
CHRONO

Reference is made to your written notation on my memorandum of March 31, 1965, regarding the subject that you would like to see the proposed file of the American Zionist Council (AZC) before it is exhibited to the public.

Attached hereto is an expandable portfolio with the label "American Zionist Council, Information Material" which contains two manila folders, one titled "Activities Reports" and the other, "Financial Data." The "Activities Reports" folder contains various memoranda regarding the programs of the AZC while the "Financial Data" folder holds five separate submissions of the AZC. These submissions are as follows: two general reports of income and expenditures, one for the year ending March 31, 1962, and the other, for the ten months ending January 31, 1963; a statement of income for the period November 1, 1962 - January 18, 1963; a statement of expenditures for the period November 1, 1962 - January 18, 1963; a record of disbursements of the Department of Information and Public Relations for the period April 1, 1962 - June 30, 1962, with a yearly projection; and a payroll record for the period November 1, 1962 - January 18, 1963.

This material of the AZC was placed in an expandable portfolio to distinguish it in appearance from the registration statements which are filed in manila folders. In the event Mrs. Eldred receives inquiries as to whether the AZC is registered under the Act, she has been instructed to respond in the negative. She is to advise, however, that the AZC has filed information material with this Section which is available for public examination.

Attachments

DOCKETED

On a final consolidating memo formalizing the accommodations for the secret section of the AZC file, Yeagley wistfully penned, perhaps for posterity, "Ok. This seems to be what Attorney General Kennedy and the then Dep. AG Katzenbach had in mind.—JWY."³³²

FARA Section Closes AZC Case: "OK, This seems to be what AG Kennedy...had in mind" - 5/20/1965

UNITED STATES GOVERNMENT
DEPARTMENT OF JUSTICE

Memorandum

TO : J. Walter Yeagley, AAG
Internal Security Division

DATE: May 20, 1965.

FROM : Nathan B. Lenvin, Chief
Registration Section

SUBJECT: American Zionist Council

Reference is made to your written notation on my memorandum of March 31, 1965, regarding the subject that you would like to see the proposed file of the American Zionist Council (AZC) before it is exhibited to the public.

Attached hereto is an expandable portfolio with the label "American Zionist Council, Information Material" which contains two manila folders, one titled "Activities Reports" and the other, "Financial Data." The "Activities Reports" folder contains various memoranda regarding the programs of the AZC while the "Financial Data" folder holds five separate submissions of the AZC. These submissions are as follows: two general reports of income and expenditures, one for the year ending March 31, 1962, and the other, for the ten months ending January 31, 1963; a statement of income for the period November 1, 1962 - January 18, 1963; a statement of expenditures for the period November 1, 1962 - January 18, 1963; a record of disbursements of the Department of Information and Public Relations for the period April 1, 1962 - June 30, 1962, with a yearly projection; and a payroll record for the period November 1, 1962 - January 18, 1963.

This material of the AZC was placed in an expandable portfolio to distinguish it in appearance from the registration statements which are filed in manila folders. In the event Mrs. Eldred receives inquiries as to whether the AZC is registered under the Act, she has been instructed to respond in the negative. She is to advise, however, that the AZC has filed information material with this Section which is available for public examination.

Attachments

OK. This seems to be what Attny Gen Kennedy & the then Asst. Atty Gen Katzenbach had in mind.

146-1-51-14032

Shouldn't you have a separate listing of this material?

DOCKETED

146-1-51-14032

DEPARTMENT OF JUSTICE

MAY 20 1965

RECORDS SECTION

The FARA section's earlier commitment to uphold "law as applied to the facts in this particular case" was now defunct. Robert F. Kennedy, elected and serving in the Senate since January 3, 1965 had long since moved on to other controversies. RFK fell to an assassin, Sirhan Sirhan on June 6, 1968. Sirhan, born in Jerusalem on March 19, 1944, is still serving a life sentence in California's state prison system.

Non-Standardized, Partial AZC FARA Public Filing – 03/02/1965

AMERICAN ZIONIST COUNCIL	
DEPARTMENT OF INFORMATION & PUBLIC RELATIONS	
DISBURSEMENTS FOR THE PERIOD	
APRIL 1, 1962 TO JUNE 30, 1962	
Administrative Expenses	\$ 20,893.20
Travel Expenses	7,336.00
Telephone Expenses	1,615.75
Postage Expenses	6,000.00
Printing Expenses	1,708.57
Total Disbursements	\$ 27,456.25
Total Disbursements Fiscal Year 1962-63	\$27,456.25

AMERICAN LIONIST COUNCIL -- DEPARTMENT OF INFORMATION & PUBLIC RELATIONS						
DISBURSEMENTS FOR THE PERIOD OF APRIL 1, 1962 to JUNE 30, 1962						
ITEM	DATE	DESCRIPTION	MEETINGS SPEAKERS FEES & EXPENSES	WRITTEN MATERIALS	RADIO & FILMS	SUBVENTIONS TO ISRAEL
1	April 4	Subvention				\$ 2,000.
2	17	Speaker's fee	\$ 50.			
3	17	Shulzinger Bros., printer		150.		
4	17	G.F. Putnam & Sons, purchase of books		102.51		
5	24	Professional services			333.33	
6	24	Professional Services & expenses				222.19
7	24	Professional services		200.00		
8	24	Professional services	100.			
9	24	Professional services	250.	250.		
10	24	Professional services	125.			
11	24	Professional services		350.		
12	24	Fee				300.
13	May 2	subvention				2,000.
14	2	Overseas Press Club-meeting	96.50			
15	2	Middle East Forum, subscription		5.00		
16	2	Fee	100.			
17	2	Miners Club-meetings	47.77			
18	2	P.E. Aide, subscription		18.		
19	2	Calif. Jewish Record- cuts		12.36		
20	9	Hotel DeMunich-meeting	10.23			
21	9	Hotel St. Moritz-meeting	6.89			
22	9	Rosen Tours, Inc. plane tickets	447.59			
23	9	Fee & Expenses	210.			
24	9	Travel Expenses	234.97			
25	9	The Lutheran - subscription		6.50		
26	9	NY Amsterdam News-subscription		7.00		
27	10	Travel Expenses	142.10			
28	16	Jewish Chronicle-subscription		10.00		
29	16	Asia Student-subscription		2.00		
30	16	Amer. Assoc. for Jewish Studies Audio-Visual Review			15.75	
31	16	Anti-Defamation League- book		2.76		
32	16	New England Lionist Council - Speakers' Fees & expenses	236.14			
33	16	Travel Expenses	70.63			
34	16	Speakers' Fee	250.00			
35	16	Speakers expenses	96.60			
36	16	Speakers expenses	171.80			
			75.60			

-2-						
ITEM	DATE		MEETINGS, SPEAKERS FEES & EXPENSES	WRITTEN MATERIALS	RADIO & FILMS	SUBVENTIONS
38	May 16	Speakers expenses	62.80			
39	May 16	Speakers expenses	57.00	6.00		
40	May 16	Speakers expenses	24.18	3.00		
41	May 16	Speakers expenses	29.86			
42	May 16	Speakers expenses	35.34			
43	May 16	Speakers expenses	12.00			
44	May 16	The Sign - subscription		4.00		
45	May 16	Foreign Policy Assn. subscrip.		2.40		
46	May 16	Block Pub. Co. - Book		4.95		
47	May 16	Encyclopedia Britannica-Book		5.30		
48	May 16	Editor & Publisher - subscrip.		5.26		
49	May 16	Christian Century - subscription		7.50		
50	May 16	Central Conf. American Rabbis-		5.00		
51	May 16	The American Press - subscription		5.00		
52	May 23	Jewish Post & Opinion subscription		7.00		
53	May 23	Council for M.E. Affairs Press-		15.00		
54	May 23	The United Synagogue - booklet		.75		
55	May 23	U.S. Committee for UN - booklet		.72		
56	May 23	Professional Services & expenses				330.00
57	May 23	Fee	50.00			
58	May 23	Fee	25.00			
59	May 23	Inter-University Comm on Israel-allocation				300.00
60	May 23	Professional Services			333.33	
61	May 23	Professional Serv. & Expenses				222.19
62	May 29	Professional Services	250.00	250.00		
63	May 29	Professional Services	100.00			
64	May 29	Professional Services		350.00		
65	May 29	Fee	50.00			
66	May 29	Professional Services	125.00			
67	May 29	Fee	300.00			
68	May 29	Fee	150.00			
69	May 29	Fee & travel expenses	309.52			
70	May 29	Fee	110.00			
71	May 29	Professional services		200.00		
72	June 6	Fee	50.00			
73	June 6	Subvention		2,045.31	1,085.74	2,000.00
74	June 13	Fee	200.00			
75	June 13	Fee	300.00			
76	June 13	Fee & expenses	86.90			
77	June 13	Travel expenses	15.91			
78	June 20	Fee	50.00			

--3--

ITEM	DATE	MEETINGS, SPEAKERS FEES & EXPENSES	WRITTEN M MATERIALS	RADIO & FILMS	SUBVENTIONS	VISITS TO ISRAEL
79	JUNE 20	Jewish Observer, M.E. Review-subscription	6.00			
80	20	Jewish Frontier - subscription	3.00			
81	20	Rosen Tours -- travel expenses	57.51			
82	20	Travel expenses	12.80			
83	20	Fee & Expenses	27.30			
84	20	Fee	50.00			
85	20	Fee & expenses	80.54			
86	20	Fee & expenses	110.41			
87	20	Fee	250.00			
88	27	Professional services		333.33		
89	27	Professional services & expenses				222.19
90	27	Professional Services	250.00	250.00		
91	27	Professional Service	125.00			
92	27	Professional Services		200.00		
93	27	Professional Services		350.00		
94	27	Professional Services	100.00			
95	27	Fee				200.00
96	27	US News & World Report	7.00			
97	27	Pilgrim Press - printer	57.00			
98	27	Liberation Comm. for Africa-subscription	2.00			
99	27	Christian Century - subscription	7.50			
100	27	Encyclopedia Britannica - book	5.30			
101	27	The Reporter-subscription	2.50			
102	27	Middle East Forum -subscription	5.00			
103	27	Ecumenical Review -subscription	3.00			
104	27	Institute of Int'l Education-subscription	1.00			
105	27	Jewish Publication Society-subscription	12.50			
106	27	Lee Krieger - art work	49.50			
107	27	Civic Education Service, Inc.-subscription	5.00			
108	27	Fee	100.00			
			6,800.89			
		less reimbursement by Denver Zionist Council	864.81			
		TOTALS	5,336.08	2,945.31	1,015.74	6,000.00
						1,796.57

THE TIME PERIOD HEREIN ABOVE REPORTED IS A FAIR REPRESENTATION OF THE EXPENDITURES OF THIS DEPARTMENT FOR ANY AND ALL OTHER 3 MONTH PERIODS AND THE ITEMS SET FORTH WHEN PROJECTED OVER A YEARLY PERIOD WILL APPROXIMATE THE ANNUAL COST FOR EACH ITEM.

TREASURER
(FOR THE PERIOD ABOVE REPORTED)

Non-Standardized, Partial AZC FARA Secret Filing – 03/02/1965

AMERICAN ZIONIST COUNCIL	
Department of Information and Public Relations	
Disbursements for the	
<u>period of April 1, 1962 to June 30, 1962</u>	
<u>ITEM</u>	<u>NAME</u>
1	Frank J. Doft Foundation
2	Frances Sussna, Educator
5	Milton Krents, Consultant (Radio & TV)
6	Alisa Ber, Representative in Israel
7	Albert Ghosh, Consultant
8	Miriam Jackson, Consultant (Civic groups)
9	Rev. Karl Baehr, Director American Christian Assn. for Israel
10	Rabbi David Greenberg
11	Mortimer Kroll, Press and Publicity
12	Clement Mihanovitch, Professor St. Louis Univ. Missouri
13	Frank J. Doft Foundation
16	Ray Levin, Field Representative
23	John Stoessinger, Professor, Hunter College, New York
24	Nasrollah Fatemi, Professor, Fairleigh Dickinson Univ., N.J.
27	Jacques Torczynier, Member of Executive Committee
33	Shaul Ramati, Israel Consul
34	Clement Mihanovitch, Professor, St. Louis University, Missouri
35	Matityahu Dagan, Israeli Consul
36	Yasov Nash, Israeli Consul
37	Zev Sufott, Israeli Consul
38	David Teshner, Israeli Consul
39	Elieter Preminger, student, candidate PH.D.
40	Yakov Aviad, Israeli Consul
41	Arich Eshel, Israeli Consul
42	Michael Pragai, Israeli Consul
43	Joseph B. Schechtman, Member of Executive Committee
56	Alisa Ber, Representative in Israel
57	Abraham Grobard, entertainer
58	Ella Steffens, social worker
60	Milton Krents, consultant (Radio & TV)
61	Alisa Ber, representative in Israel
62	Rev. Karl Baehr, Director American Christian Assn. for Israel
63	Miriam Jackson, Consultant (civic groups)
64	Mortimer Kroll, Press & Publicity
65	Rev. Karl Baehr, Director, American Christian Assn. for Israel
66	Rabbi David Greenberg
67	Sanford Griffith, Professor, New School for Social Research, N.Y.
68	Nasrollah Fatemi, Professor, Fairleigh Dickinson Univ., N.J.
69	Rabbi David Greenberg
70	Rabbi Herbert Weiner
71	Albert Ghosh, Consultant
72	Frances Sussna, Consultant
73	Frank J. Doft Foundation

-2-

NAME

74 Sanford Griffith, Professor, New School for Social Research
75 Rev. Earl Hollier Tomlin, Minister
76 Tamar Eshel, Member, Israel Delegation to the UN
77 Saul Panofsky, Field Representative
78 Frances Sussna, Educator
82 Tamar Eshel, Israel Delegate to the UN
83 Yeoshna Tadmar, Israeli Consul
84 Rev. James Sheldon, Exec. Secy, American Anti-Nazi League
85 Mordecai Shalev, Israeli Consul
86 Shaul Ramati, Israeli Consul
87 Sanford Griffith, Professor New School for Social Research
88 Milton Krents, Consultant (Radio & TV)
89 Alisa Ber, Representative in Israel
90 Rev. Karl Baehr, Director, American Christian Assoc. for Israel
91 Rabbi David Greenberg
92 Albert Ghosh, Consultant
93 Mortimer J. Kroll, Press & Publicity
94 Miriam Jackson, Consultant Civic Groups
95 Gabe Sanders, Professor, N.J. State Teachers College
108 Abraham Glassner, Educator

FINDING: By allowing the AZC to file its partial schedule of Israeli payments to American academics, news media, and others in secret, FARA section officials guaranteed that Americans would not have timely access to a complete, standardized AZC FARA filing detailing the distribution of at least \$35 million (in today's dollars) to organizations and AIPAC. The summary secret filing was only made public through FOIA and declassification in 2008.

AZC Reorganizes into the Kenen Committee

No former Department of Justice insider, investigator or member of the news media ever had the AZC files declassified to reveal a remarkable, if somewhat bureaucratic, saga. Few insiders had anything to gain from it. For some of those directly involved, promising career advances awaited. Others were reaching the end of the line and had no need to "rock the boat."

J. Walter Yeagley went on to become a District of Columbia Court of Appeals judge and died peacefully in West Palm Beach, Florida in 1990.³³³ Nathan B. Lenvin, longtime veteran of the FARA section, never left the Department of Justice; he died in his sleep at the age of 58 during a business trip to Chicago to interview potential recruits in 1968.³³⁴ His wife, an English teacher in northern Virginia, died 30 years later, survived by their two children.³³⁵

Nicholas Katzenbach is still around in 2008 as this is written. He is remembered for a legendary 1963 civil-rights-era showdown with Alabama Governor George Wallace, who literally blocked the entry of two black students into the University of Alabama. Katzenbach rose to become US Undersecretary of State from 1966-1969, and his pithy and now declassified Johnson administration analysis is entering the American public consciousness via new Middle East histories, including those covering the 1967 Six-Day War. These histories refute the volumes of orthodox narratives of an "Israeli David pitted against the Arab Goliath." Among the more recent Katzenbach statements: "The intelligence was absolutely flat on the fact that the Israelis...could wipe out the Arabs in no time at all."³³⁶

But whatever became of the AZC? Its public affairs and lobbying functions were relaunched from its former lobbying division, the American Israel Public Affairs Committee (AIPAC) and expanded into more robust affiliated organizations and think tanks. The AZC did try to settle its score with the FARA section in Kenen's favorite arena: the press.

Among the last items in the FARA section's file on the American Zionist Council is single news clipping from the *New York Times*, dated May 17, 1965. It was not formally logged into the department until two days after Yeagley closed the AZC case. Its headline read, "9 Zionist Groups Agree on Program." The article revealed that the American Zionist Council, contrary to the multiple assertions from Simon Rifkind and Nathaniel Rothenberg about its impending "dissolution," was very much alive and kicking:

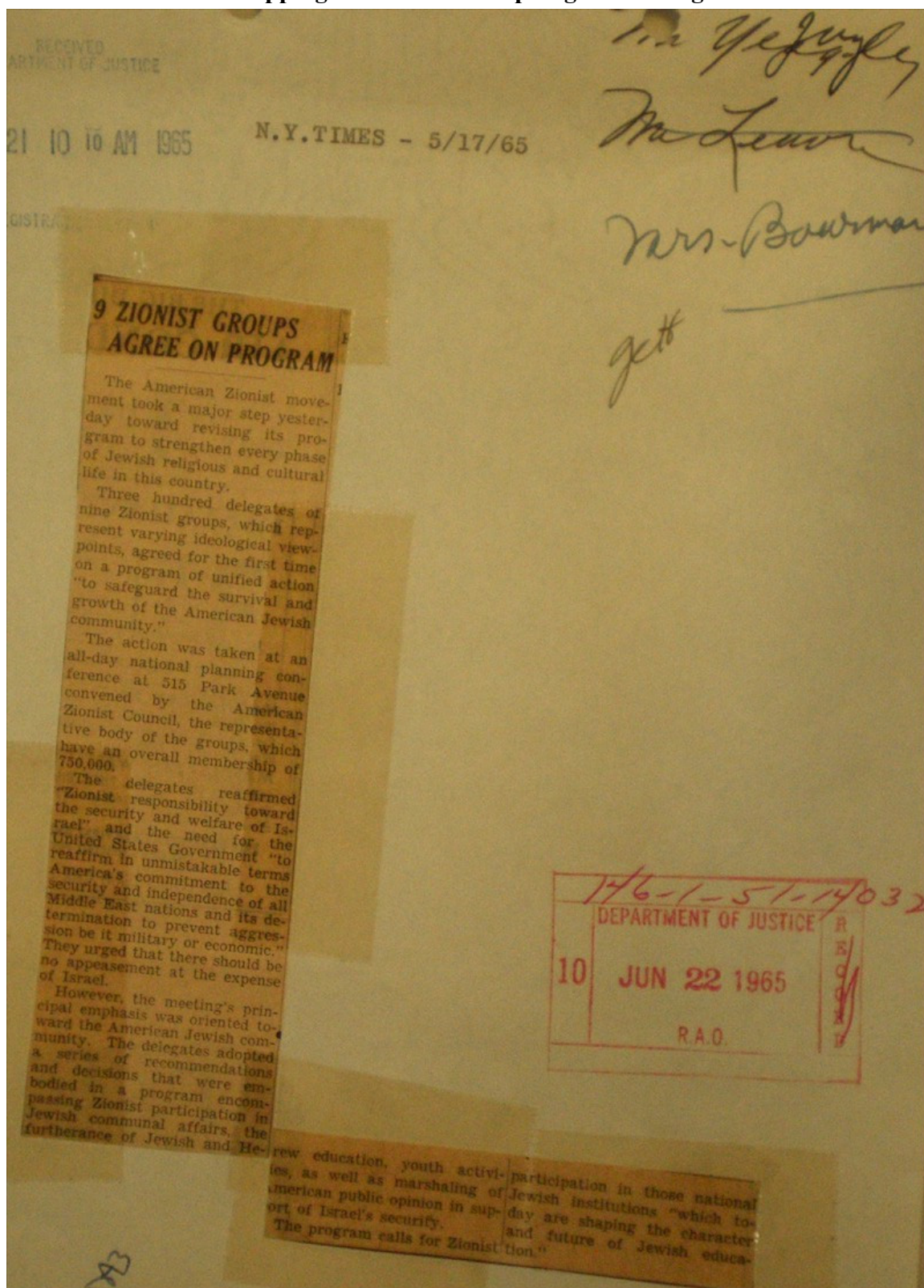
The American Zionist movement took a major step yesterday toward revising its program to strengthen every phase of Jewish religious and cultural life in this country.

Three hundred delegates of nine Zionist groups, which represent varying ideological viewpoints, agreed for the first time on a program of unified action "to safeguard the survival and growth of the American Jewish community."

The action was taken at an all-day planning conference at 515 Park Avenue convened by the American Zionist Council, the representative body of the groups, which have an overall membership of 750,000.

The delegates reaffirmed "Zionist responsibility toward the security and welfare of Israel" and the need for the United States Government "to affirm in unmistakable terms America's commitment to the security and independence of all Middle East nations and its determination to prevent aggression be it military or economic." They urged that there should be no appeasement at the expense of Israel.³³⁷

FARA Section Press Clipping – 9 Zionist Groups Agree on Program³³⁸



Lenvin, Bowman, and Yeagley were probably distressed not only at the story's timing, but at the audacity of the AZC summit's location. It was listed as taking place at the same address where the Jewish Agency–American Section office was headquartered. The AZC meeting also signaled the beginning of a new and even more aggressive phase for the Israel lobby, which would soon be challenging US election law enforcement and the sanctity of classified US economic and national security information.

Finding: The FARA Section was mistaken that the Jewish Agency/AZC AIPAC relationship had “terminated”. This was foreshadowed in a New York Times story on a meeting in the Jewish Agency Headquarters after the registration file was closed in 1965. It has become more apparent as the new shell corporations, AIPAC and the World Zionist Organization – American Section resumed and fortified their predecessors’ activities.

AIPAC would provide a clean corporate organizational shell into which the AZC's lobbying and public relations talent and initiative infrastructure could be poured. Still, scattered public resistance continued. The Jewish Agency–American Section would be abruptly forced to shut down. A professor and an activist, the only two members of the public ever logged at the FARA section as having reviewed the public AZC FARA filing analyzed it and mounted legal challenges to the Jewish Agency–American Section. However, just as the AZC was only temporarily inconvenienced before it was quickly reborn within AIPAC, the Jewish Agency–American Section would also rapidly reemerge, somewhat cynically, in yet another orchestrated corporate shell company ballet. Such timely and opportunistic morphing became the lobby's specialty.

FINDING: AIPAC and the AZC are the same organization. AIPAC was referred to internally in AZC documents as a division, the “Kenen committee.” Because AZC/AIPAC was unable to raise substantial non tax exempt lobbying funds from the American public, it relied on Israeli funding funneled via the Jewish Agency and laundered tax exempt charitable donations for startup expenditures, lobbying and public relations. On paper under order from the DOJ, the AZC was allowed to file a cursory registration statement but only appeared to shut down in the 1960s. In reality the AZC has operated continuously, but is now called AIPAC. The Jewish Agency underwent a similar paper metamorphosis to escape warranted FARA oversight.

Jewish Agency Shell Reorganization into the World Zionist Organization to Escape FARA Oversight

The American Section of the Jewish Agency, which funded both the AZC and AIPAC with funds from Israel, operated out of its New York City office at 515 Park Avenue into the early 1970s. Isadore Hamlin continued to serve as the executive director of the American Section and file the required FARA declarations. But the AZC-DOJ confrontation put a spotlight on the Jewish Agency's activities, and the corporate veil Hamlin and Boukstein had woven was finally beginning to slip. On June 9, 1969, Hamlin

responded to a FARA question about the nature of the foreign principal he represented and attached an exhibit explaining why that principal was not a foreign government:

American Section – Jewish Agency for Israel Inc.

The executive of the Jewish Agency for Israel is the executive arm of the world Zionist organization which, through its constituent member organizations throughout the free world, representing Jews from all over the world principally concerned with immigration, rehabilitation, and resettlement of Jewish settlers and refugees in Israel; with cultural activities in Israel and in other countries; the dissemination of information relating to its activities and the welfare of the people of Israel.

The World Zionist Organization is recognized by the State of Israel as the representative body of Jews outside of Israel for the purposes of immigration, rehabilitation, colonization and resettlement of Jewish immigrants in Israel.

A special law to that effect was passed by the Knesset of Israel in 1962 and an agreement setting forth the areas of cooperation between the executive of the Jewish Agency and the Government of Israel in respect of the foregoing functions of the Agency was entered into in July 1953. The Jewish Agency for Israel is not an instrumentality or a subdivision of the State or the Government of Israel.³³⁹

American Section of the Jewish Agency FARA Filing Reveals Control and Funding Relationship with the Israeli Government³⁴⁰

Form DJ-306 (Ed. 11-10-66)	UNITED STATES DEPARTMENT OF JUSTICE WASHINGTON, D.C. 20530	Budget Bureau No. 43-8216.7 Approval expires Oct. 31, 1971
EXHIBIT A TO REGISTRATION STATEMENT <i>Under the Foreign Agents Registration Act of 1938, as amended</i>		
<i>Furnish this exhibit for EACH foreign principal listed in an initial statement and for EACH additional foreign principal acquired subsequently.</i>		
1. Name and address of registrant American Section-Jewish Agency for Israel, Inc. 515 Park Avenue, New York, N.Y. 10022		2. Registration No. 208
3. Name of foreign principal The Executive of the Jewish Agency for Israel.	4. Principal address of foreign principal Jerusalem, Israel	
5. Indicate whether your foreign principal is one of the following type:		
<input type="checkbox"/> Foreign government		
<input type="checkbox"/> Foreign political party		
<input type="checkbox"/> Foreign or <input type="checkbox"/> domestic organization: If either, check one of the following:		
<input type="checkbox"/> Partnership <input type="checkbox"/> Committee		
<input type="checkbox"/> Corporation <input type="checkbox"/> Voluntary group		
<input checked="" type="checkbox"/> Association <input type="checkbox"/> Other (specify) _____		
<input type="checkbox"/> Individual - State his nationality _____		
6. If the foreign principal is a foreign government, state: Not applicable		
a) Branch or agency represented by the registrant.		
b) Name and title of official with whom registrant deals.		
7. If the foreign principal is a foreign political party, state: Not applicable		
a) Principal address.		
b) Name and title of official with whom the registrant deals.		
c) Principal aim		
<div style="border: 1px solid black; padding: 5px; display: inline-block;"> Date <u>6-7-69</u> Copies to: AID _____ CIA _____ COMMERCE _____ HSAAC _____ SCFF _____ DISSEC _____ USIA _____ TARIFF _____ STATE <input checked="" type="checkbox"/> </div>		
8. If the foreign principal is not a foreign government or a foreign political party,		
a) State the nature of the business or activity of this foreign principal		

b) Is this foreign principal

- Owned by a foreign government, foreign political party, or other foreign principal Yes ☐ No ☒
- Directed by a foreign government, foreign political party, or other foreign principal... Yes ☐ No ☒
- Controlled by a foreign government, foreign political party, or other foreign principal.. Yes ☐ No ☒
- Financed by a foreign government, foreign political party, or other foreign principal... Yes ☐ No ☒
- Subsidized in whole by a foreign government, foreign political party, or other foreign principal..... Yes ☐ No ☒
- Subsidized in part by a foreign government, foreign political party, or other foreign principal..... Yes ☒ No ☐

9. Explain fully all items answered "Yes" in Item 8(b). (If additional space is needed, a full insert page may be used.)

The Government of Israel has from time to time made subventions to the Jewish Agency for Israel, particularly in connection with its work in agricultural settlements and immigrant housing. These subventions varied in amounts from time to time. In all cases, control over the operations subventioned by the Government remained fully with the Jewish Agency.

10. If the foreign principal is an organization and is not owned or controlled by a foreign government, foreign political party or other foreign principal, state who owns and controls it.

The World Zionist Organization is controlled by its member organizations through the World Zionist Congress, which meets every four years and elects its governing bodies, including the Executive.


Date of Exhibit A May 27, 1969	Name and Title Isadore Hamlin, Secretary	Signature 
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EXHIBIT "A"

AMERICAN SECTION-JEWISH AGENCY FOR ISRAEL, INC.

Answer to Item #3.a

The executive of the Jewish Agency for Israel is the executive arm of the World Zionist Organization which, through its constituent member organizations throughout the free world, represents Jews from all over the world principally concerned with immigration, rehabilitation and resettlement of Jewish settlers and refugees in Israel; with cultural activities in Israel and in other countries; the dissemination of information relating to its activities and the welfare of the people of Israel.

The World Zionist Organization is recognized by the State of Israel as the representative body of Jews outside of Israel for the purposes of immigration, rehabilitation, colonization and resettlement of Jewish immigrants in Israel.

A special law to that effect was passed by the Knesseth of Israel in 1962 and an agreement setting forth the areas of cooperation between the Executive of the Jewish Agency and the Government of Israel in respect of the foregoing functions of the Agency was entered into in July 1953. The Jewish Agency for Israel is not an instrumentality or a subdivision of the State or the Government of Israel.

Hamlin acknowledged that the Israeli government funded the Jewish Agency, but he would not concede any implicit Israeli government control:

The government of Israel has from time to time made subventions to the Jewish Agency for Israel, particularly in connection with its work in agricultural settlements and immigrant housing. These subventions varied in

amounts from time to time. In all cases, control over the operations subventioned by the Government remained fully with the Jewish Agency.³⁴¹

George Washington University law professor William T. Mallison Jr. focused a pointed legal analysis on the underpinnings of the foreign agency relationship between the Israeli government and the Jewish Agency. He felt that FARA required far deeper Jewish Agency disclosures than had been previously filed.

This persistent blinking of the harder and harder evidence we continued to submit, identifying the Zionist apparatus as a supranational tool of the Israeli government, led us to conceive and develop Mallison's second, major study. This argued that the "Status" law and "Covenant" made the Zionist apparatus either an agent of the Israeli government or actually a part of the government...

When Mallison completed this second study slightly different versions were submitted to both the Department of Justice and the Department of State. The facts and law comprising the body of both petitions were identical. The petitions for relief were tailored to the competencies of each department. At Justice we asked that the Foreign Agents Registration Act be enforced against the Zionist apparatus in the United States. At State we contended that the organized, systematic intervention of the Israeli government in the lives of American Jews, using the Zionist apparatus, was a violation of the Treaty of Friendship and Commerce. At two places in that treaty it is clearly stipulated that the parties were enjoined from carrying on political activity in each other's territory.³⁴²

In August of 1969, after he read the Jewish Agency's FARA declaration, Mallison's report pressured the Department of Justice to compel Isadore Hamlin to file the "1953 agreement" entered into between the Israeli government and the Jewish Agency.³⁴³ Mallison also signed out and examined the public portions of the American Zionist Council's file on September 3, 1969. The FARA section's internal withdrawal form duly noted this as only a consultation of AZC's "informational material."³⁴⁴ Mallison based his request on the FARA law then in effect, which required registrants reveal how they were "supervised, directed, owned, controlled, financed or subsidized, in whole or part, by any government of a foreign country." Since registering in 1938, the Jewish Agency had entirely evaded filing such documents.

The Justice Department subsequently compelled the American Section to file its "covenant" with the Israeli government as part of its 1969 registration statement. Senator J. W. Fulbright requested such documents from the Executive in Israel during the course of the May 23, 1960 hearings, but both Hamlin and Boukstein successfully steered him away from the actual covenant.

**Covenant between the Israeli government and the Jewish Agency – FARA filing –
8/29/1963**

<p>COVENANT BETWEEN</p> <p>THE GOVERNMENT OF ISRAEL (HEREAFTER THE GOVERNMENT) AND THE ZIONIST EXECUTIVE CALLED ALSO THE EXECUTIVE OF THE JEWISH AGENCY (HEREAFTER THE EXECUTIVE)</p> <p>Entered into this day, in accordance with the Zionist Organization-Jewish Agency Status Law, 1952.</p> <p><u>Functions of Executive:</u></p> <p>1. The function of the Zionist Executive which are governed by this Covenant are: The organizing of immigration abroad and the transfer of immigrants and their property to Israel; participation in the absorption of immigrants in Israel; Youth Immigration; agricultural settlement in Israel; the acquisition and amelioration of land in Israel by institutions of the Zionist Organization, the Keren Kayemeth Le Israel and the Keren Hayesod; participation in the establishment and the expansion of development enterprises in Israel; the encouragement of private capital investments in Israel; assistance to cultural enterprises and institutions of higher learning in Israel; the mobilization of resources for financing these functions; the coordination of the activities in Israel of Jewish institutions and organizations acting within the sphere of these functions with the aid of public funds.</p> <p><u>Activities under the Law</u></p> <p>2. Any function carried out in Israel by the Executive or on its behalf hereunder shall be executed in accordance with the laws of Israel and such administrative regulations in force from time to time as govern activities of governmental authorities whose functions cover or are affected by the activity in question.</p> <p><u>Immigration</u></p> <p>3. In organizing immigration and in the handling of immigrants, the Executive shall act in pursuance of a programme agreed upon with the Government or authorized by the Coordinating Board (see Para. 8). Immigrants will require visas in accordance with the Law of Return 5711-1950.</p> <p><u>Coordination Between Institutions</u></p> <p>4. The Executive shall, with the consent of the Government, coordinate the activities in Israel of Jewish institutions and organizations which act within the sphere of the functions of the Executive.</p>		<p>FILED</p> <p>1963 NOV 4</p> <p>DEPARTMENT OF JUSTICE</p>
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Transfer of Functions

5. The Executive may carry out its functions alone, through its existing institutions, or such as it may establish in future, and it may also obtain the participation of other institutions in Israel, provided that it may not transfer any of its powers or rights under this Covenant without the consent of the Government; and the Executive shall not authorize any body or institution to carry out its functions, in whole or in part, except upon prior notice to the Government.

Mobilization of Resources

6. The Executive shall be responsible for the mobilization of the financial and material resources required for the execution of its functions, by means of the Keren Hayesod, the Keren Kayemeth Le Israel and other funds.

Legislation

7. The Government shall consult the Executive in regard to legislation specially affecting the functions of the Executive before such legislation is submitted to the Knesset.

Coordination Board

8. For the purpose of coordinating activities between the Government and the Executive in all spheres to which this Covenant applies, there shall be established a Coordination Board (hereafter called the Board). The Board shall be composed of an even number of members, not less than four, half of whom shall be members of the Government appointed by it, and half of whom shall be members of the Executive appointed by it. The Government and the Executive shall be entitled from time to time to replace the members of the Board by others from among their members.

Its Activities

9. The Board shall meet at least once a month. It may appoint sub-committees consisting of members of the Board or also non-members. The Board shall from time to time submit to the Government and the Executive reports of its deliberations and recommendations. Subject as aforesaid, the Board shall make its own rules of procedure.

Permits and Facilities

10. The Government will see to it that its duly authorized agencies shall issue to the Executive and its institutions all permits and facilities required by law for activities carried out in accordance with this Covenant so as to facilitate the Executive's functions.

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Relief from Taxes

11. Gifts and legacies to the Executive or to any of its institutions shall be exempt from Inheritance Tax. All other problems connected with the exemption of the Executive, its Funds and its other institutions from payment of taxes, customs duties and other governmental levies, shall be the subject of a special arrangement between the Executive and the Government. This arrangement shall be formulated in an annex to this Covenant within eight months, as an integral part thereof, and shall be effective as from the date of signature of this Covenant.

Alterations

12. All proposals for alterations or amendments to this Covenant, or any addition thereto, must be made in writing and no alteration or amendment of this Covenant, or addition thereto, shall be made except in writing.

Notifications

13. Any notice to be sent to the Government shall be sent to the Prime Minister, and any notice to be sent to the Executive shall be sent to the Chairman of the Executive in Jerusalem.

Date of Coming into force

14. This Covenant shall come into force on the date of signature.

IN WITNESS WHEREOF, etc.

SIGNED - Jerusalem
July 26, 1954

FOR THE GOVERNMENT

MOSHE SHARITT,
Prime Minister

FOR THE ZIONIST EXECUTIVE

BERL LOCKER

DR. NAHUM GOLDMANN
CHAIRMAN

The FARA covenant filing in 1969 revealed for the first time the extraordinary quasi-governmental powers of the Jewish Agency to independently raise tax-preferential funds for its purposes, encourage capital investments in the state of Israel, coordinate Jewish organizations in Israel, establish new institutions as needed, and even review government legislation before it was submitted to the Knesset (see Appendices). By the time Hamlin filed the covenant, the Jewish Agency–American Section Inc. budget was approximately \$35 million. However, the Jewish Agency in Israel, funded by tax-exempt United Jewish Appeal donations from across the US and other worldwide donations, was one of the best-financed organizations in the world. One observer called the Jewish Agency a "shadow government." 345

FINDING: Pressure from concerned members of the public on the FARA office caused it to compel a complete filing of the Jewish Agency, which revealed its quasi governmental role and partnership agreement with the Israeli government in 1969. By this time, the Jewish Agency and Israeli government had already provided seed money and support for the creation of the AZC, AIPAC and think tanks in the United States designed to become self sustaining and lobby in coordination with the Israeli government.

In 1971, the Jewish Agency–American Section, Inc. notified the Justice Department that it would no longer file under FARA.

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4. Have any persons become partners, officers, directors or similar officials during this 3 month reporting period?
 Yes ☐ No ☐

If yes, furnish the following information:

Name	Residence Address	Citizenship	Position	Date Assumed
------	----------------------	-------------	----------	-----------------

5. Has any person named in Item 4 rendered services directly in furtherance of the interests of any foreign principal? Yes ☐ No ☐

If yes, identify each such person and describe his services.

6. Have any employees or individuals other than officials, who have filed a short form registration statement, terminated their employment or connection with the registrant during this 3 month reporting period?
 Yes ☐ No ☒

If yes, furnish the following information:

Name	Position or connection	Date terminated
------	------------------------	-----------------

7. During this 3 month reporting period, have any persons been hired as employees or in any other capacity by the registrant who rendered services to the registrant directly in furtherance of the interests of any foreign principal in other than a clerical or secretarial, or in a related or similar capacity?
 Yes ☐ No ☒

If yes, furnish the following information:

Name	Residence Address	Position or connection	Date connection began
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See Schedule "B" Attached

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4. Have any persons become partners, officers, directors or similar officials during this 3 month reporting period?
 Yes ☐ No ☐

If yes, furnish the following information:

Name	Residence Address	Citizenship	Position	Date Assumed
------	----------------------	-------------	----------	-----------------

5. Has any person named in Item 4 rendered services directly in furtherance of the interests of any foreign principal? Yes ☐ No ☐

If yes, identify each such person and describe his services.

6. Have any employees or individuals other than officials, who have filed a short form registration statement, terminated their employment or connection with the registrant during this 3 month reporting period?
 Yes ☐ No ☒

If yes, furnish the following information:

Name	Position or connection	Date terminated
------	------------------------	-----------------

7. During this 3 month reporting period, have any persons been hired as employees or in any other capacity by the registrant who rendered services to the registrant directly in furtherance of the interests of any foreign principal in other than a clerical or secretarial, or in a related or similar capacity?
 Yes ☐ No ☒

If yes, furnish the following information:

Name	Residence Address	Position or connection	Date connection began
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See Schedule "B" Attached

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II - FOREIGN PRINCIPAL

8. Has your connection with any foreign principal ended during this 3 month reporting period? Yes ☐ No ☒

If yes, furnish the following information:

Name of foreign principal

Date of Termination

-
9. Have you acquired any new foreign principal¹ during this 3 month reporting period? Yes ☐ No ☒

If yes, furnish following information:

Name and address of foreign principal

Date acquired

-
10. In addition to those named in Items 8 and 9, if any, list the foreign principals¹ whom you continued to represent during the 3 month reporting period.

THE EXECUTIVE OF THE JEWISH AGENCY FOR ISRAEL, JERUSALEM ISRAEL

III - ACTIVITIES

11. During this 3 month reporting period, have you engaged in any activities for or rendered any services to any foreign principal named in Items 8, 9 and 10 of this statement? Yes ☐ No ☐

If yes, identify each such foreign principal and describe in full detail your activities and services:

See Schedule "A"

¹ The term "foreign principal" includes, in addition to those defined in section 1(b) of the Act, an individual or organization any of whose activities are directly or indirectly supervised, directed, controlled, financed, or subsidized in whole or

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12. During this month reporting period, have you on behalf of any foreign principal engaged in political activity² as defined below?

Yes ☐ No ☒

If yes, identify each such foreign principal and describe in full detail all such political activity, indicating, among other things, the relations, interests and policies sought to be influenced and the means employed to achieve this purpose. If the registrant arranged, sponsored or delivered speeches, lectures or radio and TV broadcasts, give details as to dates, places of delivery, names of speakers and subject matter.

13. In addition to the above described activities, if any, have you engaged in activity on your own behalf which benefits any or all of your foreign principals?

Yes ☒ No ☐

If yes, describe fully.

See Schedule "A"

² The term "political activities" means the dissemination of political propaganda and any other activity which the person engaging therein believes will, or which he intends to, prevail upon, indoctrinate, convert, induce, persuade, or in any other way influence any agency or official of the Government of the United States or any section of the public within the United States with reference to formulating, adopting, or changing the domestic or foreign policies of the United States or with reference to the political or public interests, policies, or relations of a government of a foreign country or a foreign political party.

14. (a) RECEIPTS - MONIES

Yes ☒ No ☐

Date	From Whom	Purpose	Amount
------	-----------	---------	--------

See Exhibit "A" Attached

Total

14. (b) RECEIPTS - THINGS OF VALUE

Yes ☐ No ☒

Name of foreign principal	Date Received	Description of thing of value	Purpose
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¹ A registrant is required to file an Exhibit D if he collects or receives contributions, loans, money, or other things of value for a foreign principal, or for a fund raising campaign. See Rule 101(a)(2).

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15. (a) DISBURSEMENTS - MONIES

During this 3 month reporting period, have you

(1) disbursed or expended monies in connection with activity on behalf of any foreign principal named in Items 8, 9 and 10 of this statement? Yes ☒ No ☐

(2) transmitted monies to any such foreign principal? Yes ☒ No ☐

If yes, set forth below in the required detail and separately for each foreign principal an account of such monies, including monies transmitted, if any, to each foreign principal.

Date	To Whom	Purpose	Amount
------	---------	---------	--------

See Exhibit "A" Attached

Total

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15. (b) DISBURSEMENTS - THINGS OF VALUE

During this ³ month reporting period, have you disposed of anything of value⁵ other than money in furtherance of or in connection with activities on behalf of any foreign principal named in items 8, 9 and 10 of this statement?

Yes ☐ No ☒

If yes, furnish the following information:

Date disposed	Name of person to whom given	On behalf of what foreign principal	Description of thing of value	Purpose
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(c) DISBURSEMENTS - POLITICAL CONTRIBUTIONS

During this ³ month reporting period, have you from your own funds and on your own behalf either directly or through any other person, made any contributions of money or other things of value⁵ in connection with an election to any political office, or in connection with any primary election, convention, or caucus held to select candidates for political office? Yes ☐ No ☒

If yes, furnish the following information:

Date	Amount or thing of value	Name of political organization	Name of candidate
------	--------------------------	--------------------------------	-------------------

V - POLITICAL PROPAGANDA

(Section 1(j) of the Act defines "political propaganda" as including any oral, visual, graphic, written, pictorial, or other communication or expression by any person (1) which is reasonably adapted to, or which the person disseminating the same believes will, or which he intends to, prevail upon, indoctrinate, convert, induce, or in any other way influence a recipient or any section of the public within the United States with reference to the political or public interests, policies, or relations of a government of a foreign country or a foreign political party or with reference to the foreign policies of the United States or promote in the United States racial, religious, or social dissensions, or (2) which advocates, advises, instigates, or promotes any racial, social, political, or religious disorder, civil riot, or other conflict involving the use of force or violence in any other American republic or the overthrow of any government or political subdivision of any other American republic by any means involving the use of force or violence.)

16. During this ³ month reporting period, did you prepare, disseminate or cause to be disseminated any political propaganda as defined above? Yes ☒ No ☐ (See Attachment)

IF YES, RESPOND TO THE REMAINING ITEMS IN THIS SECTION V.

17. Identify each such foreign principal.

THE EXECUTIVE OF THE JEWISH AGENCY FOR ISRAEL, JERUSALEM, ISRAEL

⁵ Things of value include but are not limited to gifts, interest free loans, expense free travel, favored stock purchases, exclusive rights, favored treatment over competitors, "kickbacks," and the like.

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18. During this ³ month reporting period, has any foreign principal established a budget or allocated a specified sum of money to finance your activities in preparing or disseminating political propaganda?
 Yes ☐ No ☒

If yes, identify each such foreign principal, specify amount, and indicate for what period of time.

19. During this ³ month reporting period, did your activities in preparing, disseminating or causing the dissemination of political propaganda include the use of any of the following:
☐ Radio or TV broadcasts ☒ Magazine or newspaper articles ☐ Motion picture films ☐ Letters or telegrams
☐ Advertising campaigns ☒ Press releases ☐ Pamphlets or other publications ☐ Lectures or speeches
☐ Other (specify) _____

20. During this ³ month reporting period, did you disseminate or cause to be disseminated political propaganda among any of the following groups:
☐ Public Officials ☒ Newspapers ☒ Libraries
☐ Legislators ☒ Editors ☒ Educational institutions
☐ Government agencies ☐ Civic groups or associations ☒ Nationality groups
☐ Other (specify) _____

21. What language was used in this political propaganda:

☒ English ☐ Other (specify) _____

22. Did you file with the Registration Section, Department of Justice, two copies of each item of political propaganda material disseminated or caused to be disseminated during this 6 month reporting period?
 Yes ☒ No ☐

23. Did you label each item of such political propaganda material with the statement required by Section 4(b) of the Act? Yes ☒ No ☐

24. Did you file with the Registration Section, Department of Justice, a Dissemination Report for each item of such political propaganda material as required by Rule 401 under the Act?
 Yes ☒ No ☐

VI - EXHIBITS AND ATTACHMENTS

25. EXHIBITS A AND B

- (a) Have you filed for each of the newly acquired foreign principals in Item 9 the following:

Exhibit A⁶ Yes ☐ No ☐

Exhibit B⁷ Yes ☐ No ☐

If no, please attach the required exhibit.

- (b) Have there been any changes in the Exhibits A and B previously filed for any foreign principal whom you represented during this six month period?

Yes ☐ No ☒

If yes, have you filed an amendment to these exhibits? Yes ☐ No ☐

If no, please attach the required amendment.

⁶ The Exhibit A, which is filed on Form DJ-306, sets forth the information required to be disclosed concerning each foreign principal.

⁷ The Exhibit B, which is filed on Form DJ-304, sets forth the information concerning the agreement or understanding between the registrant and the foreign principal.

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26. EXHIBIT C

If you have previously filed an Exhibit C⁸, state whether any changes therein have occurred during this 6 month reporting period.

Yes ☐ No ☒

If yes, have you filed an amendment to the Exhibit C? Yes ☐ No ☐

If no, please attach the required amendment.

27. SHORT FORM REGISTRATION STATEMENT

Have short form registration statements been filed by all of the persons named in Items 5 and 7 of the supplemental statement?

Yes ☐ No ☐

If no, list names of persons who have not filed the required statement.

The undersigned swear(s) or affirm(s) that he has (they have) read the information set forth in this registration statement and the attached exhibits and that he is (they are) familiar with the contents thereof and that such contents are in their entirety true and accurate to the best of his (their) knowledge and belief, except that the undersigned make(s) no representation as to the truth or accuracy of the information contained in attached Short Form Registration Statement, if any, insofar as such information is not within his (their) personal knowledge.

(Type or print name under each signature)

(Both copies of this statement shall be signed and sworn to before a notary public or other person authorized to administer oaths by the agent, if the registrant is an individual, or by a majority of those partners, officers, directors or persons performing similar functions who are in the United States, if the registrant is an organization.)

AMERICAN SECTION OF THE JEWISH AGENCY FOR ISRAEL

Isadore Hamlin

Isadore Hamlin, Secretary

Subscribed and sworn to before me at 515 Park Avenue, N.Y. by Isadore Hamlin
this 16 day of September, 19 71

Lena D. Reich
(Signature of notary or other official)

My commission expires _____, 19 _____

LENA D. REICH
Notary Public, State of New York
No. 03-8525390 - Qual. in Bronx Co.
Certificate filed in New York Co.
Commission Expires March 30, 1972

⁸ The Exhibit C, for which no printed form is provided, consists of a true copy of the charter, articles of incorporation, association, constitution, and bylaws of a registrant that is an organization. (A waiver of the requirement to file an Exhibit C may be obtained for good cause shown upon written application to the Assistant Attorney General, Internal Security Division, Department of Justice, Washington, D.C. 20530.)

SCHEDULE "A"

The Registrant has engaged in the following activities in connection with the activities of The Jewish Agency for Israel:

- A) Cultural Department - Preparation and dissemination of educational and pedagogic material, posters for Jewish schools, film-strips, holding of seminars for teachers on subjects related to Jewish history, religion, Hebrew language, etc.
- B) Torah Culture and Education Department - Preparation and dissemination of educational and pedagogic material and commentaries on the Bible for use in orthodox Jewish schools, the holding of seminars for teachers of orthodox schools, etc.
- C) Herzl Institute - Adult education - courses in Jewish history, art sociology, literature and the history of the Zionist Movement, Hebrew language, etc.
- D) Herzl Press - Published books on Zionist and general Jewish subjects.
- E) Theodore Herzl Foundation - Publication of "MIDSTREAM", a monthly literary magazine devoted to Jewish and Zionist problems of current interest.
- F) Youth Department - Contact with various youth groups in the United States with a view to encouraging a program of Zionist educational and youth activities.
- G) Latin American Bureau - Preparation and dissemination of educational material and information on Israel for use by Latin Americans.
- H) Public Relations and Press - Contact with American Press and Radio with a view to informing them concerning the program and activities of the Jewish Agency for Israel and other information concerning the welfare of the people of Israel.
- I) Miscellaneous activities relating to colonization work and the absorption of immigrants; financial purchase of supplies and materials, etc.

EXHIBITTHE JEWISH AGENCY-AMERICAN SECTION, INC.RECEIPTS, EXPENDITURES AND REMITTANCESTHREE MONTHS ENDED JUNE 30, 1971RECEIPTS

The Jewish Agency for Israel, Jerusalem	\$10,576,219.20
Borrowings - net increase (Schedule 1)	16,174,370.28
Interest and miscellaneous contributions received for account of Jerusalem	<u>64,038.68</u>
<u>Total Receipts</u>	<u>\$26,814,628.16</u>

EXPENDITURES AND REMITTANCES

Administrative and functional expenses (Schedule 2)	\$ 364,283.15
Notes issued for the account of The Jewish Agency for Israel, Jerusalem (Schedule 3)	10,500,000.00
Payments made against notes issued or guaranteed by The Jewish Agency for Israel, Jerusalem (Schedule 4)	3,541,725.00
Remittances to The Jewish Agency for Israel, Jerusalem	11,200,000.00
Advances and maintenance for the account of The Jewish Agency for Israel, Jerusalem (Schedule 5)	325,393.40
Advances and maintenance for Israeli employees of The Jewish Agency on assignment in Latin-America and Canada	47,142.61
Transportation and Other Expenditures for Staff of Israel Office: -	
(a) Transportation and hotel	\$ 5,708.99
(b) Telephone, cables, sundry purchases and per diem advances	<u>13,972.47</u>
	19,681.46
Interest expense (Schedule 6)	1,004,710.22
Grants and subventions (Schedule 7)	<u>92,300.00</u>
<u>Total Expenditures and Remittances</u>	<u>\$27,095,235.84</u>
<u>Excess of Expenditures and Remittances Over Receipts</u>	<u>\$ 280,607.68</u>

Schedule 1

THE JEWISH AGENCY-AMERICAN SECTION, INC.BORROWINGS - NETTHREE MONTHS ENDED JUNE 30, 1971

<u>Date</u>	<u>Issued To or Paid To</u>	<u>Notes Paid</u>	<u>Notes Issued</u>
<u>1971</u>			
April 1	Ampal-American Israel Corporation		\$ 428,489.76
1	Ampal-American Israel Corporation		437,510.24
1	Luxinvest S.A.		500,000.00
1	Luxinvest S.A.	\$ 500,000.00	
1	Ampal-American Israel Corporation	444,125.00	
1	Ampal-American Israel Corporation	435,417.01	
4	Israel Discount Bank	1,000,000.00	
5	Israel Discount Bank	1,000,000.00	
6	Luxinvest S.A.		500,000.00
6	Luxinvest S.A.	500,000.00	
7	Luxinvest S.A.		500,000.00
7	Luxinvest S.A.	500,000.00	
10	Luxinvest S.A.	500,000.00	
12	Luxinvest S.A.		500,000.00
13	Luxinvest S.A.	500,000.00	
13	Luxinvest S.A.		500,000.00
15	Israel Discount Bank	1,000,000.00	
22	Luxinvest S.A.		1,000,000.00
24	Luxinvest S.A.	500,000.00	
24	Luxinvest S.A.		500,000.00
25	Ampal-American Israel Corporation	213,531.00	
25	Ampal-American Israel Corporation	196,042.00	
26	Ampal-American Israel Corporation		192,696.00
26	Ampal-American Israel Corporation		189,983.50
30	Bank Leumi le-Israel B.M.	212,037.04	
30	Bank Leumi le-Israel B.M.	165,277.78	
30	Bank Leumi le-Israel B.M.	134,259.26	
30	Bank Leumi le-Israel B.M.	135,995.37	
30	Barclays Bank D.C.O.	2,000,000.00	
30	Barclays Bank D.C.O.	5,000,000.00	
30	Barclays Bank D.C.O.		5,000,000.00
30	Israel Finance Bank Ltd.		100,000.00
30	Bank Hapoalim		200,000.00
30	Foreign Trade Bank		500,000.00
30	Barclays Bank D.C.O.		1,000,000.00
30	Israel Loan & Savings Bank		50,000.00
30	Israel Discount Bank		1,000,000.00
30	Israel Discount Bank		2,000,000.00
30	Israel Discount Bank	212,037.04	
May 4	Ampal-American Israel Corporation	70,850.00	
4	Ampal-American Israel Corporation	53,137.50	
4	Ampal-American Israel Corporation	50,943.75	
4	Ampal-American Israel Corporation	33,962.50	
4	Ampal-American Israel Corporation		52,893.75
4	Ampal-American Israel Corporation		44,078.13
4	Ampal-American Israel Corporation		35,262.50

Schedule 1

(Page 2)

THE JEWISH AGENCY-AMERICAN SECTION, INC.BORROWINGS - NETTHREE MONTHS ENDED JUNE 30, 1971

<u>Date</u>	<u>Issued To or Paid To</u>	<u>Notes Paid</u>	<u>Notes Issued</u>
<u>1971</u>			
(Continued)			
May 4	Ampal-American Israel Corporation		26,446.88
6	Luxinvest S.A.	500,000.00	
10	Luxinvest S.A.		500,000.00
10	Bank of California		2,000,000.00
12	Luxinvest S.A.	500,000.00	
12	Luxinvest S.A.		500,000.00
18	Luxinvest S.A.	500,000.00	
18	Luxinvest S.A.		500,000.00
20	Luxinvest S.A.	500,000.00	
20	Luxinvest S.A.		500,000.00
25	Luxinvest S.A.	500,000.00	
25	Luxinvest S.A.		500,000.00
26	Luxinvest S.A.		500,000.00
30	First Israel Bank & Trust Company	1,000,000.00	
30	First Israel Bank & Trust Company		1,000,000.00
31	Union Bank of Israel	500,000.00	
31	Standard Bank Ltd.	1,000,000.00	
31	Israel Discount Bank	163,194.44	
31	Bank Leumi le-Israel B.M.	206,481.48	
31	First Israel Bank & Trust Company	134,259.26	
31	Standard Bank Ltd.		1,000,000.00
31	Bank Hapoalim		250,000.00
31	Bank Hapoalim		550,000.00
31	Barclays Bank D.C.O.		2,000,000.00
31	Israel Discount Bank		1,000,000.00
31	Israel General Bank Ltd.		100,000.00
June 3	Luxinvest S.A.		500,000.00
3	Luxinvest S.A.	500,000.00	
7	Luxinvest S.A.		500,000.00
7	Royal Bank of Canada - New York		4,000,000.00
12	Luxinvest S.A.		500,000.00
12	Luxinvest S.A.	500,000.00	
16	Wells Fargo Bank International Corporation		5,000,000.00
22	Luxinvest S.A.		500,000.00
22	Luxinvest S.A.	500,000.00	
23	Ampal-American Israel Corporation	85,837.50	
23	Ampal-American Israel Corporation	73,575.00	
23	Ampal-American Israel Corporation		61,031.25
23	Ampal-American Israel Corporation		73,237.50
29	Luxinvest S.A.	500,000.00	
29	Luxinvest S.A.		500,000.00

Schedule 1

(Page 3)

THE JEWISH AGENCY-AMERICAN SECTION, INC.BORROWINGS - NETTHREE MONTHS ENDED JUNE 30, 1971

<u>Date</u>	<u>Issued To or Paid To</u>	<u>Notes Paid</u>	<u>Notes Issued</u>
<u>1971</u>			
(Continued)			
June 30	Bank Hapoalim	212,037.04	
30	Israel Discount Bank	134,259.26	
30	United Mizrahi Ltd.		1,000,000.00
30	Bank Hapoalim		200,000.00
30	Israel General Bank Ltd.		150,000.00
30	Foreign Trade Bank		200,000.00
30	Bank Hapoalim		200,000.00
	<u>Totals</u>	\$23,367,259.23	\$39,541,629.51
			<u>23,367,259.23</u>
	<u>Net Increase in Borrowing</u>		<u>\$16,174,370.28</u>

Schedule 2THE JEWISH AGENCY-AMERICAN SECTION, INC.ADMINISTRATIVE AND FUNCTIONAL EXPENSESTHREE MONTHS ENDED JUNE 30, 1971

Salaries	\$148,809.89
Fees	30,826.91
Travel	19,763.07
Meetings in Israel	32,263.00
Postage, telephone and cables	20,793.65
Supplies, printing, stationery, etc.	9,549.43
Payroll taxes and employees' insurance	11,924.14
Brochures, slides, film strips and other visual aids	12,470.34
Functions, conferences, seminars and sundry expenses in connection therewith (Schedule 2-a)	7,064.22
Legal and accounting fees and disbursements	9,358.86
Purchases of equipment	1,357.13
Expense allowance	2,000.00
Cost of publications	5,013.74
Pension	12,070.71
Rent and building maintenance	15,999.78
Insurance	785.50
Publicity, advertising and writers' fees (Schedule 2-b)	18,168.36
Bible Contest	3,113.14
Sundry expenses (addressograph and multigraph services, servicing and rental of office machinery and typewriters, messenger services and sundry petty cash expenditures)	<u>2,951.28</u>
 <u>Total</u>	 <u>\$364,283.15</u>

Schedule 2-a

THE JEWISH AGENCY-AMERICAN SECTION, INC.FUNCTIONS, CONFERENCES, SEMINARS AND SUNDRY EXPENSESTHREE MONTHS ENDED JUNE 30, 1971

<u>Date</u>	<u>Name</u>	<u>Amount</u>
<u>1971</u>		
April 6	Louis Brotstein	\$ 87.74
13	Intercounty Food Distributors	94.15
13	Rabbi Leon Feuer	154.00
13	Gourmet Appetizers	61.50
15	Finast	40.38
20	M. Peled	36.15
21	Administration of Business Affairs	76.10
21	Diners' Club	33.55
28	Jean Frydman	70.00
30	A. P. Gannes	50.00
May 4	Republic Office Supply	38.00
5	Flagstaff Foods Corporation	205.70
5	Eliezer Shaffer	1,000.00
5	Billy Brown Ticket Agency	33.00
6	Finast	32.32
7	Y. Lorberbaum	175.00
10	National Conference of Jewish Communal Service	40.00
10	Emanuel Yarini	50.00
12	National Conference of Jewish Communal Service	125.00
13	I. Hamlin	119.70
18	M. Peled	35.35
19	Atlas Caterers & Party Service	87.45
24	Diners' Club	71.60
28	I. Hamlin	33.30
June 4	Atlas Caterers & Party Service	25.87
4	American Association for Jewish Education	25.00
7	Gourmet Appetizers	82.35
7	Leonard Haimess Co.	86.25
7	Stern's Kosher Pastry	31.60
7	Gefen's Dairy Restaurant	30.90
7	Noam - Religious Youth Seminars	350.00
9	Edith Wicker	25.00
10	I. Hamlin - travel for meeting in Israel	1,000.00
10	Henry W. Levy	26.50
14	Y. Lorberbaum	427.00
16	Louis Brotstein	182.35
16	Shlomo Ikan	155.15
16	A. P. Gannes	137.79
22	Gourmet Appetizers	98.00
22	Stern's Kosher Pastry	47.12
22	Jean Bassmor	35.00
22	Farm Food	600.00
23	M. Peled	280.00
Miscellaneous Dates	An additional 35 items of minor purchases and reimbursement of petty cash expenditures, food purchases, etc.	668.35
<u>Total</u>		<u>\$7,064.22</u>

THE JEWISH AGENCY-AMERICAN SECTION, INC.PUBLICITY, ADVERTISING AND WRITERS' FEESTHREE MONTHS ENDED JUNE 30, 1971

<u>Date</u>	<u>Name</u>	<u>Amount</u>
<u>1971</u>		
April 7	A. Alperin	\$ 300.00
12	The Jewish Press	418.00
13	The Canadian Jewish News	53.76
13	American Association for the Blind	50.00
13	Balan Printing, Inc.	100.00
13	Association of Authorized Jewish Teachers	50.00
14	Rabbinical Alliance of America	100.00
14	New Jersey Horizons	75.00
19	Diener and Dorskind	740.75
19	Phoenix	80.00
19	Allon Gal	2,000.00
22	Joseph Kohane	225.00
26	Mr. and Mrs. Golomb	68.00
May 5	Diener and Dorskind	183.50
5	The Jewish Frontier	150.00
5	Moss Associates	3,618.38
5	Talmud Torah of Flatbush	50.00
12	Anti-Defamation League	100.00
17	Diener and Dorskind	1,166.90
19	Diener and Dorskind	151.90
19	National Education Association	175.00
19	Moss Associates	2,841.26
19	The Jewish Parent	100.00
19	Talmud Torah of Flatbush	250.00
19	The Jewish Press	616.00
19	The National Jewish Post	154.00
25	Viewpoint	388.20
June 4	Paul Ritterband	50.00
6	Jewish Echo	75.00
7	Moss Associates	2,260.65
22	Samuel Bleckman	120.00
22	Moss Associates	264.45
22	The Day	210.00
22	The Jewish Daily Forward	150.00
Miscellaneous	33 Advertisements in various Yiddish, Hebrew,	
Dates	Anglo-Jewish, educational and general	
	publications	
		<u>832.61</u>
	<u>Total</u>	<u>\$18,168.36</u>

Schedule 3THE JEWISH AGENCY-AMERICAN SECTION, INC.NOTES ISSUED FOR THE ACCOUNT OFTHE JEWISH AGENCY FOR ISRAEL, JERUSALEMTHREE MONTHS ENDED JUNE 30, 1971

<u>Date</u>	<u>Issued To</u>	<u>Amount</u>
<u>1971</u>		
April 30	Bank Hapoalim	\$ 200,000.00
	Barclays Bank D.C.O.	1,000,000.00
	Foreign Trade Bank	500,000.00
	Israel Discount Bank	1,000,000.00
	Israel Discount Bank	2,000,000.00
	Israel Finance Bank	100,000.00
	Israel Loan and Savings Bank	50,000.00
May 31	Bank Hapoalim	250,000.00
	Bank Hapoalim	550,000.00
	Barclays Bank D.C.O.	2,000,000.00
	Israel Discount Bank	1,000,000.00
	Israel General Bank	100,000.00
June 30	United Mizrahi, Ltd.	1,000,000.00
	Bank Hapoalim	200,000.00
	Israel General Bank, Ltd.	150,000.00
	Foreign Trade Bank	200,000.00
	Bank Hapoalim	200,000.00
	<u>Total</u>	<u>\$10,500,000.00</u>

Schedule 4

THE JEWISH AGENCY-AMERICAN SECTION, INC.
PAYMENTS MADE AGAINST NOTES ISSUED OR GUARANTEED BY
THE JEWISH AGENCY FOR ISRAEL, JERUSALEM
THREE MONTHS ENDED JUNE 30, 1971

<u>Date</u>	<u>Issued To</u>	<u>Amount</u>
<u>1971</u>		
April 18	Israel Economic Development Corporation	\$ 32,750.00
19	Israel Economic Development Corporation	84,562.50
19	Israel Economic Development Corporation	84,562.50
30	Foreign Trade Bank	1,000,000.00
May 4	Fomento Investment Corp.	11,562.50
4	Fomento Investment Corp.	92,500.00
8	National Bank of North America	350,000.00
17	National Bank of North America	100,000.00
20	Foreign Trade Bank	1,000,000.00
June 9	Israel Economic Development Corporation	35,787.50
9	National Bank of North America	<u>750,000.00</u>
	<u>Total</u>	<u>\$3,541,725.00</u>

Schedule 5

THE JEWISH AGENCY-AMERICAN SECTION, INC.

ADVANCES AND MAINTENANCE

THREE MONTHS ENDED JUNE 30, 1971

Reimbursement to approximately 130 young delegates from Israel who act as lecturers and instructors to Zionist and other Jewish youth groups in the United States. These instructors assist the youth movements in carrying out their educational programs, especially with regard to the study of Hebrew, Jewish culture, history and folklore, Zionism, celebration of holidays and festivals, and Jewish life in Israel. They also disseminate information regarding study and work opportunities in Israel. These payments cover maintenance for rent, food, partial reimbursement for Hebrew education of instructors' children, fares and other necessary living expenses during their temporary stay in the United States.

\$325,393.40

Schedule 6THE JEWISH AGENCY-AMERICAN SECTION, INC.INTEREST EXPENSETHREE MONTHS ENDED JUNE 30, 1971

Ampal-American Israel Corporation	\$ 118,929.51
American Express	21,641.79
First Israel Bank and Trust Company	117,541.70
Luxinvest S.A.	696,875.00
Standard Bank Ltd.	<u>49,722.22</u>
<u>Total</u>	<u>\$1,004,710.22</u>

SCHEDULE "B"

NAME & ADDRESSES OF EMPLOYEES OR OTHER INDIVIDUALS	NATURE OF ANY CHANGES DURING PERIOD IN ACTIVITIES FOR REGIS- TRANT OR ITS FOREIGN PRINCIPALS	HAS CONNEC- TION WITH REG- ISTRANT ENDED
Maurice M. Boukstein	Has continued to act as counsel	NO
✓ Dr. Israel Goldstein	Member, Executive of the Jewish Agency for Israel, Jerusalem	YES
Dr. Emanuel Neumann	Chairman, American Section of the Executive of the Jewish Agency for Israel	NO
Rabbi Mordecai Kirshblum	Member, Executive of the Jewish Agency for Israel, Jerusalem	NO
Louis Arish Pincus	Chairman, Executive of the Jewish Agency for Israel, Jerusalem	NO
Avraham Schenker	Member, Executive of the Jewish Agency for Israel, Jerusalem	NO
Isadore Hamlin	Executive Director, Secretary	NO
Henry Levy	Public Relations Officer	NO
Philip S. Gutride	Consultant, Adult Education	NO
Hyman S. Rosenfeld	Consultant, Adult Education	NO
Yehoshua Lorberbaum	Representative of the Treasury of the Jewish Agency, Jerusalem	NO
Mrs. Charlotte Jacobson	Member, Executive of the Jewish Agency for Israel, New York	NO

Schedule 7
(Page 3)THE JEWISH AGENCY-AMERICAN SECTION, INC.
GRANTS, SUBVENTIONS AND SERVICE FEES
THREE MONTHS ENDED JUNE 30, 1971

Date Payment Made	To Whom Payment Made	Purpose for Which Payment Was Made	Amount of Payment
(Continued)			
6/22/71	Confederation Juvenil - Mexico	Allocation for educational programs of this student organization in Mexico	\$50.00
4/14/71	Kiryat Pittsburg	Grant in connection with settlement in Israel of a group of religious settlers.	500.00
6/22/71	Hi-Cultural Day School	Grant to help further the educational program at this school.	500.00
6/22/71	Bnei Akiva of North America	Grant in connection with conducting of youth leaders' seminar.	350.00
	Total		\$1,400.00

Schedule 7
(Page 2)THE JEWISH AGENCY-AMERICAN SECTION, INC.
GRANTS, SUBVENTIONS AND SERVICE FEES
THREE MONTHS FROM JUNE 30, 1971

Date Payment Made	To Whom Payment Made	Purpose for Which Payment Was Made	Amount of Payment
(Continued)			
5/6/71	Yeshiva Chofetz Chaim	Grant in connection with settlement of some of the students of this theological seminary in Israel	2,500.00
3/29/71 } 6/6/71 }	Kiryat Besset Yehuda	Grant in connection with settlement in Israel of a group of religious settlers.	{ \$ 800.00 1,500.00
6/12/71	Memorial Foundation for Jewish Culture	Participating membership fee.	2,300.00
6/17/71	Youth and Hechalutz - Canada	Subventions for Zionist youth organizations to help further their educational and cultural programs. Subventions for purchase of Hebrew materials, materials on Jewish history, Jewish folklore, summer camp activities, student Zionist activities, etc.	1,000.00
6/22/71	M. Mishor - C. Zaltzer (Mexico - N'nal Alive)	Subvention for Zionist Youth Organization in Mexico to help further their educational and religious programs.	8,000.00
6/22/71 } 6/22/71 }	Chaim Zaltzer (Mexico - Betar)	Subvention for Zionist Youth Organization in Mexico to help further their educational and religious programs.	{ 150.00 300.00 500.00
5/1/71	Hadoar	Grant to this Hebrew publication.	900.00
6/1/71	Bitaron	Grant to this Hebrew scholarly monthly.	2,000.00
6/22/71	Zionist Federation - Mexico	Grant to Mexican Zionist Organization to further their various cultural, educational and youth programs.	750.00
4/14/71	Kiryat Kruger	Grant in connection with settlement in Israel of a group of religious settlers.	850.00
4/14/71	Kiryat Unsdorf	Grant in connection with settlement in Israel of a group of religious settlers.	1,000.00
6/22/71	Hashomer Hatzair (Mexico)	Allocation to further the educational and cultural programs of this Zionist Youth Organization in Mexico.	1,000.00
6/22/71	Heoar Hatzionel - Mexico	Allocation to further the educational and cultural programs of this Zionist Youth Organization in Mexico.	450.00
6/22/71	Touad Hahonim - Mexico	Allocation to further the educational and cultural programs of this Zionist Youth Organization in Mexico.	500.00
			600.00

Schedule I

THE JEWISH AGENCY-AMERICAN SECTION, INC.
GRANTS, SUBVENTIONS AND SERVICE FEE
THREE MONTHS ENDING JUNE 30, 1971

Date Payment Made	To Whom Payment Made	Purpose for Which Payment Was Made	Amount of Payment
4/21/71	Presidents' Conference	Participating membership fee.	\$ 2,250.00
5/9/71	Jewish Telegraphic Agency	Service payment to this news agency for provision of daily news bulletin to The Jewish Agency for Israel, and for the world and aid in full coverage in their news publications and dispatcher of news of developments in Israel, especially relating to the work of The Jewish Agency.	3,750.00
4/13/71 } 5/9/71 } 6/1/71 }	Theodor Herzl Foundation	Grant for literary publication "Midstream".	{ \$9,500.00 9,500.00 9,500.00 28,500.00
4/1/71	American Association for Jewish Education	Grant to "Commission on the Teaching About Israel" in American Jewish Schools.	5,000.00
4/25/71 } 6/1/71 } 6/25/71 }	Olan Chadaah	Fee to cover information on Zionist Youth activities in this Hebrew publication for children.	{ \$9,000.00 100.00 100.00 9,200.00
4/6/71	Or Hamizrach	Grant to this publication devoted to religious Zionism.	2,200.00
4/7/71	Vaad Hachinuch Hatorant of the Mirasht	Grant in connection with conducting of a teachers' seminar.	1,000.00
5/25/71	Yeshivat Breitz Israel	Grant to help further the educational program of this religious school.	2,000.00
4/8/71 } 6/6/71 }	Kiryat Teitz	Grant in connection with settlement in Israel of a group of religious settlers.	{ 350.00 32,000.00 32,000.00 64,350.00
6/6/71	Kiryat Tsan Klausenburg	Grant in connection with settlement of some of the congregants of the Congregation of Klausenburg Rabbi in Brooklyn, N. Y.	5,500.00
6/30/71	Kiryat Mersdorf	Grant in connection with settlement of some congregants of Yeshiva Or'ana Sofer in Israel.	6,250.00
6/30/71	Kiryat Itri	Assistance in connection with transportation of rabbinical students to this Israeli religious institute.	4,000.00
6/6/71	Kiryat Yismach Moshe	Grant in connection with settlement in Israel of a group of religious settlers.	3,000.00
Various	Israel Students Organization	Participation in overhead expenses of this organization of Israeli students in U.S. universities and in helping them in travel of events at home and work opportunities there.	2,500.00
			2,400.00

Re: Registration No. 208

ATTACHMENT to Supplemental Statement for the three month period ending June 30, 1971.

PART V. POLITICAL PROPAGANDA

Question 16. During this three month reporting period, did you prepare, disseminate or cause to be disseminated any political propaganda as defined above?

Answer The Jewish Agency-American Section does distribute informational materials designed to inform, explain and interpret the interest s of the Jewish Agency in the upbuilding and progress of the State of Israel. Those parts of the definition of "Political Propaganda" which refer to the promotion of "racial, religious or social dissension" and all of part 2 of the definition are not applicable to the materials distributed by this organization.

On paper all of the Jewish Agency's operations were functionally passed on to a new registrant, the World Zionist Organization–American Section, Inc. No major contemporary news accounts chronicled this quiet FARA-Jewish Agency reshuffle, perhaps because the transition was so quiet and seamless. Isadore Hamlin did not even change his office address when the new front organization took over.

The World Zionist Organization–American Section, Inc. registered on September 21, 1971 as a foreign agent for the Executive of the World Zionist Organization in Israel. The WZO Executive in Israel claimed to be the parent organization of the Jewish Agency. The WZO claimed not to be owned, directed, controlled, or financed by any foreign government.

World Zionist Organization – American Section Inc. Registers as a Foreign Agent – 9/21/1971

<p>Form DJ-306 (Ed. 11-10-66)</p> <p>RECEIVED DEPARTMENT OF JUSTICE SEP 21 11 44 AM '71</p>	<p>UNITED STATES DEPARTMENT OF JUSTICE WASHINGTON, D.C. 20530</p> <p>EXHIBIT A</p> <p>TO REGISTRATION STATEMENT</p> <p>REGISTRATION STATEMENT under the Foreign Agents Registration Act of 1938, as amended</p>	<p>Adopted Bureau No. 43-R216.7 Approval expires Oct. 31, 1971</p>
<p>Furnish this exhibit for EACH foreign principal listed in an initial statement and for EACH additional foreign principal acquired subsequently.</p>		
<p>1. Name and address of registrant</p> <p style="text-align: center;">WORLD ZIONIST ORGANIZATION - AMERICAN SECTION, INC. 515 Park Avenue, New York, N. Y. 10022</p>		<p>2. Registration No.</p> <p style="text-align: center; font-size: 1.2em;">2273</p>
<p>3. Name of foreign principal</p> <p style="text-align: center;">THE EXECUTIVE OF THE WORLD ZIONIST ORGANIZATION.</p>	<p>4. Principal address of foreign principal</p> <p style="text-align: center;">JERUSALEM, ISRAEL</p>	
<p>5. Indicate whether your foreign principal is one of the following type:</p> <p><input type="checkbox"/> Foreign government</p> <p><input type="checkbox"/> Foreign political party</p> <p><input checked="" type="checkbox"/> Foreign or <input type="checkbox"/> domestic organization: If either, check one of the following:</p> <div style="display: flex; justify-content: space-between;"> <div> <p><input type="checkbox"/> Partnership</p> <p><input type="checkbox"/> Corporation</p> <p><input checked="" type="checkbox"/> Association</p> </div> <div> <p><input type="checkbox"/> Committee</p> <p><input type="checkbox"/> Voluntary group</p> <p><input type="checkbox"/> Other (specify) _____</p> </div> </div> <p><input type="checkbox"/> Individual - State his nationality _____</p>		
<p>6. If the foreign principal is a foreign government, state:</p> <p style="text-align: right;">NOT APPLICABLE</p> <p>a) Branch or agency represented by the registrant.</p> <p>b) Name and title of official with whom registrant deals.</p>		
<p>7. If the foreign principal is a foreign political party, state:</p> <p style="text-align: right;">NOT APPLICABLE</p> <p>a) Principal address</p> <p>b) Name and title of official with whom the registrant deals.</p> <p>c) Principal aim</p>		
<p>8. If the foreign principal is not a foreign government or a foreign political party,</p> <p>a) State the nature of the business or activity of this foreign principal</p> <p style="text-align: center; padding-top: 20px;">See Statement Attached</p>		

b) Is this foreign principal

- Owned by a foreign government, foreign political party, or other foreign principal Yes ☐ No ☒
- Directed by a foreign government, foreign political party, or other foreign principal Yes ☐ No ☒
- Controlled by a foreign government, foreign political party, or other foreign principal Yes ☐ No ☒
- Financed by a foreign government, foreign political party, or other foreign principal Yes ☐ No ☒
- Subsidized in whole by a foreign government, foreign political party, or other foreign principal Yes ☐ No ☒
- Subsidized in part by a foreign government, foreign political party, or other foreign principal Yes ☐ No ☒

9. Explain fully all items answered "Yes" in Item 8(b). (If additional space is needed, a full insert page may be used.)

Not applicable

10. If the foreign principal is an organization and is not owned or controlled by a foreign government, foreign political party or other foreign principal, state who owns and controls it.

The World Zionist Organization is controlled by its member organizations through the World Zionist Congress which meets every four years and elects its governing bodies, including the Executive.

Date of Exhibit A <i>Sept. 16, 1971</i>	Name and Title Isadore Hamlin, Exec. Dir.	Signature <i>Isadore Hamlin</i>
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Form DJ-307
(Rev. 3-30-71)

RECEIVED
DEPARTMENT OF JUSTICE
SEP 21 11 44 AM '71
REGISTRATION SECTION

UNITED STATES DEPARTMENT OF JUSTICE
Washington, D.C. 20530

EXHIBIT B

TO REGISTRATION STATEMENT
Under the Foreign Agents Registration Act of 1938, as amended

62-0157653-10 No. 2278

INSTRUCTIONS: A registrant must furnish as an Exhibit B copies of each written agreement and the terms and conditions of each oral agreement with his foreign principal, including all modifications of such agreements; or, where no contract exists, a full statement of all the circumstances, by reason of which the registrant is acting as an agent of a foreign principal. This form shall be filed in duplicate for each foreign principal named in the registration statement and must be signed by or on behalf of the registrant.

Name of Registrant	Name of Foreign Principal
WORLD ZIONIST ORGANIZATION- AMERICAN SECTION, INC.	THE EXECUTIVE OF THE WORLD ZIONIST ORGANIZATION, JERUSALEM, ISRAEL

Check Appropriate Boxes:

- ☐ The agreement between the registrant and the above-named foreign principal is a formal written contract. If this box is checked, attach two copies of the contract to this exhibit.
- ☐ There is no formal written contract between the registrant and foreign principal. The agreement with the above-named foreign principal has resulted from an exchange of correspondence. If this box is checked, attach two copies of all pertinent correspondence, including a copy of any initial proposal which has been adopted by reference in such correspondence.
- ☒ The agreement or understanding between the registrant and foreign principal is the result of neither a formal written contract nor an exchange of correspondence between the parties. If this box is checked, give a complete description below of the terms and conditions of the oral agreement or understanding, its duration, the fees and the expenses, if any, to be received.

The Registrant is wholly controlled by the Executive of the World Zionist Organization through the members of the Executive resident in the United States.

4. Describe fully the nature and method of performance of the above indicated agreement or understanding.

The By-Laws of the Registrant provide that:

ARTICLE 1, Section 1. "Membership" The membership of the Corporation shall consist of those persons who have signed the Certificate of Incorporation as incorporators, and all persons who are, for the time being, members of the Executive of the World Zionist Organization (The Executive), together with all persons who are hereafter received in or elected to membership as hereinafter provided."

The Board of Directors of the Registrant is elected by the members of the Corporation.

AMENDED

Item (s) 5 was amended
by Form DJ-307 filed on 1-2-73

- 2 -

5. Describe fully the activities the registrant engages in or proposes to engage in on behalf of the above foreign principal.

See Statement Attached

6. Will the activities on behalf of the above foreign principal include political activities as defined in Section 1(a) of the Act? Yes ☒ No ☐

If yes, describe all such political activities indicating, among other things, the relations, interests or policies to be influenced together with the means to be employed to achieve this purpose.

The Registrant circulates the "Israel Digest" and appropriate officers make statements on behalf of the foreign principal from time to time. These are labelled in accordance with the requirements of the Foreign Agents Registration Act of 1938, and copies thereof are filed with the Department of Justice.

Date of Exhibit B

Sept 16, 1971

Name and Title

Isidore Hamelin
Executive Director

Signature

Isidore Hamelin

^{1/} Political activity as defined in Section 1(a) of the Act means the dissemination of political propaganda and any other activity which the person engaging therein believes will, or which he intends to, prevail upon, indoctrinate, convert, induce, persuade, or in any other way influence any agency or official of the Government of the United States or any section of the public within the United States with reference to formulating, adopting, or changing the domestic or foreign policies of the United States or with reference to the political or public interests, policies, or relations of a government of a foreign country or a foreign political party.

WORLD ZIONIST ORGANIZATION - AMERICAN SECTION, INC.

Answer to Item 5.

The activities of the registrant are controlled by the Executive of the World Zionist Organization and are carried out through the following departments:

- a) Cultural Department - Preparation and dissemination of educational and pedagogic material, posters for Jewish schools, film-strips; - holding of seminars for teachers on subjects related to Jewish history, religion, Hebrew language, etc.
- b) Torah Culture and Education Department - Preparation and dissemination of educational and pedagogic material and commentaries on the Bible for use in Orthodox Jewish schools; the holding of seminars for teachers of orthodox schools, etc.
- c) Herzl Institute - Adult education - courses in Jewish history, art sociology, literature and the history of the Zionist Movement, Hebrew language, etc.
- d) Herzl Press - Published books on Zionist and general Jewish subjects.
- e) Theodore Herzl Foundation - Publication of "MIDSTREAM", a monthly literary magazine devoted to Jewish and Zionist problems of current interest.
- f) Youth Department - Contact with various youth groups in the United States with a view to encouraging a program of Zionist educational and youth activities.
- g) Latin American Bureau - Preparation and dissemination of educational material and information on Israel for use by Latin Americans.
- h) Public Relations and Press - Contact with American Press with a view to informing them concerning the program and activities of The Jewish Agency for Israel.
- i) Sponsoring religious pilgrimages to Israel and educational travel groups for members of Zionist groups affiliated with the World Zionist Organization.

WORLD ZIONIST ORGANIZATION - AMERICAN SECTION, INC.

Answer to Question 8 (a)

The World Zionist Organization operates through its Executive with headquarters in Jerusalem. The World Zionist Organization consists of member organizations located in many countries in the Free World: in North and Latin America, Europe, South Africa, Australia and the United Kingdom.

The function of the World Zionist Organization is to carry out the purposes of the various Zionist organizations in Israel and in other parts of the world.

The functions of the World Zionist Organization are:

Organization and Public Information; Aliyah (Immigration); Education in the Diaspora; Youth and Hechalutz; Publications; Cultural Institutions; Activities of the Keren Kayemet Le-Israel (The Jewish National Fund).

Isadore Hamlin, executive director of the Jewish Agency–American Section, subsequently became the executive director of this new FARA registrant. The WZO immediately took over the publication and distribution of the Jewish Agency's *Israel Digest* and occupied the Jewish Agency's former space at 515 Park Avenue in New York City. W. T. Mallison Jr., the lawyer who pierced the corporate veil with Rabbi Berger, reflected on the elaborate shell game in 1988:

Until 1971 the Zionist registrant under the FARA was the "American Section of the Jewish Agency for Israel," Registrant No. 208. Its initial and supplementary registration statements did not include the Status Law or the Covenant, and therefore did not meet the requirements of section 2(a)(2). During the period 1968-1970 administrative proceedings were instituted before the Department of Justice to compel compliance, initially on behalf of the American Council for Judaism (then the principal anti-Zionist Jewish organization in the United States) and subsequently on behalf of American Jewish Alternatives to Zionism. In spite of the strenuous Zionist opposing arguments, Registrant No. 208 was compelled to file both the Status Law and the Covenant on August 28, 1969. These two constitutive documents demonstrated that the agent was not the voluntary private organization which it claimed to be.

On June 9, 1970 the Department of Justice also required the filing of the tax Appendix to the Covenant. Subsequent actions of the Zionist Organization/Jewish Agency demonstrated its concern over these developments. In 1971 there was a "reorganization" of the Jewish Agency which resulted in changing its name, for at least some purposes, to the "Reconstituted Jewish Agency." The apparent purpose was to give the appearance of equal control by the Zionist political and the non-Zionist philanthropic operations of the disposition of funds raised by the Jewish Agency and its subordinate institutions. During that same year, the American Section of the Jewish Agency, Registrant No. 208, deregistered under the FARA on the alleged grounds that it was no longer engaged in political activities. Following that action, the Zionist Organization/Jewish Agency registered under the name, "World Zionist Organization-American Section, Inc." as Registrant No. 2278.

Registrant No. 208 had consistently listed its foreign principal as "The Executive of the Jewish Agency for Israel, Jerusalem, Israel," whereas Registrant No. 2278 has consistently listed its foreign principal as "The Executive of the World Zionist Organization, Jerusalem, Israel." In short, the foreign principal of the past and present registrants is identical although the wording is different. The important change in the new registration is that neither the Status Law nor the Covenant, nor the tax appendix has been filed initially or subsequently although the foreign principal is the same as that of the prior registrant and the specifics of the registration statements of the past and present registrants provide persuasive evidence that the foreign agents (the registrants) are the same or substantially the same.³⁴⁶

Isadore Hamlin had moved some boxes on his organization chart (rather than between cities or even buildings) by reversing the subsidiary and controlling corporate entities. Then, it was business as usual. There was still the urgent need for an entity to continue Jewish Agency operations in the United States. The WZO's 1972 Congress revealed its goal to intensify consistent ideological and public relations guidance from the foreign principal at the regional and country levels:

Congress instructs the executive that wherever it is represented at international Jewish conventions every effort should be made to put the Zionist point of view forcibly and to ensure that it prevails; and to this end it considers it essential that the representatives of the Executive and the Zionist Movement generally should consult together before and if necessary during such conventions, in order to frame a common line of policy.³⁴⁷

There has been no interruption in US operations as the World Zionist Organization also formally asserted the prerogative of Zionists to assume leading positions across all Jewish organizations outside of Israel:

Zionists are entitled to a privileged position among the Jewish Organizations in the Diaspora and should be given advisory status in the forming of Israel's external and internal politics.³⁴⁸

It is useful to again review why the Jewish Agency/World Zionist Organization was involved in financial flows to finance the *Near East Report*, run public relations campaigns, and indirectly finance US lobbying activity when at least one node of the foreign agency network would likely be compelled to register under the Foreign Agents Registration Act.

By centralizing fundraising in the United Israel Appeal and United Jewish Appeal for exclusive conveyance to the Jewish Agency in Israel, top Israel lobby leadership in the US moved the funds "offshore" outside US jurisdiction and also separated control from contentious and often fractious US Jewish humanitarian aid and relief groups. The funds could then be used for whatever purpose was desired by the Israeli government, including laundering them back into the US to lobby for aid from Congress. While Kenen's organization, the American Zionist Council, was an umbrella for powerful US-based fundraising groups, the fact that he was unable to tap significant funds directly from US donors early on is telling. Only by moving the tax-exempt funds "offshore" could they sever control and knowledge of the fund's true destination from domestic source groups. They then quietly moved these and other international funds back into US public relations efforts, think tanks, and lobbying activities. The offshore component enabled Kenen's and Israel lobby operatives total freedom of movement to secretly pursue activities as they saw fit, rather than by the committee consensus that hobbled predecessor organizations.

Once the groups could show lobbying success and document results, direct access to US funding sources was obtained. Indeed, this was the pattern up to the "reorganization" of the Jewish Agency–American Section. By the early 1970s, AIPAC was finally able to actually lay claim to less risky non-tax-deductible domestic funding and publicize that for each dollar "invested," a large multiple would be sent to Israel, only now as the burden of all US taxpayers. **But this corporate reshuffle does not erase AIPAC's origin as an entity formed by the Israeli Ministry of Foreign Affairs and funded by the Israeli government through the Jewish Agency with an ongoing foreign agent relationship.**

FINDING: After it was compelled to file its Covenant agreement, the FARA section accepted the Jewish Agency's shell company reorganization into the World Zionist Organization – American Section at face value, with no warranted extra scrutiny given its history in the US or relationship to the AZC/AIPAC. But the World Zionist Organization – American Section is substantially the same organization as the Jewish Agency – American Section, with the same foreign principal, the Israeli government, headquarters, and staff.

The World Zionist Organization – American Section

The purpose of the World Zionist Organization – American Section, as successor to the Jewish Agency – American Section is to promote lobbying for policy objectives of the Israeli government in the United States, including illegal overseas activities that contravene US government objectives. However the WZO claims that its objectives in the United States are purely educational:

“to foster the ideals of Zionism and Judaism, and the unity of the Jewish people, to encourage the immigration of Jews to Israel and their resettlement and rehabilitation therein in industry, agriculture, commerce and the trades; and to assist and further their cultural, educational, religious, social, artistic and scientific endeavors.”³⁴⁹

The World Zionist Organization – American Section funds events and organizing on American college campuses.³⁵⁰ In 2008 it spent \$4,931,942.00 for the six month period ending December 31, 2008³⁵¹ and \$3, 170, 810.00 for the six month period ending June 30, 2008³⁵², totaling \$8,102,752, by far the largest expenditure of any registered foreign agent for Israel.

Like its predecessor organization, the Jewish Agency – American Section, the World Zionist Organization files highly misleading declarations in the FARA Section. Like the Jewish Agency, the WZO – American section works closely with the Israeli government and receives Israeli government funding.

The WZO is also far more politically active in the United States than it declares, serving as a member of AIPAC’s Executive Committee (according to AIPAC bylaws, discussed later). The WZO – American Section, like the Jewish Agency – AZC relationship, does not disclose its work with AIPAC to achieve the lobbying objectives, particularly in the area of illegal settlements, of its foreign principal.

Jewish officials profess shock over report on Zionist body – The Forward

Nathaniel Popper 3/18/2005

Embarrassed leaders of American Jewish organizations were absorbing the news this week that an international body under their control was at the center of a tangled Israeli scheme, detailed in a bombshell government report, to build illegal settlement outposts in violation of Israeli law, policy and international commitments.

The international body, the World Zionist Organization, or WZO, is described in the report as a pivotal player in the scheme, in which midlevel officials in various government ministries secretly channeled funds and resources to the illegal West Bank outposts. Several sources told the Forward that a WZO department, the Settlement Division, was used as a vehicle for many of the illegal activities, in part because its status as a nongovernmental organization shielded it from government oversight.

The controversial report, commissioned last year by Prime Minister Sharon, was submitted March 9. The Cabinet approved it March 13. The author, Talia Sasson, formerly Israel's chief criminal prosecutor, paints a scathing picture of government and WZO officials who diverted funds, confiscated land including privately owned Palestinian land or turned a blind eye to "blatantly illegal" activity. Sasson said the illegal outposts began in the mid-1990s in response to a freeze on legal settlement construction by late prime minister Yitzhak Rabin.

The report has caused a furor in Israel. The Sharon government, which is obligated to freeze settlement building under President Bush's road map to peace, promised to remove the outposts built since 2001 but largely failed to do so. Doves said the report proved the government was effectively abetting the illegal activity, while hawks said the role of government agencies proved the activity was not illegal.

WZO is a confederation of pro-Israel groups in dozens of countries, including such mainstays as Hadassah, B'nai B'rith and offshoots of the Reform and Conservative movements. American groups control 30% of the organization's main governing bodies, including the World Zionist Congress, which is convened in Jerusalem every four years.

Most leaders of American Zionist groups said they had been unaware of the extent of WZO's work in the territories. "If it were in the documents, there would have been big fights," said Rabbi Ammiel Hirsch, former director of the Association of Reform Zionists of America. "We wouldn't have let that slide."

Others said American and world Jewish leaders simply failed to respond to mounting evidence. "This was hardly discussed, and everyone could have done a lot more," said Moshe Kagan of the left-wing Meretz USA, a former member of WZO's 24-person executive committee. "Not enough was done, not by Meretz and not by anyone else."

Theodor Herzl founded the World Zionist Organization in 1897 to spearhead the creation of a Jewish state. Its Israeli operating arm, the Jewish Agency, essentially provided Israel's governmental infrastructure when the state was declared in 1948. After independence, the world organization pursued tasks such as immigration, Jewish education and Israeli rural development.

Following the 1967 Six-Day War, WZO and the Jewish Agency were "reconstituted" as separate entities, with WZO retaining its ideological mission to Diaspora Jews as well as its tradition of raucous political debate. The Jewish Agency took over Israeli social services, currently a \$420 million network of programs funded by Diaspora philanthropies.

The two bodies remain closely linked, sharing top staff and some joint facilities. The agency largely funds WZO's \$11 million budget.

Crucially, the post-1967 restructuring also split up the organization's rural development operations. The Jewish Agency oversaw projects in Israel, while WZO took charge of settlement in the territories seized in the 1967 war.

Officials say they are careful not to use American donations to fund WZO activities in the territories, in order to avoid violations of U.S. policy that could compromise the tax-exempt status of U.S. Jewish charities.

Over time, the WZO Settlement Division became a semi-independent unit financed with Israeli government funds, currently \$40 million a year. WZO governing bodies do not review the division budget, which is under the purview of the state comptroller, officials said.

The lines between WZO and the Jewish Agency are not always clear, however. While Settlement Division activities are funded by the government, the infrastructure of WZO, including the Settlement Division, is funded largely by the Jewish Agency, which in turn is funded by American Jewish federations.

The Settlement Division's work in the territories was originally a topic of WZO debate. At the 1982 World Zionist Congress, a resolution to end the WZO's role in settlements was narrowly defeated in a procedural maneuver by WZO's Likud-appointed chairman. Soon afterward, Ariel Sharon, who had been forced to resign as defense minister after the 1982 Lebanon War, was nominated to head the division, but was rejected because liberal delegates feared he would override oversight rules.

In the mid-1980s, however, feuding over religious pluralism eclipsed debate over settlements. Delegate elections to the World Zionist Congress in 1987 saw the entry for the first time of a slate representing Reform Judaism, which swept the American balloting that year.

According to Rabbi Eric Yoffie, founding director of the Reform Zionist group and now president of the Union for Reform Judaism, debate over settlements dissipated during the 1980s, in part because it became clear that the Israeli government was calling the shots. "At a certain point, people saw this was not going to be resolved in the WZO, so there was just no purpose to further debates," Yoffie said.

In recent years, evidence has mounted implicating the Settlement Division in dubious activities. Numerous reports by the Israeli Peace Now organization detailed the web of agencies building outposts. In January, a Knesset committee discussed WZO's role in illegal outposts.

"If people didn't suspect this on some basic level, there was something wrong with them," said Jamie Levin, director of the Labor Zionist Alliance, now known as Ameinu.

The publication of the Sasson report has reignited WZO debate over the Settlement Division. A day after the report's release, 12 members of WZO's executive committee wrote a letter to Sallai Meridor, who chairs both WZO and the Jewish Agency, calling for an "extraordinary meeting" to discuss the report.

Sasson recommended that the government cut the Settlement Division's funding and end its role in the territories. Two members of the WZO executive committee wrote a separate letter calling for these recommendations to be implemented immediately, despite a call by Sharon for the division to remain intact.

Leaders of right-wing American groups, who tend to support West Bank settlements in principle, expressed less concern about the Sasson findings. Mandell Ganchrow, director of Mizrahi Religious Zionists of America, said he saw no need for immediate change: "This will have to be dealt with by the government. It's not fair to point a finger and ask where was the WZO. This had to do with the will of the government of the State of Israel."

FINDING: The American Israel Public Affairs Committee (AIPAC) carries on the American Zionist Council's lobbying work for the Israeli government. Since AIPAC does not file under FARA, it does not properly disclose its political activities on behalf of the World Zionist Organization – American Section, a charitably funded foreign

organization serving on the Executive Committee of AIPAC.

According to a 2005 report by Israeli prosecutor Thalia Sasson³⁵³ the World Zionist Organization's primary activity is the seizure and illegal colonization of Palestinian land, activities which are not only illegal in Israel and according to international law, but diametrically opposed to the policy of the Bush and Obama administrations. The World Zionist Organizations shares facilities and staff with the Jewish Agency which funds its \$11 million budget—but the Israeli government is a far more important foreign principal, providing \$40 million a year to the WZO settlement division.³⁵⁴

The website of the Conference of Presidents of Major Jewish Organizations (www.conferenceofpresidents.org) provides further evidence of the fact that the World Zionist Organization actually is the Jewish Agency/Israeli government. Rather than funneling funding through the American Zionist Council as it did in the 1960s, the Israeli government uses the “World Zionist Organization – American Section” to channel funds to groups around the United states. The World Zionist Organization – American Section is headquartered at 633 Third Avenue, New York, New York, 10017 according to its registration statement. This is the same location the Conference of Presidents of Major Jewish Organization lists location as their headquarters address.

Conference of Presidents of Major Jewish Organizations – Location 11/2/2009

Conference of Presidents of Major American Jewish Organizations

<http://www.conferenceofpresidents.org/content.asp?id=15>



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The Conference of Presidents of Major Jewish Organizations is a relatively small organization, claiming only \$661,595 in direct public support and two paid employees on its last publicly available IRS form 990 filed for year 2007.³⁵⁵ In that IRS form, the claimed primary exempt purpose is:

*"to serve as a coordinating body to Major American Jewish Organizations with respect to Issues of Concern to the American Jewish community."*³⁵⁶

All Conference of Presidents of Major Jewish Organizations member organizations serve on AIPAC's executive committee. The World Zionist Organization also appears on the Conference of Presidents membership list on its website. However, when the page of the World Zionist [Organization] Executive is accessed, it displays a "site under construction" page hosted on the Jewish Agency's website.

Conference of Presidents/World Zionist Organization/Jewish Agency Websites – 11/2/2009³⁵⁷

Conference of Presidents of Major American Jewish Organizations

<http://www.conferenceofpresidents.org/content.asp?id=55>



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- [Union of Orthodox Jewish Congregations of America](#)
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- [United Synagogue of Conservative Judaism](#)
- [WZO](#)

Conference of Presidents of Major American Jewish Organizations

<http://www.conferenceofpresidents.org/content.asp?id=55>

- 47. [Women's League for Conservative Judaism](#)
- 48. [Women of Reform Judaism](#)
- 49. [Workmen's Circle](#)
- 50. [World ORT](#)
- 51. [World Zionist Executive, US](#)
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<http://www.jewishagency.org/JewishAgency/English/Home/Jewish+Age...>



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A “whois” query about the JewishAgency.org domain reveals it is administered from 48 King George Street in Jerusalem by administrator nissimv using the jazo.org.il domain as the email contact. The “whois” service of the Internet provides a mechanism for finding contact and registration information for resources registered with the American Registry for Internet Numbers (ARIN).

Whois Query: JewishAgency.org – 11/2/2009³⁵⁸

Jewishagency.org - Jewish Agency http://whois.domaintools.com/jewishagency.org

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Power Tools: Reverse IP | Domain History | Mark Alert | Name Server Spy | Hosting History | Registrant Search | Registrant Alert

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A unique Jewish studies program. "Makes me want to stay Jewish."
www.ShoresHebrewHigh.org

[Jewish Hero Announced](#)
Be First to Know Who's Named the Jewish Hero of the Year.
www.JewishCommunityHeroes.org

[Blue Star Camps](#)
Family Owned since 1948 Jewish Camp Experience
www.bluestarcamps.com

JewishAgency.org Whois Record (Jewish Agency) Domain Name [Whois](#)

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Whois Record

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JewishMafia.com (\$628.00)	JewishWoman.com (\$628.00)	JewishStudents.com (\$1,888.00)
JewishAudio.com (\$1,888.00)	JewishMedicine.com (\$949.00)	JewishTheology.com (\$1,788.00)

Registrant Search: **"Nissim Ventura" owns about 14 other domains**

Email Search: **nissimv@jazo.org.il** is associated with about **36 domains**

uria@jazo.org.il is associated with about **2 domains**

NS History: **4 changes** on 4 unique name servers over 4 years.

IP History: **5 changes** on 3 unique name servers over 4 years.

Whois History: **13 records** have been archived since **2006-01-29**.

Reverse IP: **32 other sites** hosted on this server.

Free Tool: [Download DomainTools for Windows](#)

Domain ID:D46551122-LROR
Domain Name:JEWISHAGENCY.ORG
Created On:08-Dec-2000 11:51:52 UTC
Last Updated On:29-May-2009 11:48:19 UTC
Expiration Date:08-Dec-2009 11:51:52 UTC
Sponsoring Registrar:Domain The Net Technologies Ltd. (R116-LROR)
Status:CLIENT DELETE PROHIBITED
Registrant ID:IL272378
Registrant Name:Nissim Ventura
Registrant Street1:48 King George st.
Registrant Street2:
Registrant Street3:
Registrant City:Jerusalem
Registrant State/Province:
Registrant Postal Code:91000
Registrant Country:IL
Registrant Phone:+972.26202656
Registrant Phone Ext.:
Registrant FAX:+972.26203100
Registrant FAX Ext.:
Registrant Email:nissimv@jazo.org.il

Admin ID:IL272379
Admin Name:Nissim Ventura
Admin Street1:48 King George st.
Admin Street2:
Admin Street3:
Admin City:Jerusalem
Admin State/Province:
Admin Postal Code:91000
Admin Country:IL
Admin Phone:+972.26202656
Admin Phone Ext.:
Admin FAX:+972.26203100
Admin FAX Ext.:
Admin Email:nissimv@jazo.org.il

Tech ID:JJ8170-BR
Tech Name:JAFI JAFI
Tech Organization:The Jewish Agency for Israel
Tech Street1:POB 92
Tech Street2:
Tech Street3:
Tech City:Jerusalem
Tech State/Province:Jerusalem

Thumbnail: **2009-09-11**

[Queue this Domain for Update](#)

Country TLDs **General TLDs**

<input type="checkbox"/> JewishAgency.at	Buy
<input type="checkbox"/> JewishAgency.be	Buy
<input type="checkbox"/> JewishAgency.ch	Buy
<input type="checkbox"/> JewishAgency.cn	Buy
<input type="checkbox"/> JewishAgency.co.uk	Buy
<input type="checkbox"/> JewishAgency.dk	Buy

[Show all \(16\) >](#)

Buy all selected >


1 of 2 11/2/2009 9:08 AM

A "whois" query about the jazo.org.il domain reveals an organization called the "Jewish Agency Zionist Organization" also administered from 48 King George St in Jerusalem by administrator nissimv using the jazo.org.il domain as the email contact.

Whois Query: Jazo.org – 11/2/2009³⁵⁹

Jazo.org.il - Jazo http://whois.domaintools.com/jazo.org.il

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 Find Out Who Owns the Domain You Want. Get IP location, map, trace, track and 2009 Web Hosting Reviews & Rankings Expert
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 Register.com whatismyipaddress.com www.Hosting-Review.com

Jazo.org.il Whois Record (Jazo) Domain Name [Whois](#)

[Whois Record](#) | [Site Profile](#) | [Registration](#) | [Server Stats](#)

Whois Record

Whois History: [9 records](#) have been archived since 2008-06-30 :
 Reverse IP: [12 other sites](#) hosted on this server.
 Free Tool: [Download DomainTools for Windows](#)


```

domain:      jazo.org.il
descr:       Jewish Agency Zionist Organization
descr:       48 King George st.
descr:       Jerusalem
descr:       35421
descr:       Israel
phone:       +972 2 6202656
fax-no:      +972 2 6204128
admin-c:     II-VN557-IL
tech-c:      II-WAN-IL
zone-c:      II-WAN-IL
nserver:     dns.netvision.net.il
nserver:     nypop.eltron.net
validity:    N/A
status:      Transfer Locked
changed:     registrar AT ns.il 19950530 (Assigned)
changed:     steiff AT netvision.net.il 19970402 (Changed)
changed:     domain-registrar AT isoc.org.il 20010507 (Changed)







person:      Ventura Missim
address:     Jewish Agency
address:     46 King George
address:     JLM
address:     35421
address:     Israel
phone:       +972 2 6202656
fax-no:      +972 2 6204128
e-mail:      nissimv AT jazo.org.il
nic-hdl:     II-VN557-IL
changed:     domain-registrar AT isoc.org.il 20010507

person:      Wide Area Network Group
address:     NetVision - Israeli ISP
address:     Advanced Technology Center Haifa, 31905, send SPAM and ABUSE complaints to ab
AT netvision.net.il
address:     Haifa
address:     31905
address:     Israel
phone:       04 8560 634
fax-no:      04 8551 132
e-mail:      registrar AT netvision.net.il
nic-hdl:     II-WAN-IL
changed:     wan AT netvision.net.il 19980419
changed:     domain-registrar AT isoc.org.il 20001231
changed:     domain-registrar AT isoc.org.il 20010401
changed:     domain-registrar AT isoc.org.il 20010617
changed:     domain-registrar AT isoc.org.il 20011119
changed:     domain-registrar AT isoc.org.il 20020116
changed:     domain-registrar AT isoc.org.il 20020205
changed:     domain-registrar AT isoc.org.il 20020320
changed:     domain-registrar AT isoc.org.il 20020422
changed:     domain-registrar AT isoc.org.il 20020502
changed:     domain-registrar AT isoc.org.il 20020523
changed:     domain-registrar AT isoc.org.il 20020529
changed:     domain-registrar AT isoc.org.il 20021008
changed:     domain-registrar AT isoc.org.il 20030724
changed:     domain-registrar AT isoc.org.il 20030820
changed:     domain-registrar AT isoc.org.il 20030910
  
```

Add Missing Thumbnail:
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Country TLDs **General TLDs**

<input type="checkbox"/> Jazo.at 	Buy
<input type="checkbox"/> Jazo.be 	Buy
<input type="checkbox"/> Jazo.ch 	Buy
<input type="checkbox"/> Jazo.fr 	Buy
<input type="checkbox"/> Jazo.in 	Buy
<input type="checkbox"/> Jazo.it 	Buy

[Show all \(3\) >](#)

Buy all selected >

FINDING: The World Zionist Organization – American Section is really the Jewish Agency/Israeli government. The World Zionist Organization – American Section since the deregistration of the Jewish Agency – American Section has been filing a blatantly misleading FARA declaration designed to cover up the core mission of its claimed parent organization—illegal settlement promotion—and true foreign principals, the Jewish Agency/Israeli government.

The conference of Presidents of Major Jewish Organization's collocation with the World Zionist Organization – American Section at 633 Third Avenue is remarkably similar to the AZC's collocation at 515 Park Avenue. Collocation with the foreign agent of the Israeli government meant that the initiatives of the foreign principal and funding could be channeled into US lobbying and public relations groups.

While the AZC and umbrella membership organizations worked with and out of Jewish Agency – American Section Headquarters directly, the Conference of Presidents of Major Jewish Organizations provides a nexus point for US foreign agents and the foreign principals that is one step removed. AIPAC grants all member organizations of the Conference of Presidents of Major Jewish Organizations a presence on its executive committee.³⁶⁰

FINDING: The Israeli government, like in the 1960s, still has an identifiable principal relationship with AIPAC, through its executive committee, through the World Zionist Organization – American Section's executive, and that organization's collocation with the Conference of Presidents of Major Jewish Organizations at 633 Third Avenue.

4.0 AIPAC Election Violations and Propaganda

After reorganizing AZC operations into the American Israel Public Affairs Committee, under the leadership of Isaiah L. Kenen, AIPAC expanded its power and influence. Fundraising in the aftermath of the 1967 Six-Day War ballooned as Kenen's public relations campaigns spread the theme of "Israel in danger" across constituent groups and yielded unprecedented amounts of direct non-tax-deductible donations from American Jews concerned about the fate of Israel. By the early 1980s, in tight coordination with the Israeli government, larger numbers of U.S. donors, and regional political bosses, Congress passed laws that positioned AIPAC to push through not just foreign aid and military sales, but an unprecedented trade deal. Changes in U.S. campaign finance laws touched off a surge in activity among Israel lobby Political Action Committees (PACs) that ruthlessly, and sometimes lawlessly, bullied Congress with fervor and intense dedication.

AIPAC and the Federal Election Campaign Act (FECA)

U.S. efforts to regulate the financing of political campaigns in the 1970s delivered a powerful tool into the hands of the Israel lobby. In 1972, the Federal Election Campaign Act (FECA) required candidates to disclose sources of campaign contributions and campaign expenditures for the first time. Large unreported cash contributions, which were the specialty of Abraham Feinberg and other lobby organization donors, had long undermined public confidence in the legitimacy of U.S. elections. But rather than quell the quiet role of campaign cash channeled by the Israel lobby, FECA accelerated it. FECA, as amended in 1974, attempted to limit the influence of wealthy individuals by capping their donations to candidates at \$1,000 and the donations of Political Action Committees (PACs) at \$5,000. Individuals were prohibited from spending more than \$25,000 on all candidates in each election cycle. The Federal Election Commission (FEC) was founded in 1975 to regulate campaign finance and enforce limits.

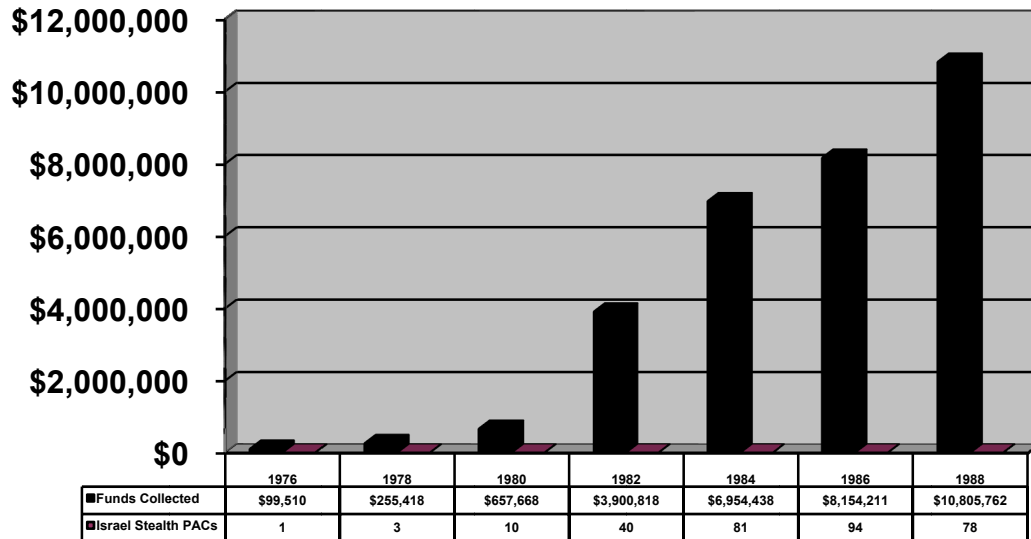
AIPAC Establishes "stealth" PACS to elect Candidates Favorable to its Foreign Principal

In 1976, only a single PAC was openly chartered to support candidates favorable to Israel; it gathered \$99,150 in contributions. By 1980, there were 10 single-issue PACs specifically designed to give contributions to candidates who supported Israel. They gathered \$657,668 and dispersed \$414,000 to 107 congressional candidates.³⁶¹

Across the United States, Israel PACs soon became absolute enforcers of Israeli government prerogatives by monitoring AIPAC-published scorecards on candidate votes. After executive director Morris Amitay resigned from AIPAC in 1980, he formed one of the largest Israel PACs in existence. By 1982, 40 Israel PACs had gathered \$3,900,818 and contributed \$2,027,200 to candidates who supported foreign aid grants and arms to Israel. The stealth PAC's capacity to secretly pool resources and tip critical elections

became an object of fear as brute financial force and AIPAC support in ground campaigns unseated legislators who did not toe the AIPAC line.¹

Stealth Israel Political Action Committees 1976-1988³⁶²



AIPAC Illegal Coordination of Israel Stealth PACS

Israel PACs gained their dominance not through sheer financial muscle, but through illicit stealth coordination. Though most American PACs were openly associated with a particular company, industry, union, or trade association, the Israel stealth PACs strove for public anonymity. Those with names that were too easily identified as single-issue Israel PACs changed them in the early 1980s. "Texans for a Sound Middle East Policy" changed its name to "TxPAC." By 1984, 81 stealth Israel PACs were active, gathering \$6,954,438 and spending \$3,772,994 to support AIPAC initiatives. An outside audit of this constellation of ostensibly independent PACs found that it was suspiciously well coordinated: in aggregate, it spent up to \$300,000 per candidate in tight races. The results and reputation of the PACs gave AIPAC unprecedented lobbying power.

In 1986, AIPAC passed the U.S.-Israel Free Trade Area and was also able to boost U.S. aid to Israel to \$3 billion annually while simultaneously heading off the Reagan administration's planned weapons sales to Jordan and Saudi Arabia. But AIPAC left an inconvenient paper trail that scandalously exploded into the press in 1988 and verified long held suspicions of illegality. AIPAC was not only establishing, but actually coordinating stealth PACS, in violation of U.S. campaign finance laws.

¹ Adlai Stevenson, 1981; Paul Findley, 1983; Paul McCloskey, 1982; Charles Percy, 1984; James Abdnor, 1987

The *New York Times* explored AIPAC's many connections to Israel stealth PACs and the ties between its senior and former senior officials and political candidate election "hit lists" quietly circulated to voters.³⁶³ AIPAC's public assertions that it was not coordinating strategy or funds to political candidates were again demolished in 1988, when the *Washington Post* published internal AIPAC memos revealing that it was highly active in identifying which candidates to support, drafting appeal letters, and directly coordinating PAC disbursements to favored candidates. Internal AIPAC documents made available to the *Washington Post* revealed that the group's top political operative Elizabeth Schraye was directing stealth PAC candidate contributions in the 1986 Senate races.

A memo from Elizabeth A. Schraye, then AIPAC's deputy political director, five weeks before that election urged an assistant to call several pro-Israel PACs and "try" to get \$500 to \$1,000 donations for five specific Senate candidates.

In the Sept. 30, 1986 memo, Schraye listed nine pro-Israel PACs and noted that some had not contributed to certain candidates. For example, the memo said that one of the PACs, called ICEPAC, had given nothing to three candidates in whom she was interested. "Try for 1,000 to Bond, Moore, Evans, Daschle, & Reid. Call ASAP," Schraye wrote, referring to Senate candidates Christopher S. (Kit) Bond (R) in Missouri, W. Henson Moore (R) in Louisiana, John V. Evans (D) in Idaho, Thomas A. Daschle (D) in South Dakota and Harry Reid (D) in Nevada.³⁶⁴

AIPAC documents also revealed that it was deeply involved in the mechanics of establishing more PACs in the mid-1980s.

Four other documents are 1985 letters from Schraye to individuals in Massachusetts, California and Hawaii. In them, she offers to provide fund-raising ideas and arrange speakers for a new pro-Israel PAC, sends a sample solicitation letter and list of pro-Israel PACs to a fund-raiser for Evans, and volunteers to answer questions about starting a PAC.

...In addition to the Schraye memo and letters, a "how to" booklet on setting up a pro-Israel PAC, dated February 1985, was available in Schraye's office, according to a former AIPAC employee.³⁶⁵

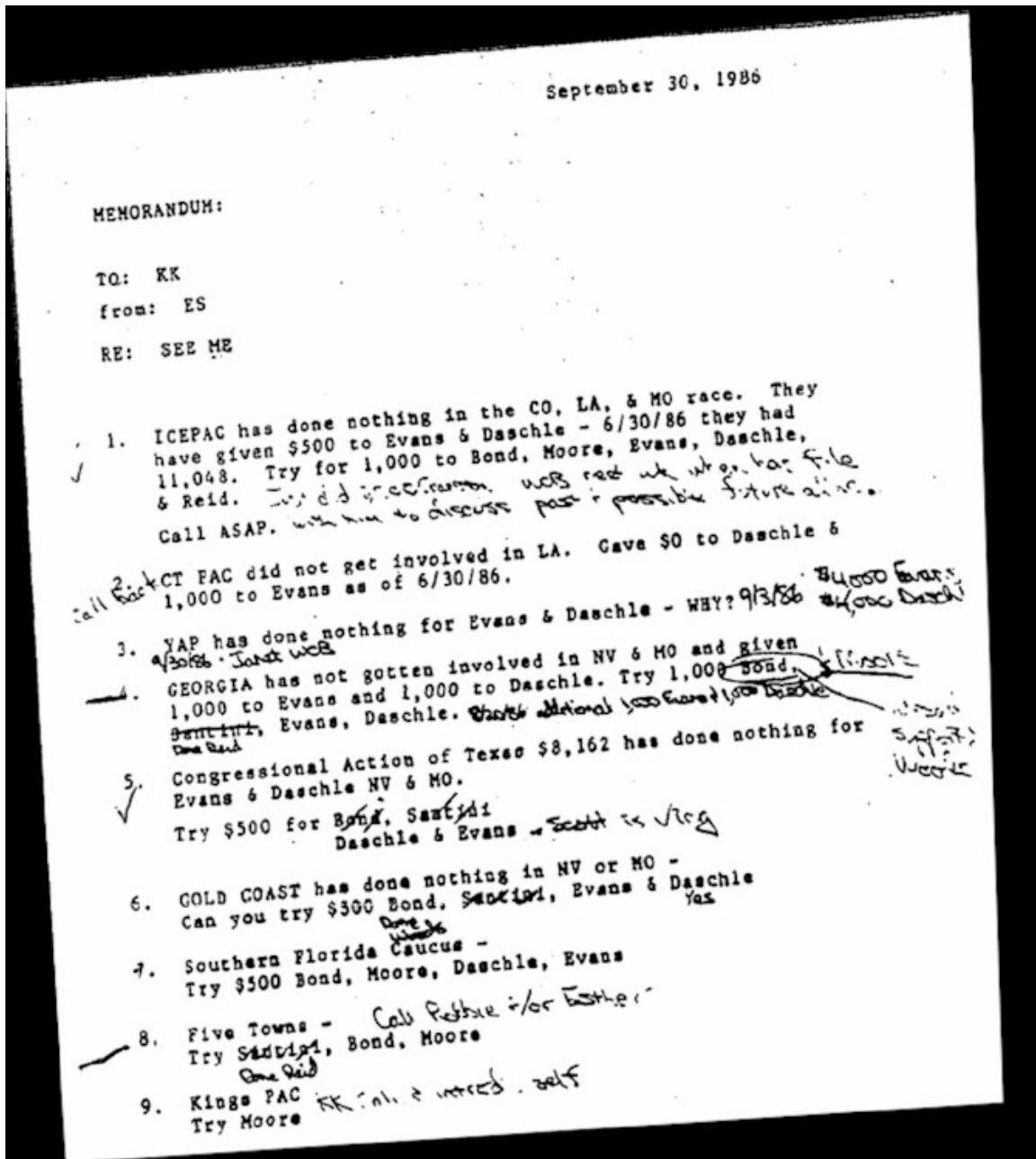
The lengthy bombshell *Washington Post* story was unequivocal. Based upon its examination of the AIPAC documents and applicable statutes, the *Post* bluntly declared that U.S. election laws appeared to have been broken.

Federal law permits membership organizations such as AIPAC to communicate on a partisan basis with its members. The law also stipulates that political committees that establish, maintain, finance or control other committees are "affiliated" and thus subject to the contribution limits for one committee.

Over the past few years the number of pro-Israel PACs has grown dramatically. During the 1986 election cycle, for example, *The Wall Street Journal* compiled figures that 80 of these PACs donated nearly \$7 million to candidates, sometimes more than \$200,000 to a single candidate. This made them the most generous single-issue givers. A single PAC would be limited to giving \$10,000 to a candidate in an election cycle.³⁶⁶

The *Washington Post* made these assessments based on meticulous examination of how the handwritten notes on the AIPAC memos matched PAC donations reported to the FEC.³⁶⁷

Internal Documents Reveal AIPAC Coordinating PAC Fund Distribution³⁶⁸



The publicity generated by a televised *60 Minutes* investigative report and letters to newspaper editors turned public attention toward the regulatory role of the Federal Election Commission and what efforts it would take. Despite the exposés and public protests, the FEC bluntly stated to the press that it would not be taking any action, since no complaints had been filed.³⁶⁹

On January 12, 1989, a group of prominent former U.S. government officials filed a complaint charging that the Federal Election Commission failed to require AIPAC to publish details of its income and expenditures, a legal requirement for all political action committees and affiliates. Richard Curtiss alleged "conspiracy and collusion," as reported by the Associated Press:

"AIPAC's formidable ability to mobilize congressional support...is based not upon an appeal to the American national interest but upon threats by a special interest that has resorted to conspiracy and collusion," said a statement by Richard Curtiss, formerly the chief inspector of the U.S. Information Agency and one of the plaintiffs...³⁷⁰

The FEC began to reluctantly investigate the charges, but found AIPAC unwilling to cooperate or release documents.³⁷¹ Amid minimal press coverage, the FEC delivered a "final" investigatory report on Friday, December 22, 1990. It indicated that the PACs named in the complaint were no longer under investigation, but that some of the allegations against AIPAC itself were still being studied.³⁷²

The complainants were not satisfied with the FEC response. There was no investigatory documentation in the FEC's initial release or any findings or proposed enforcement actions against AIPAC. There was also no indication of whether or not the investigation had been stymied by AIPAC's outright refusal to comply with the FEC's requests for internal financial records.³⁷³ Time passed, and subsequent findings by the FEC proved less than adequate to the complainants. The FEC then issued a written finding that AIPAC had made "in-kind donations" that "likely crossed the \$1,000 threshold"—the highest amount an individual or organization could then donate to a candidate seeking office in a single election. AIPAC therefore functioned as a "political committee" from the FEC perspective. In spite of the violation, the FEC ruled that it would not require AIPAC to register as a political action committee or disclose its donors and recipients, because organizing these types of campaign contributions was not "the major purpose of AIPAC."³⁷⁴

Unsatisfied and angered, the original seven complainants filed a lawsuit in the Washington, DC Federal District Court against the FEC. They then went on to file a third appeal alleging that the FEC acted in bad faith by dismissing the January 1989 complaint against AIPAC, and that this faulty interpretation of the rules was not cause for exempting AIPAC from disclosing all details of its donors, donations, and expenditures. The battle raged into 1995. In March, the DC Circuit Court of Appeals found two to one against the complainants. They then sought a hearing before the entire appeals court, and on May 8, 1996 eight justices ruled for the complainants and against the FEC with two dissenting. The ruling identified a dangerous "slippery slope." Exempting a large and powerful organization like AIPAC from rules governing political activities on the grounds that they weren't the organization's "major purpose" would facilitate abuse, as other corporations began to conduct large-scale political activities and candidate efforts with none of the required FEC oversight and compliance measures.

In 1998, AIPAC appealed the Court of Appeals decision to the Supreme Court. On June 1, 1998, the Supreme Court decided that, in spite of AIPAC challenges, the complainants

did have "standing" to demand a resolution in court. However, the Supreme Court refused to rule on the substance of the issue.³⁷⁵

The U.S. Supreme Court sent the case back down to the original U.S. District Court. The surviving complainants (one has since passed away) continue to insist that whether or not AIPAC is a membership organization, as it claims, or has other functions (which the FEC verified), it is also a political committee required to disclose detailed donor and expenditure information to the public. Yet by mid-2009, none of the core issues of the case had been resolved. Presiding Judge Richard J. Leon held a status hearing and ordered a "fast track" schedule of cross briefs that could allow the court to make a final ruling by 2010. Plaintiffs have filed a draft motion for Judge Leon that would force AIPAC to disclose donors, funds, and activities influencing U.S. political campaigns (see appendix).

But delaying the premier campaign finance case against the largest foreign interest lobby in the U.S. for two decades had already produced a clear victor. Stealth PACs and donation coordination maintained Israel's status as the top recipient of U.S. foreign aid and other taxpayer-funded aid. Israel has received \$104 billion from Congress since 1948.

U.S. Aid to Israel (\$USD Million)³⁷⁶

Year	Total	Military Grant	Economic Grant	Immigrant	ASHA ^{li}	All Other
1949-1996	68030.9	29014.9	23122.4	868.9	121.4	14903.3
1997	3132.1	1800	1200	80	2.1	50
1998	3080	1800	1200	80	?	?
1999	3010	1860	1080	70	?	?
2000	4131.85	3120	949.1	60	2.75	?
2001	2876.05	1975.6	838.2	60	2.25	?
2002	2850.65	2040	720	60	2.65	28
2003	3745.15	3086.4	596.1	59.6	3.05	?
2004	2687.25	2147.3	477.2	49.7	3.15	9.9
2005	2612.15	2202.2	357	50	2.95	?
2006	2534.53	2257	237	40	?	0.53
2007	2500.24	2340	120	40	?	0.24
2008	2423.8	2380.6	0	39.7	3	0.5
Total	103614.67	56024	30897	1557.9	143.3	14992.47

This statistic does not represent the total cost of Israel to the United States. According to the late Dr. Thomas Stauffer, who wrote and taught about the economics of energy and the Middle East both at Harvard University and Georgetown University's School of Foreign Service, the real cost is higher. Stauffer's opportunity-cost-based calculations capture "an estimate of the total cost to the U.S. alone of instability and conflict in the region—which emanates from the core Israeli-Palestinian conflict." This analysis was first presented at an October 2002 conference sponsored by the U.S. Army College and the University of Maine. "Total identifiable costs come to almost \$3 trillion...About 60 percent, well over half of those costs—about \$1.7 trillion—arose from the U.S. defense of Israel, where most of that amount has been incurred since 1973." Yet again, even this figure excludes the vast and generally unexplored loss the U.S. has been slowly accruing since the 1940s due to economic espionage, including losses from a severely compromised trade deal, perpetrated by Israel and its U.S. lobby.

Even if Judge Leon rules that AIPAC is a kind of "super PAC" subject to campaign laws, it may not have any material impact. In 2009, the Supreme Court made a sudden (and unusual) move to re-hear a case over whether corporations have a protected free speech right to directly engage in campaign-related activities. The case could render moot the two-decade-old drive to regulate AIPAC by rescinding the 1972 Federal Election Campaign Act (FECA) restrictions on corporate activities in political campaigns.

In retrospect, AIPAC continues to operate much like the AZC. It coordinates closely with the Israeli government to lobby on matters of critical importance, such as

^{li} American Schools and Hospitals Abroad multi-agency funding.

preferential trade matters. According to AIPAC's bylaws,^{lii} the remaining Zionist organizations that were once under the AZC's umbrella group are all incorporated into AIPAC's executive committee through standing corporate invitations and preferential membership status. Over 50 established and newer organizations such as American Friends of Likud and Friends of the Israel Defense Forces are also now included (see appendix).³⁷⁷

AIPAC Bylaws and Corporate Purpose

AIPAC's bylaws are, at their core, denials of activities in which it has routinely engaged, such as "[AIPAC] shall receive neither funding nor direction from the State of Israel...AIPAC is not a political action committee ("PAC")...it does not solicit funds for or contribute funds to political candidates or to political parties."³⁷⁸ Though most of these assertions are easily debunked by history, AIPAC is uniquely isolated from regulation and oversight.

Operating on the principle that it is exempt from the Foreign Agent Registration Act and 1972 Federal Election Campaign Act has paid off handsomely for AIPAC. The assumption that U.S. laws should accommodate the lobby's activities, rather than the reverse, was most eloquently expressed by the Jewish Agency's Maurice Boukstein during his testimony before Senator J.W. Fulbright. Foreign agent registration was fine for disclosing the activities of Soviet-backed communists or German spokesmen for the Reich, he stated, but it did not, in his view, apply to Israel lobbying closely coordinated with Jerusalem. The AZC was explicit that Zionism was being existentially challenged by Kennedy administration policies. In the end, it was the Kennedy administration that was brought down, by a series of assassinations. This crisis allowed the AZC to regroup while a more favorable administration took power.

AIPAC's Douglas Bloomfield, a former AIPAC lobbyist involved in the 1984 espionage affair, told the Washington Jewish Week on April 25, 1991 about how a stealth PAC dominated congress can usurp presidential authority over foreign policy. (Stealth PAC figures for each politician mentioned by Bloomfield added by Jeffrey Blankfort).

Presidents resent Congress: when it comes to foreign policy. That is especially true regarding the Middle East, where the White House, State Department and Pentagon want a free hand to shape policy and events to their own liking. Congress traditionally has led the way in forging a pro-Israel policy. That is particularly evident and essential in times like these when a hostile administration is in office. The leadership, expertise, experience and knowledge of senior members of Congress is essential to protecting and strengthening that policy. "It is the Inouyes (\$57,325) and Kastens (\$133,300) who forged the bi-partisan coalitions, the Fascells (\$166,500) and Obeyes (\$120,900) and McHughes (\$116,550) who have drafted foreign aid bills, the Cranstons (\$257,532) and Packwoods (\$51,500) and Smiths (\$160,630) and Levines (\$73,480) who have fought the excesses of arms sales to Israel's enemies, the Aspens (\$73,850) and Nunns (\$28,500) and Cohens (\$150,586) and Levins (\$538,083) and DeConcins (\$86,700) who have nurtured strategic cooperation, and Hamiltons (\$107,650) and Gilmans (\$57,925) and Bermans (\$32,250) and Lantoes (\$53,500) and Sarbanes (\$89,000) and Kennedys (\$44,420) and

^{lii} Corporate and organizational bylaws are drafted by a corporation's founders or directors under the authority of its charter or articles of incorporation. Bylaws generally regulate the form, manner, or procedures by which a company or organization should be run.

Bidens (\$144,577) and D'Amacos (\$26,705) and Specters (\$179,423) and many, many more who have strengthen the U.S.-Israeli relationship."³⁷⁹

The Israel lobby's continuous challenges to governance, though largely invisible to the American public, have slowly eroded the rule of law in the United States. Stealth PAC coordination has delivered the U.S. Congress into the de facto control of a foreign interest, rendering two decades of legal recourse sought by concerned Americans moot. The Israel lobby's successful challenges to the rule of law enabled massive and unprecedented wealth transfers from U.S. taxpayers to Israel and an unprecedented power grab in Washington. When any key component of the lobby (such as the AZC or the Jewish Agency American Section) was seriously challenged by law enforcement, it simply folded, evolved, and reemerged within new shell corporations with its values and intent fully intact.

FINDING: If AIPAC had been properly registered as a foreign agent after the AZC shut down, it would not likely have been able to created a network of coordinated stealth PACS that dominate who will be elected to Congress, and extracts huge foreign aid grants to Israel in exchange for supporting candidates with campaign contributions.

Near East Report incorporated into Collocated AIPAC controlled 501 c3 Nonprofit Corporation

AIPAC's-acknowledged affiliate housing the Israeli government funded Near East Report is a nonprofit corporation called Near East Research, Inc. Near East Research publishes this thinly disguised Israeli government propaganda after modifying and massaging it into the mandatory AIPAC doctrinal mold that "US and Israeli interests are identical." Si Kenen created the *Near East Report* in June of 1957. Kenen emphasized the independence of the *Near East Report* and the separation between the newsletter and AIPAC and the Israeli government in a letter to Senator Fulbright in 1963:

The Near East Report is not an organ of the American Israel Public Affairs Committee. The committee purchases the Near East Report for all Members of Congress (as reported in its lobbying return), for some editors who have expressed a desire to receive it, and for contributors who earmark part of their contributions for that purpose.³⁸⁰

While there is no evidence that the publication and distribution of the *Near East Report* is still funded by donations from the Jewish Agency, Israeli government or payments from the Israeli consulate,³⁸¹ as was the case during the 1950s and 60s. However, the content propaganda invariably emphasizes contrived themes of Israel's geographic expansion and the postulate of united US-Israeli military action against global "Islamic terrorism." Historically selective and blinkered, the *Near East Report* has little to say about the legacy and broad embrace of terrorism as the preferred tactic of many of Israel's founders, the brutal ethnic cleansing of Palestinians in the years prior to Israel's independence, or other important issues affecting the actual regional balance of powers, such as Israel's longstanding covert nuclear weapons program.

Highlighted text box excerpts from issues of the *Near East Report* reveal manner in which Israeli concerns are unabashedly represented as America's own:

"Israel Has Ceded 93 Percent Of The Territory It Won While Defending Itself During The Six-Day War In Return For Peace Treaties With Arab States It Fought In 1967." *Near East Report*, June 1, 2007

"The Notion That Something Terrible Could Happen Here [In The Weeks Before The Sixday War] Was So Deeply Felt That Israelis Again Started Talking About The Holocaust." *Near East Report*, May 15, 2007

"As The Challenges To Israel And To U.S. Support For Israel Increase, It's Important To Have A Broader Base Of Support For The State Of Israel In America." *Near East Report*, February 5, 2007

"A Recent Agreement To Expand U.S-Israel Homeland Security Ties Was 'A Breakthrough, A Landmark In The History Of The U.S.-Israel Relationship.'" *Near East Report*, February 19, 2007

"Palestinian Terrorists In The Gaza Strip Are Trying To Turn The Area Into An Armed Stronghold Reminiscent Of Hizballah's Former Base In Southern Lebanon." *Near East Report*, April 30, 2007

The *Near East Report's* rhetoric tailors Israeli government spin into talking points and digestible sound bites which can be heard repeated by many US policymakers, mainstream media pundits, and other influential individuals who, like Senator Fulbright, receive their subsidized copies of the newsletter every fortnight. While few objective or respected Middle East scholars give the *Near East Report* high marks for accuracy, comprehensiveness, or even historical relevance, since it is so highly selective in choosing and framing issues, the newsletter provides motivation to AIPAC's legions of supporters and fellow-travelers who either have decided to toe the Israeli line for political reasons or don't wish to be armed with a more comprehensive and complex set of facts and perspectives on the Middle East. The *Near East Report* is referenced as a source primarily by think tank books on the Middle East and opinion magazines such as *Commentary*, rather than by publications from major universities or academic study centers.³⁸² Near East Research's actual activities differ widely from the nonprofit's IRS mandate.

Near East Research: Mandate vs. Activity

(Source: IRS 990 Filing, IRmep)

<i>Near East Research IRS Nonprofit Mandate</i>	Observable Activities
Near East Research, Inc, is a nonprofit organization established to advance the research and study of people and nations of the near east through conferences, newsletters and other publications.	Israeli government propaganda, positioning Israel's regional rivals as enemies of the US and urging the application of US resources, including tax dollars and military might, toward Israeli objectives.

Near East Research's corporate structure as a 501(c)(3) organization means that any outside individual donations it receives are tax-deductible. This newsletter formerly subsidized by the Israeli government, has achieved the status of required reading at top-

tier corporate media outlets as well as in the halls of Congress. Because it is a 501(c) (3) nonprofit, its reporters can be accredited with press passes.

The eligibility of a stealth lobbying organization to control a a 501(c)(3) came into question in 1989 when the Washington Jewish Week reported on how AIPAC summarily fired NER's supposedly independent board and gave new editorial directives.

AIPAC Control of the Near East Report – Washington Jewish Week, 2/9/1989³⁸³

WASHINGTON JEWISH WEEK • 11 • FEBRUARY 9, 1989

Near East Report Board Clashes With AIPAC Over Partisanship

BY LARRY COHLER

Board members of *Near East Report* (NER), which functions as the newsletter of the American Israel Public Affairs Committee (AIPAC), accused the pro-Israel lobby of illegally usurping its authority this week.

Among other things, the newsletter's board charged that AIPAC had hired a new editor for the publication with no authorization or consultation with the NER board.

"Legally, they have no right to do what they've done," said Joel Breslau, NER board chairman.

"It's bizarre conduct at a time when the organization doesn't need it," said another NER board member, speaking on condition of anonymity.

In addition, the NER board voiced concern that a recent attempt by AIPAC to influence the newsletter's content reflected an effort to impose a partisan Republican tilt on the publication.

NER board members this week sent a letter to Edward Levy, president of AIPAC, outlining these concerns and strongly protesting AIPAC's actions, though they apparently made no written charge of illegality. In the letter, the NER board members also criticized what they characterized as a demand by several AIPAC officers last December that they resign.

"They would do so, they said, only if it became clear that this was the wish of the full AIPAC board."

Though NER officials described the letter's contents, they declined to release a copy of it.

AIPAC officials denied charges of a Republican tilt vigorously, describing the issue as one of managerial control over the newsletter with no partisan implications. They also insisted that no one had demanded the NER board members resign, saying this had been raised only as a suggestion.

NER, a 40,000-circulation weekly distributed widely on Capitol Hill and to all AIPAC members, is for all intents and purposes the voice of AIPAC, which provides 85 percent of its revenue. But for a number of reasons the publication was incorporated as a non-profit organization with a separate, nonoverlapping board in 1973. Among other things, the nonprofit status allows NER to enjoy preferential mailing rates. Being separate from AIPAC also permits NER reporters to obtain press credentials they would be denied if the publication were part of the lobby.

The AIPAC and NER boards have been locked in a dispute since at least the Republican convention last August, though some AIPAC officials said it went back earlier. AIPAC officials rewrote or inserted several passages in drafts for the newsletter then that Eric Rozenman, the NER editor, balked at running, according to NER board members. Rozenman believed they made it appear that AIPAC was backing George Bush. In Rozenman's view, the passages violated AIPAC's commitment to nonpartisanship in elections.

Rozenman went to the NER board members, who backed him. But before the year was out, Rozenman, increasingly frustrated with the direction he believed AIPAC was imposing on the publication, accepted a job offer elsewhere.

Jeff Rubin, the newsletter's assistant editor, took over as acting editor and was interested in eventually being confirmed in the position. But he, too, reportedly insisted on maintaining some insulation from AIPAC directives that might violate what he viewed as the newsletter's standards.

Last month, without consulting the newsletter's board, AIPAC hired Mitchell Bard, a political scientist, to edit NER.

"Not only was there no input," said NER board chairman Breslau, "We read about it in the *Jewish Week*. I myself heard about it from Jeff Rubin."

AIPAC officials asserted the hiring was wholly consistent with past practice. AIPAC executive director Tom Dine has always hired and fired all NER employees and set the newsletter's policies, they said. The only departure was that the NER board, which usually "blessed" Dine's choice at the end, was not asked to do so this time, said the AIPAC officials.

This was justified, they said, since at a meeting last December AIPAC and NER board members had agreed in principle that the NER board members would resign and AIPAC would take over the publication directly. AIPAC officials said the catalyst for this move was Rozenman's decision to go to his board on the GOP convention issue with his concerns about partisanship.

Dine, according to one AIPAC insider's account, told Rozenman that as editor, the decision on whether to accept AIPAC's "suggestions" on the newsletter was his. "But don't tell me you checked with your board, because now you're defying authority," Dine told Rozenman, according to this official.

"This raised a new issue," said another AIPAC official. "It was the first time any such matter had been referred to the NER board."

The AIPAC officials were clearly concerned that the NER board, set up as a legal convenience, was now injecting itself into AIPAC's practical control of the publication. Meanwhile, for their part, said NER board members, Rozenman's appeal to them set off alarms about AIPAC abandoning its traditional nonpartisanship and fears that NER would fall prey to this.

In an attempt to resolve the dispute, AIPAC's top officers met with the NER board last December at the law offices of NER board member Stuart Eizenstat. There, according to the NER officers, AIPAC president Edward Levy asked them to resign immediately and elect in their place Levy and other AIPAC officers. But an AIPAC official said firmly that this was "a suggestion, not a demand."

Furthermore, the AIPAC officials contended, by the end of the meeting both sides agreed in principle that AIPAC would take

over NER directly, though the question of how was left for each side's attorneys to resolve together later.

"Given the nature of the December meeting, there was no obligation" to contact the NER officers," said an AIPAC official.

NER officers rejected this account of the December meeting. "We said we'd resign only if the full AIPAC board wishes," said Eizenstat.

"We want to resolve this in an amicable way that strengthens AIPAC, not weakens it," he continued. "At a time when 'Who is a Jew' has so recently divided Jews, and a law suit has been filed against AIPAC with the Federal Elections Commission, the '60 Minutes' broadcast [which criticized AIPAC last October] and the departure of [AIPAC legislative director] Doug Bloomfield [last December], we just don't need this."



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P. 02

NATIONAL

From previous page

ganized Jewish community on foreign policy issues. He now heads Project Nishma, a group of dovish Jewish leaders emeriti.

Rosen also called and apologized to Hyman Bookbinder, former Washington representative of the American Jewish Committee, who wrote a letter to Washington Jewish Week defending Mann, as did Mann himself.

Personnel shift

Rafi Danziger, AIPAC's director of research, will take over as editor of Near East Report while retaining his current responsibilities. Bard will become Danziger's assistant in the research department but will no longer be involved in "the rhetorical side of the enterprise," as one informed source put it.

Neither Rosen nor other AIPAC officials would comment publicly on the personnel shift. Bard did not return a call requesting comment. But the Jewish official speaking as an "authorized source" confirmed the move was firmly related to broader strategic concerns at the lobby.

AIPAC officials actually had decided to remove Bard several weeks before the Ted Mann episode came to their attention, this source said. "But in a sense it is related to it, because we wanted to have a Near East Report which more accurately reflected the organization, which is to say, something more moderate in tone," he said.

The newsletter, he said, must appeal to people "across the spectrum of the Jewish community, including people on the left, doves and liberal and progressives. And also including people with harder line views. A kind of 'big tent,' of the pro-Israel community . . . which is what AIPAC aspires to be."

Evoking the perception many had of the Near East Report under Bard, this source said AIPAC had to avoid a newsletter that was "combative in tone and seen by some as propagandistic." Under Danziger's leadership, he suggested, Near East Report would become "more fact based and analytical in its presentation" and "not take stands on things that the organization does not take stands on."

Danziger, who came to AIPAC two years ago from the dovish American Jewish Congress, "has made something of a specialty in crafting arguments that are meant to appeal to a broad spectrum of people," said the authorized source, "definitely including people of liberal opinion."

"We need to make a special effort" to appeal to dovish Jewish opinion, this source vowed. "And we will."

He said that the new tone AIPAC will strive to assume through its newsletter was also aimed toward "major figures in American public life, [such as] Bob Dole, or George Bush, Bill Clinton, or whoever."

Mending fences

Close observers of the pro-Israel lobby described this new turn as an effort to mend fences on a number of fronts.

One Jewish peace activist enthused, "They recognize we have access to a part of the Jewish community they need and do not themselves have access to, a part of the community that has felt alienated" from recent communal efforts.

In fact, as Shamir persisted in pursuing his intensive West Bank settlement drive despite Bush's objections, many Jewish organizations flagged in their efforts on behalf of the aid. Friends of Peace Now, the American support group for the Israeli dovish movement, actually came to support linkage between the aid and a settlement freeze.

While AIPAC formally held no position on the settlements, its increasingly lonely and strident efforts on behalf of Israel's demand for unconditional aid was seen by many doves as effective support for Shamir.

Ironically, at the same time, Israeli hardliners accused AIPAC of insufficient ardor on behalf of the cause. At a meeting of Jewish leaders in New York, Moshe Katsav, an Israeli cabinet minister and confidant of Shamir, bluntly lambasted AIPAC and its executive director, Thomas Dine, for weak leadership.

Meanwhile, many leaders of the Labor Party, including Yitzhak Rabin, are known to harbor harsh feelings toward AIPAC for what they view as its unconditional support of the Shamir government during its years in power.

Now, with Labor's recent surge in pre-election polls, AIPAC officials face the prospect of having to work with leaders who have not hesitated in voicing their fury with the lobby in private. Despite the authorized source's denial, several observers said the determined spin being given to Bard's removal indicates that AIPAC is laying its bets on Labor.

Four more years

Several Jewish officials also said they believed Republican oriented leaders within AIPAC, such as former AIPAC presidents Robert Asher and Meyer Mitchell, had instigated the move to depose Bard. They were said to be concerned over the extent of the anger they perceived from the White House over AIPAC's tactics.

AIPAC has been walking a tightrope with an administration whose stand on the loan guarantees has infuriated the lobby's grass roots. In his initial reaction to the collapse of the loan guarantee effort last March, Dine tried to moderate Jewish anger and assure Jews the basic U.S.-Israel relationship remained on solid ground.

But in his official "state of AIPAC" speech at the group's national policy con-

See AIPAC, page 30

It is now NER

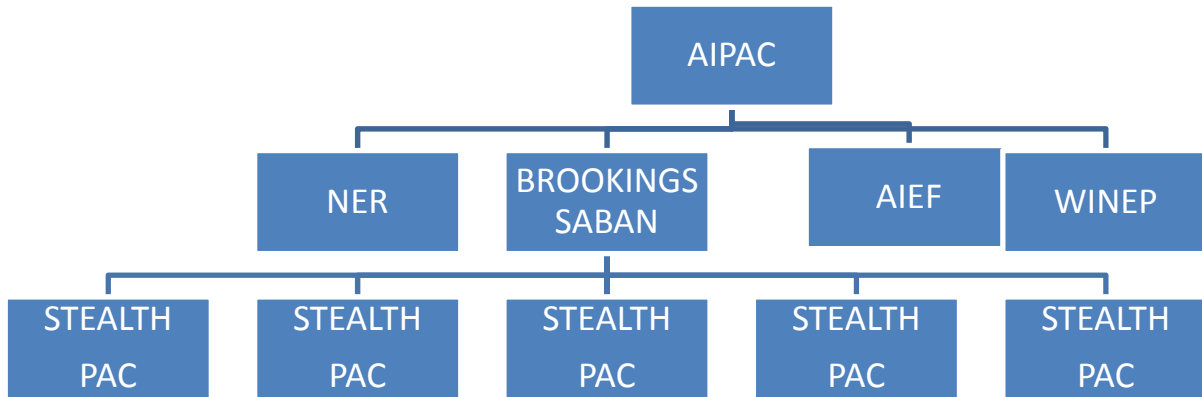
NER is subsidized by all US taxpayers through tax breaks and the tax-deductibility of contributions and tax-exempt corporate operations. The academic quality of the publication is seldom raised among avid readers. The legacy of the *Near East Report's* founder, Si Kenen, who was not an academically recognized expert on the Middle East, lives on at the newsletter. **An overwhelming commitment to Israel, rather than to academic rigor, international legal frameworks, or a comprehensive historical approach to the Middle East, continues to drive *Near East Report* content.** However, reviewing only the activities of AIPAC's declared affiliates does not present a complete picture of the organization today.

FINDING: AIPAC's role in coordinating Near East Report content with the objectives of its foreign principal is total. AIPAC has dismissed the board and staff of this supposedly independent nonprofit a 501(c)(3) organization in order to meet these objectives.

How Big Is AIPAC Now?

The corporate structure AIPAC officially declares in IRS filings is much smaller than can be observed after examining AIPAC's geographical presence and history of direct and indirect stealth PAC coordination. AIPAC has regional offices across the US as well as one in Jerusalem. Control extends down to AIPAC from links with Israeli government officials and formal links with major organizations such as the World Zionist Organization and the Jewish Agency, and Israeli government. AIPAC's observable influence, in turn, cascades down to stealth political action committees at the state level and operatives in every congressional district. Even this snapshot of AIPAC is truncated by excluding AIPAC alumni who continue to pursue the organization's objectives from positions as interns in congressional offices, within the Department of Defense and US State Department, in corporate America, and especially in the elite corporate media. One notable media perch is the CNN "situation room."

AIPAC: Observable Organization



AIPAC manages its public relations operations close to the epicenter of the advertising world in New York City, where it occupies space at 477 Madison Avenue in Manhattan.

Situated on the corner of 51st Street and Madison Avenue, the 23-story property is in the heart of Midtown Manhattan. "The building is a small, well-run 1950s vintage office building with an excellent tenant roster, stable ownership and an outstanding location," David Hoffman, executive managing director of Colliers ABR, told CPN.³⁸⁴

AIPAC signed a ten-year lease in 2005 for 15,063 square feet, the entire 11th floor of the building, which serves as its northeast regional office.³⁸⁵ In Washington, DC, AIPAC occupies space close to Farragut Square at 440 1st ST NW, Suite 600, while the American Israel Education Foundation facility resides on the floor above (Suite 700). Near East Research occupies space within the same AIPAC suite at 440 1st ST NW (#600). The Washington Institute for Near East Policy is 2.5 miles across town from AIPAC, near Capitol Hill and Senate office buildings at 1828 L St NW. WINEP is also less than nine minutes travel time from National Public Radio headquarters on Massachusetts Avenue, where WINEP analysts appear frequently as "objective experts" on nationally syndicated programs such as *All Things Considered* and *Morning Edition*.

American Israel Education Foundation

Congressional trips to Israel sponsored by the American Israel Education Foundation are often defined as "junkets" designed to secure the undivided attention of legislators while isolating them from broader regional realities. They are promoted as educational events, but former Senator James Abourezk found the trips to be largely propaganda efforts designed to push or fortify the Israeli government line with US legislators:

According to the Jewish *Daily Forward* newspaper, congressional filings show Israel as the top foreign destination for privately sponsored trips. Nearly 10 percent of overseas congressional trips taken between 2000 and 2005 were to Israel. Most are paid for by the American Israel Education Foundation, a sister organization of the American Israel Public Affairs Committee, the major pro-Israel lobby group.

These trips are defended as "educational." In reality, as I know from my many colleagues in the House and Senate who participated in them, they offer Israeli propagandists an opportunity to expose members of Congress to only their side of the story. The Israeli narrative of how the nation was created, and Israeli justifications for its brutal policies omit important truths about the Israeli takeover and occupation of the Palestinian territories.³⁸⁶

Analysis reveals a gap between the stated nonprofit mandate of the AIEF and its observable activity.

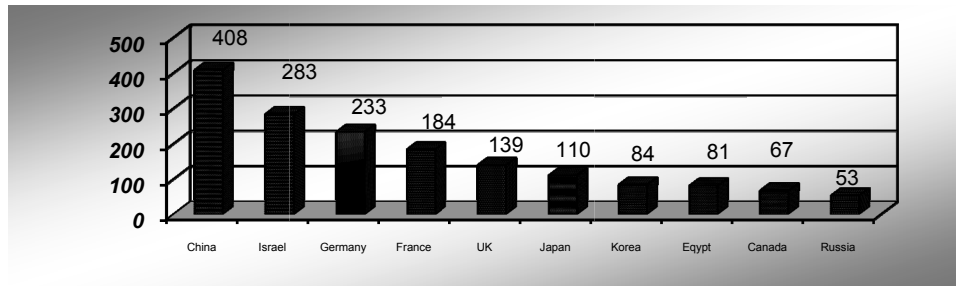
American Israel Education Foundation: Mandate vs. Activity

(Source: IRS 990 Filing, IRmep)

<i>Near East Research IRS Nonprofit Mandate</i>	Observable Activities
...maintain and further the understanding of the issues affecting relations between the United States and Israel through information and education provided to public and private parties interested in such relations. AIEF sponsors a wide range of in-depth study missions to Israel that allow members of Congress, Capitol Hill staff, reporters, and students to see firsthand the challenges facing the Jewish State. Recent trips have included missions specially designed for Spanish-language media professionals and another for non-Jewish student leaders.	<p>Deliver tailored Israeli government propaganda to members of Congress, pundits, and the media elite, emphasizing Israel's positioning as a victim of regional events and an ally to the US.</p> <p>Minimize congressional visitor contact and productive relations with Israel's regional rivals.</p> <p>Encourage members to go on trips to Israel as a public and constituent display of commitment and fealty.</p>

Congressional ethics rules prohibit members from taking trips paid for by registered lobbyists. However, by coordinating these trips under the auspices of the American Israel Education Foundation, AIPAC helps members skirt these ethics rules. This subterfuge also allows tax-favored treatment for the donations that are gathered and coordinated to pay for trip-related expenses such as airfare and lodging. Through AIPAC's efforts, Israel has become the second most popular destination for members of Congress.

Congressional Trips to Israel: 1/1/2000-6/30/2005³⁸⁷



Members of Congress traveled to Israel 283 times on sponsored trips from January 1, 2000 through June 30, 2005, according to the Center for Public Integrity's database of trip filings. The Center for Public Integrity scoured physical copies of disclosure forms, many incomplete or illegible, at the Senate Office of Public Records, located on the second floor of the Hart Senate Office Building. House travel forms are physically stored in the House Legislative Resource Center in the basement of the Cannon House Office Building. At the time of the study, no online or digital public access to filings was available.

AIPAC's affiliate, the American Israel Education Foundation, sponsored 184 of the trips, most of which were filed as "educational" and "fact-finding" missions. The only other destination receiving so much congressional attention was China (408 visits). However, the sponsors of China trips were a more diverse mix of trade-oriented and economic-development-oriented entities. Israel was a unique destination because of the fact that 65% of trip sponsorships came from a single lobby's adjunct foundation, the American Israel Education Foundation.³⁸⁸

The Washington Institute for Near East Policy

Martin Indyk, an Australian national and naturalized US citizen was the former deputy director of research at the American Israel Public Affairs Committee during the 1984 espionage incident. Indyk helped establish the Washington Institute for Near East Policy in 1984 with the support of AIPAC board member and activist Barbi Weinberg. Weinberg "had for over a decade privately wrestled with the idea of creating a foreign policy center."³⁸⁹ After the establishment of WINEP, Indyk stated that he was still dissatisfied and wished to establish an institution capable of escaping AIPAC's reputation as a "strongly biased organization."³⁹⁰ Indyk would later go on to found the Saban Center for Middle East Policy at the Brookings Institution. The center was initially funded by a \$13 million grant from Israeli dual citizen and television magnate Haim Saban,³⁹¹ famously quoted by the *New York Times* as saying, "I'm a one-issue guy and my issue is Israel."³⁹² He also funded and established the Saban Institute for the Study of the American Political System within the University of Tel Aviv.³⁹³

WINEP's role within the AIPAC power constellation is clear. While AIPAC lobbies for yearly aid allocations and enforces adherence to Israeli government doctrine in Congress, WINEP polishes and shines Israeli policy objectives as pure expressions of US foreign policy interests. AIPAC is secretive about its internal deliberations and activities, but the highly sociable WINEP cultivates the image of a serious group of objective "scholars and wonks" deliberating Middle East policies in a rigorously academic fashion. WINEP not only hosts symposiums and conferences, but also conducts closed-door meetings with US politicians and distributes books and other publications rich in toned-down AIPAC ideology.

While AIPAC officials are loath to do live media events, especially with call-in or other potentially interactive audience segments, WINEP analysts and authors are omnipresent across major news- and policy-oriented programs. However, media announcements rarely mention WINEP's overlap with AIPAC and other members of the Israel lobby or its close connections to Israel, although this would provide listeners and viewers with useful context for understanding the organization's sophisticated positions. WINEP is also a place for grooming future presidential appointees, and it is perceived as a less controversial and more credible stepping stone to political appointment than AIPAC.

Although AIPAC does not list WINEP as an affiliate in its IRS filings, in 2004 26% of AIPAC's board of directors were also trustees of WINEP.³⁹⁴

WINEP's ability to place media stories that sway American public opinion toward supporting Israeli objectives is quantitatively revealed by analyzing the number of print media stories developed from WINEP content and analysts over a period of five critical years. Access, rather than merit or quality of content, drives WINEP's news media success, according to former Middle East Studies Association President Joel Beinin:

While Aipac targets Congress through the massive election campaign contributions that it coordinates and directs, Winep concentrates on influencing the media and the executive branch. To this purpose it offers weekly lunches with guest speakers, written policy briefs, and "expert" guests for radio and television talk shows. Its director for policy and planning, Robert Satloff; its deputy director, Patrick Clawson; its senior fellow, Michael Eisenstadt, and other associates appear regularly on radio and television. **Winep views prevail in two weekly news magazines, *US News and World Report* and *The New Republic* (whose editors-in-chief, Mortimer Zuckerman and Martin Peretz, sit on Winep's board of advisers).** The views of Winep's Israeli associates, among them journalists Hirsh Goodman, David Makovsky, Ze'ev Schiff and Ehud Ya'ari, are spoon-fed to the American media.³⁹⁵

An analysis of major print coverage of WINEP-attributed content between the years 2001 and 2006 reveals that WINEP is not always engaged in a full-on media blitz. Rather, its media power is exercised cyclically as Israeli government initiatives are strategically "brought to market." In 2002, WINEP went on the offensive, tying the 9/11 terrorist attacks on the US to Israel's own efforts to subdue Palestinians and making a broad and vitriolic call for a greater US military role in the Middle East. Using the ProQuest print media database citations as an index, WINEP boosted war messaging media placements by 7%. In 2002-2003, AIPAC went into overdrive, secretly working Congress to support the ill-fated invasion of Iraq based on "weapons of mass destruction" and other pretexts. WINEP "analysts" began an all-out media blitz to "substantiate pretexts" and urge a hasty US military invasion of Iraq in the face of global opposition. Dennis Ross, the ubiquitous

director of WINEP, eloquently appealed for public rejection of containment and other measures short of immediate US military invasion in a typical *Baltimore Sun* op-ed on March 13, 2003:

Sooner or later, Mr. Hussein, with nukes, would miscalculate again, making the unthinkable in the Middle East all too likely.

Some might reasonably argue that there are better ways to ensure he does not acquire nuclear weapons. Enhanced containment, with open-ended and intrusive inspections, could prevent Mr. Hussein from acquiring or developing these weapons. True, but is such a regime realistic? When the Bush administration came to power, the existing containment regime was fraying.

The alternative of war has made France a convert to enhanced containment for the time being. It has also provided Mr. Hussein an incentive to grudgingly, and always at the last minute, take the minimal steps required to keep us at bay.

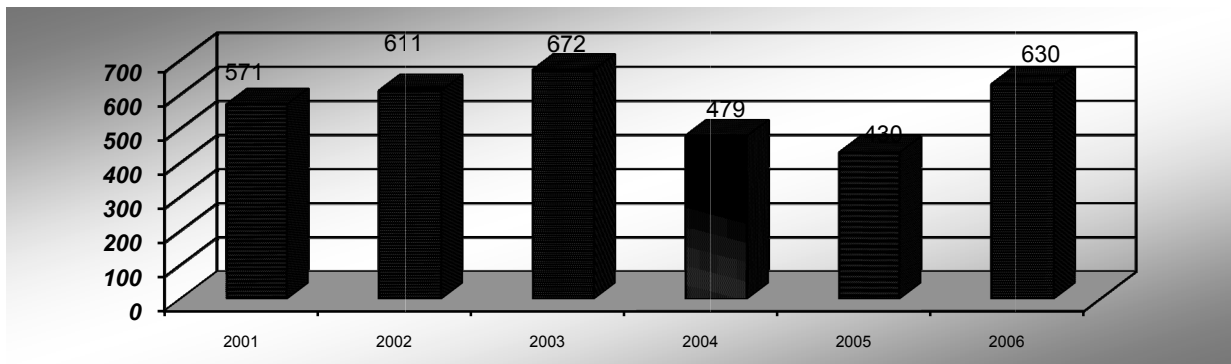
Does anyone believe that in the absence of more than 200,000 U.S. troops in the area Mr. Hussein would be taking even his minimal steps? How long would he continue to "cooperate" if the troops weren't there? How long would the French insist on intrusive inspections if we weren't on the brink of war? And how long can we keep such a large military presence in the area?

The unfortunate truth is that we cannot maintain a war footing indefinitely. The paradox is that our large-scale military presence creates the potential to contain Iraq, but it is sustainable neither from our standpoint nor from the standpoint of the region. Either we will use it to disarm Mr. Hussein or we will within the next few months have to withdraw it. And once we began to remove it, several new and dangerous realities would emerge.³⁹⁶

The WINEP media placement index reveals a jump from 611 to 672 between the year 2002 and 2003—a 10% increase in mainly Iraq-invasion-focused media placements.

WINEP Media Placement Index

(Source: ProQuest Print Database Search)



In the post-invasion fallout after public discovery that weapons of mass destruction were not the imminent threat to the US that had been portrayed by WINEP and many other operatives, WINEP saw no need to maintain a "surge"-level media blitz. The mission of getting US troops into Iraq, mirroring Israel's own occupation of Palestinian territories, had been accomplished.

However, the post-invasion index jump from 430 to 630 indicated that WINEP was again on a mission. It is no secret that the new military objective is Israel's arch-nemesis, Iran.. Given the elite status and political muscle of WINEP trustees, the efforts of AIPAC's

think tank should not be underestimated. WINEP meets before the entry of a new president to debate and draft the administration's Middle East "blueprint." Many WINEP trustees believe that this policy mandate affecting all Americans is the prerogative of its handpicked commission members, including officials of the Israeli military establishment. Brian Whitaker of *The Guardian* questioned whether any other foreign principal could accomplish the same maneuver.

The Washington Institute is considered the most influential of the Middle East think tanks, and the one that the state department takes most seriously. Its director is the former US diplomat, Dennis Ross.

Besides publishing books and placing newspaper articles, the institute has a number of other activities that for legal purposes do not constitute lobbying, since this would change its tax status.

It holds lunches and seminars, typically about three times a week, where ideas are exchanged and political networking takes place. It has also given testimony to congressional committees nine times in the last five years.

Every four years, it convenes a "bipartisan blue-ribbon commission" known as the Presidential study group, which presents a blueprint for Middle East policy to the newly-elected president.

The institute makes no secret of its extensive links with Israel, which currently include the presence of two scholars from the Israeli armed forces.

Israel is an ally and the connection is so well known that officials and politicians take it into account when dealing with the institute. But it would surely be a different matter if the ally concerned were a country such as Egypt, Pakistan or Saudi Arabia.³⁹⁷

AIPAC's influence in the US news media leads to curious and generally unnoticed subsidiary alumni reunions. On June 14, 2007, following a Hamas takeover of Palestinian installations in Gaza, Wolf Blitzer invited Dennis Ross into the CNN situation room to give his perspective on the instability. Customarily, Dennis Ross's new book and WINEP affiliation were mentioned; AIPAC and the pervasive Israel connection were not. Equally unmentioned were Wolf Blitzer's former career as a reporter and editor of the *Near East Report* in the 1970s and his authorship of a comprehensive apologia downplaying the damage caused to the US by Jonathan Pollard's spying for Israel in his book *Territory of Lies*.³⁹⁸

Although WINEP's media influence is growing, compared to other think tanks, AIPAC's ability to place public policy messages in the news media through WINEP was comparatively limited until 2002. Thanks to a timely "acquisition," AIPAC and WINEP can now count on broader promulgation of AIPAC policy ideas through the Brookings Institution, one of the oldest and most highly regarded public policy think tanks in the United States.

Dennis Ross also chaired and founded a Jewish Agency funded think-tank in Jerusalem, the Jewish People Policy Planning Institute.

Dennis Ross Chairs Jewish Agency Think Tank³⁹⁹

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THE JEWISH PEOPLE POLICY PLANNING INSTITUTE
(ESTABLISHED BY THE JEWISH AGENCY FOR ISRAEL) LTD

המכון לתכנון מדיניות עם יהודי
(מוסדה של הסוכנות היהודית כח"י בע"מ)

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CHAIRMAN'S LETTER

By Ambassador Dennis Ross, Chairman of the Board



[Before JPPI was established], I was asked if I would take part in an effort to see if it made sense to do policy planning for the Jewish people in a more systematic fashion. I certainly saw the need to do so. After all, the essence of policy planning is anticipating events, and not just waiting to be shaped by them. Didn't the Jewish people worldwide need to anticipate potential problems and dangers, as well as potential opportunities? But how, I wondered, would one go about actually doing policy planning for the Jewish people as a whole. Wasn't it the height of arrogance to assume that one body could engage in policy planning that might be accepted on a very wide basis?

Following a retreat in Caesarea, I began to think differently about the effort. I began to believe that the necessity of doing policy planning for the Jewish people might, in fact, be feasible. I began to see, together with other collaborators in this effort, that we could identify priorities to be addressed. It became clear that among thinkers from Israel and around the world of international Jewry, there was a consensus about certain issues that required not just analysis, but also policy recommendations.

Demographics, both in Israel and the Diaspora, needed careful consideration, particularly if Israel was to remain at the center of Jewish life. The rise of a new kind of antisemitism, one less geared to discrimination against the individual and more toward attempts to criminalize Israeli behavior, required recognition and strategies for contending with a dangerous new phenomenon. Identifying areas around the world where Jewish populations might be at risk, and responding to these possible threats seemed to take on new urgency with new economic realities in places like Argentina. There was a recognition that different strains of Judaism need to develop a compact for civil discourse, especially if in an era of greater challenge some of the broader and more worrisome demographic trends are to be dealt with. (Indeed, many of us agreed that the principle of Tikkun Olam - mending the world - could be very important in providing a sense of purpose for international Jewry at a time of globalization with its largely amoral compass.)

Consensus on these ideas helped to forge possible priorities for the policy-planning endeavor. Creating a think tank that could address these priorities both analytically and practically also seemed to provide the right vehicle for policy planning. And within a year, what seemed very abstract and difficult to tackle began to take a form that seemed doable. Whether the Jewish People Policy Planning Institute will fulfill its promise will be demonstrated only in time.

It must provide new insights into the nature of the challenges, but also come up with prescriptions for responding to these challenges. Affecting governments that have the potential for dealing with possible threats, including the Israeli government, must obviously shape the work of the Institute. Assessing the state of the Jewish people on an annual basis can also be one of the means the Institute uses to paint a picture about trends - both problematic and promising. While the task ahead may be difficult, it would be irresponsible not to make the effort.

There is no shortage of Jewish organizations doing good and necessary work. But it is time to add real policy planning to the mix. It is time to have an organization whose mission is to think ahead, and to think about how responses to today's problems will affect the environment we will face in the future.

Dennis Ross

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Despite the Jewish Agency's funding and fusion with the Israeli government, between 2002 and 2008 Dennis Ross filed no FARA activity declarations. On his US State Department financial disclosure form he indicated hefty compensation from multiple organizations across the US, but no compensation from the Jewish Agency despite six years of service.⁴⁰⁰

FINDING: The Jewish Agency is again creating direct ties with influential Americans such as Dennis Ross, who by operating offshore are able to cloak their recent activities on behalf of this Israeli governmental body, and who refuses to file with FARA.

AIPAC and the Saban Center for Middle East Policy

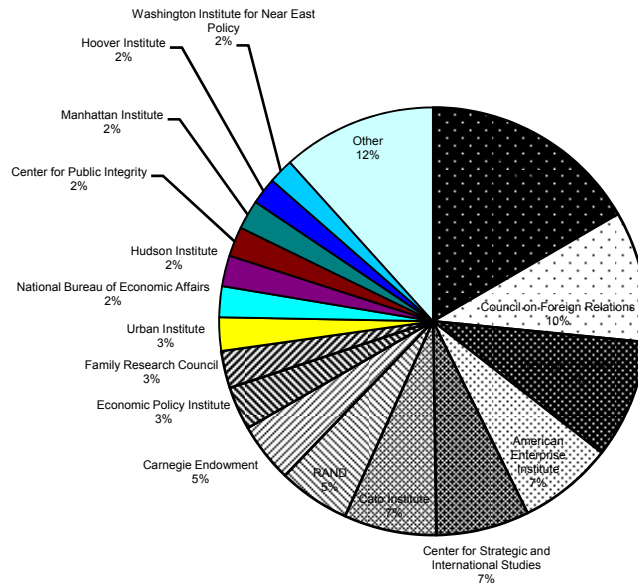
Brookings Institution Middle East policy research was placed under the direction of former AIPAC deputy director for research Martin Indyk in May of 2002. In an Internet video presenting the Saban Center, Indyk vastly understates both Haim Saban's biography and his contribution to Brookings by referring to it as merely the "generosity of a Los Angeles businessman." In 2006, *Forbes* magazine more accurately described Saban as the 98th richest person in America and the "Egyptian-born, Israeli-raised, now-American cartoon king."⁴⁰¹ Indyk does not, however, understate how assembling hand-picked researchers to produce tightly messaged policy research can be thought of as "a business" in his Saban Center introductory video.

Haim Saban, a, uh, businessman in Los Angeles, came to Brookings with a desire to see us do more work on the Middle East issue. On the issues of the peace process, and terrorism, and the spread of weapons of mass destruction, and energy issues. And, uh, was prepared to put up the funds to get the center started. Through Haim Saban's generosity, we are now able to launch a much larger effort to promote innovative policies, research and analysis that brings together the best minds in the business.⁴⁰²

It is useful to carry Indyk's "business" analogy a bit further. In 2003, Haim Saban led the \$5.7 billion purchase of Kirch Media Group; in 2001, News Corporation and Saban sold Fox Family Worldwide for \$5.1 billion. Saban was part of an investor group that won the bid for Univisión, the biggest Spanish-language media corporation in the United States, in June of 2006. Financially speaking, Saban's \$13 million Brookings investment secured control over one of the most financially robust as well as influential policy think tanks. In 2005, the Brookings Institution's net assets totaled \$269,660,363.⁴⁰³ From Saban's perspective as a savvy media player concerned with promoting the policies of Israel's government, taking over Brookings Middle East policy by launching the Saban Center in 2002⁴⁰⁴ was yet another sound and extremely timely business investment—this time, in the marketplace of ideas. According to 2002 research by media watchdog Fairness and Accuracy in Reporting, Brookings led think tanks in total US media influence, measured by the number of policy analyst and report citations appearing in major US media.

Think Tank Share: US Marketplace of Policy Ideas

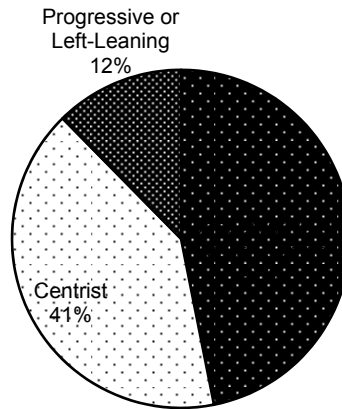
(Source: *Fairness and Accuracy in Reporting*)



By targeting and taking over Middle East policy at Brookings in 2002, Saban and Indyk were able to "leapfrog" AIPAC messaging from second to last in the think tank market (WINEP had only 2%) to first place. Taking over Brookings also made it appear to Americans that there was now an "expert consensus" from "right to left" on a key Israeli Middle East policy issue of the year: precipitating the US invasion of Iraq on weapons of mass destruction pretexts. Brookings is often portrayed as a "centrist to left think tank" in the corporate news media. According to FAIR, "Progressive or Left-Leaning" media citations were a small but important segment of the marketplace of ideas, but combined with "centrist," they represented the majority. For Saban and Indyk, taking over Brookings Middle East policy in 2002 meant penetrating the 63% of the marketplace of ideas that was generally not beating a drum for war in Iraq.

US Think Tank Policy by Political Ideology

(Source: *Fairness and Accuracy in Reporting*)



The arguments in favor of the Iraq invasion in the many Saban Center articles appearing across major newspapers, such as "Lock and Load" by Martin Indyk and Kenneth M. Pollack, Director of Research at Saban, did not differ in message from those of AIPAC's own Washington Institute for Near East Policy, Dennis Ross and the Israeli government. It would have been odd if they did, since, like Indyk, Kenneth Pollack worked at WINEP as a "research fellow" specializing on Iraq.⁴⁰⁵

Rather, the Bush administration could take the time it needs to "study" the Iraqi declaration, discussing its falsehoods and fabrications with allied governments until it has lined up all the necessary political and military ducks. Once the best case has been made and the preparations completed (probably in a few weeks), President Bush could announce that, in accordance with United Nations Resolution 1441, we and our allies have concluded that Iraq is in material breach of the 1991 cease-fire resolution and therefore the U.S. will lead a coalition to disarm Iraq by force.

If there must be war, this is the best way. The problem with allowing the inspections to play themselves out is that it is a policy based on hope, and as Secretary of State Colin Powell is fond of saying, "hope is not a plan...."

There is real risk in allowing the inspections to run on indefinitely. The longer the inspections go on and find nothing, the harder it will be for the U.S. to build a coalition when we finally decide to take action.⁴⁰⁶

The takeover of Brookings Middle East policy by an AIPAC operative and Israeli-American businessman represents an evolution in AIPAC influence over think tanks. From a business perspective, AIPAC has moved from "investment in startups" to "establishing subsidiaries" to the more recent stage of "corporate takeovers and acquisitions." AIPAC has evolved strategically as a result of success and failure.

Financing Dr. Benjamin Shwadran's highly academic policy research at the Council on Middle East Affairs with Jewish Agency funding laundered through the Rabinowitz Foundation was problematic and nearly crumbled under the glare of Fulbright's 1963 Senate probe. Even setting up the Washington Institute for Near East Policy in 1984 with AIPAC donor funds and board member involvement still did not give AIPAC the desired influence level credibility of other less "captive" think tanks attained, particularly in the US news media. The takeover of Middle East policy at Brookings achieved what AIPAC had long sought in the marketplace of public policy: prestige, ideological spectrum dominance, and the highest level of achievable corporate media placement for its public policy initiatives. The American people are now more susceptible than ever before to AIPAC and the Israeli government's campaigns and other targeted media messages emanating from its right, left, and center public policy "think tanks." AIPAC and its foreign principal are apparently convinced that the same messages can be effectively rebranded and simultaneously broadcast from both WINEP and Brookings. Saban's sponsored conferences at AIPAC geared to create a new generation of eager AIPAC activists to populate think tanks and congressional offices in coming years.

This summer GDI is proud to send two of its members to the American Israel Public Affairs Committee (AIPAC), Saban Training. On July 22, Joshua Sussman and Jen Sovronsky will travel to Washington, DC for 4 days of intense advocacy training.

The Saban conference is AIPAC's premier student political leadership training seminar, presented through its Schusterman Advocacy Institute, is held twice each year in Washington, D.C. More than three hundred of AIPAC's top student activists from over 100 campuses participate in three days of intense grassroots political and advocacy training. During this seminar, students meet with top Washington policy makers, elected officials, and Middle East experts.⁴⁰⁷

FINDING: During Senate investigations the American Zionist Council was found to be investing heavily in US media outreach and "think tanks" with Israeli government funding. This think tank and media influence effort has been renewed outside the purview of FARA from the AZC's new shell organization, the AIPAC.

5.0 AIPAC and Espionage

None of the authors or influencers who were involved in stealing or using classified US government information against US industries in 1984 ever faced any consequences. The mechanics of such immunity can be traced at the individual level along the career path of Martin Indyk, AIPAC's former deputy director of research, who edited the 1984 promotional booklet "A US-Israel Free Trade Area, How Both Sides Win" in the months following AIPAC's acquisition of the classified ITC report. Indyk made a mundane analysis of the USIFTA legacy in 2006:

The whole free trade agreement process was started with the U.S.- Israel Free Trade Agreement. Why? Because that was the only way the...Reagan administration, could get it through Congress was with AIPAC's help. And once they established the free trade agreement with Israel it became possible to get free trade agreements and that was the precursor to NAFTA and so on.⁴⁰⁸

AIPAC's objective, as stated in "A US-Israel Free Trade Area, How Both Sides Win," was to stitch the U.S. and Israeli economies together. It accurately predicted that the "resulting network of interconnections between the two nations' economies...would strengthen the commitment the United States already has to Israel's survival and prosperity."

USIFTA brought few of the benefits to Americans that AIPAC had predicted. Martin Indyk was a major contributor to USIFTA and his odyssey from native Australian to American Middle East policymaker is as important to understand, as the history of his key financial backer. When Indyk was researching AIPAC's lobbying material for USIFTA, he was not yet even a U.S. citizen; that he gained indirectly from his longtime benefactor, Israeli-American media entrepreneur and American Israel Public Affairs Committee (AIPAC) super donor Haim Saban.

AIPAC Donors

Saban was famously quoted by the *New York Times* on Sept. 5, 2004 as saying he spent "hours at a time on the phone with Ariel Sharon" and declaring, "I'm a one-issue guy, and my issue is Israel." Saban played a decisive role in shaping President Bill Clinton's foreign policy by distributing largesse to the Democratic Party and subsidizing a stable of political appointees-in-waiting. Saban hosted a \$3.5 million fundraiser for Democrats during Clinton's presidential campaign against George H.W. Bush, and was so anxious to maintain his lead donor influence with the Democratic Party that when he learned another donor had topped his contributions by a quarter-million dollars, he immediately sent the DNC a \$1 bill clipped to a \$250,000 check.

Saban served advising the White House on President Clinton's Export Council. In 1993 the Clinton administration adopted a copy of the Israeli strategy for "dual containment" first lobbied by Martin Indyk at the Washington Institute for Near East Policy. This strategy called for more direct U.S. presence against Iraq and Iran in the Middle East, rather than the less intensive strategy of "offshore balancing."⁴⁰⁹ Saban lobbied to install

Martin Indyk as U.S. ambassador to Israel in 1995. As an ineligible foreign national, Indyk first had to receive rush preferential naturalization. Then, while he was serving in Israel, Indyk had his State Department security clearances revoked for mishandling classified U.S. information.⁴¹⁰

In 2001 Saban sold his interest in the cable television channel Fox Family Worldwide for \$1.5 billion. Matthew G. Krane, who did tax planning for Saban, connected him with the Seattle-based Quellos Group in order to create a shelter to reduce Saban's taxes from \$150 million to zero. This freed up the media-savvy Saban's resources, allowing him to pledge \$13 million to fund the new Saban Center for Middle East Policy at the Brookings Institution in 2002. Martin Indyk became its director just in time to push for the U.S. invasion of Iraq.

In 2003, Brookings was the single most cited think tank in the American news media. The Saban Center played a vital public relations role by creating the appearance of full-spectrum left-right political support for the U.S. invasion of Iraq. Brookings' exhortations for war, immortalized in Martin Indyk's essay "Lock and Load," assured Americans that Saddam Hussein probably possessed weapons of mass destruction, but that Iraq could be neutralized by U.S. military force – if it moved quickly enough.⁴¹¹

In 2006, Saban's fortunes turned. He was forced to tell Senate investigators about Krane and the Quellos tax shelter. The shelter was invalidated and Saban was forced to pay \$250 million in back taxes and penalties. But he soon bounced back. In the 2008 Obama-versus-Clinton race for the Democratic presidential nomination, Haim Saban offered two superdelegates at the Young Democrats of America a \$1 million contribution to their nonprofit organization in return for voting for Hillary Clinton at the convention.⁴¹² Four independent witnesses claimed this alleged bribe occurred right before the North Carolina and Indiana primaries, though Saban denied it and no criminal charges were ever filed.

Matthew G. Krane, who received \$36 million from Quellos, soon came to the attention of investigators looking into his offshore banking arrangements and a passport application under the assumed name of "Christopher Sullivan." On July 21, 2009, Krane filed a civil suit against Saban in Los Angeles Superior Court. The suit threatened to expose "perpetual fraudulent and deceptive conduct" in business and tax strategies, as well as secret foreign policy dealings and demands for special treatment in return for political donations. Krane's suit details his contention that his criminal prosecution came in lieu of Saban's own and that it was evidence of corruption and influence peddling.⁴¹³

A circumstantial case can be made that operating from behind the scenes, Saban attempted to rig an election (Young Democrats), mishandled classified U.S. national defense information (the Indyk security breach in Israel), and pushed a disastrous and costly war that was not in the American interest (Iraq). Saban is only the latest incarnation of an almost stereotypical archetype—the immune financial backer of illicit activity—that emerges repeatedly in the history of Israeli smuggling, espionage, and other wrongdoing against the U.S. A recently concluded incident illustrates how this archetype eludes both law enforcement and personal culpability.

FINDING: Key AIPAC financial backers such as Israeli-American billionaire Haim Saban and others engaged in weapons smuggling appear to the public to be immune from any sort of law enforcement. Allegations for tax and election fraud have not kept Saban from financing major AIPAC initiatives that increase the influence of this foreign agent over the White House and Congress.

The Extent of Prosecutorial Immunity over Crimes Committed for Israel

In May of 1985, former Air Force and NATO advisor Richard Kelley Smyth was charged by a federal grand jury with smuggling over 800 krytons to Israel. The kryton, invented in 1934 for use in high-speed photography, was considered dual-use technology. Civilian uses of the small glass bulbs included laser photocopying machines and strobe lights, but because krytons were also used to trigger nuclear weapons, federal law forbade their sale overseas without a permit. The State Department specifically listed krytons as munitions requiring approval and a license for export.

At the time of his arrest, Smyth was president of an export and engineering business in Huntington Beach, California called Milco International Incorporated. Milco provided aviation consulting through U.S. military contracts as well as sales and export facilitation. Milco had close ties to Aaron Milchan, a partner in the Israeli-based Heli Trading Company, which imported the krytons. Milchan worked closely with Smyth to transfer the krytons to Israel for resale to the Israeli government. Milchan later claimed that his company was really used as a "conduit" by the Israeli government for trading with the United States.⁴¹⁴ Milchan also shared in Milco's profits, along with Smyth family members and friends who were stockholders.⁴¹⁵ Documents obtained by NBC News from Milco indicated Smyth had exported other equipment to Israel, including chemicals used to make missile fuel. Smyth posted \$100,000 bail, but then failed to appear for his trial; soon afterward, he was seen in Israel, but the Israeli government refused to cooperate with the thwarted U.S. criminal prosecution.⁴¹⁶

At the beginning of the incident, in the early 1980s, billionaire Aaron Milchan did not seem a likely candidate for nuclear technology smuggling. A dual citizen of Israel and Monaco and a personal friend of Shimon Peres, Milchan was most widely known in the U.S. as a Hollywood film mogul, cavorting with Robert De Niro, Jerry Lewis, and Martin Scorsese at the Cannes film festival in 1983.^{liii} Milchan publicly denied that he had done anything illegal in collaboration with Smyth during interviews with NBC News in 1992 and 1993.⁴¹⁷

^{liii} Milchan was born in Tel Aviv, British Mandate of Palestine. His father owned a fertilizer company that Aaron turned into a successful chemical business. Milchan produced the motion pictures *Once Upon a Time in America* (1984), *Brazil* (1985), and *Pretty Woman* (1990), as well as Oliver Stone's film *JFK* (1991) and many others. He launched New Regency Productions in 1991.

But then, in July of 2001, Smyth was arrested in Costa del Sol in Malaga, Spain shortly after filling out a bank account application. At the age of 72, Smyth was extradited back to the United States and held without bail for trial in California's Central District Court. Although Smyth's defense lawyer James Riddet had already admitted to the news media that Smyth shipped the krytons after his client skipped bail, Smyth entered a not guilty plea.⁴¹⁸

Before Smyth's arrest, during interviews with both *60 Minutes* and *Los Angeles Magazine*, Milchan alluded to both personal involvement and immunity. To *Los Angeles Magazine*, he brashly stated, "Let's assume that there's nothing that Israel and the United States do separately....I'll say it in my own words. I love Israel, and any way I can help Israel, I will. I'll do it again and again...If you say I am an arms dealer, that's your problem. In Israel, there is practically no business that does not have something to do with defense." Milchan probably felt free to speak by that time, since the statute of limitations had run out on any potential smuggling charge. But after Smyth was captured, U.S. customs officials expressed their interest in prosecuting anyone who had helped Smyth flee the U.S. on obstruction of justice charges. When the news media attempted to contact Milchan about Smyth's arrest in Spain, Milchan was "traveling and could not be reached for comments."⁴¹⁹

The court ultimately dismissed all but two of 30 counts against Smyth, who was found guilty of violating the Arms Export Control Act and False Statements to Government Agencies. Smyth was fined \$20,000 and sentenced to 40 months in federal prison, but also made eligible for immediate parole. The presiding judge, Pamela Ann Rymer, denied Smyth's request to reconsider or reduce the sentence and provide immediate parole, stating, "All of the mitigating circumstances applicable to Smyth and his family were fully and carefully considered before imposing sentence. Age, health, record, and family circumstances among other things were factored into the balance....Nothing presently brought to my attention causes me to reduce or alter the sentence."⁴²⁰ While the court allowed Smyth to continue using his assumed name, "Jon Shiller," it required that any employment requiring licensing by local state or federal officials be first approved by the probation office.⁴²¹ According to the Bureau of Prisons, Smyth was finally released on November 28, 2003. But like Daniel Halpern, the internationally mobile Milchan was a dead end and untouchable to prosecutors.

Smyth told the court that he had decided to flee the U.S. because his attorney told him he would go to prison, for a sentence the news media estimated could be as high as 105 years. "That was a grave mistake and error on my part...I wish I had never done it. My wife, Emilie and I wish to spend the rest of our lives surrounded by our families and peers."⁴²² Like Ben Ami Kadish, Smyth took advantage of his advanced age to escape both the harsh penalties of a long sentence and a plea bargain and collaboration with prosecutors that might have led to further prosecutions of the true masterminds and financiers of the operation. Smyth never answered the most important question—who had subsidized his 16 years on the run after he jumped bail? In 2009, as the news media began reporting that Milchan was an undercover Israeli agent, he made arrangements to relocate permanently to Israel.⁴²³

FINDING: Key Israel lobby operators like Aaron Milchan allegedly involved in clandestine and illegal nuclear technology transfers escape accountability and prosecution by fleeing abroad. AIPAC founder Isaiah Kenen fled to Iran when word of Senate investigations spread in the 1960s. Haim Saban could flee any time warranted law enforcement moves were made. Aaron Milchan is now leaving the US after additional information about his status as an Israeli agent surfaced in the press.

In the 1940s, Rudolph Sonneborn and Henry Montor successfully avoided prosecutorial attention, which lightly fell on lower-level operatives like Schwimmer, Winters, and Greenspun. Robert Nathan and the Sonneborn/Jewish Agency delegation lobbied FBI director J. Edgar Hoover by saying that none of their illegal activities would have an adverse impact on the United States. It paid off: the financial masterminds of the smuggling network evaded criminal liability for their front company operations. Their cause, when known, was popularized in the United States by favorable press. Their contemporary incarnations, such as media moguls Haim Saban and Aaron Milchan, operate in an even more favorable environment, bolstered by years of intense public relations efforts for Israel in the United States, including decades of Hollywood movies portraying Israelis as heroic and Arabs as evil untrustworthy terrorists.⁴²⁴ History seems to be repeating itself, as even the Sonneborn/Jewish Agency network's Latin America operations appear to be periodically rejuvenated, with new twists, actors, and locales.

Israel shadowed the 2009 U.S. relocation of its primary Andean region air bases from facilities leased in Ecuador to Colombia. Colombia purchased \$150 million in upgrades for its obsolete Kfir jet fighters, justified on the basis of fighting guerrillas. By purchasing Israeli weapons, the Colombian government may have been triangulating AIPAC's support in an arena where the lobby has already proven quite capable—passing preferential free trade legislation. Colombia has tried to move its stalled bilateral free trade agreement forward in Congress.⁴²⁵ The key stumbling block is Colombia's long record of violence against journalists and labor rights activists—particularly at the hands of paramilitaries. Ironically, Israeli arms dealers in the past have trained and sold advanced weaponry to Colombian paramilitary groups. But if the Colombian government is trying to activate AIPAC and gain favor in Congress by providing a large market for Israeli weapons, it could get much more than it bargained for.

Shortly after an aged Colombian Kfir crashed in June of 2009, news reports circulated of successful Colombian air strikes on FARC guerillas. The U.S. does not appear to be interested in precipitating a wider regional conflict from its new airbases in the Andean region, and there appear to be no Israeli counterinsurgency trainers included as part of the new Kfir deal (unlike Israel's Honduras Kfir proposal made during the Contra war). Nevertheless, Israel's foreign minister, Avigdor Lieberman, has made conflict (and lucrative future arms sales for Israel) much more likely by turning up the rhetorical heat. Lieberman loudly accused Venezuela's president of cooperating with Islamic extremists and anti-Semites during his July 2009 "friendship" tour through Latin America.⁴²⁶ Israel's

deadly drive for arms sales appears poised to return to Latin America, even as Israel's lobby pushes for U.S. military strikes on Iran.

The disastrous invasion of Iraq and USIFTA-inspired trade policies have both contributed to the slowing economy and rising unemployment in the U.S. America may soon cease to be the source of limitless support that the Sonneborn network and the Jewish Agency once tapped. AIPAC's subversion of U.S. industries, sensible foreign policymaking, support for the Iraq war, and potentially devastating new military adventures with Iran could take a final and fatal toll on the future prosperity of America. The continued failures of the Justice Department in this dangerous new environment are perhaps most troubling of all.

The Economic Espionage Act has been toothless against Israel and its lobby for lack of prosecutorial will and necessary political cover. As of 2009, six cases have been quietly settled before trial since the Economic Espionage Act was passed.⁴²⁷ Only one has ever been successfully prosecuted—involving a Boeing engineer trafficking secrets to China.⁴²⁸ Although the perpetrator's defense mirrored the standard Sonneborn/Israel lobby claims of "no harm," alleging that illicit tech transfers would make China more like the U.S. than the U.S. like China, jurors found it unconvincing and delivered a conviction in 2009.^{liv} For Israeli espionage, however, the "no harm" plea still deters prosecutions.

The Department of Justice and FBI have rarely received enough political cover to investigate and prosecute the Israel lobby violators who really matter—powerful top-level operatives ensconced among the nation's elite and providing strategy and money. They are not only protected by a phalanx of lawyers, but also capable of leaving the country on very short notice to await more favorable conditions.

Marc Rich was one such case. Indicted in the U.S. for tax evasion and illegal oil deals with Iran during the 1970s-1980s hostage crisis, Rich simply stayed outside the U.S. until he arranged an unprecedented pardon from President Bill Clinton on January 20, 2001. Eric Holder, acting as deputy attorney general, gave Clinton a "neutral, leaning towards favorable" opinion to pardon the Switzerland-based fugitive financier after a quiet and intense campaign by the Israel lobby and Ehud Barak and Shimon Peres of the Israeli government.⁴²⁹ In the 1980s, DOJ officials evaluating the prospects for a successful prosecution of AIPAC looked up through the chain of command and saw William French Smith. In 2009, the person in that position is Eric Holder. When efforts to enforce U.S. laws against the Israel lobby appeared to be finally headed toward trial in 2009, it triggered spurious but highly effective charges of anti-Semitism in addition to the vast accommodations by ruling judge T.S. Ellis that would have seemed absurd if operatives for any other country had been under indictment.

^{liv} In pre-trial defense motions to convince the presiding judge to drop espionage charges against AIPAC's Rosen and Weissman, the same argument was made—that the U.S.'s and Israel's objectives were "the same," so no espionage could have actually occurred.

AIPAC Staff Indicted for Espionage - 2005

The FBI seemed to finally win a long-delayed victory against the Israel lobby in 2005, when Pentagon Colonel Lawrence Franklin pled guilty to passing national defense information to two AIPAC employees, Steven J. Rosen and Keith Weissman. The FBI recorded conversations of classified national defense information exchanges between Rosen, Weissman, and Naor Gilon, the political officer at the Israeli embassy. In 2004, the FBI found Franklin in possession of 83 classified government documents at his home. Confronted and intimidated, Franklin agreed to wear a wire to future meetings with AIPAC officials in an FBI sting operation.

Perhaps mindful of past challenges handling classified material, the AIPAC officials refused to receive the documents Franklin offered as bait, but did read and quickly pass information favorable to their lobbying initiatives to contacts at the Israeli embassy and *Washington Post*. The FBI then raided AIPAC's Washington, DC headquarters twice, seizing hard drives for evidence. Colonel Franklin's boss, Douglas J. Feith, immediately resigned in January of 2005 as law enforcement officials raced to find out how information had leaked to the Iranian government via Ahmed Chalabi that the U.S. had broken Iranian communications codes. According to court documents, the investigation of AIPAC had been ongoing since 1999. Rosen and Weissman were criminally indicted and Franklin was sentenced to receive a \$10,000 fine, 150 months in prison, and three years of supervised release, all suspended pending the outcome of a criminal trial against AIPAC operatives in which he would be the star witness.

But even with wiretap evidence and a credible witness, the prosecution quickly bogged down between 2005 and 2009 over pre-trial defense team maneuvers and appeals. In 2006, defense team lawyers rolled out their most eloquent "no harm" appeal for presiding Judge T.S. Ellis to get the Espionage Act^{lv} charges dropped:

There's a disjunctive, your Honor. The disjunctive says "injure the United States or assist or benefit the advantage of a foreign country." How can anybody apply that in a context in which good foreign policy for the United States, that clearly is intended to help make the United States' foreign policy better, may also have a derivative impact that makes it an advantage to an ally of the United States, whose interest are exactly the same?⁴³⁰

The establishment media and First Amendment lawyers waded in, claiming that the "two lobbyists, in receiving and disseminating classified information, are doing what journalists, academics, and experts at think tanks do every day."⁴³¹ In 2007, a corporate

^{lv} The Act reads, "Whoever, lawfully or unlawfully having possession of, access to, control over, or being entrusted with any document, writing, code book, signal book, sketch, photograph, photographic negative, blue print, plan, map, model, instrument, appliance, or note relating to the national defense, willfully communicates or transmits or attempts to communicate or transmit the same to any person not entitled to receive it, or willfully retains the same and fails to deliver it on demand to the officer or employee of the United States entitled to receive it...shall be punished by a fine of not more than \$10,000, or by imprisonment for not more than two years, or both."

media consortium^{lvi} even filed an "Emergency Motion for Leave to Intervene" that Judge Ellis not allow Classified Information Procedures Act (CIPA) processes to protect secret information from being exposed in open court.⁴³²

In 2008, Judge Ellis ordered that incredible concessions be made to the defense, effectively scuttling the governing legal statutes. Ellis allowed expert testimony from a classification expert (whom prosecutors had consulted about the case and insisted was banned from testifying) about whether the defendants could have been in a "state of mind" in which they believed their conduct was lawful. The 1917 Espionage Act under which they were charged was silent on such issues.⁴³³ In 2008, the *Washington Post* and *Wall Street Journal* ran editorials urging Attorney General Michael Mukasey to quash the case. The Jewish Telegraphic Agency (formerly a wholly owned subsidiary of the Jewish Agency⁴³⁴) even published an article from the defense counsel Abe Lowell urging an outright "uprising" across America.

"I would like the community to rise up and, having seen all the public information, as a community start saying to the world, the Jewish world and the non-Jewish world, and the media, to the Justice Department and the attorney general: 'Reconsider. This is wrong. You made a mistake,' Lowell said.

"AIPAC and other groups that got snookered, they should admit they got snookered, and they should both embrace these men."⁴³⁵

The prosecution appealed the court's pre-trial "state of mind" ruling, but lost in the spring of 2009. After the election of Barack Obama, calls in the press shifted from pleas to protect "freedom of speech" toward quashing the trial as a rebuke to the legacy of pervasive Bush administration secrecy. The government prosecutors dropped their case against Rosen and Weissman on May 1, 2009, citing the "unexpectedly higher evidentiary threshold in order to prevail at trial." The *New York Times* noted that Joseph Persichini Jr. —the top official at the FBI's Washington office—was "disappointed," while FBI agents were "infuriated."

The *New York Times* also hinted at politicization, reporting that the decision chain extended from career attorneys through political appointees all the way up to Attorney General Eric Holder, who approved dropping the case. Dana J. Boente, Obama's new acting U.S. attorney for the Eastern District of Virginia, was omnipresent at negotiations. Boente's formal statement seemed to exude remorse: "Given the...inevitable disclosure of classified information that would occur at any trial in this matter, we have asked the court to dismiss the indictment." But with Lawrence Franklin's conviction still standing, for the Israel lobby, the case wasn't yet over.

On May 19, 2009, a coalition of 125 rabbis signed a letter to Attorney General Eric Holder requesting a probe into whether "anti-Semitism and/or anti-Israel sentiments"

^{lvi} Newspaper Guild, Communications Workers of America, the Radio-Television News Directors Association, Reuters America LLC, the Society of Professional Journalists, Time Inc., the Washington Post, the Hearst Corp., the Reporters Committee for Freedom of the Press, ABC, the American Society of Newspaper Editors, the Associated Press, Dow Jones & Company, and the Newspaper Association of America.

played any role in the original investigation of AIPAC. Michelle Boorstein and the *Washington Post* rolled out the heavy guns, publishing an article titled "Was Case Against AIPAC Lobbyists Anti-Semitic?" It sternly noted that the case "wasn't a total loss for the government" because it did win Franklin's guilty plea. That plea was the only remaining evidence that wrongdoing occurred, but for the Israel lobby, that was totally unacceptable. On May 14, 2009, U.S. attorneys filed sealed motions to reduce Lawrence Franklin's sentence to a fine and time in a halfway house, which Judge Ellis accepted.

AIPAC's influence over the media was a decisive factor in getting the Rosen Weissman case thrown out. Some of this influence was built in the early 1960's, when Israel funneled more than \$5 million into US propaganda and lobbying operations. As already noted, the funding, equivalent to more than \$35 million in today's dollars, was laundered from the quasi governmental Jewish Agency into an Israel lobby umbrella group, the American Zionist Council. The following two page master plan on how to build an influence infrastructure for Israel, funded by the Jewish Agency, was subpoenaed by the Senate Foreign Relations Committee and discussed in the 1963 hearings on Israel's US foreign agents.

FINDING: AIPAC's influence with the establishment media means that warranted law enforcement efforts or investigations are often quickly whipped into spurious allegations of anti-Semitism, threats against freedom of speech, or any number of well framed public relations campaigns. The capability has been built with clandestine Jewish Agency/Israeli government funding in the 1960's and has reached maturity.

AIPAC Circulates Classified US Government Information

That AIPAC had once again obtained classified information was never in doubt during the entire run up to the aborted trial. According to a legal filing by Steven J. Rosen (also present at AIPAC during the 1984 classified document affair), handling classified information continued to be routine:

To control the flow of such information, government agencies in the field of foreign policy have designated individuals with the authority to determine and differentiate which information disclosures would be harmful to the United States, and which disclosures would benefit the United States through the work of their agencies and would not be harmful to the United States. To maintain liaison with the authorized agency officials who at times are willing to provide such information, organizations like AIPAC have designated officials of their own who have the requisite expertise and relationships to deal with government foreign policy agencies. At AIPAC, Steve Rosen was one of the principal officials who, along with Executive Director Howard Kohr and a few other individuals, were expected to maintain relationships with such agencies, receive such information, and share it with AIPAC Board of Directors and its Senior Staff for possible further distribution. AIPAC, and those defendants who were AIPAC officials and/or members of its Board of Directors, knew that Mr. Rosen and others at AIPAC were receiving such information and expected that they would share it with them.⁴³⁶

Steve Rosen v AIPAC Defamation Lawsuit Filing – July 8, 2009⁴³⁷

Filed
D.C. Superior Court
09 Jul 08 P04:00
Clerk of Court

SUPERIOR COURT FOR THE DISTRICT OF COLUMBIA

Civil Division

STEVEN J. ROSEN,

Plaintiff,

v.

**AMERICAN ISRAEL PUBLIC AFFAIRS
COMMITTEE, INC., *et al.*,**

Defendants.

)
)
)
)
)
) **Civil Action No. 09-1256**
) **Calendar 12**
) **Judge Jeanette J. Clark**
)
)
)

**MEMORANDUM OF POINTS AND AUTHORITIES IN
OPPOSITION TO DEFENDANTS' MOTION TO DISMISS**

Introduction

In this defamation action, plaintiff Steven J. Rosen, a former senior official of the American Israel Public Affairs Committee, Inc. (hereinafter "AIPAC"), is suing that organization its Executive Director, and several of its key current and past presidents and members of its Board of Directors, along with its official spokesman, for publishing a series of knowingly false statements to the effect that he violated AIPAC's standards of conduct which has had a devastating effect personal and professional reputation, destroying his career, and causing him to suffer grievously both financially and emotionally. In lieu of answering the complaint, defendants to this civil action have filed a motion to dismiss pursuant to Rule 12(b)(6) of the Superior Court Rules of Civil Procedure. In support of the contention that the complaint fails to state a claim upon which relief may be granted, defendants variously argue that: (A) the defamation claim is barred by the applicable statute of limitations; (B) the statement upon which

the claim rests is “not defamatory as a matter of law;” (C) the complaint fails “to allege facts sufficient to support a finding of actual malice;” and (D) the individual defendants other than AIPAC’s Executive Director, Howard Kohr, and its official spokesman, Patrick Dorton, are “statutorily immune from liability” as they are “volunteers” with no involvement in the allegedly defamatory statements. As we now demonstrate, defendants arguments in support of these contentions are without merit and, accordingly, their motion to dismiss must necessarily be denied.

Statement of Facts¹

Until his involuntary termination on March 21, 2005, plaintiff Steven J. Rosen was employed by AIPAC as its long-time Director of Foreign Policy Issues. In that role he worked in close daily consultation with AIPAC’s Executive Director, its President, and senior members of its Board of Directors. Mr. Rosen’s primary responsibility while working for AIPAC was to obtain information about policy issues and decisions in the Executive Branch of the United States Government, especially those involving the National Security Council, the State Department and the Department of Defense. As a regular part of his job, he was expected to obtain and share with AIPAC’s Executive Director, its President, and its Board of Directors such information concerning the foreign policy of the United States and other countries. Mr. Rosen was highly successful in his job, and was regularly praised and generously rewarded by AIPAC’s Executive Director, its President, and its Board of Directors, including by those named as defendants herein, all of whom are and/or who were in those positions, for obtaining and sharing such information.

¹Unless otherwise noted, the facts set out herein have been taken from the statement of facts contained in the complaint. Accordingly, they must be taken as true by this Court when considering defendants’ motion to dismiss under Rule 12(b)(6). See *McBryde v. Amoco Oil Co.*, 404 A.2d 200, 202 (D.C. 1979).

On August 27, 2004, it was publicly revealed that the U.S. Department of Justice was investigating of Steven Rosen and another AIPAC employee for receiving information from a government source that they allegedly were “not authorized to receive.” This allegation was not true, and initially AIPAC responded by asserting that Mr. Rosen (and the other employee) had done nothing wrong. Thereafter, Mr. Rosen continued to perform his job duties at AIPAC, and he continued to be highly praised for his work by its Executive Director, defendant Howard Kohr, its then President, defendant Bernice Manocherian, and its Board of Directors, which included defendants Melvin Dow, Howard Friedman, Lawrence Weinberg, Robert Asher, Edward Levy, Lionel Kaplan, Timothy Wuliger, and Amy Rothschild Friedkin, all of whom are former presidents of AIPAC. Indeed, on January 31, 2005, five months after the Justice Department’s ongoing investigation had been made public, AIPAC awarded Mr. Rosen a special job performance bonus of \$7,000.

On February 17, 2005, only two weeks after awarding Mr. Rosen the \$7,000 special bonus for excellence in job performance, the AIPAC Board of Directors placed him on involuntary administrative leave. This was done immediately after AIPAC was threatened by the Justice Department in a meeting between AIPAC’s counsel and its Executive Director Howard Kohr and federal prosecutors on February 15, 2005. There, the lead federal prosecutor stated that, “We could make real progress and get AIPAC out from under all of this,” if AIPAC showed more cooperation with the government. On February 16, 2005, AIPAC’s counsel said that the lead federal prosecutor “is fighting with the FBI to limit the investigation to Steve Rosen and [the other AIPAC employee] and to avoid expanding it.” This warning implied that AIPAC’s Executive Director and the AIPAC organization as a whole could become targets of the Justice

Department's investigation if AIPAC did not act against Mr. Rosen (and the other employee who had already been named publicly along with Mr. Rosen as a target of the Justice Department's investigation). The decision to place Mr. Rosen on involuntary leave was made in response to these threats from the Department of Justice. On February 19, 2005, one of AIPAC's attorneys told Mr. Rosen's counsel that

the [AIPAC] Advisory Committee in particular and the [AIPAC] Board [of Directors] as well, quite reluctantly, agreed to take a step in the direction of the government, in the hope that the government would reciprocate in some fashion . . . Placing . . . Steve [Rosen] on leave . . . [is a] significant concession.

On the same day, another of AIPAC's attorneys stated:

There was very vocal sentiment against taking even the first step of removing Steve [Rosen] . . . from [his] office, but a majority favored that action to demonstrate to [the lead federal prosecutor] that we are serious and want him now to take the next step [*i.e.*, relieving AIPAC of any chance of being a target of Justice Department's investigation].

Taking exception to his being placed on involuntary leave, Mr. Rosen protested his innocence. Indeed, on March 10, 2005, Mr. Rosen sent a letter to AIPAC's Executive Director, defendant Howard Kohr, and to each member of its Board of Directors, including defendants Dow, Friedman, Manocherian, Weinberg, Asher, Levy, Wuliger, Kaplan, and Friedkin – each of whom was also a past AIPAC president and a member of the so-called special "Advisory Committee" that had been set up by AIPAC's Board of Directors to advise it concerning matters relating to the allegations about Mr. Rosen in connection with the ongoing government investigation, reminding all of them of the hundred of times he had briefed the Board, and the thousands of times he had briefed AIPAC's presidents and its executive directors (including defendant Howard Kohr and many of the other named defendants) with information he had obtained of the type described by the Justice Department as that which he was "not authorized to

receive.” This activity was not only well-known to Mr. Kohr and the other defendants who were members of the AIPAC Board of Directors and past AIPAC presidents, but was approved and rewarded by them as among the most valued of Mr. Rosen’s regular job duties. Mr. Rosen’s letter detailed the fact that others, including all Executive Directors — defendant Howard Kohr being among them — and other members of AIPAC’s senior staff, also regularly engaged in obtaining information of this type and sharing with AIPAC’s presidents and its Board of Directors. In short, that was the normal practice at AIPAC.

On March 18, 2005, the lead federal prosecutor told AIPAC through its counsel that placing Mr. Rosen on involuntary administrative leave was not sufficient, and that AIPAC needed to terminate his employment altogether if it wanted to obtain the good will of the Justice Department with regard to the investigation. In short, the federal prosecutors insisted that, at this point, and thereafter, if AIPAC wanted to be viewed as cooperative – and thereby avoid the risk of itself becoming a target of the criminal investigation – it would have to conform its conduct to the dictates of the so-called “Thompson Memorandum” – a January 20, 2003 Justice Department document entitled “Principles of Federal Prosecution of Business Organizations” which sets forth the criteria under which the Department of Justice will determine whether or not to prosecute a corporation for the alleged misdeeds of its employees. Prominent among these Thompson Memorandum criteria to be followed by organizations that themselves want to avoid prosecution are the firing of those employees of the organization whom the Justice Department alleges engaged in the wrongdoing, condemning their actions publicly, ending payments toward their legal costs, and denying them substantial severance payments.

Shortly after this meeting with officials of the Justice Department, AIPAC took all the steps required under the Thompson Memorandum with regard to Mr. Rosen, and did so with the

approval of its Board of Directors upon the recommendation of the AIPAC Executive Director, defendant Howard Kohr, and the so-called “Advisory Group” – on which all defendants except for Patrick Dorton served. These steps were taken in the hope that AIPAC would benefit by avoiding prosecution (and that the other defendants who were AIPAC officers and directors would also avoid similar trouble from the Justice Department.

On Monday, March 21, 2005, the very next business day after the lead federal prosecutor warned AIPAC to conform to the dictates of the Thompson Memorandum or risk prosecution, AIPAC fired Mr. Rosen. AIPAC’s attorney told Mr. Rosen’s counsel that, while AIPAC did not believe that Mr. Rosen had committed any crime or wrongdoing, he was being fired in order to give AIPAC “credibility” with the government. Indeed, at that point, AIPAC’s attorney said that AIPAC still hoped to keep Mr. Rosen on its payroll. Officially, AIPAC thereafter informed Mr. Rosen through his attorney that his employment was summarily terminated (after 23 years of loyal and highly praised service), without stating a reason for taking such adverse action nor providing him with an opportunity to respond to any allegations of wrongdoing. Immediately after summarily firing Mr. Rosen, AIPAC’s counsel and the attorney representing Howard Kohr, AIPAC’s Executive Director, contacted federal prosecutors and informed them of the summary firing of Mr. Rosen by AIPAC.

On August 4, 2005, the day the federal prosecutors obtained an indictment of Mr. Rosen from a federal grand jury in Alexandria, Virginia, AIPAC was rewarded for its “cooperation” when the U.S. Attorney for the Eastern District of Virginia said that

AIPAC as an organization has expressed its concern on several occasions with the allegations against Rosen and [the other employee indicted], and . . . it did the right thing by dismissing these two individuals.

Beginning shortly after summarily terminating Mr. Rosen's employment, AIPAC, and particularly defendants Kohr, Dow, Friedman Manocherian, Weinberg, Asher, Levy, Wuliger, Kaplan, and Friedkin, acting through and with the advice of Defendant Patrick Dorton, maliciously began making knowingly false and defamatory statements to the press about Mr. Rosen, and have continued to make and publish such knowingly false and defamatory statements about Mr. Rosen through March 3, 2008, and thereafter. The first such statement to be published appeared in the New York Times on April 21, 2005, and quoted Defendant Dorton as AIPAC's official spokesman, stating that Rosen was fired because his actions differed from "the conduct that AIPAC expects from its employees." The July 7, 2005 issue of the New Yorker magazine quoted AIPAC spokesman Patrick Dorton as saying that "Rosen [and his colleague] were dismissed because they engaged in conduct that was not part of their jobs, and because this conduct did not comport with the standards that AIPAC expects and requires of its employees." This was knowingly false and defamatory, and was issued in reckless disregard of the harm it would cause to Steven Rosen.

Defendants in this action, and the rest of AIPAC's Board of Directors, knew absolutely that Steven Rosen had done nothing wrong; indeed, he had done nothing that defendants had not known about in advance and authorized. They had approved and rewarded the very behavior which they now condemned in order to obtain favored treatment from the Justice Department. In fact, defendant Howard Kohr and the several AIPAC presidents named as defendants herein (all the other defendants, except for Patrick Dorton, were at one time or another president of AIPAC) had themselves each received information of this type, and shared it with others both inside and outside of AIPAC, independent of Mr. Rosen.

At no time in the 23 years Steven Rosen was employed by AIPAC did the organization provide in writing or orally any guidance or standards that he and other employees were expected to follow regarding the receipt and sharing of information that might be offered by government officials. No expressed standards existed at AIPAC on such matters. Moreover, the implied standards that were embodied in the organization's normal practices over these decades were completely consistent with Mr. Rosen's behavior. Accordingly, the repeated statements by AIPAC through its spokesmen that Mr. Rosen's conduct did not comport with AIPAC standards were knowingly false and defamatory. Such false and defamatory statements were repeated often by defendant Dorton on behalf of AIPAC and its Board of Directors, including defendants Kohr, Dow, Friedman Manocherian, Weinberg, Asher, Levy, Wuliger, Kaplan, and Friedkin. For example: (1) in the New York Times on April 21, 2005; (2) in New Yorker Magazine on July 7, 2005; (3) in the Jewish Telegraphic Agency on August 4, 2005, (4) in the Jewish Telegraphic Agency on August 5, 2005; (5) in the New York Jewish Week on August 17, 2005; (6) in the Washington Post on November 12, 2005; (7) in The Forward on December 23, 2005; (8) in the Baltimore Sun on March 8, 2006; (9) the Washington Post on April 21, 2006; (10) in the Jerusalem Post on June 29, 2006; (11) in the Jewish Telegraphic Agency on July 19, 2006; (12) in the Jewish Telegraphic Agency on March 27, 2007; (13) in the Jerusalem Report magazine on August 17, 2007; (14) in the Washingtonian Magazine of January 2008; (15) in the New York Times on March 3, 2008; and (16) to a reporter from The Forward on October 14, 2008. As it appeared in the New York Times on March 3, 2008, within a year of the filing of this civil action:

The AIPAC spokesman on the Rosen [and the other employee] matter, Patrick Dorton, said at the time that the two men were dismissed because their behavior

“did not comport with standards that AIPAC expects of its employees.” He said recently that AIPAC still held that view of their behavior.

In addition to the above-formulation – which was repeated on many occasions – AIPAC, with the knowledge of and at the direction of defendants Kohr, Dow, Friedman Manocherian, Weinberg, Asher, Levy, Wuliger, Kaplan, and Friedkin, made other statements that were also false and defamatory regarding Mr. Rosen. In this regard, on May 23, 2005, the New York Sun reported a statement made by defendant Kohr directly on May 22, 2005, to a large audience of AIPAC members, stating:

Yesterday, Mr. Kohr subtly tried to make the case that Messrs. Rosen's [and another AIPAC employee's] behavior was out of the ordinary for employees of the organization that considers itself one of the most powerful in Washington. At the same time, Mr. Kohr said he has taken steps to ensure that no lines in the future will be crossed by his lobbyists and analysts. “I will take steps necessary to ensure that every employee of AIPAC, now and in the future, conducts themselves in a manner of which you can be proud, using policies and procedures that provide transparency, accountability, and maintain our effectiveness,” he said.

Further, on June 17, 2005, the Jewish Telegraphic Agency reported a different formulation of the defamation of Steven Rosen:

“No current employee of AIPAC knew that classified information was obtained from Larry Franklin [the Pentagon office involved in one of the government's allegations against Mr. Rosen and the other AIPAC employee] . . . or was involved in the dissemination of such information,” spokesman Patrick Dorton said.”

In fact, defendant Howard Kohr had been told in writing that information obtained from Mr. Franklin originated from “intelligence” sources, and Mr. Rosen knew no more about those sources or classification of the information than did Mr. Kohr.

Yet another formulation of the false and defamatory statements about Mr. Rosen made by AIPAC with the acquiescence of defendants Kohr, Dow, Friedman Manocherian, Weinberg, Asher, Levy, Wuliger, Kaplan, and Friedkin, and with the advice of defendant Dorton, was reported by the Jewish Telegraphic Agency on August 4, 2005:

AIPAC spokesman Patrick Dorton said in a statement that the group “could not condone or tolerate the conduct of the two employees under any circumstances. . . AIPAC dismissed Rosen [and another employee] because they engaged in conduct that was not part of their jobs, and because this conduct did not comport in any way with the standards that AIPAC expects of its employees,” he said. “The organization

does not seek, use, or request anything but legally obtained appropriate information as part of its work.”

In fact, AIPAC did knowingly “tolerate and condone” the conduct undertaken on its behalf by Steven Rosen, and had done so for decades, though it fired him for that conduct. And, contrary to the implication of this statement, Mr. Rosen did not seek, use, or request anything but legally obtained appropriate information as part of his work, a fact of which defendants unquestionably were well aware.

On August 4, 2005, defendant Dorton, speaking for AIPAC, was quoted by the Jewish Telegraphic Agency as repeating that AIPAC

could not condone or tolerate the conduct of the two employees [Mr. Rosen and one of his colleagues] under any circumstances. . . . The organization does not seek, use, or request anything but legally obtained appropriate information as part of its work.

On August 18, 2005, the Jewish Telegraphic Agency, reported that defendant Dorton again made the same statement on AIPAC’s behalf, this time adding: “All AIPAC employees are expected and required to uphold this standard.” Similar statements by Dorton were also reported in the New York Jewish Week on August 17, 2005, and by the Jewish Telegraphic Agency on June 17 2005.

On September 9, 2005, the Cleveland Jewish News reported about a statement made directly by defendant Howard Kohr, stating that:

Kohr said AIPAC’s Board of Directors fired the employees under investigation [Steven Rosen and a colleague] “upon learning of conduct we could not condone. Whether it was legal or illegal, that was not the reason they were terminated.”

In fact, defendant Howard Kohr and AIPAC’s Board of Directors, including specifically defendants Dow, Friedman, Manocherian, Weinberg, Asher, Levy, Wuliger, Kaplan, and Friedkin, knew in advance about Mr. Rosen’s conduct and fully condoned it; indeed, they lauded it and rewarded him for engaging in such conduct.

On November 12, 2005, the Washington Post noted that AIPAC “[s]pokesman Patrick Dorton would say only that Rosen [and the other AIPAC employee involved] were fired for unauthorized activities.” In fact, Steven Rosen engaged in no activities that were not fully known to and authorized by AIPAC, its Executive Director and its Board of Directors.

All the above-quoted statements were made at the urging and authorization of defendants, and each of them, and were knowingly and intentionally false and defamatory with respect to Steven Rosen, and it was known by defendants that such statements would cause him economic injury as well as personal and professional humiliation, career injury, and emotional harm.

At the same time, defendants sought to gain a distinct economic advantage for AIPAC by making these false and defamatory statements about Mr. Rosen. In fact, through their publication of the falsehoods about Mr. Rosen, defendants achieved an increase of millions of dollars in revenue for AIPAC. Whereas, had they told the truth about Mr. Rosen, AIPAC might well have suffered a significant decrease in fund-raising revenue, as well as an increase in legal costs for its own defense against criminal charges and, perhaps, for the costs of providing a legal defense for other individuals associated with AIPAC – like Howard Kohr or any of the other individual defendants in the instant case – whom might also then be at risk of criminal prosecution by the Justice Department.

In any event, the criminal case against plaintiff was not officially dismissed with prejudice until May 1, 2009², though it became increasingly evident this would ultimately occur in the weeks before that date. That is why the instant civil action was not filed until the day before the one-year statutory limitation period ran out. In truth, Mr. Rosen was still at some slight risk of compromising his criminal defense even when he filed this action on March 2, 2009.

Applicable Legal Standard

Dismissal under Rule 12(b)(6) of the Superior Court Rules of Civil Procedure is proper only when the moving party can show beyond doubt that the non-moving party is unable to prove any set of facts to support his claim. *District of Columbia v. Pizzuli*, 917 A.2d 620, 623 (D.C. 2007), citing *Cauman v. George Washington University*, 630 A.2d 1104, 1105 (D.C. 1993); *Conley v. Gibson*, 355 U.S. 41, 45-46 (1957). Moreover, when considering such a motion, the trial court must accept the

²See the May 1, 2009 Order dismissing with prejudice all pending counts against Steven Rosen issued by the Hon. T.S. Ellis, U.S. District Judge, in *United States v. Lawrence Anthony Franklin, Steven J. Rosen, and Keith Weisman*, Case No. 1:05cr225, U.S. District Court (E.D.Va. - Alex. Div.). It is appended hereto as Attachment 1.

allegations of the complaint as true and construe all facts and inferences in favor of the plaintiff. *McBryde v. Amoco Oil Co.*, 404 A.2d 200, 202 (D.C. 1979). Indeed, a Rule 12(b)(6) motion tests only the legal sufficiency of the complaint. *Vincent v. Anderson*, 621 A.2d 367, 372 (D.C. 1993). Accordingly, any uncertainties or ambiguities involving the sufficiency of the complaint must be resolved in favor of the pleader, and generally, the complaint must not be dismissed because the court doubts that plaintiff will prevail. *Amoco Oil*, *supra*, 404 A.2d at 203.

Argument

Given the above referenced facts, the allegations state a legitimate, judicable claim against each of the defendants. As we now demonstrate, it cannot be gainsaid that plaintiff can here prove no set of facts that will entitle him to relief against each of the defendants. In short, on the record as it exists currently, the complaint states a claim against each defendant upon which relief can be granted. Thus, it is not subject to dismissal pursuant to Rule 12(b)(6).

A. The Claim of Defamation Has Been Brought Within the Applicable Limitations Period

1. Defendants' 2005-2007 Defamatory Statements Remain Actionable.

This Court should deny defendants' motion to dismiss with respect to their defamatory statements of made in the period 2005 through 2007 because the statute of limitations was equitably tolled with regard to those statements during the pendency of the criminal charges against Mr. Rosen and, accordingly, it had not run by the time the instant civil action was brought. "In litigation between private parties, courts have long invoked waiver, estoppel, and equitable tolling to ameliorate the inequities that can arise from strict application of a statute of limitations." *Chung v. U.S. Dept. Of Justice*, 333 F.3d 273, 275-76 (D.C. Cir. 2003), citing *Irwin v. Dept. of Veterans Affairs*, 498 U.S. 89, 95 (1990). The doctrine of equitable tolling "revolv[es] around . . . the circumstances of the plaintiff . . . [E]quitable tolling . . . merely ensures that the plaintiff is not, by dint of circumstances beyond his control, deprived of a 'reasonable time' in which to file suit." *Chung*, 333 F.3d at 279, citing *Cada v. Baxter Healthcare Corp.*, 920 F.2d 466, 452 (7th cir. 1990); *Phillips v. Heine*, 984 F.2d 489, 492 (D.C. Cir. 1993).

However, the D.C. Circuit has explained that the doctrine of equitable tolling may be applicable even where a plaintiff was aware of his cause of action from the moment it accrued. In *Chung v. U.S. Dept. Of Justice*, the plaintiff was not practicably able to bring his claims against the Department of Justice under the Privacy Act before the statute of limitations period as strictly applied lapsed, because during that entire two year limitations period, he was obliged to cooperate with the government in its investigation into his own and others' allegedly illegal campaign contributions. *Id.*, 333 F.3d at 279. Consequently, the appeals court refused to affirm a dismissal of the complaint on statute of limitations grounds based on equitable tolling, saying the issue would "depend on the extent, if any, to which Chung's duty to cooperate with the Government interfered with his ability to prepare his claim." *Id.*

Similar to the situation confronting the plaintiff in *Chung*, the criminal investigation of Mr. Rosen made it practicably impossible for him to file his claim against defendants here for their statements made in 2005 through 2007 within the stricture of the one-year limitations period for defamation. Consequently, as in *Chung*, granting defendants' Rule the 12(b)(6) motion to dismiss on those statements would be inappropriate. The government did not drop criminal charges against Mr. Rosen until May 1, 2009. *See* Order of May 1, 2009 in *United States v. Lawrence Anthony Franklin, Steven J. Rosen, and Keith Weisman*, No. 1:05cr225, United States District Court for the Eastern District of Virginia (Alexandria Division), dismissing with prejudice all pending counts against Steven Rosen [Attachment 1]. Mr. Rosen was thus embattled with a criminal investigation and prosecution and could not feasibly have brought his suit against AIPAC within the original statutory period. Indeed, as AIPAC was cooperating with the Justice Department during that time – based on the decisions of defendants Kohr, Dow, Friedman, Manocherian, Weinberg, Asher, Levy, Wuliger, Kaplan, and Friedkin – and the defamatory statements were related to, indeed, the heart of that cooperation, it would have jeopardized Mr. Rosen's ability to defend himself against those criminal charges if he filed suit against AIPAC and those setting its policies with regard to him and who spoke for that organization concerning him while those charges were still seriously pending.

Defendants are unable to demonstrate that there is no set of facts that Mr. Rosen could prove that would properly toll the statute of limitations. Accordingly, this Court must deny defendants' motion to dismiss on statute of limitations grounds with regard to defendants' statements during the 2005 through 2007 time period based on the doctrine of equitable tolling.

2. Defendants' March 3, 2008 Statement Was Not Merely a Republication.

In their motion to dismiss, defendants assert that Patrick Dorton's statement on behalf of AIPAC of March 3, 2008 "was merely a republication by the media of a much earlier statement made on behalf of AIPAC, and cannot [therefore] be used to establish a new claim as to the Defendants as no Defendant is alleged to have made any statement within the statute of limitations period." Motion to Dismiss, at 5. This is a distortion of fact that ignores the text of the *New York Times* article in which the March 3, 2008 defamation was reported. In this regard, the *New York Times* article expressly states:

The Aipac [*sic*] spokesman on the Rosen-[colleague] matter, Patrick Dorton, said at the time that the two men were dismissed because their behavior 'did not comport with standards that Aipac expects of its employees.' *He said recently that Aipac still held that view of their behavior.*

See "Trial to Offer Look at World of Information Trading," *New York Times*, March 3, 2008 (emphasis added) [Attachment 2³]. At this stage of the litigation, of course, the quoted statement must be construed in favor of Mr. Rosen and against defendants as a reaffirmation of the falsehood. However, in their motion to dismiss, defendants characterize the last sentence as merely a "notation" in the article, adding that it contains no statement of defendant Dorton. Motion to Dismiss, at 10. In so arguing, defendants have omitted the words "He said recently" from their quotation of the article in the *New York Times*. *Id.* This is a naked attempt to distort the report of defendant Dorton's statement, which when construed in plaintiff's favor is a fresh defamatory statement by defendants that gives rise to a new cause of action with a newly initiated one-year limitations period.

In fact, defendants' attempt to mis-characterize the March 3, 2008 *New York Times* article as merely a republication of defendants' earlier statements is dishonest. For that *New York Times*

³Attachment 2 is a reprint of the article obtained from NYTimes.com.

article did not simply repeat defendants' original defamatory statements made in the distant past, but rather it reported that defendants themselves were presently expressing the false and defamatory sentiment that Mr. Rosen had engaged in misconduct while employed at AIPAC ("[Defendant Dorton] said recently that Aipac [*sic*] *still held* that view of their [Mr. Rosen's and his colleague's] behavior." Emphasis added.)

Indeed, even if this Court were to conclude that the statute of limitations ran on the statements Defendants made from 2005-2007 – wrongly given the proper application of the doctrine of equitable tolling (*see* Argument A.1. *supra*, pp. 12-13) – that would not give defendants or any of them permanent license to defame Mr. Rosen *again* in 2008. As defendants themselves concede in their own motion, "each individual statement constitutes 'a new assault on the plaintiff's reputation,' each giving rise to a separate action." Motion to Dismiss, at 6, citing *Wallace v. Skadden, Arps*, 715 A.2d 873, 882 (D.C. 1998). Notwithstanding their acknowledgment that each individual statement gives rise to a new cause of action for defamation, defendants appear to take the position that a defamer may re-defame his victim *ad infinitum* and with impunity, as long as the statute of limitations has run on the first instance he published his defamatory statements. However, this view of the law has been soundly rejected. In *Foretich v. Glamour*, 741 F.Supp. 247 (D.D.C. 1990), for example, the defendant, *Glamour* magazine, allegedly defamed the plaintiff in a published article. Over a year later – and, therefore, arguably beyond the limitations period for the defamation in the original article – *Glamour* allegedly gave an organization permission to use its defamatory statements against the plaintiff, and the plaintiff filed suit within a year of this later event. 741 F.Supp. at 248-49, 252. The District Court denied the defendant's dispositive motion concerning the cause of action for defamation concerning the latter statement, saying,

If one or more defendants affirmatively consented to use or distribution of copies of the November 1988 Glamour article [the earlier publication of the defamatory statement], the case could be taken out of the "single publication" framework, and the limitations period for an action against defendants would extend to one year beyond such use [the latter publication], if the totality of facts and circumstances so warranted.

Id., at 253.

Similarly, defendants in the instant case took an affirmative action to defame Mr. Rosen again as published in the March 3, 2008 article in the *New York Times*. This took the case out of the single publication rule, and gave rise to a new cause of action for defamation – one with a new one-year statutory limitations period that commenced on the date of that latter publication and did not run until March 3, 2009, the day after the instant case was filed with this Court.

Defendants cite *Judd v. Resolution Trust Corp.*, 1999 WL 1014964 (D.D.C. 1999), for their assertion that AIPAC spokesman's statement contained in the March 3, 2008 *New York Times* article was merely a republication of earlier statements. Motion to Dismiss, at 8. However, *Judd* was distinguishable from the instant case, and critically so, because it involved republications by third parties in credit reports on the plaintiff, rather than, as here, a reaffirmation by the original defamer. See *Judd v. Resolution Trust Corp.*, 1999 WL 1014964, *5 (D.D.C. 1999) [Attachment 3].

Neither does the decision in *Wallace v. Skadden Arps*, 715 A.2d 873 (D.C. 1998), undermine plaintiff's position, the assertion of defendant to the contrary notwithstanding. In that case, the same defendant had published defamatory statements both before and after the statute of limitations period had run. 715 A.2d at 882. There the court held the statements made prior to the statutory period running from the early statement to be time barred, but those made after were held not to be barred by the running of the limitations period that commenced with the date of earlier statements. *Id.*

Similarly, the instant case involves statements by the same party published both before and after the statute of limitations period that commenced with the earliest statements being published – though it is here plaintiff's position that the statute was equitably tolled on the 2005-2007 statements, and thus did not run by the March 2, 2009 filing of the instant civil action. See Argument A.1. *supra*. In any event, even without this Court's acceptance of the foregoing equitable tolling argument, there is no support in *Wallace* for the argument that the March 3, 2008 defamatory statement attributable to defendant Dorton and made on defendant AIPAC's behalf with the acquiescence, indeed, under the authorization of the other individual defendants (AIPAC officers and directors all) should be time barred.

In the final analysis, this Court should follow the well-established rule, cited by defendants themselves, that each defamatory statement gives rise to a separate cause of action. Under this principle, the Court must at a minimum hold that, because defendants stated that they currently “still held that view” – the earlier-expressed defamatory view – of Mr. Rosen in the March 3, 2008 *New York Times* article, plaintiff’s claim for defamation was brought within the statutory limitations period when this case was filed on March 2, 2009, and is thus not time barred.

B. The March 3, 2008 Statement is Actionable Defamation

Defendants have asserted that the March 3, 2008 statement is not defamatory as a matter of law. Motion to Dismiss, at 9. Defendants have further argued that “plaintiff has not even alleged that the specific statement was false.” *Id.* This is simply incorrect. By expressing that defendants “still held that view” – *i.e.*, that Mr. Rosen’s behavior “did not comport with standards that Aipac [*sic*] expects of its employees” – defendants were expressing that this characterization of Mr. Rosen and his work was true. The complaint alleges the falsehood of this statement multiple times. *See* Complaint, at 14-15 (“[Defendants] began making knowingly false and defamatory statements to the press about Mr. Rosen, and have continued to make and publish such knowingly false and defamatory statements about Mr. Rosen through March 3, 2008, and thereafter.” “Such false and defamatory statements were repeated often by Dorton on behalf of AIPAC and its Board of Directors . . . For example: . . . in the *New York Times* on March 3, 2008.”). In short, plaintiff has quite explicitly alleged the falsehood of the March 3, 2008 statement in the Complaint.

Furthermore, defendants’ assertion that the March 3, 2008 statement is not defamatory as a matter of law is also plainly wrong. Defendants assert that their statements taken in the context of the entire *New York Times* article cannot be defamatory or injure Mr. Rosen. Motion to Dismiss at 9. Plaintiff has alleged facts sufficient to state a claim that defendants’ March 3, 2008 statements did in fact both injure him in his profession and with the community. *See* Motion to Dismiss at 9, citing *Moss v. Stockard*, 580 A.2d 1011, 1023 (D.C. 1990) (citations omitted) (holding that a statement is defamatory if it tends to injure the plaintiff in his trade, profession or community standing, or lower him in the estimation of the community). The Complaint alleges sufficient facts

to support a claim that the statements were more than “unpleasant or offensive; [it made] the plaintiff appear . . . infamous.” Motion to Dismiss at 10, citing *Howard Univ. V. Best*, 484 A.2d 958, 989 (internal quotation marks omitted). The Complaint alleges that the statements contained in the March 3, 2008 article accuse Mr. Rosen of not conforming to AIPAC’s standards. This is not an expression of an opinion about how foreign policy is made in the United States, as defendants attempt to argue. Motion to Dismiss at 10. To the contrary, such statements are very much about Mr. Rosen’s conduct and competence in his former position of trust at AIPAC. As such, it certainly tends to injure his reputation within his profession and among those in his community. Furthermore, it is provably false. As the Complaint alleges:

No expressed standards existed at AIPAC. Moreover, the implied standards that were embodied in the organization’s normal practices over these decades, were completely consistent with Mr. Rosen’s behavior.

Complaint at 15. Such statements do not receive full constitutional protection, because they were not only an opinion on a matter of public concern, but contained provably false factual connotations. See *Guilford Transp. Industries, Inc. v. Wilner*, 760 A.2d 580 (D.C. 2000).

Accordingly, it is inappropriate to dispose of Mr. Rosen’s defamation claims against defendants on a Rule 12(b)(6) motion to dismiss, because the March 3, 2008 statements were indeed defamatory as a matter of law.

C. The Allegations in the Complaint are Sufficient to Support a Finding of Actual Malice

The D.C. Court of Appeals has adopted the following definition of malice as it relates to qualified privilege in defamation cases:

Malice is the doing of an act without just cause or excuse, with such a conscious indifference or reckless disregard as to its results or effects upon the rights or feelings of others as to constitute ill will.

Columbia First Bank v. Ferguson, 665 A.2d 650, 656 (D.C. 1995) (internal citations omitted.)

Where the statement is not so extreme, unreasonable, or abusive that a reasonable trier of fact would have to find malice inherent in the statement itself, malice must be proven by extrinsic evidence. *Id.*, citing *Moss v. Stockard*, 580 A.2d 1011, 1024 (D.C. 1990). Furthermore, the fact-finder must look to the primary purpose behind the statement when determining if there is malice. *Columbia*

First Bank, 665 A.2d at 656. In short, all definitions of malice in substance come down to the equivalent of bad faith. *Id.*, n.8. “Put another way, a qualified privilege exists only if the publisher believes, with reasonable grounds, that his statement is true.” *Ingber v. Ross*, 479 A.2d 1256, 1264 n.9 (D.C. 1984) (internal citations omitted).

Here, defendants had no reasonable grounds to believe that their statements that Mr. Rosen had not performed up to AIPAC’s standards were true. Indeed, on January 31, 2005, five months after the Justice Department’s ongoing investigation had been made public, AIPAC awarded Mr. Rosen a special \$7,000 job performance bonus. Complaint at 10. Furthermore, defendant Kohr himself, and other senior staff at AIPAC, have engaged in the same type of information gathering as Mr. Rosen did that they later claimed to be below AIPAC’s standards. *Id.* at 12. The statements may not have shown malice on their face, but there is ample extrinsic evidence that defendants acted with the requisite bad faith to allow a jury to find actual malice. Plaintiff is confident such evidence will be developed during the discovery phase, and at this stage, the facts as set out in complaint are to be taken as true. Therefore, it would be manifestly inappropriate to dispose of this issue on a pre-discovery motion to dismiss under Rule 12(b)(6).

D. None of the Defendants are Immune from Liability for the Defamation of Plaintiff

Plaintiff’s claims should not be dismissed with respect to defendants Dow, Manocherian, Friedman, Weinberg, Asher, Levy, Jr., Kaplan, Wuliger, and Friedkin, as suggested in the motion to dismiss based on their having statutory immunity as mere “volunteers” in the AIPAC organization. Motion to Dismiss, p. 15. In fact, statutory immunity from civil liability is not available to these defendants. Volunteers do not enjoy immunity from civil liability under District of Columbia law for their “willful misconduct” nor are they entitled to such immunity for any “[a]n act or omission that is not in good faith and is beyond the scope of authority of the corporation [under D.C.’s corporate law] or the corporate charter.” D.C. Code § 29-307.113(1),(5).

As an initial matter, we note that defendants assertion that “[t]he only allegation [in the Complaint] was that [defendants Dow, Manocherian, Friedman, Weinberg, Asher, Levy, Jr., Kaplan, Wuliger, and Friedkin] acquiesced in or authorized the statements by the mere fact that they are

Members of the Board of Directors,” and that [t]here is no allegation that any of the Board Member Defendants actually made any statements about the Plaintiff” (Motion to Dismiss at 15), is completely incorrect. In fact, the Complaint explicitly alleged that:

Beginning shortly after summarily terminating Mr. Rosen’s employment, AIPAC and particularly defendants Kohr, Dow Friedman[,] Manocherian, Weinberg, Asher, Levy, Wuliger, Kaplan, and Friedkin...began making knowingly false and defamatory statements to the press about Mr. Rosen, and have continued to make and publish such knowingly false and defamatory statements about Mr. Rosen through March 3, 2008, and thereafter.

Complaint at 14 (emphases added). Thus, the Complaint explicitly alleges that these AIPAC Board of Directors member defendants – all of whom both served as president of the organization and were members of the so-called “Advisory Committee” designated to deal with the situation presented by the Justice Department’s criminal proceedings against Mr. Rosen – did more than simply acquiesce in the making of defamatory statements about plaintiff: they were integral to the authorization of and the making of such defamatory statements.

More pointedly, defendants’ contention that, other than Howard Kohr, AIPAC’s Executive Director, and Patrick Dorton, its outside spokesman, all the other individual defendants serve AIPAC as volunteers, and as such are immune from civil liability, is wholly without merit.

For their part, defendants ground this contention on two pillars: (a) the affidavit of AIPAC’s Managing Director, that defendants Dow, Manocherian, Friedman, Weinberg, Asher, Levy, Jr., Kaplan, Wuliger, and Friedkin are all serve as unpaid “volunteer members of Board of Directors of AIPAC, which is a not-for-profit District of Columbia corporation” (see Motion to Dismiss, Exhibit 4, ¶¶ 2 and 4) and (b) that D.C. Code § 29-301.113 immunizes volunteers of a corporation from civil liability except where injury or damage results from their willful misconduct. Because injury resulted from their willful misconduct, however, the protection of statutory immunity for these individuals defendants is not available.

While it is true these defendants are unpaid as members of the AIPAC Board of Directors, in that capacity, under AIPAC’s own Bylaws, they had “the responsibility and authority for the setting of policy and the overall management of the business affairs, activities, and property of

AIPAC . . .” *See* Bylaws of the American Israel Public Affairs Committee (Revised January 28, 2003), Article 2(a) , p. 3 [Attachment 4]. Thus, these individuals, though technically “volunteers” because they are unpaid, as members of the Board of Directors share the overall responsibility of setting the policies of and managing the affairs and activities of the AIPAC organization, under the governing principles of that organization. Further, all of these individual defendants were members of the so-called “Advisory Committee” specifically designated by the full Board of Directors to recommend action with regard to the matter that ensnares Steven Rosen in the Department of Justice criminal investigation and prosecution, and one, Melvin A. Dow, was the Chairman of the Advisory Committee. Thus, the injury done to and damage suffered by Mr. Rosen from the knowingly false and defamatory statements about him emanating from AIPAC in reality “resulted from the willful misconduct” of these particular defendants, as well as from AIPAC’s professional Executive Director, defendant Kohr, and its outside official spokesman, defendant Dorton. Accordingly, they are not immune from being held liable for the defamation pursuant to the language of D.C. Code § 29-301.113.

Also, it is worth noting that two of these individual defendants served as AIPAC’s President during the years that the defamatory statements about Steven Rosen were made on the organization’s behalf (Bernice Manocherian from 2004 into 2006, and Howard E. Friedman from 2006 into 2008), and AIPAC’s Bylaws clearly designate the organization’s president – volunteer though he/she may be – as the “Chief Executive Officer of AIPAC.” *See* AIPAC’s Bylaws, Article 3(d) , p. 7 [Attachment 4]. Certainly, immunity for corporate volunteers provision of D.C. Code § 29-301.113 was not intended to relieve the chief executive officer of a not-for-profit organization of liability for the acts of the organization that he/she authorized, even if that CEO is unpaid.

In sum, in defendants Dow, Manocherian, Friedman, Weinberg, Asher, Levy, Jr., Kaplan, Wuliger, and Friedkin, we have those ultimately responsible for AIPAC’s response to the pressure from the Justice Department in its treatment of Steven Rosen, including the issuing of the false and hurtful statements that form the essence of his instant claims of defamation. Certainly, under the governing authority set out in AIPAC’s own Bylaws, these individuals were at least as culpable as

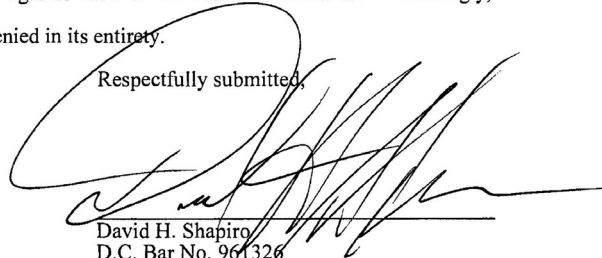
the organization's paid Executive Director (defendant Kohr) and its paid public relations consultant and spokesman (defendant Dorton) for the publication of the defamatory statements about plaintiff, their alleged posture as "volunteers" notwithstanding.

Finally, we note in this regard that as AIPAC's governing bylaws and structure hold these "volunteer" defendants to the highest responsibilities in the organization, any assertion of statutory immunity for the critical part they played in the defamatory acts at issue here will be lost upon showing "[a]n act or omission that is not in good faith and is beyond the scope of authority of the corporation pursuant to this subchapter or the corporate charter." *See* D.C. Code § 29-307.113(5). Given the presumption of the truth of the allegations contained in the Complaint at this juncture, it is simply inappropriate to dispose of the defamation claims at issue here on a motion to dismiss. Accordingly, as defendants cannot show that plaintiff can prove no set of facts that will entitle him to relief against defendants Dow, Manocherian, Friedman, Weinberg, Asher, Levy, Jr., Kaplan, Wuliger, and Friedkin, or any of them, the motion to dismiss must be denied as to each of them.

Conclusion

For the foregoing reasons, the Complaint as filed by plaintiff has timely raised multiple wholly actionable claims of defamation against each of the named defendants. Accordingly, defendants' motion to dismiss must be denied in its entirety.

Respectfully submitted,



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FINDING: Former AIPAC official Steven J. Rosen implies in a civil lawsuit that AIPAC officials continue to routinely handle and distribute classified US government information. This allows AIPAC to function as an effective foreign agent by channeling intelligence to its foreign principal which can then "front run" or create "facts on the ground" before US policymakers or interest groups can act. AIPAC also tactically channels classified information to the news media if it suits the objectives of its foreign principal. The reason AIPAC is continually found to be handling classified information is simple; it cannot successfully operate as a foreign agent without it. No legitimate American lobby has ever been found to have institutionalized classified information acquisition and distribution.

Jane Harman, AIPAC, and Obstruction of Justice Allegations

Israel lobby pundits continued to hammer away on "anti-Semitism" as the sole explanation for why the FBI event investigated and set up a sting against AIPAC. Former FBI counterintelligence agent and supervisor I.C. Smith testified that anti-Semitism in pursuing Israeli spying was "not my experience" during a lengthy career in the FBI. "There was a great deal of frustration within the FBI in dealing with the Israelis....In my time in the Intelligence Division [later the National Security Division], the Israelis displayed a very real arrogance and with their constant contacts on Capitol Hill, they showed a confidence that they could do just about anything they wanted to do, and they could."⁴³⁸

But even after the latest AIPAC espionage flap was successfully put to rest by the Department of Justice, questions linger and tug at the idea of equal justice before the law. Haim Saban's name surfaced in a National Security Agency phone intercept conducted in the year 2005 or 2006 between California Congresswoman Jane Harman and an Israeli agent who was the target of a U.S. government investigation. Harman, the ranking minority member of the House Intelligence Committee, allegedly agreed to "waddle in" to the U.S. prosecution of two AIPAC lobbyists. In return for Harman's help, the Israeli agent said he would have one of House Minority Leader Nancy Pelosi's major campaign donors—Haim Saban—withdraw contributions to Pelosi until Harman was appointed chair of the intelligence panel.⁴³⁹ The House Ethics committee is investigating Harman in the foreign agent incident.⁴⁴⁰

FINDING: A leaked phone intercept of Jane Harman reveals interaction between an American congresswoman, AIPAC donor Haim Saban, and an Israeli foreign agent. The congresswoman allegedly proposed to improperly subvert the criminal case against the AIPAC lobbyists in exchange for campaign contributions and political favors. None of these allegations has yet been resolved by a public accountability proceeding.

The wiretap story was broken by Jeff Stein of *Congressional Quarterly* on April 19, 2009, shortly before the Obama administration folded the criminal prosecution of Rosen

and Weissman. Was it an effort by disgruntled law enforcement officials angered by the DOJ's imminent capitulation to AIPAC? Or was the information purposely leaked to Stein for his exposé (and independent confirmation by the *New York Times*) as a warning to Obama that pursuing the AIPAC prosecution would present a systemic risk to his party and administration? In retrospect, the outcome was the same as that of the Jewish Agency's warning to J. Edgar Hoover that "important individuals and organizations could be harmed" if it challenged the Sonneborn Institute in the 1940s, or the AZC backing down on the DOJ's request for FARA registration in the midst of assassination and upheaval in the 1960s.

Douglas Bloomfield, who never suffered any liability from his handling of classified information during the 1984 USIFTA affair, was by 2009 publicly upbraiding AIPAC for even firing Rosen and Weissman after they were criminally indicted. Bloomfield even threatened to reveal AIPAC as a de facto foreign agent if it did not provide Rosen and Weissman with adequate financial compensation.

In cutting loose the pair, AIPAC insisted it had no idea what they were doing. Not so, say insiders, former colleagues, sources close to the defense, and others familiar with the organization.

One of the topics AIPAC won't want discussed, say these sources, is how closely it coordinated with Benjamin Netanyahu in the 1990s, when he led the Israeli Likud opposition and later when he was prime minister, to impede the Oslo peace process being pressed by President Bill Clinton and Israeli Prime Ministers Yitzhak Rabin and Shimon Peres.

That could not only validate AIPAC's critics, who accuse it of being a branch of the Likud, but also lead to an investigation of violations of the Foreign Agents Registration Act.

"What they don't want out is that even though they publicly sounded like they were supporting the Oslo process, they were working all the time to undermine it," said a well-informed source."⁴¹

Bloomfield, Douglas—"AIPAC Two' aren't the only ones on trial" 3/5/ 2009⁴⁴²

The 'AIPAC Two' aren't the only ones on trial | New Jersey Jewish News

<http://njewishnews.com/njjn.com/030509/opedAIPACtwo.html>



The 'AIPAC Two' aren't the only ones on trial

by Douglas M. Bloomfield

March 5, 2009



Trials can be dangerous things. And not just for the accused. They can make or break prosecutors, defense lawyers, and judges. And even a vaunted lobby.

The American Israel Public Affairs Committee and its leaders could be the biggest losers in a case that threatens to expose the group's inner secrets.

The oft-delayed trial of two former AIPAC staffers charged with passing classified information to journalists and the Israeli government is now expected to begin May 27, but that could easily slip, and don't be surprised if it never happens, given a series of prosecutor setbacks.

Two of those setbacks occurred last month when prosecutors lost their attempt to block the former AIPAC staffers from using critical materials and witnesses in their defense.

The government case has been losing steam as a result of these and other court rulings. Many of the Justice Department professionals responsible for bringing the case are gone, most notably the chief prosecutor, who quit last year to go into private practice, a sign some see as a lack of faith in a high-profile case.

The case was brought by the secrecy-obsessed Bush administration, which had vowed to plug all leaks unless Dick Cheney authorized them to go after his enemies.

This case was on tenuous legal ground from the start. It was the first time the 1917 espionage law was invoked against civilian nongovernment employees who distributed information they received from the government.

In the face of an increasingly weak case, the Justice Department may try to avoid an embarrassing loss by dropping it under the cover of protecting classified information from public exposure, as it has done in similar cases.

Although AIPAC claims it has nothing to do with the convoluted case, it is also on trial, in a way. The organization fired the pair and said they were rogues acting beneath the group's standards. That will be shot full of holes from all directions in court, whether in the criminal case or in a likely civil suit by the defendants claiming damage to their reputations and careers.

The mere threat of a multimillion-dollar civil suit could prompt a very generous settlement offer

from AIPAC in exchange for a vow of silence from the former staffers. But don't worry; AIPAC can easily afford it.

Soon after the FBI raided AIPAC offices, the organization launched a fund-raising campaign to defend against any charges, and the appeals for money didn't stop when it fired the pair. Since the scandal broke in 2004, AIPAC's fund-raising juggernaut has hauled in so much dough that one senior staffer told me that "it's coming in faster than we know what to do with it."

JTA quoted tax records showing AIPAC raised \$86 million in 2007, doubling 2003's \$43 million. Not all of that money was a result of the espionage case, but many millions were.

In cutting loose the pair, AIPAC insisted it had no idea what they were doing. Not so, say insiders, former colleagues, sources close to the defense, and others familiar with the organization.

One of the topics AIPAC won't want discussed, say these sources, is how closely it coordinated with Benjamin Netanyahu in the 1990s, when he led the Israeli Likud opposition and later when he was prime minister, to impede the Oslo peace process being pressed by President Bill Clinton and Israeli Prime Ministers Yitzhak Rabin and Shimon Peres.

That could not only validate AIPAC's critics, who accuse it of being a branch of the Likud, but also lead to an investigation of violations of the Foreign Agents Registration Act.

"What they don't want out is that even though they publicly sounded like they were supporting the Oslo process, they were working all the time to undermine it," said a well-informed source.

"After Rabin came in in 1992 and said he wanted to make peace and signed the Oslo accords, and the U.S. was supposed to pay the tab, every restriction on all political and financial dealings [by the Palestinians] came out of our office," said the insider. "We took full advantage of every lapse by [Yasser] Arafat and the Palestinians to put on more restrictions and limit relations," the source added.

In addition to cooperating with the Israeli opposition, AIPAC worked closely with congressional Republicans to undermine the Clinton administration's Middle East policy, several sources confirmed.

If this case goes to trial, civil or criminal, the inner workings of AIPAC will be aired, and it will be clear that top professional and lay leaders were kept fully informed, said a former official.

Defense lawyers are expected to contend both staffers were following routine practices not only condoned but encouraged by the organization's leadership. The FBI has evidence showing that when juicy material was collected it was shared with the higher-ups.

Will the organization want to go through discovery, depositions, interrogatories, subpoenas, and compelled testimony under oath about all the elements of this case? That could be the key to very generous out-of-court settlements for Steve Rosen and Keith Weissman.

That will leave unanswered the biggest question of all: Why was this case brought in the first place?

Douglas M. Bloomfield is the president of Bloomfield Associates Inc., a Washington lobbying and consulting firm. He spent nine years as the legislative director and chief lobbyist for AIPAC.

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FINDING: Large numbers of Israel's supporters, both in the U.S. and abroad, continue to operate on the presumption that almost no crime against U.S. or international law will ever be punished if it is convincingly claimed that it was done in the name of Israel.

Like Bloomfield, Thomas Dine, who was head of AIPAC during the economic espionage incident, never suffered any consequences. In 2009, Dine was even contracted to consult and lobby for the U.S.-taxpayer-funded al-Hurra satellite television network to help improve its competitive stance in the Middle East against Al-Jazeera and win over Arab viewers. Al-Hurra has received more than \$600 million from Congress since it began broadcasting in 2004.⁴⁴³

Only increasing public awareness of the rising stakes of such endemic criminal behavior and "two-track justice" may ultimately change the American public's tolerance. But Americans have little hope for help from establishment media. During and after the AZC DOJ registration battle in the 1960s, the *New York Times* was suspiciously quiet about the implications of foreign agent registration. It may have had a reason for such silence. In 2008 it was revealed that a high-profile *New York Times* reporter was receiving foreign-funded payments via the AZC, along with hundreds of others.⁴⁴⁴ In 2005 criminal indictments, the *Washington Post* was revealed receiving purloined information from AIPAC lobbyists.

FINDING: Former AIPAC officials Douglas Bloomfield (involved in the 1984 espionage incident) and Steven J. Rosen (2005 espionage incident) are so comfortable that they are immune from being criminally prosecuted for espionage or acting as unregistered foreign agents, both feel at ease publicly threatening to expose AIPAC as a foreign agent engaged in espionage unless Rosen is paid \$20 million in damages in a civil lawsuit.

Growing Allegations of Nuclear Smuggling Ring

Credible allegations made by former FBI contract translator Sibel Edmonds that the Israel lobby, in collusion with members of Congress and political appointees spread across U.S. agencies, was deeply involved in money laundering and nuclear technology smuggling⁴⁴⁵ appear to present another systemic threat, not only to government, but also to the establishment media. The DOJ refuses to publicly investigate Edmonds's allegations, and no major American media outlet has followed up on them. But the public calls for warranted law enforcement that have gone unanswered for so long may soon create such a monumental crisis in governance and rule of law that even the most manipulated Congress or politicized Department of Justice will be unwise to ignore it.

Sonneborn, the Jewish Agency/AZC, the USIFTA classified document incident, the Franklin Rosen and Weissman espionage scandal, and the Sibel Edmonds allegations all lie along a Möbius^{lvii} strip of Israel lobby operations twisting America toward expensive policies that repeatedly corrupt U.S. national interests. The most recent have not yet been

^{lvii} A Möbius strip can be created by taking a paper strip and giving it a half-twist, then joining the ends of the strip together to form a twisted loop. An insect crawling the length of the strip would return to its starting point having traversed both sides of the strip, without ever crossing a sharp edge.

fully exposed, but they could cause existing low confidence in government to plummet still further.

Colonel Lawrence Franklin, the sole conspirator convicted in the 2005 AIPAC espionage affair, worked under Paul Wolfowitz and Douglas Feith in the Pentagon Office of Special Plans (OSP). Their activities may have been targets of the FBI investigation.

During the four-year run-up to the abandoned 2009 AIPAC espionage trial, Colonel Lawrence Franklin, the government's key witness, was approached by a man offering to help him "disappear" by faking his own suicide in order to circumvent the trial. Colonel Franklin simply and precisely identified how an Israel lobby operative in the United States⁴⁴⁶ could still propose such an audacious corruption of the rule of law: "He's beyond good and evil. They're not subject to the laws the rest of us are."⁴⁴⁷

FINDING: Highly illegal efforts were allegedly made to subvert due process of a public trial against AIPAC's former officials by either moving the key government witness offshore, or enlisting a member of congress to subvert due process in exchange for AIPAC political support. This is not the way supporters of a legitimate American lobby behave.

The elite financiers, leadership and allies of AIPAC remain as immune from criminal prosecution today as they were during the reign of the Jewish Agency arms smuggling network. Multiple citizenship, international mobility, massive amounts of political patronage, and most importantly, credible threats of systemic risk to the U.S. government have turned law enforcement away from their harmful activities and toward initiatives that advance Israel's sovereign objectives.

The subversion of prosecutorial will in the Department of Justice and judiciary has been rigorously enforced by constant pressure from the lobby, its allies in establishment media, key donors, political appointees, and friends in Congress. As in the time of Kennedy, changes in presidential administrations provide ample opportunity for derailing major Justice Department enforcement actions. This means that even "open and shut" criminal cases such as the AIPAC espionage incident simply cannot be successfully prosecuted in the United States, under the doctrine that the Israel lobby is "too connected to regulate" and that "important individuals and organizations" will be harmed. This immunity has opened the door for new Israel lobby maneuvers offshore that both echo the past and pose ever greater dangers to the rule of law and the U.S. economy.

The Israel lobby has an enduring value system that is both alien and harmful to America, handed down from the Sonneborn Institute and Haganah through the Jewish Agency's American Section and American Zionist Council to AIPAC: that no crime is punishable if it advances the cause of Israel. Only when the broader American public becomes fully aware of how the Israel lobby's value system is slowly corrupting and bankrupting the nation will the call for long-overdue law enforcement finally be heeded.

6.0 Regulating AIPAC: The “Madoff Dilemma”

AIPAC is not what it claims to be or what its official history suggests. Virtually every word in AIPAC’s introduction to its current corporate bylaws can be easily refuted with verifiable facts. AIPAC claims it shall “represent only the views of American citizens.” But if this is true, why would a member of Israeli intelligence be present on its staff? Why would AIPAC’S staff work with the Ministry of Economic Affairs to steal and leverage classified US government information against American business and worker interests? Why would AIPAC operatives solicit and channel national defense secrets from the Pentagon to pass to Israel and allies in the news media?

All of AIPAC’s Claimed Organizational Purposes can be Refuted with Facts

AIPAC claims it “shall receive neither funding nor direction from the State of Israel.” But the fact remains that AIPAC was established when Kenen and the Israeli Ministry of Foreign Affairs saw the need to “Americanize” their foreign interest lobbying in the 1950’s. There was no domestic funding available for their activities in the 1950’s and 1960’s. Kenen received at least \$38,000 of Israeli government funding explicitly directed by the Jewish Agency for his lobbying activities; AIPAC was also given seed money from Jewish Agency funds laundered through the American Zionist Council.

AIPAC Bylaws – January, 2003⁴⁴⁸

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Revised: January 28, 2003

BYLAWS OF THE AMERICAN ISRAEL

PUBLIC AFFAIRS COMMITTEE

STATEMENT OF PURPOSE: This organization shall be known as the American Israel Public Affairs Committee (AIPAC) and shall undertake appropriate activities to nurture and to advance the relationship between the United States and Israel, and to strengthen and to promote the mutual ideals and interests of both nations in accordance with the views of its members. In carrying out these tasks, AIPAC shall represent only the views of American citizens and shall receive neither funding nor direction from the State of Israel nor from any other foreign government. AIPAC is not a political action committee ("PAC"). It does not solicit funds for or contribute funds to political candidates or to political parties.

1. **MEMBERS.**

A. **MEMBERSHIP REQUIREMENTS.** The following are AIPAC members:

- 1
- 1) Individuals for whom membership applications have been completed and approved, who pay annual dues as set from time to time by the Board of Directors. In setting dues, the Board of Directors may create different categories of membership depending upon the amount of dues paid; and,
 - 2) The chief lay officer of each organization that is a member of the Conference of Presidents of Major American Jewish Organizations may become a member without payment of dues during his or her term of office.

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3) Any member who is not in financial arrears to AIPAC (as judged by the Board of Directors) is an AIPAC member in good standing.

4) All members of the Board of Directors (as described in Section 2.b.), the Executive Committee (as described in Section 4), and all other committees (as described in Section 5), as well as all officers (as described in Section 3), all State Chairpersons (as described in Section 7), and all Regional Chairpersons (as described in Section 8), and all Regional Council members (as described in Section 8.a.8.c), shall be AIPAC members in good standing.

b. **RENEWAL.** Membership must be renewed on a yearly basis through payment of dues except for members described at Section 1.a.2.

c. **RIGHTS OF MEMBERS.**

1) Notice of the annual Policy Conference shall be sent to all members not less than 20 nor more than 50 days before the date of the meeting. Each member may attend the annual Policy Conference for a fee determined by the Board of Directors.

2) All members shall be entitled to receive information regarding the voting records of Members of Congress as pertain to AIPAC issues.

3) Members in good standing as of 120 days prior to the annual Policy Conference who attend the annual Policy Conference will constitute the National Assembly which body shall elect certain members to the Board of Directors (as described in Section 2.c.2) and to the Executive Committee (as described in Section 4.b.5).

2. **THE BOARD OF DIRECTORS.** Powers, number, election, term of office and meetings.

a. **POWERS.** The Board of Directors shall have the responsibility and authority for the setting of policy and the overall management of the business affairs, activities and property of AIPAC, including the selection of the Executive Director.

b. **NUMBER.** The Board of Directors shall consist of such number not fewer than 25 nor more than 40 Directors, as determined by the Board from time to time, including those officers of AIPAC described in Section 3.a., who shall be members of the Board of Directors by virtue of their positions as officers of AIPAC. In addition, Past Presidents of AIPAC described in Section 3.e. shall be members of the Board of Directors by virtue of their position as Past President. In addition to these Directors, the President of the Near East Report, the President of the American Israel Education Foundation, the Chairperson of the Conference of Presidents of Major American Jewish Organizations, and the Executive Director of AIPAC will be ex officio members of the Board.

c. **SELECTION AND TERM OF OFFICE.** Those Members of the Board of Directors nominated by the Nominating Committee (described in Section 5.c.) shall serve for a term of approximately two years (21-27 months) after approval by vote of a majority of those members of the Board of Directors present and voting, who shall take into account political activity, support of AIPAC, community leadership, state geographical distribution, gender equity, and such other factors as the Board of Directors deems appropriate. Each such election shall take place at a Board of Directors meeting held at the Policy Conference with the term of each Director to

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commence on the first day of the first month following the Policy Conference and finish on the first day of the first month following the Policy Conference held approximately two years (21-27 months) later. No elected member of the Board of Directors may serve for longer than three consecutive terms. Any member who has served three consecutive terms may be re-elected after a one-year absence from the Board of Directors. In computing the consecutive terms discussed in this provision, there shall not be included any term served on the Board of Directors by reason of the individual being the Chairperson of the Conference of Presidents of Major American Jewish Organizations. Notwithstanding the foregoing:

1) Each regional Council shall nominate and elect a member of the Board of Directors whose nomination shall be reviewed by the Nominating Committee (as described in Section 8.d.) and ratified by the Board of Directors.

2) The National Assembly shall elect one member of the Board of Directors nominated by the Nominating Committee.

3) The Executive Committee shall elect two members of the Board of Directors nominated by the Executive Committee Nominating Committee, which committee shall be appointed by the Chairperson of the Executive Committee who shall also chair the Executive Committee Nominating Committee. The said election shall be held at the Executive Committee meeting during the Policy Conference. The term of office of the Executive Committee members of the Board of Directors shall commence coincident with the term of office of the National Assembly member of the Board of Directors

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on the first day of the first month following the Policy Conference and finish on the first day of the first month following the Policy Conference held approximately two years (21-27 months) later.

4) Each Regional, Executive Committee member, and National Assembly member of the Board of Directors shall serve for a term of approximately two years (21-27 months) and shall have the full privileges and responsibilities accorded to other members of the Board of Directors.

5) Each Executive Committee and National Assembly member of the Board of Directors shall serve no more than one term as a director in this capacity. However, Executive Committee and National Assembly directors may be elected to two additional consecutive terms as either at-large or Regional members of the Board of Directors.

6) Directors may be re-elected as directors only after a one year absence as a director except that:

a) Any director who is serving as an officer of AIPAC (as defined in Sections 3.a. and 3.h.) at the end of his or her third consecutive two-year term may continue to serve as a director for up to a maximum of three additional consecutive two-year terms so long as he or she remains an officer and,

b) Nothing herein contained shall preclude a person from serving more than two terms as President so long as his or her consecutive service as President is limited to no more than two two-year

terms, or as Chairperson of the Board from serving more than two terms as Chairperson of the Board so long as his or her consecutive service in that capacity is limited to no more than two two-year terms.

d. **MEETINGS.**

1) **Regular Meetings.** The Board of Directors shall meet at least six times a year. The presence of at least forty percent (40%) of the Directors in office shall constitute a quorum for the conduct of the business of the organization. At any meeting at which a quorum is present, the vote of a majority of those present and entitled to vote shall decide any matter unless the Articles of Incorporation, these Bylaws, or any applicable law requires a different vote.

2) **Special Meetings.** Special meetings of the Board of Directors may be called at any time only by the Chairperson of the Board or the President.

3. **OFFICERS.** Definition, selection, terms of office and powers.

a. **DEFINITION.** The officers of AIPAC shall consist of a President, President-elect, past Presidents, Chairperson of the Board, Vice Presidents, Secretary/Treasurer, and such additional officers as determined by the Board of Directors from time to time.

b. **SELECTION.** The Board of Directors, at its annual meeting at the Policy Conference or at any such date as set by the Board of Directors and acting upon recommendations of the Nominating Committee, shall elect the President, the President-elect, the Chairperson of the Board, and the Secretary/Treasurer of AIPAC,

whose terms shall commence on the first day of the first month following the Policy Conference and finish on the first day of the first month following the Policy Conference held approximately two years (21-27 months) later.

c. **TERMS OF OFFICE.** Officers shall serve for a term of approximately two years (21-27 months), renewable for no more than two succeeding two-year terms.

Notwithstanding the foregoing:

1) The President and Chairperson of the Board shall serve in their respective office for no more than two consecutive full two year terms; however, the President may also serve a partial term of less than one year to complete the balance of a predecessor's term.

2) No officer shall be precluded from serving as President by virtue of the fact that he or she will have served as an officer for three consecutive terms at the time of his or her election as President.

d. **PRESIDENT.** The President shall be nominated by the Nominating Committee and elected by the Board of Directors. The President shall be the Chief Executive Officer of AIPAC and shall preside at meetings of the Board of Directors and shall perform all functions incident to the office of President, and such other powers and duties prescribed from time to time by the Board of Directors. The President shall designate the Chairperson of the Executive Committee from among the members of the Board of Directors, and the Vice Chairperson of the Executive Committee from the membership of the Executive Committee. The President shall

also appoint the chairpersons of the standing committees subject to the approval of the Board of Directors (as described in Section 5.d.).

e. **PAST PRESIDENT.** Each President of AIPAC, upon completion of his or her service, shall become a Past President of AIPAC. Past Presidents shall be officers of AIPAC for life with full voting privileges and shall not be subject to any limitation on their term of office so long as they affirm in writing their interest in being a Past President.

f. **CHAIRPERSON OF THE BOARD.** The Chairperson of the Board shall be nominated by the Nominating Committee and elected by the Board of Directors from among the Past Presidents. The Chairperson of the Board shall perform any functions as may be assigned by the President. In addition, if the office of President-Elect is vacant (as described in Section 3.g.), then the Chairperson of the Board shall act as President in the absence of the President.

g. **PRESIDENT-ELECT.** The President-Elect shall be nominated by the Nominating Committee and elected by the Board of Directors during the last year of the last term of the then current President. The current President shall make known to the Nominating Committee if he/she does not wish to run for a second term at least one year prior to the conclusion of his/her first term as President. The President-Elect shall perform all those functions as are incident to the office of President-Elect including acting as President in the absence of the President, and such other functions as may be assigned by the President. The President-Elect shall become President upon being elected President in accordance with Section 3.d.

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h. **VICE PRESIDENTS.** Each Chairperson of a standing committee of the Board of Directors as defined in Section 5.d. shall be a Vice President.

i. **SECRETARY/TREASURER.** The Secretary/Treasurer shall have general supervision of the financial affairs of AIPAC, shall review periodic audits and financial reports, and shall perform all such functions as are incident to the office of the Secretary/Treasurer, and such other functions as may be assigned by the President.

4. **EXECUTIVE COMMITTEE.** Duties, number, selection and term of office.

a. **DUTIES.**

1) The Executive Committee shall act as an advisory body to AIPAC, shall participate in the work of the regions, and shall perform such functions as the President may, from time to time, direct.

2) The Executive Committee shall elect certain members of the Board of Directors as described in Section 2.c.3.

3) The Executive Committee shall approve the AIPAC Annual Policy Statement.

4) The President and the Executive Director of AIPAC shall report to the Executive Committee at every Executive Committee meeting as to the state of AIPAC and to any new AIPAC policy initiatives that have been taken or that are contemplated. The chairpersons of the Standing Committees of the Board of Directors shall report to the Executive Committee at least annually.

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h. **VICE PRESIDENTS.** Each Chairperson of a standing committee of the Board of Directors as defined in Section 5.d. shall be a Vice President.

i. **SECRETARY/TREASURER.** The Secretary/Treasurer shall have general supervision of the financial affairs of AIPAC, shall review periodic audits and financial reports, and shall perform all such functions as are incident to the office of the Secretary/Treasurer, and such other functions as may be assigned by the President.

4. **EXECUTIVE COMMITTEE.** Duties, number, selection and term of office.

a. **DUTIES.**

1) The Executive Committee shall act as an advisory body to AIPAC, shall participate in the work of the regions, and shall perform such functions as the President may, from time to time, direct.

2) The Executive Committee shall elect certain members of the Board of Directors as described in Section 2.c.3.

3) The Executive Committee shall approve the AIPAC Annual Policy Statement.

4) The President and the Executive Director of AIPAC shall report to the Executive Committee at every Executive Committee meeting as to the state of AIPAC and to any new AIPAC policy initiatives that have been taken or that are contemplated. The chairpersons of the Standing Committees of the Board of Directors shall report to the Executive Committee at least annually.

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5) The Executive Committee may properly address those strategic issues relevant to the enhancement of the American Israel relationship. The Board of Directors shall give special consideration to those opinions enunciated.

6) After approval of amendments to these Bylaws by the Board of Directors in accordance with Section 10, said amendments must be submitted to the Executive Committee for approval by a majority of those present and voting, a quorum being present (Section 4.d.1), provided written notice of such meeting and the purpose of each such proposed amendment shall be been mailed to each member of the Executive Committee in accordance with Section 11.

b. NUMBER. The Executive Committee shall consist of the following.

1) The chief lay officer of each organization that is a member of the Conference of Presidents of Major American Jewish Organizations shall be invited to serve as a member of the Executive Committee. The chief lay officer of each such organization shall be permitted to designate (by giving written notice to AIPAC) a specifically named leader of the organization to attend an Executive Committee meeting in his or her absence with full participatory rights.

2) All members of the Board of Directors shall be members of the Executive Committee.

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3) All State Chairpersons (as defined in Section 7) shall be members of the Executive Committee.

4) Up to four student members with full participatory rights may be appointed to the Executive Committee by the President.

5) Up to 300 additional Executive Committee members may be selected, half of whom shall be apportioned proportionately by regional memberships (regional nominees), and the other half of whom shall be elected by the Board of Directors (national nominees).

a) At least two Executive Committee members per region from the Young Leadership Group (as defined by each region) shall be included from each region's apportioned nominees.

b) All 300 additional members shall be first approved by the Nominating Committee.

c. **SELECTION AND TERM OF OFFICE.** All members of the Executive Committee referenced in Section 4.b.5) shall be nominated or approved by the Nominating Committee and shall be elected for a term of approximately one year (9-15 months).

1) The National Assembly shall elect by a majority vote the slate of Executive Committee members identified as regional nominees at the annual National Assembly meeting with the terms to commence on the first day of the first month following the Policy Conference and finish on the first day of the

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first month following the next Policy Conference held approximately one year (9-15 months) later (Section 4.b.5).

2) The Board of Directors shall elect by a majority of those directors present and voting, those Executive Committee members identified as national nominees (Section 4.b.5). Such election shall take place at a Board of Directors meeting held at the annual National Assembly meeting with the term of the Executive Committee members thus elected to commence coincident with the term of regional nominees on the first day of the first month following the Policy Conference and finish on the first day of the first month following the next Policy Conference held approximately one year (9-15 months) later.

3) No member of the Executive Committee may serve for longer than five consecutive terms. Any member who has served five consecutive terms may be re-elected after one year's absence from the Executive Committee. In computing the five consecutive terms discussed in this provision, there shall not be included any term served on the Executive Committee by reason of the individual being either the chief lay officer of an organization that is a member of the Conference of Presidents of Major American Jewish Organizations or a Director of AIPAC.

4) Executive Committee members who are selected on a regional basis (regional nominees) shall be nominated by that region's nominating committee. Regional nominees are subject to the approval of the national

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Nominating Committee at least 30 days in advance of the National Assembly meeting.

d. **MEETINGS.**

1) **Regular Meetings.** The Executive Committee shall meet at least three times a year. At each such meeting, the presence of at least 10% of the members shall constitute a quorum. At any meeting at which a quorum is present, the vote of a majority of those present and entitled to vote shall be adequate to decide any matter.

2) **Special Meetings.** Special meetings of the Executive Committee may be called at any time only by the Chairperson of the Board or the President.

COMMITTEES.

a. The President shall appoint all committee Chairpersons subject to the approval of the Board of Directors, and shall establish such ad hoc committees as may be necessary to carry out specific functions at AIPAC.

b. **STEERING COMMITTEE.** There shall be a standing committee called the Steering Committee, chaired by the President, which shall consist of the officers of AIPAC, the Chairperson of the Executive Committee, and the AIPAC Executive Director. At the call of the Chairperson of the Board or the President, the Steering Committee shall, in the event of exigent circumstances, meet in special session to take appropriate action until the Board of Directors can be convened for a duly authorized meeting.

The bylaws claim that “AIPAC is not a Political Action Committee, it does not solicit funds for or contribute funds to political candidates or political parties.” This claim is false. AIPAC director Elizabeth Schrayner was revealed both establishing and directing PAC funding in the 1980’s. A civil lawsuit that has been in court for two decades, rose to the Supreme Court, is now approaching a final ruling. Plaintiffs have a strong case that

the FEC should long ago begun regulating AIPAC as a political action committee since besides acting as a foreign agent for Israel, its only other core purpose is influencing the election of candidates that will enact policies on Israel's behalf, as well as communicating those policies and coordinating PR with the US press.

James E. Akins et.al v Federal Election Commission – Draft Order 7/16/2009⁴⁴⁹

Case 1:03-cv-02431-RJL Document 26-2 Filed 07/16/2009 Page 1 of 3

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

JAMES E. AKINS, <i>et al.</i> ,)	
)	
Plaintiffs,)	
)	
v.)	Civ. A. No. 92-1864 (RJL)
)	Civ. A. No. 00-1478 (RJL)
FEDERAL ELECTION COMMISSION,)	Civ. A. No. 03-2431 (RJL)
)	
Defendant.)	
)	

ORDER

On consideration of plaintiffs' motion for summary judgment, it is this ____ day
of _____, 20__.

ORDERED that plaintiffs' motion is granted. It also is

ADJUDGED and ORDERED as follows.

1. Defendant Federal Election Commission's dismissals of plaintiffs' administrative complaints in MUR 2804 and MUR 5272 are unlawful and are set aside; the dismissals are "arbitrary, capricious, an abuse of discretion, . . . otherwise not in accordance with law," and "without observance of procedure required by law." 5 U.S.C. § 706(2).

2. The case is remanded to the Commission.

3. The Commission is ordered, on remand,

(a) to explain its interpretation of "organized primarily" as that phrase is used in 2 U.S.C. § 431(9)(B)(iii);

(b) to investigate and find whether lobbying by the American Israel Public Affairs Committee (AIPAC) is based “primarily” on AIPAC’s influencing of federal elections;

(c) if the Commission finds that AIPAC’s lobbying is based primarily on influencing elections, to find that AIPAC is “organized primarily for the purpose of influencing” them, within the meaning of § 431(9)(B)(iii);

(d) if the Commission finds that AIPAC is not organized primarily for the purpose of influencing elections, to decide whether AIPAC’s membership communication is disentitled to the § 431(9)(B)(iii) exemption because it solicits campaign contributions and is coordinated with candidates and therefore is not “by” AIPAC, within the meaning of the statute;

(e) if the Commission finds that AIPAC is organized primarily for the purpose of influencing federal elections or that its membership communication is disentitled to the § 431(9)(B)(iii) exemption, to investigate and find whether AIPAC is a “political committee,” within the meaning of § 431(4), due to its election communication to its members;

(f) if the Commission finds that AIPAC is not a political committee due to its election communication to its members, to investigate and find whether AIPAC is a political committee due to other expenditures;

(g) if the Commission finds that AIPAC is a political committee, to require AIPAC to comply with the applicable disclosure requirements;

(h) if the Commission finds that AIPAC is not a political committee and not organized primarily for the purpose of influencing federal elections, to

investigate and find whether AIPAC's membership communication includes "communication expressly advocating the election or defeat of . . . clearly identified candidate[s]," within the meaning of § 431(9)(B)(iii), irrespective of whether communication that expressly advocates election or defeat is separate from communication that identifies candidates and their political views; and

(i) if the Commission finds that AIPAC is not a political committee and not organized primarily for the purpose of influencing federal elections, but that AIPAC's membership communication includes communication expressly advocating the election or defeat of a clearly identified candidate, to investigate and find whether the cost of the communication requires AIPAC to report it under § 431(9)(B)(iii), and, if so, to require AIPAC to comply with the applicable reporting requirements.

Richard J. Leon
United States District Judge

Copies to:

Greg J. Mueller
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Daniel M. Schember
Gaffney & Schember, P.C.
1666 Connecticut Avenue, N.W., Ste. 225
Washington, D.C. 20009

In summary, AIPAC's bylaws define the organization by why it isn't, rather than what it is, because AIPAC's expressed purposes, like the Jewish Agency – American Section and World Zionist Organization – American Section **are absurdly out of sync with its long history, funding, interaction with the Israeli government and current activities.** In truth, AIPAC continues to be what it has always been, a foreign agent of the government of Israel.

AIPAC and Bernard Madoff Ponzi Scheme – Similar Enforcement Challenges

One of the recent lessons from the Bernard Madoff Ponzi scheme scandal was the dilemma law enforcement faced when it acts against powerful and connected individuals and institutions. Madoff long claimed to be a securities market entrepreneur and he surely was. But Madoff's claimed activities as an investment company advisor overseeing feeder funds into split strike conversion strategies raised **red flags from a wide range of industry professionals.** One expert, Harry Markopolis, alerted government regulators very early on that Madoff was not what he appeared to be and provided compelling verifiable evidence supporting his claims.

But Madoff was an intimidating target for investigators. Like AIPAC, his company was connected to many powerful Jewish philanthropies and investors who could have potentially been rallied to his defense. This likely acted as a deterrent toward the very simple actions the SEC could have taken to determine whether or not Madoff was a fraud: checking his clearing house accounts or claimed vs actual trades executed on regulated financial exchanges. Whistle blower Harry Markopolis was right about Madoff in his numerous written complaints to regulators, **but nobody who mattered listened.** In hindsight, the SEC could have replicated the Markopolis complaint findings if it had bothered, and discovered for itself that actual volumes of trading occurring over financial markets would never have supported Madoff's claimed investments. **But it didn't.**

Ironically, since the SEC and other regulators delayed action, it harmed some of the very organizations and individuals bilked by Madoff who likely intimidated the SEC and other regulators.

AIPAC is a much more intimidating organization for law enforcement officials and regulators than Madoff. AIPAC learned a lesson after the American Zionist Council was ordered to register and then reemerged in the 1960's. Back then AIPAC in its AZC shell claimed to be an umbrella organization for the Zionist Organization of America, Hadassah, and a handful of other large organizations. **But their presence in the umbrella group did not deter Senate investigations or a DOJ order to register.**

FINDING: AIPAC has sought to become even more untouchable by law enforcement and regulators by incorporating onto its executive board 53 powerful organizations that can be called upon to channel political pressure and protest whenever AIPAC is under the threat of warranted regulation. This makes AIPAC even more intimidating to investigate

than criminal enterprises such as Bernard Madoff's Ponzi scheme, though even an abundance of evidence of AIPAC wrongdoing is now available through insider accounts, lawsuits and growing numbers of declassified documents.

AIPAC's Executive Committee – Conference of Presidents of Major Jewish Organizations⁴⁵⁰

Ameinu
 American Friends of Likud
 American Gathering/Federation of Jewish Holocaust Survivors
 America-Israel Friendship League
 American Jewish Committee
 American Jewish Congress
 American Jewish Joint Distribution Committee
 American Sephardi Federation
 American Zionist Movement
 Americans for Peace Now
 Americans for Israel and Torah
 Anti-Defamation League
 Association of Reform Zionists of America
 B'nai B'rith International
 Bnai Zion*
 Central Conference of American Rabbis
 Committee for Accuracy in Middle East Reporting in America
 Development Corporation for Israel / State of Israel Bonds
 Emunah of America
 Friends of Israel Defense Forces
 Hadassah, Women's Zionist Organization of America*
 Hebrew Immigrant Aid Society
 Hillel: The Foundation for Jewish Campus Life
 Jewish Community Centers Association
 Jewish Council for Public Affairs
 Jewish Institute for National Security Affairs
 Jewish Labor Committee
 Jewish National Fund
 Jewish Reconstructionist Federation
 Jewish War Veterans of the USA
 Jewish Women International
 MERCAZ USA, Zionist Organization of the Conservative Movement
 NA'AMAT USA
 NCSJ: Advocates on Behalf of Jews in Russia, Ukraine, the Baltic States & Eurasia
 National Council of Jewish Women
 National Council of Young Israel
 Organization for Rehabilitation through Training-America
 Rabbinical Assembly
 Rabbinical Council of America
 Religious Zionists of America*
 Union for Reform Judaism
 Union of Orthodox Jewish Congregations of America
 United Jewish Communities
 United Synagogue of Conservative Judaism
 Women's International Zionist Organization
 Women's League for Conservative Judaism
 Women of Reform Judaism
 Workmen's Circle
 World Organization for Rehabilitation through Training
 World Zionist Executive, [WSUS](#)
 Zionist Organization of America*

*Formerly a constituent organization of the American Zionist Council

Like unwitting investors in Madoff's Ponzi scheme, few of the constituents supporting AIPAC likely know its cover story is a fraud. It is also doubtful most would support the election fraud, espionage, theft of government property that has been perpetrated by AIPAC with their financial support. Some backers might support the idea of AIPAC as the Israeli government's official foreign agent in the United States, but carrying out such duties without registering is still illegal. AIPAC's quest for power via is clandestine

activity or functions as a foreign agent does not trump the rights of Americans now, or back when AIPAC was spun out of AZC as a reaction to FARA disclosure requirements.

Like the Markopolis investigation of Bernard Madoff, all that is required is an examination of public and private facts. Unfortunately, too many of the facts about AIPAC's activities have been buried by its own culture of secrecy and the long term classification of US government files about AIPAC and its related party activities.

Because of AIPAC's power, potential establishment news sources and leakers are reluctant to discuss AIPAC on the record. Employees who leave AIPAC usually sign pledges of silence. AIPAC officials rarely give interviews, and the organization has historically refused to even divulge the names of its board of directors.⁴⁵¹ From time to time, the mainstream corporate media cautiously refers to this curious institutional culture of secrecy:

"There is no question that we exert a policy impact, but working behind the scenes and taking care not to leave fingerprints, that impact is not always traceable to us (AIPAC)" — *The National Journal*⁴⁵²

"Calculatedly Quiet" — *Fortune Magazine*⁴⁵³.

"Donor secrecy " — *LA Times*⁴⁵⁴

Government secrecy about AIPAC takes the form of over classification. Some government documents, such as the FARA registration file of the American Zionist Council, **never should have been classified in the first place.** Others such as AIPAC's efforts alongside the Israeli Ministry of Economics to leverage stolen trade secrets compiled by the FBI have been classified far too long.

FINDING: US law enforcement and intelligence agencies tend to over classify information that would lead to broader public demands that AIPAC finally register as a foreign agent. Currently classified files on the 1999-2005 FBI investigation into AIPAC will likely only add to the large body of existing evidence that AIPAC is a foreign agent. The FARA section should also review classified information available to it.

Comparing the intimidation factor of investigating the Madoff fraud with regulating AIPAC is more than a hypothetical exercise. Hadassah, the 300,000 member women's Zionist movement, invested \$40 million with Madoff between 1988 and 1997, while Sheryl Weinstein was chief financial officer. Although Hadassah claimed in 2008 to have sustained \$90 million in losses from the Madoff Ponzi scheme collapse, in reality it withdrew more than \$130 in fictitious profits at a net gain of \$90 million before the Madoff Ponzi scheme imploded. Weinstein and Madoff (who is married) were later revealed having an affair.⁴⁵⁵ Early SEC investigators might have understandably thought they would have to face the full political might of Hadassah—which made it much more politically easy to ignore credible allegations of wrongdoing. The DOJ also had to consider the same factor in the 1960's when it tried to register the AZC as a foreign agent, when Hadassah was a constituent of the AZC umbrella. It is now still a member of

AIPAC's executive committee. The American Jewish Congress, another AIPAC executive committee member also invested with Madoff.

FINDING: It was politically easier for regulators and law enforcement officials to ignore red flags in the Madoff Ponzi scheme because his investment company was closely connected to major Jewish and Zionist organizations. The interconnected nature of the organizations serving on AIPAC's executive committee makes willful ignorance, shallow investigations and lax enforcement actions against AIPAC the most politically convenient option.

Nathan Lenvin, former chief of the FARA section, was among the last publicly known DOJ official to attempt to faithfully execute his oath of office by enforcing FARA over AIPAC/AZC.

Nathan B. Lenvin – Oath of Office – 12/7/1962⁴⁵⁶

Form No DJ-16
(Rev. 12-12-56)

OATH OF OFFICE (Without Compensation)

I, Nathan B. Lenvin, do solemnly

swear that I will support and defend the Constitution of the United States against all enemies, foreign and domestic; that I will bear true faith and allegiance to the same; that I take this obligation freely, without any mental reservation or purpose of evasion; and that I will well and faith-

fully discharge the duties of the office of Special Attorney, under letter of appointment dated December 7, 1962 authorizing me to assist in the presentation to the grand jury and trial in the District of Columbia of the case or cases in which the Department is informed that various persons, companies, corporations, organizations and firms to the Department unknown in the District of Columbia and in other judicial districts of the United States have violated Sections 371, 951 and 1001 of Title 18, United States Code, and Section 611 et seq. of Title 22, United States Code and other criminal laws of the United States.

on which I am about to enter: So help me God.

(Sign here) Nathan B. Lenvin

Date of Birth 1/7/10

Date of entry upon duty 12/7/62

Subscribed and sworn to before

me this 7th day

of December A. D., 1962, at Wash. D.C.
(City and State)

HARRY M. HULL, Clerk

By: [Signature] Deputy Clerk
(Signature of Officer)

(Seal)

(Title)

NOTE - If the certificate is executed by a Notary Public, the date of expiration of his commission should be shown.

The Importance of Proper FARA enforcement to the American People

Lenvin operated in an economic warfare unit during WWII and likely knew the tactics foreign governments secretly deploy to win economic advantages against other nations. Lenvin changed his family name from Levin to avoid employment discrimination driven by anti-Semitism. He pursued the AIPAC from the point Kenen left the Israel Office of Information in the early 1950's through the dismally executed secret registration of the AZC in the 1960s. He received accolades from civil groups and Attorney General Robert F. Kennedy for his conscientious dedication.

Letter to FARA Chief Nathan Lenvin from Robert F. Kennedy – 09/02/1964

September 2, 1964

Dear Nate:

On my last day as Attorney General, I want to thank you for your excellent service to this Department during my tenure.

When we look back four years and see how much was needed to be done, and now how much has been accomplished, you can take great satisfaction in having made an important contribution to the country in a time of maximum need. President Kennedy would have wished to thank you for that--and for your loyalty.

I am proud to have served with you--and I am grateful for your friendship.

With kind regards,

Sincerely,


Robert F. Kennedy

Mr. Nathan B. Lenvin
Department of Justice
Washington, D. C.

Lenvin taught law at Howard University to supplement his income and received hardship salary adjustments to sustain his growing family. 457 He died after overworking himself during a DOJ recruiting drive to Chicago in 1968, traveling in spite of escalating heart problems and against the advice of his physician. While Lenvin and other DOJ officials who attempted to regulate AIPAC are now mostly gone, their oaths remain. It is still both the law and duty of the FARA section to properly register and regulate the American Israel Public Affairs Committee as an agent of the Israeli government.

The overarching policy issue with Israel in the waning days of the Kennedy administration was the nuclear non proliferation regime and inspections of Israel's nuclear weapons development facility at Dimona.

Today, the Israeli government is pulling out all the stops to mobilize its foreign agents in the United States to preserve Israel's regional nuclear hegemony via pressuring Iran. Whether or not this policy is warranted, FARA gives all Americans the right to know who is lobbying this and many other issues as foreign agents for Israel. Iran was the central issue behind AIPAC's acquisition of intelligence on Iran from the Department of Defense Col Lawrence Franklin which it passed on to its foreign principal. According to Lawrence Franklin:

I asked Steven Rosen, foreign-policy director of the American Israel Public Affairs Committee, to approach the National Security Council's Elliott Abrams with my concerns. This action ultimately led to my indictment, in 2005, for espionage after Rosen relayed my comments to an Israeli diplomat. But my intention was never to leak secrets to a foreign government. I wanted to halt the rush to war in Iraq -- at least long enough to adopt a realistic policy toward an Iran bent on doing us ill.⁴⁵⁸

FINDING: Properly registering AIPAC as a foreign agent is unfinished business left over from the 1960s. AIPAC is simply the AZC repackaged with expanded powers and a more intimidating umbrella, but the harmful and covert actions on behalf of its foreign principal—particularly espionage, lobbying, theft, election manipulations and propaganda—continue.

7.0 Petition

1. The American Israel Public Affairs Committee (AIPAC) should be ordered to register as the foreign agent of the Israeli government and begin making full disclosures of its activities.
2. The World Zionist Organization – America Section should be ordered to declare its true foreign principals—the Jewish Agency/Israeli Government—and actual core activity in the Middle East: illegal settlement expansion.
3. The Conference of Presidents of Major Jewish Organizations should also register as a foreign agent of the Israeli government if it is receiving Jewish Agency/Israeli Government funding and acting on behalf of the Israeli Government to organize and coordinate member organizations to serve as an umbrella for AIPAC lobbying initiatives in the US on behalf of foreign principals.
4. The FARA section should closely monitor AIPAC, Conference of Presidents of Major Jewish Organizations and WZO foreign agent filings given the long history of false filings, misrepresentations, and illegal activities on American soil and abroad.
5. The FARA section should give priority to AIPAC's registration since the same factors driving FARA misrepresentations and stealth foreign confrontations in America during the 1960s—Israeli nuclear hegemony—are recurring. Americans have a right under FARA to timely, accurate and full declarations by foreign agents acting on such important matters in the United States on behalf of their foreign principals—*but in the case of Israel, they have never received them.*

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