

THREATS TO ISRAEL: TERRORIST FUNDING AND TRADE BOYCOTTS

HEARING

BEFORE THE

SUBCOMMITTEE ON TERRORISM,
NONPROLIFERATION, AND TRADE

OF THE

COMMITTEE ON FOREIGN AFFAIRS

HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRTEENTH CONGRESS

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WEDNESDAY, MARCH 5, 2014

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON TERRORISM, NONPROLIFERATION, AND TRADE,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The committee met, pursuant to notice, at 10 o'clock a.m., in room 2172 Rayburn House Office Building, Hon. Ted Poe (chairman of the subcommittee) presiding.

Mr. POE. This subcommittee will come to order. Without objection, all members will have 5 days to submit statements, questions, extraneous materials for the record subject to the length limitation in the rules.

Israel is our great friend and ally. For over 50 years, the United States and Israeli leaders have been close friends. Our common values of democracy and liberty unite us, among other things.

This administration sometimes forgets this. Be it the Iranian nuclear program or pressuring Israel over peace talks with the Palestinians, our recent policies have damaged our relationship.

I was in Israel not too long ago when I met with Prime Minister Netanyahu when Secretary Kerry came down with the deal, the bad deal, as Prime Minister Netanyahu referred to. We let Iran walk all over us. At the end of the day, we weakened sanctions in exchange for allowing Iran to continue to develop nuclear weapons.

In my opinion, the United States gave away the farm and the mineral rights in this bad deal. The threats against our good friend Israel are growing. The point of this hearing is to examine three issues.

First, the issue of European countries boycotting Israeli businesses that are in the settlement areas. Make no mistake, this is a political move, not an economic move.

Some European countries don't like Israeli settlements so they are trying to shut them down by not buying any goods from Israel. European Union is Israel's number-one trading partner to the tune of about a third in total trade.

If EU countries turn the heat on boycotts it could have dire consequences for the Israeli economy. In January, a \$200-billion Dutch pension firm divested from five top Israeli banks.

In January, Germany announced that it would not renew research grants to Israeli companies that do business over the Green Line.

I fear this is an intentional move to pressure the Israelis to give ground, literally give ground, in peace talks with the Palestinians. But boycotting goods is the wrong way to get peace. All issues, including the settlement issue, need to be solved at the negotiating table with the Palestinians.

These boycotts will only strengthen the Palestinian hand and make them less likely to agree to peace. The peace talks, in my opinion, are useless unless the Palestinians agree at the outset and say publicly and believe it that Israel has a right to exist as a nation.

The second issue on this hearing is the Palestinian Authority giving bags of money to convicted terrorists in Israeli prisons. Right now, there are over 4,500 Palestinian prisoners in Israeli jails, most of them serving time for terrorism-related crimes.

Many of these terrorists receive a salary directly from the Palestinian Authority. Monthly salaries range from \$500 to \$3,500. The more serious the crime, the more dead Israelis or Americans, the more money the Palestinians in jail receive.

In Palestine, being a terrorist is one of the best paying jobs. According to some estimates, the Palestinian Authority spends \$4 million to \$7 million per month on this program, which is about 6 percent of the budget.

One terrorist, Husni Najjar, explained to Israeli police after his capture that he planned a terror attack in order to be captured so he could receive money from the Palestinian Authority. Now, isn't that lucky?

Here is the real problem. The United States gave \$440 million in Fiscal Year 2013 to the Palestinian Authority. We all know that money is fungible. The more money we give to help them with these "job" programs, the more money the Palestinian Authority has to pay terrorists.

U.S. taxpayer money should not be paying and rewarding Palestinian terrorists for doing harm and killing Israelis and Americans. I am also, finally, concerned about the lack of justice for American victims in terrorist attacks that occur in Israel.

At least 54 Americans have been killed by Palestinian terror attacks since 1993. Another 83 have been seriously wounded. Some perpetrators of these attacks have never been brought to justice. Some have served limited sentences and then they were released.

The FBI could be doing more to track down these killers and bring them to the United States to stand trial. I think the United States Government owes that to the victims of these deadly attacks.

Victims of these attacks are also seeking justice through the U.S. courts. The defendants are the Palestinian Authority and numerous foreign banks who are accused of funneling money to Palestinian terrorists.

In one case, which we will hear more about today, a Jordanian bank is accused of laundering \$90 million to Hamas through over 200,000 separate transactions. That is a lot of money and it buys a lot of terror.

I look forward to hearing from our witnesses and what they have to say today. I now move to our ranking member, Mr. Sherman, from California for his remarks.

Mr. SHERMAN. First, as to the Iranian deal, it is, clearly, imperfect.

But we should remember that from 1998 until 2010 three administrations failed to enforce the sanctions laws we did pass and, more importantly, used all their power to go over a decade without us passing any additional significant sanctions.

When we woke up in October of last year, we were in an incredibly weak bargaining position, strengthened only a bit by the sanctions adopted in 2010.

So it is hard to say that the deal reached in Geneva is the problem. The problem is that for over a decade we did nothing and it is hard to win a football game—you can yell at the coach as to what play he calls in the fourth quarter. If you don't put a team on the field the first three quarters, you are not going to find a great play for the fourth quarter.

Now, as to these hearings, the effort to boycott and delegitimize Israel is anti-Semitism, plain and simple. When the world's only Jewish state is held to standards no other state is held to and then is subjected to punishments no other state is subjected to, the motivation becomes clear.

If the worst human rights abuse in the world is building an apartment building in the wrong place, so any mistake—decisions made by my own city council may fit into that category—we in this room have heard such incredible human rights abuses that those who think that the only nation worthy of sanctions is one that builds apartment buildings in the wrong place is very—it is anti-Semitism, plain and simple.

In addition, there are those who focus on a particular instance and say that a particular Israeli sergeant shouldn't have fired his gun but should have waited longer for the potentially hostile person to approach even closer, even while yelling, "Stop."

Well, none of us are in that position. Who knows how much we would risk our lives in order to determine whether the person approaching and ignoring our demands to stop was a civilian or a terrorist.

But the fault of any incident and hundreds like that take place every year is not the sergeant who does or does not risk his life to this or that degree.

The fault are those politicians who seek unreasonable aims through violent means. War is not the fault of those who fight it. It is the fault of those who wage it.

As to the particular efforts by some to halt economic activity on the West Bank by boycotting products grown or made there, this is more than absurd.

You are going to strangle companies that provide jobs to Palestinians, then put on films about how the Palestinians don't have jobs and then demand that the U.S. taxpayer give a lot of money to the PA authority so they can employ people without jobs and then, as the chairman points out, have the PA authority give that money to terrorists.

I think the term is chutzpah. It is simply absurd for those who claim to be concerned about the Palestinians to oppose investment that creates Palestinian jobs and the only bad thing about the location of SodaStream is that they are not located in my district, the

only place I would rather see jobs or one of the places I would rather see jobs than anywhere in the Middle East.

Finally, as to aid to terrorists, our efforts should begin at home. There are those who provided—U.S. citizens who are part of the flotilla that provided aid to Hamas, those folks were violating U.S. terrorist law.

We did nothing. Then there is Viva Palestina, which is on tape—we will show you the YouTube—giving assets to Hamas and soliciting tax deductible contributions from American taxpayers.

Finally, after considerable prodding, the IRS has begun the effort and it is not yet effective to make sure that a particular organization doesn't advertise that you give money to them and they will funnel the money to Viva Palestina which will fund the money to Hamas and give you a tax deduction for it.

We have got to stop terrorist financing. It starts here. I yield back.

Mr. POE. I thank the ranking member for his wise comments.

The Chair will recognize other members who want to be heard for 1 minute. The Chair recognizes the other gentleman from California, Mr. Rohrabacher, for 1 minute.

Mr. ROHRABACHER. Thank you very much, Mr. Chairman.

I recently—well, it was recently I've been in Israel, it seems to be someplace that all Members of Congress have to go and I did speak to both sides.

I spoke to people in the Palestinian Authority as well as the Israeli Government and I have come to the conclusion that there is only one thing holding up peace right now—a peace agreement between Israel and the Palestinian people—and that is that the Palestinian people will not forcefully and forthrightly announce that they do not have a right to return to the pre-1967 borders of Israel.

And, of course, Israel won't agree to that because we are talking about millions of people's right to inundate that country, which would mean that country wouldn't exist anymore as the country that it is.

And just like we, for example, couldn't sign a treaty with Mexico saying that anybody who can trace their family roots back to the Southwest has a right to emigrate into the United States and then we would have 50 million to 75 million new American citizens, all of whom are Mexican.

Now, I would hope that with all the other issues that we are talking about that we put that in perspective. I think the other issues, the settlements, all these other things are solvable.

But until the Palestinians step forward and make that agreement, Israel will exist. It will exist and we don't have a right to inundate it with millions of other people, there won't be peace and there won't be agreements, and I would certainly like the opinion of our panelists today as to whether or not my perception of the real stumbling block is really what it is all about.

So thank you very much, Mr. Chairman, for holding the hearing so that we can enlighten ourselves and get some good information to see maybe we can bring peace if we understand exactly what the problem is. Thank you.

Mr. POE. I thank the gentleman.

The Chair will also recognize another member from California, Mr. Vargas.

Mr. VARGAS. Thank you very much, your Honor. I appreciate it, and I thank you very much again, Mr. Sherman, for bringing this issue forward so we can discuss it today.

I would associate myself with the comments that you made as well as our ranking member and I would say this, that Israel is our closest and faithful ally and we should act accordingly.

One of the things that is disturbing is to see some of these European nations acting, as I would say the same as the ranking member, in a very anti-Semitic way. You see all the human rights abuses around the world and it is interesting, you only pick on Israel.

Interestingly too I was in Israel recently and virtually every Israeli that you talk to wants peace and in fact some of the things that the government has been willing to do—release murderers and terrorists—just to talk—just to talk about peace, trying to get to a settlement.

And you go to the Palestinian areas as we did and they only speak hate and how much they hate the Jews and how much they, you know, blame everybody else except for themselves for the situation they are in.

So, again, I thank you very much for bringing this forward and I hope that we can act as a faithful ally as Israel has to us in a very difficult part of the world.

Thank you, Mr. Chair.

Mr. POE. I thank the gentleman.

The Chair will now recognize the gentleman from Pennsylvania, Mr. Perry.

Mr. PERRY. Thank you, Mr. Chairman.

It is an important hearing. You know, we tend to think of the fight against terrorism as a burden that falls mainly on the shoulders of government or military, diplomatic, homeland security and law enforcement agencies.

Yet, there is one area where private citizens can play a leading role and that is in stopping the flow of funds to terror organizations.

Beginning in the 1990s, Western countries and especially the United States passed laws making it possible for victims of terror to sue the regimes that sponsor terror, banks that transfer funds to terror groups, front organizations that pretend to serve charitable causes, and even the terrorists themselves.

It is with this in mind that I would like to show some appreciation for the work of the Perles Law Firm and also the Israel Law Center who work together with Western intelligence agencies and volunteer lawyers around the world to file legal actions on behalf of the victims of terror.

With that, I really look forward to your testimony here today. Thank you, Mr. Chairman. I yield back.

Mr. POE. The Chair will recognize the gentleman from Massachusetts, Mr. Kennedy, for 1 minute.

Mr. KENNEDY. Thank you, Mr. Chairman.

I want to thank the ranking member as well for calling this important hearing and the witnesses today for making themselves available.

I very much look forward to your testimony and what you could do to educate this subcommittee on the threats that an extremely important friend and ally to the United States and the state of Israel is facing.

And not just Israel but, really, the—from my vantage point, as a pillar of democracy and stability in the Middle East what their reach of those that wish to do those forces of democracy and stability harm.

I, along with Mr. Vargas, had a chance to visit Israel a couple of months ago and I was just recently in Asia with Mr. Sherman as well, as we explored some of the threats and the complexities confronting some of these forces literally around the world.

And so I want to thank the chairman for calling this hearing and look forward to your testimony today.

Mr. POE. I thank the gentleman.

The Chair will now recognize Mr. Lowenthal, also from California, for 1 minute.

Mr. LOWENTHAL. Thank you, Mr. Chair and Ranking Member Sherman. I want to thank you for putting this hearing together in order for our committee to examine some of the strategic issues of interest to the United States and to the U.S.-Israel partnership and Israel's relation with the European Union and some of the critical issues around that.

I just want to say, while I proudly consider myself pro-Israel, which I am, and certainly anti-terrorist and I am very glad for this hearing, I also believe as we listen and we understand that we take an unbiased and objective point of view that if we are ever going to have peace between the Israelis and the Palestinians that we also hear and try to understand as much as possible the Palestinian point of view.

We may not always agree with it but we have to hear it and understand it and I think that is very important as we move forward. Thank you.

Mr. POE. I thank the gentleman.

Without objection, all of the witnesses' prepared statements will be made a part of the record. I ask that after I introduce each witness that they keep their presentation to no more than 5 minutes and I will introduce each witness now and then give them time for their statements.

Mr. Edwin Black is an award-winning New York Times best-selling author with more than 1 million copies in print. His work focuses on genocide and hate, corporate criminality, corruption and historical investigation.

Mr. Black has been interviewed on hundreds of network broadcasts from the "Today Show," CNN and NBC as well as leading networks in Europe and in Latin America.

Dr. David Pollock is the Kaufman fellow at the Washington Institute where he focuses on the political dynamics of the Middle East.

He previously served as senior advisor for the Broader Middle East at the State Department and in several other advisory posi-

tions there, including 4 years as regional expert on the Secretary of State's policy planning staff.

Previously, he was also chief of Near East, South Asia, Africa Research at the U.S. Information Agency.

Mr. Steven Perles is the senior attorney and founder of the Perles Law Firm. He has litigated matters before the Supreme Court, courts of appeal, and district courts throughout the country.

His litigation practice's focus is primarily on cases involving the immunity of foreign sovereigns and has included several groundbreaking cases against foreign states for their complicity in acts of international terrorism.

Notable recent decisions include a successful turnover action against a \$1.9 billion Iranian Central Bank funds in which money had been laundered into the United States.

I thank all three of you for being here. We will start with Mr. Black.

STATEMENT OF MR. EDWIN BLACK, AUTHOR

Mr. BLACK. I thank this committee for inviting me. I am Edwin Black and before I testify before any Parliament I always say I come not as a Republican or a Democrat, a conservative or a liberal. I am here for my information.

I did hear the remarks of Chairman Poe and Member Sherman and I found them to be factually accurate and historically incisive.

So I am here to talk about the Palestinian terrorists' salaries, which I broke in my book on November 1st of last year in canon. My book is "Financing the Flames" and it is an inescapable reality that American taxpayers are directly funding individual named terrorists for individual named terrorist acts, just as Chairman Poe said. Here is how it works.

An individual in the Palestinian Authority can go from being a nobody to a somebody, from rags to riches, just by committing an act of terrorism, perhaps blowing up a bus or invading a home and slicing the throats of children.

At that point, he will go on an immediate official Palestinian Authority salary. The more people you kill, the higher is your salary. It can range, as you said, from a few hundred dollars a month for maybe a 5-year sentence and it actually can go up to \$10,000 a month for a 25-year sentence.

The actual law itself which governs this is published in my book on Page 184 and this is the actual law and you can see the sliding scale. This money also includes a rank in the government. You become a manager, a director, a supervisor.

You can even become an Assistant Deputy Minister and so you have a civil rank as well. This money constitutes about \$5 million to \$7 million a month of PA resources.

It is prioritized, which means if they only have a million bucks in the bank and there is no food or they are lacking medicines and they need to pay these salaries, they pay the salaries first.

The money goes directly to the prisoner by means of a POA—that is a power of attorney—and he can then turn it over to his girlfriend, to his mother, to his family, to his soccer club, to al Fatah, whatever it is. It does amount to approximately 6 percent of the PA budget.

If there is any lack of alacrity in prioritizing these funds, there is an NGO called the Prisoners Club that makes public agitation to make sure that these moneys are paid. If you add in the additional emoluments—wedding benefits, scholarships, soccer teams, special celebrations—it comes to 16 percent of the Palestinian Authority budget.

All of this money comes from donor countries such as the United States, and in the United States it is strictly against the law. The individual that Chairman Poe identified, Husni Najjar, who deliberately committed—initiated a terrorist plot was seeking money for wedding expenses.

So while Americans are choosing between food and fuel, Palestinians have an understanding that there is a bottomless pit of salaries for terrorists.

Now, there is never going to be peace in the Middle East between the parties because the chief export is confrontation, terrorism. This is a—this is a business. It is kind of like asking the Saudis to stop drilling for oil. This is what they do.

And the idea that this is not known is incorrect. It is true that I broke this in my book here but everybody in this room knows about this. Everybody in the Palestinian Authority knows about this. The entire Western media knows about this.

The State Department has always known about this. The Foreign Office, the foreign ministries overseas have always known about this. The only one who has not been informed about this are the members in this institution and the constituents who vote the money.

Now, I have only got 6 seconds left so I won't go on. But if you also wish to ask me any questions about this, the international law, SodaStream or any of the—or who is financing among our taxpayers BDS, I will be happy to answer those questions too.

And thank you very much for having me.

[The prepared statement of Mr. Black follows:]

مدتها ستة شهور .

ز- تقدم للأسرى المحررين حديثاً للمساهمة في بناء مستقبلهم المساعدات المالية الفورية لهم حسب الجدول التالي :

أقل من عام بصرف له	(\$500)
أكثر من عام وحتى ثلاث سنوات بصرف له	(\$1000)
أكثر من 3 سنوات وحتى 5 سنوات ويصرف له	(\$2000)
أكثر من 5 سنوات وحتى 8 سنوات بصرف له	(\$3000)
أكثر من 8 سنوات وحتى 11 عام بصرف له	(\$4000)
أكثر من 11 عام وحتى 15 عام بصرف له	(\$5000)
أكثر من 15 عام وحتى 18 عام بصرف له	(\$6000)
أكثر من 18 عام وحتى 21 عام بصرف له	(\$7000)
أكثر من 21 عام وحتى 25 عام بصرف له	(\$8000)
أكثر من 25 عام بصرف له	(\$10000)

ح- الأسرى المحررين الذين لم يتقاضوا راتب شهري عن فترة اعتقالهم يمكنهم الحصول على مستحقاتهم عن هذه الفترة كمتأخرات عبر وزارة شؤون الأسرى والمحررين .

مادة (7)

يعتبر الراتب المقطوع حق شخصي للأسير المحرر أثناء حياته لا يجوز بأي حال من الأحوال تحويله إلى منفع آخر .

مادة (8)

- 1- يوقف صرف الراتب المقطوع عن الأسير المحرر في الحالات التالية:-
 - أ- إذا مارس أو اتضح انه يمارس مهنة أخرى تدر عليه أجراً دورياً.
 - ب- إذا أعيد اعتقاله من قبل جيش الاحتلال الإسرائيلي ، يحول في هذه الحالة إلى متضرر ويعتمد الراتب المصروف من وزارة شؤون الأسرى والمحررين .
 - ج- إذا مارس وظيفته في حالة وجود شاغر في أحد المؤسسات أو الأجهزة أو الوزارات الحكومية وينتقل بذلك إلى ملاك الجهة المعنية ويحصل على راتب كامل .
 - د- إذا توفي ينتفع ورثته من الراتب وفقاً للتالي :-

الأسير المتزوج :

1- الزوجة والأبناء القصر ينتفعوا بما قيمته 75% من الراتب .

2- أقر الأبناء القصر أو البنات الغير متزوجات ينتفعوا بما قيمته 50% من الراتب .

الأسير الأعزب :

1- الوالد والوالدة (شرط أن يكون المتوفي هو المعيل لهما أثناء حياته) + الأشقاء القصر

ينتفعوا بما نسبته 75% من الراتب .

2- أقر شقيق قاصر أو البنت غير المتزوجة ولا تعمل ينتفعوا بما نسبته 50% من

الراتب .

هـ- إذا طلب منه الالتحاق بأحد الجهات الرسمية التي بها شواغر ، ورفض الامتنال لهذا

CHAPTER 11

Direct Taxpayer Support for Terrorism

He was just a clown. Big heart. Loved kids. Evyatar Borovsky, age thirty-one, was devoted to helping people across Israel—people of any background. His way was psychodrama and other role-playing techniques calculated to coax victims, especially children, out of their traumatic fog. Often the children were survivors of terrorism. Evyatar was part of a so-called therapeutic theatrical troupe. Now, he was advancing in his skill, studying to become a certified medical clown. When dressed in his bright, rainbow-mottled costume, Evyatar could open the padlocked soul of a child struggling to rediscover his or her path back. Evyatar was just a big guy with a big heart—a very big heart.

* * * * *

Terrorism plagues Israel as it does the world. But, whereas the United States struggles to keep the threat from crossing our borders, in Israel, the challenge is to keep the peril beyond the next hillside. In Israel, terror often lurks just across the street. To reduce the risk, the Jewish State has learned to build social and economic bridges that dilute discontent and promote peaceful coexistence. When bridges fail, Israel builds fences. When those fail, taller fences

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are built. If ordinary fences don't work, barbed wire is added. Not enough? Add more barbed wire. If such measures prove insufficient in certain locations, construct walls. Sometimes the walls must be built ever taller to block snipers in elevated perches. Not tall enough? Make them taller still. Terror persisting? Add watch towers. Dig trenches. Install electric monitors and cameras. In Israel, high-tech and inanimate methods are always preferred to militarized options.

Concrete has been known to the Middle East for more than a thousand years. But in this century, a rash of suicide bombings began to leach into the quality of daily life. Kindergartens, children's buses, teenage nightclubs, popular pizzerias, and other civilian soft spots became the targets for Palestinian mass murderers in the West Bank, in West Jerusalem, or even the west side of a beachfront avenue in Tel Aviv. Mass murdering in rebellion-torn neighboring Arab realms—north, east, and south—multiplied to astronomical levels. The permeable nature of Israel's border membrane was reconsidered and remodeled. The perimeter was made taller, sturdier, and smarter.¹

No society wants to construct a national fence. India erected one hundreds of miles long, separating the mainly Hindu nation from mainly Muslim Pakistan—it is so brightly floodlit, it can now be seen by NASA from outer space as an illuminated gash in the subcontinent. Turkey assembled an unbreachable barbed wire and concrete "Green Line" across the island of Cyprus to hermetically seal tens of thousands of Greek Orthodox Cypriots away from Muslim Turkish Cypriots—this following Turkey's 1974 invasion of the island; the wall only came down in 2009. Great Britain established a forty-foot-high "Peace Wall," cleaving the Catholic and Protestant communities in Northern Ireland to divide the feuding parties. The United States is building a multibillion-dollar, 13-foot-high, metal protective wall, the "Secure Fence," along the Mexican border; it even tries to briefly bifurcate the ocean at Tijuana. Saudi Arabia is fast-tracking its horizon-wrapping Yemeni-Saudi Barrier, a barricade of barbed wire and concrete-reinforced pipe designed to span the length of the Kingdom's 1,100-mile border. The world is filled

with many other tall, obstructive barriers designed to keep warring or dangerous parties on the other side.²

Because of bridges, barriers, and social betterment, many potential outbreaks of violence have remained within the fragile Palestinian cryptodome. But the Palestinian Authority still lives and breathes its legacy as a former Turkish domain bypassed by the Industrial Revolution and neglected for centuries into the economic margins. During the Mandate in Palestine, Arabs were killed by their Arab neighbors for just intersecting with the Jewish economy; and modernity itself—even electricity—was considered a western infection. Today, Palestinian society fights endemic joblessness next door to one the world's fastest growing and most enterprising economies, one that Warren Buffett defined as “the leading, largest, and most promising investment hub outside the United States.”³

Moreover, “the Arab Street” is still the main thoroughfare of every city from Tunis to Amman and from Damascus to Beirut. Eventually, that incendiary road courses through Gaza City with an off-ramp into the heart of Ramallah. True, in an Arab society struggling to get ahead, tens of thousands of Palestinians are gainfully employed in Israeli factories, hotels, and other emerging opportunities. But this prosperity is often only accomplished stealthily and not pridefully. This same dynamic means that the booming Palestinian cash crop is “protest and agitation”—and worse.

Indeed, terrorism itself is a salient Palestinian industry, boasting high salaries and good benefits. For some—the perpetrators—it's a living. For others—the victims—it's a dying. Salaries and benefits escalate the more heinous the act of violence. Most surprising, this lethal economic mainstay is subsidized by American taxpayers and taxpayers of other countries, collectively known as “the donor countries.”

How does this work? Since the Palestinian Authority was created in 1993, it has treated terrorists imprisoned in Israel as “employees,” regardless of how revolting their crimes. Since the PA has no regular army to speak of, terrorists are its main militants—and are cherished by Palestinian society. The entire question of prisoners—far from being a source of collective revulsion—is among

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the hottest buttons and most emotional topics in the Palestinian ecosystem.

Depending upon the timeframe, Israeli prisons and jails hold four thousand to five thousand security detainees, prisoners awaiting the judicial process, and convicted terrorists. Some are just caught up in dragnets, some are suspected of complicity in terrorist plots, and about one thousand carry confirmed blood on their hands. Many of the latter group have gleefully boasted of their horrific acts of murder against innocent civilians and are celebrated within Palestinian society for their violence against Israelis. Because there are so many security prisoners from so many villages, the subject reaches into average Arab households. “Prisoners Day” is April 17 and regarded as a national Palestinian observance.⁴

The prisoners glorified by Palestinian society are not common criminals convicted of transgressions as prosaic as theft, as horrific as honor killings against female family members, or as corrupt as trafficking in drugs or stolen goods. Rather, it is those who have perpetrated crimes of terror against Israeli civilians or infrastructure. Because, in the PA’s mindset, terrorists are undertaking a national duty, they are considered “employees” worthy of a salary. As such, those terrorists receive monthly payments from the Palestinian national treasury, that is, from public governmental funds that are officially and openly allocated by the Palestinian Authority. The monthly payments constitute the highest levels of personal compensation and family benefits anywhere in the Palestinian Territory, often dwarfing payments to civil servants. The salary expenditures amount to millions of dollars each month in direct payments to the terrorists.

Two national bodies exist to process those salaries and other benefits. The Palestinian Ministry of Prisoners Affairs, established in 1998, is an official bureaucracy of the Palestinian Authority, commanding as much priority as the Ministries of Health or Education—but with far more gravitas. The Palestinian Ministry of Prisoners Affairs works in tandem with the semi-official Prisoners Club, established in 1994. The Ministry dispenses the salaries. The Club functions as a vituperative advocate for the prisoners, and it is quite

willing to publically needle Palestinian leadership, generally, and the Ministry of Prisoners Affairs, specifically, into providing ever greater payments and benefits. The Ministry channels certain payments and benefits through the Prisoners Club.⁵

Terrorists' salaries have always totaled millions of dollars per month. As far back as 1995, total monthly payments to all security prisoners exceeded \$3 million per month. Beginning in 2002, the monthly amount swelled to \$9.6 million monthly—a 246 percent increase over the prior administration's payouts, according to records of the PA Ministry of Finance. The rate of increase in prison salaries grew at a far faster rate than the number of prisoners, stated the PA Minister of Finance with an element of satisfaction.⁶

Throughout the twenty-first century, the salaries continued to consume millions of Palestinian budgetary dollars per month. In addition to salaries, between 2002 and 2004, the PA paid more than \$6 million to the Prisoners Club to cover legal fees, Israeli fines, and post-prison pensions. The Prisoners Club distributes its cash subventions to Palestinians in Israeli prisons and jails via "canteen accounts" and other modalities. In addition, the PA defrays the Prisoners Club's operating budget of more than \$40,000 per month.⁷

Like any salary, payments to prisoners follow a sliding scale based on "quality." In this world, the more heinous the act of terrorism, the greater is the salary. In setting the salary level, the system allows the Israelis themselves to judge just how bloodcurdling the crime is. The more violent the terrorist act, the longer the Israeli prison sentence, and in turn, the higher the monthly compensation.⁸

Under the official schedule of payments, detention for up to three years fetches a salary of about 1,400 shekels, or almost \$400 per month. Prisoners who have been incarcerated between three and five years will be paid 2,000 shekels, or about \$560 monthly—a compensation level already higher than that for many ordinary West Bank jobs. Those who have committed more serious acts and are incarcerated for between five and ten years will be paid 4,000 shekels or more than \$1,100 monthly. Sentences of ten to fifteen years fetch salaries of 6,000 shekels, about \$1,690 a month. Even greater

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acts of terrorism earning sentences between fifteen and twenty years earn 7,000 shekels or almost \$2,000.⁹

Among the worst cases, where the terrorist receives a prison term of between twenty and twenty-five years, the resulting compensation is 8,000 shekels or more than \$2,250 monthly. The most notorious terrorists imprisoned for between twenty-five and thirty years receive 10,000 shekels monthly or more than \$2,800 each month. In this hierarchy of mass murder, the most bloodstained offenders, receiving sentences of thirty years or more, are rewarded with the top wage, 12,000 shekels per month, or almost \$3,400 monthly—up to ten times the average pay earned by many working Palestinians.¹⁰

Prisoner salaries and funding, through both the Ministry and through the Prisoners Club, have always been a priority. During periodic financial crunches, the PA would advance the Prisoners Club funds before it cured the arrears in other social programs. Nevertheless, sometimes the Prisoners Club was unsatisfied with the pace of payments. On July 10, 2004, the Prisoners Club delivered two accusatory memos to Salam Fayyad, then the PA Finance Minister, entitled “Exceptional payment of the allotments of April and May 2004” and “Exceptional payment of lawyer fees for April and May 2004,” demanding additional funding despite what Fayyad described as “our lack of resources.” The letters accused Fayyad, personally, of an “inability or unwillingness ... to understand the resistance weight of the issue of prisoners.” Fayyad rebuffed both letters, sniping back in a speech, “We are facing a financial crisis, of which everybody is aware, but there are those that choose not to listen.” Fayyad continued, “The Palestinian Authority has always positioned the issue of prisoners on the top of its list of priorities.”¹¹

Fayyad found the Prisoners Club attacks so vicious that he publicly declared, “The Ministry of Finance and I personally have been subjected lately to a tyrannical and unjust campaign based on the accusation by those that try to take advantage of the prisoners issue [to claim] that the ministry is neglecting prisoners.”¹²

Nonetheless, just four days after the letters, the PA transmitted a special check of \$175,000 to cover overdue Prisoners Club

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expenses, and did so, “at a time when no ministry or PA institution received a payment,” as Fayyad bitterly complained.¹³

The venomous nature of the public squabble in 2004 and the accelerated millions of dollars spent on prisoners’ salaries was, on its face, just internecine politics. But it is also illustrative of the intense public, social, and governmental importance of paying terrorist salaries—and on time.

Later that year, in December 2004, the PA went further, regularizing into law its custom of paying terrorists. Chapter 1 of the *Law of Prisoners*, also known as *Resolution 2004/19*, narrowed the definition of a salaried prisoner to “Anyone imprisoned in the occupation’s [Israel’s] prisons as a result of his participation in the struggle against the occupation.”¹⁴ This definition separated those considered national heroes, by virtue of their attacks, from common criminals. Otherwise, common thieves could earn high public wages just for stealing from their neighbors.

In an interview, Ministry of Prisoners spokesman Amr Nasser confirmed as much when he was asked to read aloud the definition in English. Reading from the law, Nasser recited: “A detainee is each and every person who is in an occupation prison based on his or her participation in the resistance to occupation.” This means crimes against Israel or Israelis. On his own, Nasser added, “It does not include common-law thieves and burglars. They are not included and are not part of the mandate of the Ministry.”¹⁵

From time to time, special salary supplements have been extended to qualified security prisoners. In 2009, a \$150-per-prisoner bonus was approved to mark the religious holiday of Eid al-Adha. President Mahmoud Abbas also directed that an extra \$190 “be added to the stipends given to Palestinians affiliated with PLO factions in Israeli prisons this month.”

Reporting on the additional emolument, the Palestinian news service *Ma’an* explained, “Each PLO-affiliated prisoner [already] receives [a special allocation of] \$238 per month, plus an extra \$71 if they are married, and an extra \$12 for each child. The stipend is paid by the Palestine Liberation Organization (PLO) each month.”¹⁶

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Supplemental to the generous salaries are many other financial, social, and honorary benefits to both the prisoner and his family. For example, in 2011, PA President Abbas bestowed a special \$2,000 gift on the family of Khaldoun Najib Samoudy, who was shot to death by Israeli soldiers before he could detonate two pipe bombs. In Palestinian society, special honors and financial tributes are extended to the families of suicide bombers or those shot before they can kill—that is, “martyrs.”¹⁷

As recently, as July 29, 2013, the Palestinian Authority responded with anger when an Israeli minister used the term “terrorists” in referring to prisoners released as part of a 2013 deal to resume face-to-face peace negotiations. “Terrorists are those who occupy the lands of another people and displace them by force and settle in their place,” the PA Ministry of Foreign Affairs railed. “Palestinian prisoners are strugglers for their freedom and not terrorists.”¹⁸

Beyond the adage “one man’s terrorist is another man’s freedom fighter,” a penetrating reality is delivered to taxpayers in the United States of America and Europe. These terrorists’ salaries constitute enough monthly millions to consume between 4 and 6 percent of the Palestinian Authority’s annual budget, depending upon the measuring stick. That money does not come from the Palestinian national economy but from donor countries paying billions in financial aid to the Palestinian Authority.¹⁹ All money is fungible, especially when the percentage of budget that the PA devotes to prisoner salaries is often greater than those allotted for key social welfare and educational programs and are prioritized as highly-visible, top-line expenditures.

In other words, taxpayers around the world are providing direct financial support for terrorists’ salaries. This concept is hardly a surprise to the Palestinian-monitoring community, leading members of the media, or those who follow Palestinian diplo-economics. As early as 2006, a major *New York Times* feature story, quoting a deputy in the Ministry of Prisoners Affairs, almost casually mentioned that the ministry “normally spends \$3 million to \$4 million a month to support prisoners and their families and to cover some legal fees.” *The New York Times* specified that the ministry “distrib-

utes allowances averaging \$340 a month to families whose breadwinners are in jail.”²⁰

The Palestinian media has covered the topic routinely from time to time. For example, the Palestinian news service *Ma'an* published at least two articles in 2009 detailing special supplemental payments.²¹

On February 9, 2009, *The Jerusalem Post* ran a story headlined, “PA Paying Salaries to Hamas Men in Israel’s Prisons.” The article led, “The Palestinian Authority revealed on Wednesday that it was paying monthly salaries to Hamas prisoners held in Israeli jails. Ziad Abu Ein, deputy minister for prisoner affairs, said that for years, the PA had been dealing with the prisoners ‘professionally and without political considerations.’ ... According to Abu Ein, the Hamas ministry pays monthly salaries only to prisoners who are affiliated with the Islamist movement.”²²

However, it was only in 2011 that the question of terrorist salaries leapt onto center stage. The watchdog known as *Palestinian Media Watch* (PMW) began scrutinizing *Al-Hayat Al-Jadida*, the official gazette of the Palestinian Authority, for prisoner salary references. *PMW* digested and translated into English a summary of existing government regulations, resolutions, policies, and special benefits enacted the previous year, which were summarized in Volume 90 of *Al-Hayat Al-Jadida*, published April 13, 2011.²³

Among the relevant decrees summarized was Government Resolution #19, issued in 2010, which stated, “A released prisoner will be exempt from tuition fees at government schools and universities if he served a period of five years or more in prison. A released female prisoner who served at least three years in prison will be exempt from tuition fees at government schools and universities. These prisoners are entitled to transfer the exemption to one of their children, or to their spouse ... The Palestinian Authority is committed to providing the opportunity for academic study for prisoners in Israeli prisons, by covering all study expenses for all stages of university study available to prisoners. A prisoner’s children will be exempt from 80 percent of university tuition fees if the prisoner was sentenced to at least twenty years and has been

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in prison for at least five years. Children of female prisoners will be exempt from 80 percent of university tuition fees if the prisoner was sentenced to at least ten years, and has served at least three years.”²⁴

Government Resolution #21, issued in 2010, declared, “Every prisoner will be paid a uniform sum linked to the cost of living index, as a monthly expenditure. Additionally, every prisoner will be paid a uniform sum of 400 [Israeli] shekels for clothing. The sum will be paid twice a year, and will be added to the prisoner’s salary.”²⁵

Government Resolution #23, issued in 2010, states, “Every prisoner will be granted a monthly salary, to be paid to him or to his family, on condition that he does not receive a salary from a [different] governmental or semi-governmental body or official institution ... The salary will be paid to the prisoner from the date of his arrest, and a special supplement will be paid to prisoners from Jerusalem and from the Interior [i.e., Israeli Arabs]; a spousal supplement will be paid, and a special supplement for children up to the age of 18.”²⁶

All references to terrorist salaries use the Arabic word “*ratib*,” which means only one thing: “salary.” The same word, *ratib*, is used to describe the regular compensation granted civil servants and other employees when discussed in official Palestinian budget documents.²⁷

Palestinian Media Watch’s revelations triggered uproars in both the British Parliament and the Norwegian Parliament.

The UK operates numerous financial assistance programs designed to cover the PA’s general budgetary needs. Hundreds of millions of pounds have been advanced. Citing PMW’s disclosures, British MP Robert Halfon wrote a letter of complaint to Britain’s Foreign Office and its Department for International Development demanding answers to whether or not taxpayer money was being utilized for terrorist salaries. International Development Minister Alan Duncan denied that British taxpayers were defraying salaries to terrorists, claiming, “The PA operates two social assistance programs to provide welfare payments to households who have lost their main breadwinner ... dependent spouses or children should

not be held responsible for the crimes of family members, or forced to live in poverty as a consequence.”²⁸

Likewise, in Norway—a leading funder of the Palestinian budget—its Ministry of Foreign Affairs at first denied that terrorists were actually getting salaries.²⁹

Continued coverage in major international media outlets kept the topic alive. *The Wall Street Journal* and *International Business Times*, as well as London’s *Daily Mail* and Norway’s government-owned NRK (also known Norwegian Broadcasting Corporation), devoted penetrating coverage. In 2012, Israel’s Channel 2 News, followed by an article in *The Times of Israel*, stated that the PA was expending 6 percent of its overall annual budget on terrorist salaries.

“Despite the Palestinian Authority’s financial hardships,” led *The Times of Israel*, “it spends tens of millions of shekels each month paying salaries to prisoners held in Israeli jails for security offenses and acts of terrorism against Israel—including mass murderers, and last year Prime Minister Salam Fayyad tripled their monthly pay. The PA also pays monthly stipends to the families of suicide bombers.” *The Times of Israel* recap, September 3, 2012, also detailed that, “As of May 2011, the PA spent NIS 18 million (\$4.5 million) per month on compensating Palestinian inmates in Israeli prisons and a further NIS 26 million (\$6.5 million) on payments to families of suicide bombers. In all, such payments cost the PA some 6 percent of its overall budget, Israel’s Channel 2 News reported ... citing documentation signed by Fayyad.”³⁰

Hence, terrorist salaries—defrayed by US, European, and Asian taxpayer monies—have long been no secret at all.

In the United States, shortly after 9/11, it was becoming clear that funding terrorist salaries through the Palestinian Authority was a clear violation of American law. On September 23, 2001, President George W. Bush issued an executive order prohibiting the support of any organizations or individuals designated as terrorists. By 2003, it became clear to more than a few that American taxpayer money was directly supporting Palestinian terrorists. A number of “vetting” mandates were initiated to government auditors.

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To many, these vetting mandates were almost cursory, based on a mere statistical sample.³¹

By 2005, several “vetting procedures” were written into the US laws attached to various forms of budgetary financial assistance to the Palestinian Authority and Gaza. The Government Accountability Office (GAO) was charged with the duty to investigate two key avenues of that financial aid, the United States Agency for International Development, which channeled money into a spectrum of programs, and also monies going to the UN Relief and Works Agency for Palestinian refugees, known as UNRWA. A GAO official explained that his agency “only audited USAID programs in the West Bank and Gaza and the State Department funding of UNRWA. We did not look at any other funding of the US government to Palestinian or UN entities. But what we looked at represents a large percentage of US monies.” The GAO determined the scope of the third-party “vetting” on what it examined, and it discovered that “vetting involves checking the names of individuals and organizations that implement USAID projects against databases and other information sources to determine if they are involved with terrorism.”³²

A 2006 GAO investigation found that more needed to be done to comply with requirements impacting hundreds of millions of taxpayer dollars that continued to reach the Palestinian Authority directly through a cornucopia of programs. In the background and repeatedly referenced in the 2006 report, were legislation and regulations “prohibiting the support of terrorists, and clauses in all prime awards prohibiting ... the use of US funds to recognize or honor terrorists.” Also covered was “the provision of cash to the Palestinian Authority.” The GAO’s 2006 report was itself titled “Recent Improvements Made, but USAID Should Do More to Help Ensure Aid Is Not Provided for Terrorist Activities in West Bank and Gaza.” It called for greater scrutiny and vetting.³³

Ultimately, an elaborate maze-like organizational chart of vetting offices and procedures was salted across the State Department and related offices in both Washington and the Middle East. But the GAO concluded, “The timing of the RIG [Regional Inspec-

tor General] financial audits and certain other issues limited their usefulness to the mission for determining whether awardees had complied with the antiterrorism requirements.” It added, “Until recently, the mission’s vetting of individuals associated with awardees was limited by the mission’s decision not to collect certain identifying information for key individuals.”³⁴

A follow-up May 2009 GAO report was titled, “Measures to Prevent Inadvertent Payments to Terrorists under Palestinian Aid Programs Have Been Strengthened, but Some Weaknesses Remain.” The GAO’s 2009 report explained, “The U.S. government is one of the largest donors to Palestinians. It provided nearly \$575 million in assistance in fiscal year 2008.” Yet, the GAO found incomplete compliance with even the minimal paperwork requirements for vetting procedures—in other words, the inclusion of textual vetting “clauses.” In many cases, it seems, federal agencies and offices merely went through the motions. “An estimated 17 percent of sub-awards had insufficient evidence to assess compliance related to mandatory clauses,” the GAO concluded. “For the remaining sub-awards, an estimated 5 percent did not contain the mandatory clauses at the time of the award. The GAO also found limitations in the agency’s monitoring of sub-awards for inclusion of mandatory clauses.”³⁵

Most tellingly, the GAO confined itself to textual vetting clauses. There is no mention in any GAO report of the Ministry of Prisoners Affairs or the Prisoners Club, the two prime portals for millions in dollars in monthly terrorist salaries. A GAO official explained that his agency’s inquiry was limited in its scope to monies involving USAID and UNRWA—not the PA itself. Moreover, a GAO official asserted, “Following the 2009 report, we were confident that the agencies made the changes we asked them to make. As of 2012, we closed our recommendations as implemented.”³⁶

The Consolidated Appropriations Act of 2010 contains a strict anti-terrorist vetting requirement. In Section 7039(b), the law states, “The obligation of funds appropriated by this Act under the heading ‘Economic Support Fund’ for assistance for the West Bank and Gaza, the Secretary of State shall take all appropriate steps

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to ensure that such assistance is not provided to or through any individual, private or government entity, or educational institution that the Secretary knows or has reason to believe advocates, plans, sponsors, engages in, or has engaged in, terrorist activity nor, with respect to private entities or educational institutions, those that have as a principal officer of the entity's governing board or governing board of trustees any individual that has been determined to be involved in, or advocating terrorist activity or determined to be a member of a designated foreign terrorist organization." In Subsection (c), Prohibition, the act clearly declares, "None of the funds appropriated under ... this Act for assistance under the West Bank and Gaza Program may be made available for the purpose of recognizing or otherwise honoring individuals who commit, or have committed acts of terrorism."³⁷

* * * * *

Standing astride the prodigious monies extended by Western governments in the form of grants and aid packages are vast pools of financing from the Arab world that find their way directly into Palestinian Authority coffers, as well as into a spectrum of Palestinian NGOs and Israeli NGOs. A superhighway of money goes directly from Israel's greatest adversaries into a vast interchange where it comingles with dollars, shekels, Euros, and yen from the finest financial nameplates and charitable funds in the world. This merged money courses throughout Israel with exit ramps into some of the most benevolent Arab programs—as well as those that stoke violence and confrontation.

A central financial crossroads for Arab and Islamic money in Israel is the Islamic Development Bank (IDB), headquartered in Jeddah, Saudi Arabia. Established in December 1973, just after the Yom Kippur War, the multinational institution was created to foster financial projects in accordance with Sharia Law, according to the tenets of Islam. Membership of the bank is comprised of fifty-six countries in the Organization of the Islamic Cooperation (OIC). The driving member, Saudi Arabia, controls 23.61 percent, according to IDB records. The second highest share ownership is Libya's

at 9.47 percent, followed by Iran with 8.28 percent. About half the other owners hold less than one percent.³⁸ Most, but not all, of the member states are avowed opponents of the Jewish State's very existence.

A series of protracted Palestinian riots and related unrest ignited in September 2000, collectively referred to as the Second Intifada or Al-Aqsa Intifada. *Intifada* means uprising. In December 2000, a few months after the onset of the riots, Arab ministers at a Cairo summit agreed to "economic decisions ... to support the Intifada," according to the semi-official Saudi weekly *Ain-al-Yaqeen*. Two multimillion-dollar funds were created to support the resistance: the Al-Quds Intifada Fund and Al-Aqsa Fund "to assert the comprehensive Arab support for the Palestinian people in face of continuous Israeli aggression." Their purpose was to support *Mujahdeen*—"freedom fighters"—and "martyrs," the term commonly given to suicide bombers. Dominant financial support for the twin funds was advanced by the Saudis, who announced, "The Kingdom of Saudi Arabia [has] always maintained its support to the Intifada." Initial contributions amounted to \$40 million, chiefly emanating from Saudi Arabia and the Gulf States.³⁹

The Islamic Development Bank in Jeddah was chosen to administer and manage both the Al-Quds Intifada Fund and Al-Aqsa Fund. The Secretary General of the Arab League said the total amount collected for the two funds had reached \$693 million, disclosing that "there were other financial donations from Arab businessmen, and these donations are apart from the funds' capital." Some years later, an internal document from the Islamic Development Bank stated, "*Al-Quds Intifada* [Fund] aims at providing assistance to the families of martyrs and wounded persons and to provide health care and education services to their children. The objective of [the] Al-Aqsa Fund is to finance projects aimed at preserving the Arab and Islamic identity of the City of Jerusalem and to enable the Palestinian economy to build its capacity, stand on its own against the Israeli onslaught, and gradually disengage from Israeli economy. The capitals of Al-Quds Intifada Fund and Al-Aqsa Fund are \$200 million and \$800 million respectively."⁴⁰

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Explaining who the recipients were, a Saudi statement read, “Financial assistance was disbursed to 28 families of the martyrs, 248 injured people,” as well as “232 families whose houses were demolished by the Israeli occupying forces and 29 Palestinian charitable societies in charge of distributing food baskets to the needy people.” Saudi officials added later that the funds had benefited “664 martyrs’ families and 201 of the POW’s [prisoner] families.” The Islamic Development Bank reported that “these families receive monthly allocations to ensure the minimum of their needs.”⁴¹

An Islamic Development Bank summary asserted that from December 2000 to June 2006, “total contributions to the Fund amounted to \$609.4 million.” That enormous sum covers all needs, from endowment building to identity-fortifying resistance efforts such as construction to financing a range of confrontations that span the gamut from ordinary riots to martyrdom. Monies channeled to prisoners and the families of martyrs are disbursed through both the Palestinian Liberation Organization and the Palestinian Authority’s ministries, including its Ministry of Prisoners Affairs. While those contributions were clearly Intifada funds, separate tranches of funding from the same Islamic Development Bank were funneled into various charitable works via two major top line Arab NGOs: The Welfare Association and the NGO Development Center. Both the Welfare Association and the NGO Development Center also receive money directly and indirectly from the most prestigious donors in the world, such as UNESCO, The British Lottery, Ford Foundation, and many governmental units, often via the Welfare Association of the UK.⁴²

Welfare Association and NGO Development Center funding also finds its way to several Israeli beneficiaries that are also funded by the New Israel Fund. These include B’Tselem and Adalah. Ironically, some of the same Israel-based recipients who receive American tax-subsidized grants from the New Israel Fund have been selected for support by the most influential sovereign Arab and Islamic charitable organizations representing national treasuries committed to erasing the existence of Israel.⁴³

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It is clear that hundreds of millions of taxpayer dollars have been used both legally and illegally to fund, honor, and salary convicted terrorists. Disgorgement, clawback, and recovery of illegal taxpayer expenditures could deprive the Palestinian Authority of billions. Moreover, to comply with long-standing law and receive additional legal funding, the PA would need to de-constitute its own Ministry of Prisoners and sever all connection to its semi-official Prisoners Club and any substitute, successor, surrogate, stand-in, shadow, or subvention—direct, indirect, or in effect. The whole system from A to Z would have to end to be legitimate under a complex of American laws. Then, when the smoke settled, it would take years of investigation by the US State Department to unravel how so many officials winked, nodded, and slept through so many years of this funding.

To determine just how substantial were the terrorist salaries in the bigger picture required an examination of scores of internal audit documents, going back years, from the Palestinian Authority's Finance Ministry's monthly reports. Amid the *mélange* of shape-shifting numbers and month-to-month tallies that rose and fell with various financial crises, shortages, and monetary infusions, it was clear that the Ministry of Prisoners is among the PA's most salient line items.

For example, in January 2012 alone, out of a Social Service budget of \$119 million, more than \$8.7 million was allocated to the Ministry of Prisoners; of that sum, according to Table 6A of the review, \$6.56 million was “transferred” to prisoners—hence the overwhelming majority of the budgeted funds paid were not for bureaucratic office expenditures, but for actual terrorist salaries. All told, funding for the Ministry of Prisoners was about ten times greater than the allocation for Ministry of Labor, and about half as large as that for the Ministry of Social Affairs.⁴⁴ With ups and downs for financial peaks and valleys, those January 2012 numbers were indicative.

A Palestinian Authority Minister of Information spokesperson confirmed in a May 2013 interview, speaking English, “There has been a great deal of talk about donor money to support terror-

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ism by these salaries. The issue has been raised this year and last year.”⁴⁵

Half-hearted investigations have not only percolated through the US government. The issue has roiled in London, Oslo, and other capitals where media reports and open Palestinian declarations have some taxpayers beginning to reach an inescapable conclusion: some of their tax dollars at work end up as salaries in the pockets of terrorists.

As a palliative, the Palestinian Authority recently began replacing the term *ratiib*—Arabic for “salary”—with other words connoting “social welfare,” asserting the recipients were actually prisoners’ wives and children—not prisoners themselves. Minister of State Alan Duncan, in a letter to Britain’s Parliament, defended the PA’s program as just family welfare. Similarly, Norwegian Foreign Minister Espen Barth Eide answered his parliament with the explanation that the PA payments were merely family welfare stipends.⁴⁶

But further investigation revealed that the monies were in fact not paid to families but to the terrorists themselves and solely as salaries. Nearly two thirds of the existing prisoners are unmarried without children and not the head of households, according to a Ministry of Prisoners summary reported by *al-Quds* newspaper January 3, 2010. “The Ministry of Prisoners’ Affairs in Ramallah said that there are 2,805 married prisoners, representing 37.4 percent of the total number. There are 4,695 unmarried prisoners, representing 62.6 percent,” reported *al-Quds*. Single and married prisoners received the identical salary, according to regulations.⁴⁷ Hence, the compensation is not based on family need, but strictly on the severity of sentence and the corresponding level of terror.

It is the prisoner who decides who shall receive and administer the salary on his behalf. The mechanism of payment involves a *wakil*, that is, a power of attorney, allowing the prisoner complete authority over the salary. Regulation #18 is explicit. Paragraph 1 defines, “Authorized agent: The person who is authorized to receive the salary in place of the prisoner.”⁴⁸

The regulation adds in paragraph 5, “If the prisoner is married, his wife will be his authorized agent,” but the law provides personal-

ized exemption language, specifying, “Unless the prisoner appoints someone else instead of her.” The text goes on, “If the prisoner is not married, one of his parents will be the authorized agent. The prisoner determines which one of them or any other person [will be the authorized agent], in the event of a dispute. Authorization of an agent is done by an authorization of agent [form] issued by the Red Cross, that is signed by the prisoner, or by a special authorization of agent signed by him and approved by a lawyer of the Ministry [of Prisoners Affairs] and by the General Administration for Legal Matters of the Ministry. It will be valid for use by the Ministry only for the purpose of the salary.” The word *ratib* was used throughout.⁴⁹

The Palestinian tax code specifies that prisoners will pay “income taxes” and typical “income tax withholding” because their PA monies are ordinary salary. June 19, 2011, *Al-Hayat Al-Jadida*, the Palestinian Authority’s official gazette, reported “A meeting was held between the Ministry of Prisoners Affairs and the Ministry of Finance [wherein] several [financial] issues were clarified: The [withholding] tax applies to every citizen who receives income from PA coffers; it is within the framework of the Income Tax Act; and begins with salaries over 2,400 shekels [about \$674] per month. The beginning rate is 5 percent for salaries over that amount, that is, 2,400 shekels. The tax rate is graduated, reaching at most only 10 percent of prisoners’ salaries. The Minister of Prisoners Affairs said that the prisoners in the [Israeli] prisons and their families are subject to the [withholding tax] law, and [added that] the salary raise this year had been welcomed with great satisfaction among the prisoners and their families.” The word *ratib* was used throughout.

Most strikingly, *Palestinian Media Watch* discovered several telling interviews, TV reports, and official statements that undercut any attempt to mask the payments as anything but direct salary to the terrorists themselves for use as they saw fit.

The first was a sort of “consumer help” journalistic investigation of the type one might see on television any evening. But this one featured a leading Palestinian TV personality investigating the case of a prisoner who, because of a personal dispute, had forsaken his wife and children by not assigning her that highly-sought sal-

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ary via a power of attorney. With a tense movie score in the background, and produced in a dramatic “you are there” format, the prisoner’s wife is depicted, her face pixelated, complaining of financial abandonment by her husband. He had assigned the power of attorney for his salary to others, and she was now left to fend for herself. “A year and a half ago, I went to the Ministry of Prisoners Affairs,” the wife complains in the footage, adding “Their answer was, ‘Your husband transfers it to the person he wants. It’s in his power not to transfer [it to you], and we can’t do anything about it.’” She added, “It’s not just me, this is a problem that many of the prisoners’ wives and children suffer from—from the transfer of his salary, the prisoner’s salary.” The word *ratib*, spoken by both the forlorn wife and a senior Ministry of Prisoners official, can be distinctly understood in the video, even by non-Arabic speakers.⁵⁰

In a second TV interview in March 2012, a Palestinian on-air host conducted a telephone interview with a disgruntled ex-prisoner shortly after his release as part of the Gilad Shalit prisoner ransom. Iyad Abu Khaizaran spent twenty-two years in an Israeli prison after stabbing to death a 76-year-old Tel Aviv man. His complaint was that his salary dropped by half once he was released. An agitated Iyad protested on air on behalf of himself and his cohorts. “Since the day we were released from prison,” Iyad complains, “we were given [only] half a salary ... We killed Jews. I personally killed Jews. I killed settlers, and I injured soldiers. My house was destroyed. I have eleven bullets in my body. I served twenty-two years in Israeli prisons. The PA, which presents itself as responsible for the nation, must be faithful to everyone.” The TV host sympathetically presses, “You, like the other [prisoners], did you receive salaries in the prisons?” Iyad replies, “Yes.” After a further exchange to determine the terrorist’s rightful compensation regardless of organizational affiliation, the host recaps, “In other words, from two thousand, I mean, all the organizations, without exception, whether it was Fatah or Hamas, supporters of Abbas or not supporters of Abbas, they all received salaries—or not?” Iyad answered, “Yes, yes they did.”⁵¹

In December 2012, when the Palestinian Authority tried to substitute social welfare terms for *ratib*, the term for salary, both

Minister of Prisoners Affairs Issa Karake and Prisoners Club chairman Qadura Fares took umbrage. They rebuked the verbal diminution of their constituency—that is, the prisoners. “[Minister of Prisoners Affairs Issa] Karake denies rumors about changing *salaries* [*rawatib*, the Arabic plural for salaries is used,] into social assistance,” reported Wafa, the official Palestinian Authority news agency on December 27, 2012. Karake added that the PA had recognized that “the prisoners’ cause is central, and has authorized regulations to support and protect them out of esteem for their sacrifice and struggle.”

At the same time, Prisoners’ Club Chairman Fares, commenting to the *al-Quds* Internet edition, insisted on using the term *ratib*, when describing a new version of the law “which considers payments made to prisoners as *salary* to which no other term applies.”⁵²

A few days later, Wattan TV aired another interview with Karake. The TV host posited, “You speak of a permanent salary for every [released] prisoner who was in prison for more than five years, and he gets his salary while he sits at home. Some of them are in the prime of their lives and could get a job and work. Why not use him in the workforce and give him a salary?”

Karake replies, “That’s right. I presented it to the government and we decided to give preference to employ these prisoners ... in order to make the prisoner into a productive person.”

The host replied, “Do we have the number of prisoners who get full monthly salaries?”

Karake answered, “About 4,000.”

To this, the host quips, “That’s an army.”

Karake conceded, “Yes, that’s a big number, and it’s growing.”

Almost incredulous, the host responded, “They don’t work. They just collect a salary.”

Karake qualified, “Some work.”

But the host retorted, “A small number.”

To this, Karake rejoined, “Some volunteer and work in different institutions.”⁵³

In an interview, I asked Prisoners Club chairman Qares what

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type of employment training was being provided to ex-prisoners “beyond salary.”

Qares replied, “Beyond salary? We have a special garage for auto repair training, plus a college, Shahid Abu Jihad Martyr College in Ramallah, with some branches in Tulkarm, Nablus, and Jenin. The ex-prisoners learn graphic design, electricity and, as I say, car repair, and we help with job placement. We are an NGO—but not really. We receive government funding for our Legal Unit—it’s twenty-eight lawyers in ten West Bank offices. But we need much more money to help our prisoners and ex-prisoners.”⁵⁴

Eventually, it became clear to some officials in Europe that the Palestinian Authority was being disingenuous in its responses and denials. They concluded that European tax dollars were, in fact, paying terrorist salaries. In March 2013, Norwegian Foreign Minister Eide was compelled to admit to NRK TV that his office was misinformed by the Palestinian Authority. Eide stated, “The insufficient information [we] first received [from the PA]; I think that is very unfortunate.” NRK was among those that originally demanded answers from the Foreign Ministry following the *Palestinian Media Watch* revelations. NRK’s March 21, 2013, report stated, “At first, the Foreign Ministry denied such a program exists. But after checking with Palestine, it all looks somewhat different.” On camera, Eide admits, “I certainly have not had documented that it [the money] doesn’t go to people who have been convicted of terror, and information has been given that those who are [imprisoned] for many years receive more money than those [imprisoned for] less. That is precisely why we, along with the UK, have asked [the PA] for even more detailed information in a letter we recently sent the PA.”⁵⁵

On March 19, 2013, Eide transmitted an updated statement to the Norwegian Parliament: “Norway and the UK agreed on drawing up a joint Norwegian-British letter to the Palestinian Authority (PA) with a series of detailed questions about the [support] program [for prisoners]. This letter has been delivered to the PA today.” He added, “I have brought up the matter directly with Prime Minister Fayyad.” Eide credited *Palestinian Media Watch* for the information.⁵⁶

Palestinian officials reacted with defiance to any effort to end the salaries. “Deputy Minister of Prisoners Affairs Ziyad Abu Ein declared to satellite TV network Hona Al-Quds: ‘If the financial assistance and support to the PA are stopped, the [payment] of salaries (*Ramatib*) and allowances (*Mukhassasat*) to Palestinian prisoners will not be stopped, whatever the cost may be. The prisoners are our joy. We will sacrifice everything for them and continue to provide for their families.’”⁵⁷

The demand by European and other nations to spend their billions on peaceful projects and not terrorist salaries has been derisively dubbed “donor filth” by some in the Palestinian intelligentsia. In a telling March 7, 2013, Palestinian TV interview about cultural matters, Abd Al-Fattah Abu Srouf, Al-Rowwad Theater Director and Head of the Palestinian Actors’ Union, stated, “The theater’s purpose is not to be diplomatic and not to make peace between the nations ... And not to accept donors’ dictates for projects and programs that have nothing to do with us or with our Palestinian nation’s priorities.”

The TV host responded, “I ask you: ‘The donor’s filth’—in quotation marks or without quotation marks—how has it affected our theater and culture in Palestine?”

Abu Srouf answered, “Unfortunately it has affected many institutions, not only the theater. It has affected many cultural institutions—with agendas and projects that have nothing to do with us. The EU works a lot on normalization projects,” adding, “under the name of ‘peace.’”⁵⁸

The culture that lionizes terrorists with substantial public salaries, pensions, public-square and baby namings, and triumphant receptions upon their release is fortified by the expectation that eventually their men will come home—to a hero’s welcome. Indeed, prisoners are diplo-economic currency. Many Palestinian-Israeli diplomatic efforts include a release of prisoners as a bargaining chip. For example, the 1994 Agreement on Gaza Strip and Jericho Area included, in Article 10, this stipulation: “Upon the signing of this Agreement, Israel will release, or turn over, to the Palestinian Authority within a period of 5 weeks, about 5,000 Pal-

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estinian detainees and prisoners, residents of the West Bank and the Gaza Strip. Those released will be free to return to their homes anywhere in the West Bank or the Gaza Strip. Prisoners turned over to the Palestinian Authority shall be obliged to remain in the Gaza Strip or the Jericho Area for the remainder of their sentence.”⁵⁹

The 1999 Sharm el-Sheikh Memorandum stated, “The Government of Israel shall release Palestinian and other prisoners who committed their offences prior to September 13, 1993, and were arrested prior to May 4, 1994. The Joint Committee shall agree on the names of those who will be released in the first two stages ... The first stage of release of prisoners shall ... consist of 200 prisoners. The second stage ... shall consist of 150 prisoners.”⁶⁰

In 2011, the ransom for kidnapped IDF soldier Gilad Shalit required the release of 1,027 terrorists, including numerous murderers of innocent civilians. In 2013, Israel agreed to Palestinian demands to release 104 security prisoners, many with “blood on their hands,” in exchange for a resumption of peace talks. The credentials of the released killers ran the dreadful gamut: an axe to the head; a knife in the back; an IED by the road; a Molotov cocktail into a bus; a rope around the neck; a beating with a hoe; a stabbing with pruning shears—mostly civilians, many children or elderly. For victim families, this periodic political reward heightens their grief forever. Disconsolate family protests are held in Israel’s public squares and posted to the Internet—but to no avail in the face of a cabinet decision, albeit a painful one, that comes with regularity.⁶¹

The Israeli government and society are left with the stark, visceral reality that the Palestinians seem to value prisoners as much if not more than peace and will only negotiate the latter in exchange for the former. All this means that becoming a terrorist offers a good wage sponsored by foreign-country taxes, plus a nice pension, good family benefits, local celebrity, and the seemingly sure prospect of early release to a local fireworks reception as soon as politics make it “their turn.” In this way, every new terrorist act disrupts the peace and, therefore, makes it more likely that a political release is in the offing—like a down payment on release for the previous man.

Paying it forward or paying it backward, the system depends upon ample outside funding from Western governments.

Every assassination, ambush, arson, or attack is a national tragedy for Israel. The news of each incident noisily topples through Israeli society like so many precarious, protective dominoes thudding. In bad times, terrorist acts can happen daily. In less bad times, they blister through the backdrop only occasionally. During 2013, a series of bridges and blockades, well-built high walls and well-constructed good wills, economic success and technologic security have all combined to make the random killings much less frequent. Easy to believe it doesn't happen much. When I was in Jerusalem in spring 2013, such an incident had not happened for almost eighteen months. To the casual observer, it can seem like just a litany of horrible headlines from the awful distant past.

* * * * *

Evyatar Borovsky, 31, was a clown at heart. Big heart. In his pocket, he always carried two puppet eyes. Just slip them on the fingers, and make a child laugh. Especially a child too hurt to smile and too traumatized to see the sun through his or her own darkness. Nicknamed *Napo*, Evyatar was a therapeutic clown. His mission was to inject careful syringes of humor and comic diversion into those who needed it most—the children. He was known everywhere for the lustrous smile he always brought into the room. His five kids adored him. How about a funny daddy? Evyatar's face would burst into a goofy grimace. Evyatar's father always expected the joke from his son.⁶²

Tulkarm is a Palestinian city of an estimated 60,000 residents nestled in the hills not far from the Mediterranean, about an hour northwest of Jerusalem. The town traces its history to the Canaanite period and also enjoys Roman, Crusader, and Ottoman traditions. Today, the city—which hosts the West Bank's second-largest refugee camp—is considered a flashpoint.⁶³ Many residents are eager to work in the robust Israeli economy. But others are devoted to intense militancy.

Shuka is a village near Tulkarm. The Zaghaf family, an improv-

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erished Arab family in Shuka, had been “shamed” because a son, Abdulfattah, had been convicted by Palestinians of spying for Israel and jailed. Among Palestinians, “collaboration” with the Zionists is considered the lowest of crimes. After a year in jail, Palestinian authorities, as a humanitarian gesture, paroled Abdulfattah back to his poverty-gripped family so he could help the household. But the stigma of being an Israeli spy came with him. Abdulfattah’s twenty-one-year-old brother, Salam, would make a very different mark for the family. Once, he tried to plant a bomb. That landed Salam in an Israeli prison for more than three years. Salam had been released just a few months earlier. But now he had no job and no economic prospects. Abdulfattah remembered that his brother increasingly began “talking more and more about the martyrdom of the prisoners in Israeli jails.”⁶⁴

April 30, 2013, shortly after dawn, Salam Zaghaf jumped onto a bus for the long drive to Tapuach Junction. He carried a blue plastic bag. Two items were secreted inside the bag.⁶⁵

Tapuach Junction is a major highway crossroads about twenty-seven miles, or about an hour by car, from Jerusalem. The Book of Joshua in 12:17 cites Tapuach and its King as among the first encountered by the ancient Israelites. More than just a crossroads, Tapuach is an important hitchhiking nexus for Arabs and Jews, Israelis and Palestinians, those from the settlements and those from the Arab villages. As such, this simple stretch of nondescript roadway is ordinarily a perfect corridor of coexistence. It is a place where Palestinian day laborers and ordinary employees from the West Bank, high tech Israeli technocrats and office workers, all gather to grab a ride.⁶⁶ The junction is also good for a medical clown who needs to catch a lift.

On April 30, 2013, the man with a big heart, Evyatar, was waiting like many others for a ride. As usual, the Palestinians assembled in one spot, and the Israelis assembled in another, all trying to thumb their rides. Recently, the security checkpoint, about thirty paces from where Evyatar was standing, had been removed in an effort to normalize life. It was shortly after eight in the morning.⁶⁷

Neither Evyatar nor Salam had ever met. But soon they would.

Zaghal asked to be dropped about sixty meters down the way from the intersection. When he stepped off the bus, he lit a cigarette. Then Zaghal texted his brother Abdulfattah. “My dear brother, take care of dad, mom and my sister, and keep your head up.” Zaghal sent a second text to his family: “Forgive me in life, in death, and in the end of days.” Then he broke his phone so no one would call back and dissuade him.⁶⁸

Morning was now everywhere. It was 8:15 a.m., and the sun had emerged over the hills. Evyatar was standing about, looking somewhere over there, oblivious to the nearby Arab hitchhikers congregated about in gaggles. Zaghal approached, carrying his blue plastic bag, which contained two items: a piece of paper—a prosecution notice from a previous run-in with Israeli security, and the other thing. Zaghal reached in for the other thing. It was a kitchen knife almost eight inches long. Suddenly, he screamed, “Allahu Akbar!” and “There is no God but Allah and Muhammad is his messenger.” Salam positioned himself directly in front of Evyatar and plunged the metal blade directly into Evyatar’s stomach and then again deep into his chest. A moment later, the clown with a big heart lay on the ground, his life leaking quickly onto the asphalt. Salam then grabbed Evyatar’s gun, but before he could inflict more carnage, nearby Border Guards shot him. The killer was not shot in the head or upper body, but in the leg. In an instant, Evyatar—the clown with the big heart—was gone, stabbed to death. As for Salam, he was rushed to an Israeli hospital with a non-life-threatening leg wound. There, Salam received Israel’s world-renowned medical attention.⁶⁹

Some moments later, in Jerusalem, I received a text on my Israeli phone. I ignored it. But I noticed several others in the hotel lobby suddenly look down at their phones. So I also glanced at my text. Then, I received a phone call as did others throughout Israel. People I was meeting with that very hour knew Evyatar’s family; their kids played together. In Israel, everyone seems to know everyone or someone close to someone until it becomes *everyone*.

Quickly, the Zaghal family expressed joy at their son’s act. Surrounded by a circle of comforting Shuka villagers, Salam’s elderly

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father Assad, declared, “It was destiny, and we take pride in him as a family. What he [Salam] did is a duty for all Palestinians living with the aggression of the army and settlers.”⁷⁰

Responsibility was immediately broadcast by the al-Aqsa Martyrs’ Brigades, the militant wing of President Abbas’s Fatah party. “With dignity, honor, and profound respect,” the statement proclaimed, “the al-Aqsa Brigades in Palestine declares its full responsibility for the killing of the settler in the heroic operation ... this morning carried out by the liberated prisoner—the hero, Salam Assad Zaghhal.” The proclamation added that such “quality operations” were “a gift to all prisoners in the occupation prisons.” When the Palestinian news media carried news of the killing, Palestinian readers rejoiced, regaling the comment section with such snippets as, “May each illegal settler thief meet his end this way. FREE PALESTINE!”⁷¹

Salam was also promptly exalted on Fatah’s Facebook page. “The youth Salam al-Zaghhal, who stabbed the settler at the al-Za’atara [Tapuach] military checkpoint, comes from the village of Shuka, located in the Tulkarm District. He is a released prisoner who sat in the occupation’s prisons for four years. Peace be upon you, on the day of your birth, and upon the day of your arrest and on the day you will go free.”⁷²

Meanwhile, the Borovsky family raced the sunset, as Jewish law requires. Evyatar’s body was rushed back to his village near Haifa in the north for the emotional burial. Hundreds of Israelis crowded the graveside. Wrapped in a shroud, surrounded by family and friends, and many who probably did not even know him, Evyatar with the big heart—stabbed to death—was carried to his final resting place. A friend haplessly brought the extra finger eyes which had just arrived from America; Evyatar had been planning to do more finger puppetry. Evyatar’s father spoke with incredulity, “I can’t believe that I’m here. Surely tonight you’ll get up—you’ll laugh and say, ‘I fooled you.’ That’s what you always did, made everyone happy.”⁷³

Evyatar’s widow, Tzovia, bent over her husband in lamentation waving five fingers. “Five orphans he left behind! Five orphans!

Five orphans!” she cried, as wailing from other women fortified her anguish, and the men’s bleak faces tried to remain tough and taut. A woman gripped her face with her left hand as the pain reached the surface. One of Evyatar’s five young boys rested his head upon his father’s enshrouded chest. His ear was down on the chest, but no sound came.⁷⁴

Later, in a court hearing, Tzovia said of her husband’s killer, “It is really useless to put him in jail, when one takes into account that he will be released in one swap or another, and will use his time there for academic studies free of charge, and the high standard of living that the state of Israel gives the murderers of its citizens. The continued court proceedings and jailing of the murderer until the next release of murderers, which will take place sooner or later, creates a false impression of justice, when the reality is that of a circus.”⁷⁵

One man with a big heart is gone. One man with a big knife is in prison. For the medical clown, writers will write, children and the widow will remember, engraved plaques will be laid. For the killer, his—and his family’s—money problems are over. One moment he was penniless without a job. Now he enjoys one of the best salaries in the land. His salary is assured, based on a seemingly endless supply of cash. Those who fund his salary are not nearby—they are in the United States, Great Britain, Norway, and other nations.

When one asks who is financing the flames, the stunning answer can be seen with crystal clarity. It is us.

Mr. POE. Thank you, Mr. Black. You got a lot in in 5 minutes. Dr. Pollock.

**STATEMENT OF DAVID POLLOCK, PH.D., KAUFMAN FELLOW,
THE WASHINGTON INSTITUTE FOR NEAR EAST POLICY**

Mr. POLLOCK. Thank you very much, Mr. Chairman, honorable members, for inviting me to testify to you today. It is an honor for me to be here and I think important to discuss the timely and important topic of European attempts to boycott Israel.

Prime Minister Netanyahu spoke just yesterday at AIPAC at length about the BDS movement and I would like to begin with some facts and figures.

The boycott threat against Israel right now is much more potential than real. Israel's economy continues to thrive, estimated to be growing in the range of 3 percent annually, in large part because of its continuing ability to export and to attract foreign investment.

This includes trade and investment to and from the European Union, which remains Israel's single largest trading partner, with the U.S. close behind.

Just to put this Israeli economy in global and U.S. perspective, it is worth noting that despite its relatively small size the health of Israel's economy is also in our own economic interest.

The high-tech partnerships between Israel and the United States are well known. But it may surprise you to hear that over the last decade Israel has been a larger market for U.S. exports than oil-rich Saudi Arabia.

Or that at times during this past decade Israel was one of the top 20 foreign direct investors in the American economy or that Israeli companies, products and licensed technologies are directly responsible for tens of thousands of decent jobs for American workers right here at home.

As for current European policies, it is important to note that no European government supports any type of boycott against Israel today. When it comes to Israeli settlements or economic or other institutions beyond Israel's 1967 de facto borders, however, official European practice diverges.

For example, the Horizon 2020 agreement between the EU and Israel signed late last year predicates that the EU will not fund research or related activities in Israeli settlements, and at the level of EU governments the EU has advised its members that they may require, and several of the major European countries do require, special labels for Israeli products manufactured in the settlements across the 1967 de facto borders.

At the level of the private sector or quasi government economic entities, some European institutions have announced divestment or selective boycotts of Israel and some of those were mentioned by some of you in your remarks just a few minutes ago.

But on closer examination, most of these moves turn out to be either restatements of previous positions or very minor in economic impact. Moreover, these steps have been offset by other more positive new decisions by European governments and by European companies.

A few weeks ago, I had the privilege of testifying about this issue in Europe to the Senate Foreign Relations and National Defense

Committee of the French Parliament and I would like very briefly to mention a few points that came up in that discussion.

First of all, I noted that the Palestinian President himself, Mahmoud Abbas, when asked recently about boycotts against Israel, said publicly in Arabic that the PA opposes boycotts against Israel.

Unfortunately, however, as is the case with many issues, other official Palestinian spokesmen have refuted that very statement. For example, Hanan Ashrawi, recently in an op-ed in an Israeli newspaper, wrote that boycotts against Israel are, as she put it, "the Palestinian nonviolent resistance."

But when I told the French Senate that President Abbas of Palestine opposes boycotts against Israel and I asked him why then do you in Europe in some cases support boycotts against Israel, they had no good answer.

I believe that this is the kind of approach that the United States can also take, raising this issue very publicly as you are doing today, considering whether there might be legislative or other legal remedies against boycotts against Israel, as we do, for example, in refusing to allow American companies to enforce the Arab boycott against Israel. These are measures that could very well be considered and that could nip this problem in the bud.

Thank you again for the opportunity to address you and I look forward to your questions and discussion.

[The prepared statement of Mr. Pollock follows:]

Prepared Statement of Dr. David Pollock
Kaufman Fellow, The Washington Institute for Near East Policy
House Committee of Foreign Affairs
Hearing on "Threats to Israel: Terrorist Funding and Trade Boycotts"
March 5, 2014

Thank you, Mr. Chairman. It is an honor for me to be here with you today, and I thank you for the opportunity to testify about this important and timely topic.

The issue of European trade and other boycotts against Israel has been much in the news lately – and only partly because of the recent controversy over the British charity Oxfam, the Israeli company Soda Stream, and the American actress and Super Bowl ad star Scarlett Johansson. Today, of course, that episode, and the larger issue it symbolizes, is entirely eclipsed by the tragic reports from Ukraine, and from other hotspots around the globe. Yet anyone who cares about the U.S. national interest in the Middle East, and about the future of the U.S. alliance with Israel, should not lose sight of ongoing trends that could potentially threaten the economic underpinning of Israel's security – and with it the possibility of a stable and secure peace between Israel and its neighbors.

Allow me to begin this discussion with some facts and figures. The boycott threat against Israel right now is much more potential than real. Israel's economy continues to thrive, estimated to grow in the range of 3 percent annually this year and last, in large part because of its continuing ability to export and to attract foreign investment. This includes trade and investment to and from the European Union, which remains Israel's single largest trading partner, with the U.S. close behind.

Israel's total trade with each of those major partners is on the order of almost 40 billion dollars every year, equivalent in each instance to just over one-third of Israel's total exports. Overall, Israel's exports account for nearly 40 percent of its GDP. This is in the context of an Israeli economy with total annual GDP of nearly 300 billion dollars, and a population of just over 8 million citizens.

Just to put this Israeli economy in global and U.S. perspective, it is worth noting that despite its relatively small size, the health of Israel's economy is also in our own economic interest. The hi-tech partnerships between leading Israeli and American companies in IT, telecom, cybersecurity, medicine, green tech, and other fields are increasingly well known. But it may surprise you to hear that over the last decade, Israel has been a larger market for U.S. exports than oil-rich Saudi Arabia. Or that at times during this decade, Israel was one of the top twenty foreign direct investors in the United States. Or that Israeli companies, products, and licensed technologies are directly responsible for tens of thousands of decent jobs for American workers right here at home.

As for current European policies, it is important to note that no European government supports any type of boycott against Israel. The EU continues to grant Israel “privileged neighbor” status, which confers certain economic, regulatory, and other benefits. Talks about a further upgrade have been delayed; but the EU has proposed that if the Israeli-Palestinian peace talks succeed, it will offer both sides significant economic advantages, including “special privileged partner” status for Israel. As the French ambassador to Israel recently wrote, this offer “still stands, despite the Israeli government’s resounding silence.”

When it comes to Israeli settlements or economic and other institutions beyond Israel’s 1967 de facto borders, however, official European practice diverges, at least to some extent. The EU has advised members that they may require labels to identify products from those areas, which may then not be eligible for certain trade preferences (and may also be subject to voluntary consumer boycotts). The British government officially notifies its companies that they may face “reputational damage” from dealings with the Occupied Territories, though it opposes boycotts against Israel as a whole. Or, as German Chancellor Angela Merkel put it on her visit to Israel last week: “We do not support the demands for a boycott. This is not an option for Germany. We have certain rules for labeling and we have to adhere to those rules, but we do not believe in boycotts.”

More concretely, in the Horizon 2020 agreement between the EU and Israel signed late last year, the two sides reached a compromise deal that the EU would not fund research or related activities in Israeli settlements. This agreement has provided Israeli institutions with around one billion dollars in such funding over the past decade. Depending upon the exact interpretation and application of the new wording, it is expected to have very little practical effect in restricting any planned projects. Nevertheless, it represents official EU – and also Israeli government – recognition of a distinction between economic cooperation inside vs. outside the old 1967 “Green Line” de facto border.

At the level of the private sector or of certain quasi-government economic entities, however, some institutions in several European countries have recently moved to limit their dealings with selected Israeli business partners -- not just with Israeli settlements. This is particularly evident in some of the smaller European countries, in Scandinavia or the Netherlands. For example, in January, the large Norwegian sovereign wealth fund announced a blacklist of two Israeli firms because of their alleged involvement in “the construction of settlements in East Jerusalem.” A major Dutch pension fund, PGGM, divested from five leading Israeli banks on similar grounds, shortly after the Dutch water mogul Vitens stopped dealing with Israel’s national water company Mekorot.

But on closer examination, most of these moves turn out to be either mere restatements of longstanding practices, or steps with very minor real-world impact

-- and usually both. Other cases follow this pattern. Germany's Deutsche Bank, Sweden's Nordea Bank, and Denmark's Danske Bank have each put certain Israeli financial holdings under review or restriction lately; but only in the most narrowly limited sense, for specific small clients or for prospective accounts.

Moreover, these steps have been offset by other, more positive new decisions. For example, the largest Dutch pension fund, ABP, decided after review to maintain its exposure in Israel. A high British court decided that a boycott of Israel's "Ahava" ["Love"] beauty products is not supported by international law, whether or not they are produced in the West Bank. Tourism from northern Europe to Israel is down significantly, but increased tourism from other countries more than makes up the difference. And while Irish diplomats privately rail against Israeli occupation, the Irish firm Covidien recently paid nearly a billion dollars to acquire the Israeli cutting-edge medical innovator, Given Imaging.

Alongside such still minor economic fluctuations are some even more minor symbolic measures. Some British unions, academic institutes, or individual celebrities like the scientist Stephen Hawking or the rock star Roger Waters have declared boycotts against various Israeli institutions or events. Some organizations in other European countries have followed suit. The latest announcement, just last weekend, came from the Norwegian YMCA, which proclaimed its own boycott against Israel.

These gestures often rate front-page coverage in the Israeli press, as do counter-moves by other celebrities or pro-Israel organizations. Their economic or even psychological impact, however, is very limited. Nevertheless, if such symbolic sanctions gain momentum, especially in the absence of a countervailing campaign, they could conceivably do real economic damage, while increasing Israel's sense of isolation.

In that case, I believe, based on Israeli reactions to date, that the policy implications for the Israeli government would be very mixed. Those Israeli Cabinet ministers who advocate a more flexible policy on the peace process, such as Yair Lapid and Tzipi Livni, have recently pointed to the threat of boycotts, and the economic benefits of peace, as extra incentives for Israel to push that process forward. Others, such as Naftali Bennett and Moshe Ya'alon, say that Israel must resist boycotts or even talk about boycotts, and focus on security or national rights instead.

Prime Minister Netanyahu appears to be taking a middle ground, most recently asserting, I believe with some reason, that Israel's intrinsic hi-tech economic prowess and global value-added would insulate it against politically motivated boycotts. His visit to Silicon Valley this week is in line with this overall approach. This will probably play well here in the U.S., but I have my doubts about future European reactions.

Allow me therefore to conclude with some personal observations from two weeks of recent discussions with European officials and experts about this issue. A few weeks ago, I had the privilege of testifying about these issues to the full French Senate Foreign Relations and National Defense Committee, in Paris. I was asked many questions about boycotts and sanctions against Israel, in the context of Israeli settlement activity in the West Bank.

I will take the liberty of referencing a few points from those exchanges that are directly relevant to today's hearing, and then note the reactions I encountered -- which were fairly typical of those in other European capitals.

On the issue of boycotts, I pointed out that PA President Abbas himself said, on the occasion of the Nelson Mandela memorial service in South Africa -- and in Arabic, to the TV channel al-Arabiyya -- that he does not support a boycott against Israel. Rather, he asserted, he is seeking to negotiate with Israel. I observed that this is both remarkable and paradoxical to witness, even as in Europe one finds movements promoting just such a boycott.

Asked about the precise Palestinian position, I explained that while the Palestinians do not officially support boycotts against Israel, they do support boycotts against products from the Israeli settlements. This may be understandable, yet in a certain sense it does not promote peace. In a state of peace, it will be necessary to live together. Instead, this tactic could lead to a condition of fear, of anxiety, and of resistance to compromise. That does not serve the interests of the Palestinians themselves.

So in Europe, I argued, the movement that supports a boycott against Israel is illogical and absurd. One should rather encourage the two parties to reach out to each other. Unfortunately, some Palestinian officials are exploiting this issue with the same kind of double-talk some use about other aspects of the peace process. While Abbas says he opposes anti-Israel boycotts, Hanan Ashrawi, a prominent member of the PLO Executive Committee, published an op-ed in an Israeli newspaper just a few weeks ago with this headline: "The boycott is our Palestinian non-violent resistance."

What was the French Senate committee's reaction to this message? I believe their reactions differed. Among the most vocal participants in this exchange, for example, was one Senator who identified himself as the president of the Franco-Palestinian Friendship Society. But he was quite cordial and thoughtful in discussing the problem; and many of his colleagues voiced interest and appreciation for a different and more balanced perspective on this issue.

In practice, French government policy clearly opposes trade or other boycotts against Israel. And in my subsequent conversation with one of President Hollande's senior advisors, I found much common ground on the general principle that pressure on just one side of the Israeli-Palestinian conflict would be counter-

productive. The Palestinian Authority has much room for improvement in its own positions and behavior. It should not be encouraged to think that outside pressure on Israel would relieve it of the need to compromise, for the sake both of peace and of its own political aspirations.

At the same time, one should note an obscure recent statement by the EU Ambassador to Israel, Lars Faaborg-Andersen, which is worth quoting in some detail:

"If the talks are wrecked as a result of an Israeli settlement announcement, then the blame will be put squarely on Israel's doorstep Israel will find itself increasingly isolated, nor necessarily because of any decisions taken at a government level, but because of decisions taken by a myriad of private economic actor, be it companies, be it pension funds, be it consumers who will be choosing other product on the supermarket shelves."

I believe this is a roughly accurate reflection of prevailing European policy and sentiment, especially in the speaker's Nordic home environment. The economic implications would be quite serious, though still probably manageable, if official sanctions were applied. That appears highly unlikely, the more so since an EU consensus would be required. Yet the prospect of growing unofficial economic reprisals against Israel, in case of a breakdown in the peace process, is a real one.

What can the U.S. do to address this problem, and nip it in the bud? First of all, I greatly appreciate the contribution of today's hearing in raising awareness about the problem. Second, there is probably much that could be done in the realm of reasoned discussion with our European allies and counterparts, in both public diplomacy and private persuasion. The State Department has tried to clarify Secretary Kerry's earlier comments by noting that the U.S. opposes boycotts against Israel, and further such statements would be very welcome. Third, legislative or legal remedies may be available as well. As a possible analogy, I believe U.S. law penalizes attempts to comply with the nominal Arab boycott against Israel -- which is by now largely ineffective as a result. And U.S. law and policy impose costs on third parties who may attempt to evade sanctions against Iran, or to violate other international commercial codes or agreements.

In sum, so far, the issue of European trade or other boycotts against Israel is a threat much more potential than real. But as an unofficial movement, and even as an official response limited to Israeli settlements, it is gradually gaining strength in some quarters -- and could surge in the event that the current peace talks deadlock or disband. That is why this hearing today, and your continuing attention to the issue, are of so much value to the U.S. national interest in Israel's security, in economic partnership with Israel, and ultimately in Israeli-Palestinian peace.

Mr. POE. Thank you, Dr. Pollock.
Mr. Perles.

**STATEMENT OF MR. STEVEN PERLES, FOUNDER AND SENIOR
PARTNER, PERLES LAW FIRM, P.C.**

Mr. PERLES. Thank you, Mr. Chairman, Mr. Sherman. You know, before I begin my comments this morning, I will say that I do think senior members of the Bar have an obligation to help launch the careers of younger generation of lawyers.

It is why I teach, and in that spirit I would like to introduce Ms. Kristin Stitches to the committee. Ms. Stitches is my clerk and she is a law student at the George Mason University in northern Virginia. Thank you.

We have been studying the material support of terrorist attacks around the globe, particularly Palestinian terrorist attacks that result in the death or personal injury of United States nationals since 1995.

And I would break that material support into two tiers because it has been our observation over the last almost 20 years that there really are two tiers of Palestinian terrorists.

At the—you have an upper level, terrorists like Hassan Salameh whose activities killed Matthew Eisenfeld and Sara Duker. Matthew was from Connecticut. Sara was from New Jersey.

Now, Hassan Salameh was recruited by Iran in Gaza. He was smuggled through Egypt into the Sudan, flown on an Iranian military aircraft to Iran. He was trained in Iran and then he was returned through the Sudan and Egypt back into Gaza.

One of the more perplexing things about that attack is when we looked at the forensics of the bomb, the energetic was a plastic explosive that had been made in the United States for which there is only one customer and that is the United States Department of Defense.

And, candidly, I could not figure out how a plastic explosive made for the Defense Department wound up in a Hamas terrorist's gym bag.

As it turned out, Hassan Salameh was trained—and we learned a great deal about his training curriculum in Iran—he was trained by the Iranians not only to recruit suicide bombers but to recruit suicide land mine defusers and he was taught how to defuse U.S.-manufactured land mines.

In fact, we determined that the land mine—that what had happened was when Hassan Salameh was coming back through Egypt he recruited suicide land mine defusers, went into mine fields that the Egyptian Government had set up under the provisions of the Camp David Peace Accords—and, of course, mine fields are not guarded, they are simply posted—and they went in until they were able to salvage an American-made mine that was designed to destroy a Soviet T-54 tank, and I believe Hassan—I believe that energetic killed two U.S. nationals and 25 or 27 Israelis inside a bus.

The terrorist, and that is the suicide bomber, essentially was vaporized by the energetic inside of the bus. The lower-level terrorists are people like the suicide bomber on the bus. Those are the kinds of people that are getting martyr support.

Now, we have what I consider to be probably the most important case in the country right now on martyr payments and that is what is referred to as Litle versus the Arab Bank or the Arab Bank series of cases.

Abigail Litle was the daughter of a professional administrator in the Baptist Church. He was posted in Haifa. He took his daughter—he took his family with him to Israel. She did what all 13-, 14-year-old girls do.

She made friends with all the 13-, 14-year-old girls in her neighborhood. They all got on a bus together one morning to go to school. They all died together on that bus. That terrorist receives martyr payments that were—and this currency is not Iranian.

This currency is Saudi, and it was funneled through the Arab Bank's branch in Brooklyn, New York, which is why we brought the action in New York. The Eisenfeld and Duker action was brought under the Foreign Sovereign Immunities Act against Iran.

That was successfully prosecuted. This action was brought under the Anti-Terror Act because the Arab Bank of Jordan is a private actor. The remedy against private actors is under the ATA rather than the Foreign Sovereign Immunities Act.

I am running out of time but I will say and I would emphasize that to the best of our knowledge this is private Saudi money. There is no Saudi Government involvement in that activity.

In my written statement, which has been filed for the record, we do describe the fact that we are at something of a critical juncture in that case now.

We are getting a great deal of push back from the Department of State. That case is scheduled to go to trial in August. We hope to keep it on schedule and we hope the committee will assist us in doing that.

Thank you.

[The prepared statement of Mr. Perles follows:]

STATEMENT OF
STEVEN R. PERLES
BEFORE THE
HOUSE COMMITTEE ON FOREIGN AFFAIRS
SUBCOMMITTEE ON TERRORISM, NONPROLIFERATION, AND TRADE
MARCH 5, 2014

Chairman Poe, Ranking Member Sherman, and members of the Subcommittee, my name is Steven R. Perles, founder and senior partner in the Perles Law Firm, PC, and I appreciate the opportunity to appear before you to discuss civil litigation on behalf of U.S. citizens killed or injured as a result of acts of Palestinian terrorism. I have represented significant numbers of Americans who were tragically murdered or injured in acts of Palestinian terrorism. What I would like to speak about today is a public-private partnership and the proper role of the U.S. government in these cases. In my experience, since 1995, these cases achieve their greatest success when the U.S. government empowers the Americans victims by assisting with evidence, identifying assets of the terrorists or their sponsors and by staying neutral when the sponsors of terrorism attempt to leverage ongoing negotiations with the U.S. government for aid and support in the court cases against them.

In 1996, my firm was one of the first to file lawsuits on behalf of American victims of terrorism. We have seen the field of anti-terrorism litigation grow in cases against sovereign states and foundations and corporations that allegedly aided and abetted acts of terrorism. Anti-terrorism civil litigation has always been about deterring those who would materially support terrorism, as terrorists from Abu Nidal to Bin Laden have all relied on someone else to provide their support. Some of these sponsors are states like the Islamic Republic of Iran and some are private actors, including the international financial institutions that facilitate the movement of funds destined for terrorist entities.

The first successes in anti-terrorism litigation were scored against Iran, but only after I brought an ultimately successful case called *Princz v. Federal Republic of Germany* against the Federal Republic of Germany on behalf of all survivors of the Nazi concentration camp system who held U.S. passports or were U.S. servicemen at the time of their incarceration. In 1996, using then-D.C. Circuit Judge Patricia Wald's dissenting opinion in *Princz* for guidance, Congress passed a new exception to the FSIA, 28 U.S.C. § 1605(a)(7), for lawsuits "against a foreign state for personal injury or death that was caused by an act of torture, extrajudicial killing, aircraft sabotage, hostage taking." This exception denied sovereign immunity to any foreign state that sponsored a terrorist attack upon U.S. citizens, as long as the state had already been officially recognized as a state sponsor of terrorism by the U.S. Department of State.

Thus the *Princz* case led to my first case against Iran. In 1995, the Shafaqi faction of the Palestine Islamic Jihad detonated a bomb that destroyed an Israeli bus and killed twenty year old Alisa Flatow. I represented this family in *Flatow v. Islamic Republic of Iran*, the first case against Iran for state sponsorship of terrorism under the FSIA. The *Flatow* case documented the links between the terrorist group that carried out the attack and Iran, which acted as a sponsor for the group through the provision of support and training. In *Flatow*,¹ for the first time, a court

¹ 999 F. Supp. 1 (D.D.C. 1998).

found a foreign state liable for its sponsorship of a terrorist group that killed a U.S. citizen and awarded damages of roughly \$229 million. As enforcement of *Flatow* was winding down in the United States, together with my co-counsel Thomas Fay, I brought a case in the United States District Court for the District of Columbia against Iran for its complicity in the 1983 marine barracks bombing in Beirut, Lebanon that caused the death of over 240 servicemen, captioned *Peterson v. Islamic Republic of Iran*. Judge Royce C. Lamberth authored a May 30, 2003 opinion that adjudged Iran liable based upon the clear and convincing evidence linking Iran to the 1983 attack.² Subsequently, Judge Lamberth entered judgment against Iran for the 1983 bombing in excess of \$4 billion.³ We are enforcing this judgment on behalf of over 1200 plaintiffs against Iranian assets worth \$1.9 billion in the United States District Court for the Southern District of New York.⁴ It should be noted that we were greatly aided in this effort by the provision of information under seal by the Department of Treasury, which is an appropriate role of government in these cases.

Currently, the most important case in the U.S. courts involving U.S. citizens injured in acts of Palestinian terrorism is a case against a Middle Eastern bank for its conduct during the Second Intifada. This is not a FSIA case but a case brought under 18 U.S.C. § 2333, the Anti-Terrorism Act or ATA, allowing a person “injured in his or her person, property, or business by reason of an act of international terrorism” to sue to recover damages against non-state actors. The current status of the case illustrates the need for cooperation between the U.S. government and the attorneys who are bringing these cases on behalf of Americans against those terrorist and their supporters who injured them. I along with my co-counsel represent 54 Americans who were murdered or physically injured, along with their families, during the Second Intifada. In total, 110 Americans in related cases are suing Arab Bank, a Jordanian international bank with branches in the Palestinian Territories and, during the relevant time period, in New York City, in by far the largest litigation on behalf of U.S. citizens injured by Palestinian terrorism. My simple plea to the Committee is that the courts should be allowed to do their job in handling a civil lawsuit involving a statute that is crucial in the fight against terrorism, and that various governments should not be allowed to impose their political agenda on the outcome of these cases. Let justice take its course.

These 110 U.S. families filed civil actions beginning in 2004 under the U.S. Anti-Terrorism Act against Arab Bank. We allege and intend to prove the Bank knowingly provided direct material support by laundering tens of millions of dollars through its New York branch to U.S. government-designated Foreign Terrorist Organizations (FTOs) such as HAMAS and their agents, including Specially Designated Global Terrorists (SDGTs) and including via “insurance” payments made by Saudi militants to imprisoned and martyred terrorists and their families. This includes individual terrorists (including particular terrorists who committed attacks on the plaintiffs), senior Hamas operatives (including the Hamas “prime minister” in Gaza and the leader of Hamas’ military wing), charitable committees designated as SDGTs for their affiliation with Hamas, and even what the trial judge delineated as evidence of wire transfers to a senior US-designated Hamas leader identifying “Hamas” as the beneficiary, and evidence of multiple

² *Peterson v. Islamic Republic of Iran*, 264 F. Supp. 2d 46 (D.D.C. 2003).

³ *Peterson v. Islamic Republic of Iran*, 515 F. Supp. 2d 25 (D.D.C. 2007).

⁴ *Peterson v. Islamic Republic of Iran*, CA 10-4518 (KBF), 2013 U.S. Dist. LEXIS 40470 (S.D.N.Y. Feb. 28, 2013).

payments for families of suicide terrorists (identifying “martyr operations,” i.e., suicide attacks, as the causes of death). But most of the evidence, at present, is hidden behind a wall of bank secrecy laws, primarily those of the Palestinian Authority, in addition to Lebanon and Jordan.⁵ The U.S. government has agreed with our concerns, and the filing of these cases led to the U.S. Office of the Comptroller of the Currency (OCC) investigating the Bank in 2004, which resulted in a \$24 million monetary penalty against the Bank, the requirement of establishing a \$420 million reserve, and the shutting down of its U.S. banking business by restricting the New York branch from any banking activities. The OCC stated in an August 17, 2005 press release:

the agencies determined that the New York Branch of Arab Bank failed to implement an adequate anti-money laundering program to comply with the Bank Secrecy Act and manage the risks of money laundering and terrorist financing in connection with United States dollar clearing transactions. The New York Branch also violated the suspicious activity reporting requirements of the Bank Secrecy Act.⁶

The OCC’s Acting Comptroller later told Congress that its “review disclosed that the branch had handled hundreds of suspicious wire transfers involving individuals and entities with the same or similar names as suspected terrorists and terrorist organizations and that many of these individual and entities were customers of Arab Bank or its affiliates.” As a result of this review, the OCC issued a cease and desist order, emphasizing “[t]he inadequacy of the Branch’s Bank Secrecy Act controls over its funds transfer operations is especially serious in light of the high risk characteristics of many of the transactions” and ordering conversion of the Bank’s NY branch into an agency with limited banking powers.

It has been close to a decade since the lead case, *Linde v. Arab Bank*, was filed and our clients’ day in court has been delayed for years by Arab Bank’s refusal to produce the banking records at the heart of the case based on so-called foreign banking secrecy laws. The trial court ruled in 2005 that foreign banking secrecy laws do not apply, but the Bank deliberately ignored multiple production orders. Arab Bank’s refusal to produce these records in violation of US law resulted in the trial court issuing sanctions in 2010 designed to restore a level playing field and allow the jury to draw certain inferences about the Arab Bank’s conduct, based upon its calculated withholding. Any defendant in a U.S. civil case must produce the records under its control that go to the heart of a case, and the resulting sanction from the Bank’s refusal to produce was proper. Five U.S. judges at the trial court and Second Circuit have now ruled that the case should go forward to trial. These families have waited almost ten years for their day in court; there should be no further delay of the August trial setting.

Arab Bank has sought to delay trial at any cost. Since 2010, the Bank through the Kingdom of Jordan has been trying to enlist the U.S. State Department to enter a Statement of Interest in the case seeking to modify the scope of the trial court’s discovery sanction. The Bank’s argument, which lacks any evidentiary support, is that civil liability for the damages its behavior caused the 110 American families will bankrupt the Bank and threaten the stability of Jordan and by extension the entire Middle East. Considering the size and profitability of the Bank, that

⁵ *Linde v. Arab Bank, PLC*, 269 F.R.D. 186 (E.D.N.Y. 2010).

⁶ http://www.fincen.gov/news_room/nr/pdf/20050817.pdf (last visited February 28, 2014).

argument is ridiculous. The Bank's profits for 2013 rose 43% to \$501.9 million. Its net operating income exceeded \$1 billion. Its deposits were \$34.4 billion in 2013. It has a \$45.6 billion balance sheet spread across 30 countries and five continents. On April 21, 2011, Representatives Ileana Ros-Lehtinen and Howard Berman, the then-Chairwoman and Ranking Member of the House Foreign Relations Committee, Steve Chabot and Brad Sherman wrote a letter to Secretary of State Hillary Clinton which urged the State Department not to intervene in the case, stating:

[I]ntervention by the State Department on Arab Bank's behalf, *sua sponte*, would undermine the policies underlying the ATA that support the rights of victims of international terrorism to seek recovery due to the damages they suffered. . . . In conclusion, permitting foreign governments to elevate bank secrecy laws over the interests of justice and, indirectly, extend a veil of secrecy in U.S. courts for designated foreign terrorist organizations, would subvert U.S. policy goals providing for the fair and open adjudication of claims brought under the ATA. Accordingly, we ask that the Department of State refrain from intervening in this matter on behalf of Jordan or any foreign interests absent a formal judicial request.

The State Department turned down the Jordanian government and refused to enter a Statement of Interest and lend its weight to this argument even though, at that time, the Bank *also* faced the pending claims of thousands of non-Americans who were murdered or injured during the Second Intifada. Because the Second Circuit subsequently ruled in a different case⁷ that certain Alien Tort Statute claims could not go forward against corporations, the trial judge in our cases dismissed the non-Americans' claims, and though they are on appeal, only the claims by the 110 American families are now pending in the trial court. Thus the Bank's argument regarding the destabilization of the Middle East resulting from a civil damages award has lost considerable merit from 2011, when even then it was not taken seriously. We applauded the State Department for its principled stand in 2011.

Notwithstanding the trial court and Second Circuit rulings, last summer the Bank filed a petition for writ of certiorari to the Supreme Court, and the Kingdom of Jordan submitted an amicus brief in support of the Bank. On October 21, faced with Jordan's misrepresentation that the Kingdom would be destabilized by the failure of the Bank, the Supreme Court had no choice but to invite the U.S. Solicitor General to file a brief expressing the views of the United States. Review of the discovery sanction by the Supreme Court would be an extraordinarily unusual circumstance. In the normal course of civil litigation, litigants would rarely be able to contest such a ruling in the Supreme Court. As the trial court stated on February 12, 2014:

[T]he petition is still nearly twice as likely to be denied as granted. Add to that the fact that Judge Gershon's Order is an interlocutory discovery order for which defendant seeks mandamus relief, and the likelihood of the Supreme Court granting certiorari seems smaller still. In considering that, this Court is also noting the Second Circuit panel unanimously determined that mandamus relief was

⁷ *Kiobel v. Royal Dutch Petroleum Co.*, 621 F.3d 111 (2d Cir. 2010), *aff'd*, 133 S.Ct. 1659 (2013).

inappropriate. This Court thus believes that there is a very good chance that the Supreme Court will deny certiorari, allowing this trial to go forward in August.

The mundane legal issues at the center of the petition to the Supreme Court are not worthy of Supreme Court review. The U.S. government is currently undergoing an interagency review process to determine whether to submit a brief and what position to take. We understand the State Department now supports the U.S. government submitting a brief that would support the Bank's request for review of the discovery order. We also understand that the U.S. government agencies concerned with the role played by international banks in tax evasion, money laundering and terrorism financing are opposed to the Bank's petition for Supreme Court review. Terror victims share a commonality of concern and principle with such agencies.

Nor should the foreign banking laws raised by the Bank give the Committee any pause. Congress has already decided between the competing policy goals behind banking secrecy laws and laws enabling U.S. victims of terrorism to sue those who injured them through acts of international terrorism. Congress passed the ATA, 18 U.S.C. sec. 2331, *et seq.*, to enable U.S. citizens to sue those who financially support acts of international terrorism. The ATA's civil remedy plainly contemplates extraterritorial application. Acts of "international terrorism" are defined by the ATA in relevant part as acts that "occur primarily outside the territorial jurisdiction of the United States," 18 U.S.C. § 2331(1)(C). Senator Grassley, who sponsored the original ATA act, explained that it "empowers victims with all the weapons available in civil litigation, including: Subpoenas for financial records, banking information, and shipping receipts—this bill provides victims with the tools necessary to find terrorists' assets and seize them." Given that the law explicitly empowers U.S. citizens to sue those who lend support to acts of international terrorism, the ATA was implicitly crafted to combat the financing of terrorism. The Executive Branch has agreed. Specifically, in *Boim v. Holy Land Foundation for Relief & Develop.*, the Justice Department advised the Seventh Circuit Court of Appeals that "[t]he provision at issue — 18 U.S.C. § 2333(a) — was supported by the Executive Branch as an effective weapon in the battle against international terrorism; when correctly applied, it discourages those who would provide financing that is later used for terrorist attacks."⁸ Thus, the Bank is precisely the type of defendant Congress had in mind when it passed the ATA. Allowing a foreign bank to raise a foreign banking secrecy law, over the denial of the trial court and appellate court, would nullify the ATA and deny Congress's intent in passing it.

The bank secrecy defense is a final, desperate roll of the dice by the Bank — especially considering it is undisputed that Arab Bank *did* disclose secret customer information to U.S. authorities without even notifying, let alone seeking authorization from, the relevant foreign states. Arab Bank produced internal banking records to the OCC during the OCC's 2004 investigation of the Bank that followed the filing of the *Linde* lawsuit. Arab Bank was never prosecuted for those disclosures. Jordan and Lebanon are signatories of the Middle East and North Africa Financial Action Task Force, and have expressly adopted a policy not to rely on bank secrecy laws as a basis for protecting information related to money laundering and terrorist financing.

⁸ Brief for the United States as Amicus Curiae at *1, *Boim v. Holy Land Foundation*, 2008 WL 3993242, (7th Cir. Aug. 21, 2008).

Finally, it is relevant that the Bank invokes bank secrecy to protect the privacy interests of ten customers the Bank has admitted are Specially Designated Global Terrorists, as well as dozens of customers identifiable as the senior leadership of a Foreign Terrorist Organization, Hamas, and its military brigades, persons wounded or imprisoned in terrorist operations, and families of “martyrs” killed in “martyrdom operations” (including specifically-identified terror attacks that killed and injured plaintiffs in this lawsuit).

At times, the U.S. Government has been a strong supporter of anti-terrorism litigation, and the State Department has been able to play a constructive role in the past. In 2008, there were a number of cases in U.S. courts progressing against Libya to provide compensation for its sensational acts of terrorism against U.S. citizens in 1980s and 1990s, including the survivors of the 1986 LaBelle Discothèque. Libya, anxious to reestablish relations with the United States, was unable to make much progress as State Department officials and members of Congress blocked rapprochement until the claims were satisfied. The primary cases that drove the agreement with Libya forward were the Lockerbie Pan Am 103 bombing and the LaBelle discotheque bombing case. In August 2008, the governments of Libya and the U.S. reached an agreement where Libya agreed to pay the U.S. \$1.5 billion in settlement of all outstanding claims.⁹ Though many victims were dissatisfied with this result and felt the U.S. government made a politically expedient settlement at the expense of fair compensation of all victims and survivors of Libyan terrorism, the level of U.S. government participation in the vindication of private causes of action was unique. While it may have been preferable to see more done on behalf of victims, U.S. government support for the Libyan cases was vital to their eventual settlement. The resolution of the Libya cases in 2008-10 for Libya’s past acts of state sponsorship of terrorism illustrates how advocates for victims of state sponsorship of terrorism can provide ammunition to the State Department in its advancement of U.S. policy and how the two can work together to achieve their goals. Such a public-private partnership does not happen often because of the absence of an institutional voice for victims of terrorism at the State Department.

One way to fix this is to statutorily create an office for terror victims’ assistance (“LTVA”), based upon The Office of the Assistant Legal Adviser for International Claims and Investment Disputes L/CID¹⁰—which would deal with providing assistance for U.S. victims of terrorism as LCID provides assistance to U.S. companies with foreign investment disputes. What is referred to as the “Libya model” worked well because both the State Department and the lawyers representing U.S. victims of Libyan terrorism worked toward the ultimate goal of victim compensation, even in difficult times when the partnership was strained by inherently divergent interests. The creation of the LTVA office would lay the groundwork for the future replication of the successful results of the Libya model. The Libya model worked because of a temporary and quasi-institutional voice for victims of Libyan terrorism at the State Department.

⁹ Libyan Claims Resolution Act, Pub. L. No. 110-301, 122 Stat. 2999 (2008).

¹⁰ “The Office of the Assistant Legal Adviser for International Claims and Investment Disputes (L/CID) is the largest office in the Department of State’s Office of the Legal Adviser. It represents the United States and coordinates activities within and outside the Department with respect to all aspects of international claims and investment disputes.” <http://www.state.gov/s/l/c3433.htm> (last visited February 28, 2014).

Indeed the Executive Branch has played an instrumental role in several Foreign Sovereign Immunities Act (FSIA) cases against the Islamic Republic of Iran and the Syrian Arab Republic. Under subpoena, the Department of Treasury has provided information regarding the location of frozen assets of Iran or Syria to U.S. victims of terrorism as judgment creditors. In the *650 5th Avenue* case in the United States District Court for the Southern District of New York¹¹, several groups of terrorism victims have worked hand-in-hand with U.S. federal prosecutors for years in a civil forfeiture case against the office tower at 650 Fifth Avenue, which belongs to groups which have allegedly money laundered for Iran and violated US-Iran sanctions. As a result of this cooperation, the U.S. government plans to sell the building and turn over the proceeds to the families of those victims of Iranian terrorism who have worked with the government. There currently exist several types of U.S. federal rewards programs for cooperation and assistance leading to convictions and asset seizures. The Rewards for Justice program, 22 U.S.C. § 2708(b)(7), rewards the provision of information provided to the U.S. government assisting in “the disruption of financial mechanisms” of terrorist organizations. Whenever legally permissible, I have provided information to U.S. government agencies to assist in their legal efforts against terrorists and their supporters. This type of cooperation has furthered the Congressional policies behind the enactment of anti-terrorism legislation. The State Department should either act as a proponent of such policies, as it did with the Libya model, or neutrally, as it did in 2011 in the Arab Bank case when it refused the Jordanian government’s request to enter this case and file a Statement of Interest in favor of modifying the scope of the trial court’s discovery sanction. We have asked the State Department to play a productive role as an interlocutor with the Jordan and the Bank to bring the matter to a conclusion acceptable to all parties. That would be the proper role of the U.S. government.

The key to a successful public-private partnership is cooperation. The prosecution of these cases fulfills important Congressional policies such as victim compensation, the deterrence of terrorism with financial penalties and the production of intelligence for U.S. agencies, when legally permissible. But these goals can be not reached unless the courts are allowed to do their job. It is our opinion, and the courts have agreed, that the policy goals of compensating American victims of international terrorism and deterring financiers of international terrorism should be favored over foreign bank secrecy laws. And Congress expressly empowered the courts to make these decisions when it passed the ATA. The State Department should make the same decision now that it made in 2011, which is to deny the request to interfere in the progress of this lawsuit and allow no further delay in the American victims’ quest for justice.

¹¹ *In re: 650 Fifth Avenue and Related Properties*, CA 08-10934 (KBF).

Perles Law Firm, PC representative cases

SYRIA

1. Gates v. Syrian Arab Republic, CA 06-1500 (D.D.C.) (RMC)

CASE SUMMARY

Two wrongful deaths from Syrian sponsored beheadings by Al Qaeda in Iraq in 2004, with 4 family members as plaintiffs. Final judgment awarded for \$412,909,857.00.

**See Gates v. Syrian Arab Republic, 580 F. Supp. 2d 53 (D.D.C. 2008).

PROCEDURAL STATUS

Syria took an appeal to contest the court's jurisdictional basis, which was rejected by the court of appeals. Judgment enforcement underway.

2. Foley v. Syrian Arab Republic, CA 11-699 (D.D.C.) (CKK)

CASE SUMMARY

Three wrongful deaths from Syrian sponsored beheadings of U.S. serviceman and the assassination of American diplomat Lawrence Foley in Amman, Jordan by Al Qaeda in Iraq in 2002, 2004 and 2006, with family members as plaintiffs.

PROCEDURAL STATUS

The complaint has been filed and is being served on defendants.

3. Baker v. Syrian Arab Republic, CA 03-749 (D.D.C.) (GK)

CASE SUMMARY

Complaint filed with 1 wrongful death and two injured plaintiffs from a Syrian and Libyan sponsored 1985 hijacking of an airplane and its ultimate destruction, with 18 family members as plaintiffs.

Perles Law Firm, PC representative cases

PROCEDURAL STATUS

The case against Syria went to trial in March, 2010 resulting in an award of \$510,560,000.00. Judgment enforcement underway.

The claims against Libya did not go to trial because the Libyan defendants settled the claims for approximately \$18,000,000. The Libyan Claims Resolution Act (“LCRA”), passed on July 31, 2008 and signed by President Bush on August 4, 2008, dismissed all litigation against Libya. The Libya claims were, alternatively, successfully processed by the Department of State or the Foreign Claims Settlement Commission.

4. Buonocore v. Syrian Arab Republic, CA 06-727 (D.D.C.) (GK)/(JMF)

CASE SUMMARY

Complaint filed with 5 wrongful deaths and six injured plaintiffs from Syrian and Libyan sponsored airport shooting in Rome and Vienna during the Christmas holidays in 1985, with 11 family members as plaintiffs.

PROCEDURAL STATUS

The case against Syria went to trial in February, 2011. Preliminary determination by the magistrate judge finding Syria liable on April 10, 2013.

The claims against Libya did not go to trial because the Libyan defendants settled the claims for roughly \$43,000,000. The Libyan Claims Resolution Act (“LCRA”), passed on July 31, 2008 and signed by President Bush on August 4, 2008, dismissed all litigation against Libya. Most of the Libya claims were, alternatively, successfully processed by

Perles Law Firm, PC representative cases

the Department of State or the Foreign Claims Settlement Commission. One claim remains in litigation with the Department of State.

5. Certain Underwriters v. Syrian Arab Republic, CA 06-731 (D.D.C.) (GK)/(JMF)

CASE SUMMARY

12 alien and 1 US insurance companies suing for damages for a destroyed airplane hull as a result of a Syrian and Libyan sponsored terrorist hijacking in 1985.

PROCEDURAL STATUS

The case against Syria went to trial in March, 2010. Damages of \$51,574,997.89 awarded by magistrate judge on April 18, 2012.

The claims against Libya did not go to trial because the Libyan defendants settled the claims as a part of the Libyan Claims Resolution Act (“LCRA”), passed on July 31, 2008 and signed by President Bush on August 4, 2008, which dismissed all litigation against Libya. The Foreign Claims Settlement Commission denied all claims on a jurisdictional basis. As all Libya claims were dismissed pursuant to the LCRA and were also denied by the Foreign Claims Settlement Commission on a jurisdictional basis, alternative remedies are being studied.

IRAN

6. Peterson, et al. v. Islamic Republic of Iran, CA 01-2094 (D.D.C.)(RCL)

and follow-on cases

CASE SUMMARY

Perles Law Firm, PC representative cases

Plaintiffs are over 1200 widows, orphans, siblings and survivors of the Islamic Republic of Iran's bombing of the Beirut Marine Corps Barracks in 1983, resulting in the murder of 241 US servicemen, who were in Lebanon as United Nations peacekeepers. This case required the development of evidence regarding Iran's material support of Hezbollah and Iran's direct role in the Marine Corp barracks bombing.

PROCEDURAL STATUS

Final judgment for approximately \$4.2 billion in compensatory damages. Enforcement actions have been filed in several judicial districts against Iranian assets. On Feb. 28, 2013 the United States Court for the Southern District of New York ordered the turnover of \$1.9 billion in Iranian assets to the Marine families, and other terrorism victim judgment creditors. A further enforcement action against Iran is proceeding under seal.

7. Flatow v. Islamic Republic of Iran, CA 97-396 (D.D.C.) (RCL)**CASE SUMMARY**

Counsel for plaintiff in the first successful action against a foreign state for the death of a United States national as a result of an Iranian-sponsored bus bombing. \$247,513,220.00 final judgment – \$225,000,000 punitive damage award remains unsatisfied.

**See Flatow v. Islamic Republic of Iran, 999 F. Supp. 1 (D.D.C. 1998).

PROCEDURAL STATUS

Compensatory judgment has been collected and ongoing collection effort in the European Union for the punitive portion of the judgment. Italian enforcement proceedings under way at the Italian Supreme Court. It is anticipated that ultimately the claims in the Italian court system will be decided by the European Court of Human Rights.

Perles Law Firm, PC representative cases

8. Eisenfeld/Duker v. Islamic Republic of Iran, CA 98-1945 (D.D.C.) (RCL)

CASE SUMMARY

Counsel for plaintiff in a successful action against a foreign state for the death of two United States nationals as a result of an Iranian-sponsored bus bombing. \$327,161,002.00 final judgment – \$300,000,000 punitive damage award remains unsatisfied.

**See Eisenfeld v. Islamic Republic of Iran, 172 F. Supp. 2d 1 (D.D.C. 2000).

PROCEDURAL STATUS

Compensatory judgment has been collected and ongoing collection effort in the European Union for the punitive portion of the judgment. Italian enforcement proceedings under way at the Italian Supreme Court. It is anticipated that ultimately the claims in the Italian court system will be decided by the European Court of Human Rights.

9. Ellis v. Islamic Republic of Iran, CA 05-220 (D.D.C.)(RMU)

CASE SUMMARY

Lawsuit against the Islamic Republic of Iran for its support of the terrorist who caused a triple suicide bombing on Ben Yuhada Mall.

PROCEDURAL STATUS

Damages of \$1,704,457 awarded on July 3, 2012. Enforcement proceedings underway.

10. Jenco v. Islamic Republic of Iran, CA 00-549 (D.D.C.) (RCL)

CASE SUMMARY

Counsel for plaintiffs in a successful action against the Islamic Republic of Iran for the hostage taking and torture of a Catholic priest from the United States as a result of an act of state-sponsored terrorism in Beirut, Lebanon.

Perles Law Firm, PC representative cases

\$314,640,000.00 final judgment – \$300,000,000 punitive damage award remains unsatisfied.

**See Jenco v. Islamic Republic of Iran, 154 F. Supp. 2d 27 (D.D.C. 2001).

PROCEDURAL STATUS

Final judgment issued and compensatory damages collected. There is no current active enforcement program for the unsatisfied punitive damages.

LIBYA

11. Beecham v. Great Socialist People's Libyan Arab Jamahiriya, CA 01-2243 (RWR)

CASE SUMMARY

Action on behalf of 93 off-duty U.S. service personnel who were killed or injured by the Libyan terrorist bombing of the LaBelle discotheque in Berlin, Germany in 1986.

Defendants agreed to settle the case for \$276,000,000.00 including the 38 plaintiffs who were our clients for the sum of \$3,000,000.00 each.

PROCEDURAL STATUS

The Libyan Claims Resolution Act ("LCRA"), passed on July 31, 2008 and signed by President Bush on August 4, 2008, dismissed all litigation against Libya. All claimants have been awarded compensation in the settlement achieved by the LCRA.

Perles Law Firm, PC representative cases

**12. Clay v. Great Socialist People's Libyan Arab Jamahiriva, CA 06-707
(RWR)**

CASE SUMMARY

Two U.S. servicemen were injured by the Libyan terrorist bombing while relaxing off-duty at the LaBelle discotheque in Berlin, Germany in 1986.

PROCEDURAL STATUS

The Libyan Claims Resolution Act ("LCRA"), passed on July 31, 2008 and signed by President Bush on August 4, 2008, dismissed all litigation against Libya. One claim compensated for \$3 million at Foreign Claims Settlement Commission.

**13. Harris v. Great Socialist People's Libyan Arab Jamahiriva, CA 06-732
(RWR)**

CASE SUMMARY

Represent a family whose husband and father died from injuries he received in the La Belle Discothèque bombing in Berlin on April 5, 1986.

PROCEDURAL STATUS

The Libyan Claims Resolution Act ("LCRA"), passed on July 31, 2008 and signed by President Bush on August 4, 2008, dismissed all litigation against Libya. The family's claim was compensated by the Foreign Claims Settlement Commission.

Perles Law Firm, PC representative cases

14. Pan Am liability carriers v. Libya – settlement activities

CASE SUMMARY

Consulting role for several participating underwriters of Pan Am from the 1986 Lockerbie bombing. Their damage claims consist of the value of liability claims paid by Pan Am liability insurers to the Pan Am families.

PROCEDURAL STATUS

The Libyan Claims Resolution Act (“LCRA”), passed on July 31, 2008 and signed by President Bush on August 4, 2008, dismissed all litigation against Libya. The Foreign Claims Settlement Commission denied the Libya claims on a jurisdictional basis. As all Libya claims were dismissed pursuant to the LCRA and were also denied by the Foreign Claims Settlement Commission on a jurisdictional basis, alternative remedies are being studied.

BANK MONEY LAUNDERING AND TERRORIST FINANCING

15. Litle v. Arab Bank, CA 04-5449 (E.D.N.Y.)(NG)/(VVP)

CASE SUMMARY

41 families sued the Arab Bank, PLC for its direct participation in funding and facilitating Palestinian terrorists during the Second Intifada under the ATA.

PROCEDURAL STATUS

Arab Bank’s motion dismiss has been denied and the court awarded considerable discovery sanctions against the Arab Bank for its refusal to produce volumes of key

Perles Law Firm, PC representative cases

evidence. Absent a Statement of Interest by the Solicitor General on behalf of the Department of State, trial is expected in August of 2014.

**16. Weiss v. National Westminster Bank, CA 05-4622
(E.D.N.Y.)(CPS)/(MDG), Wolf v. Credit Lyonnais, CA 07-914
(E.D.N.Y.)(CPS)/(MDG)**

CASE SUMMARY

Plaintiffs include 14 families who sued both the Credit Lyonnais and National Westminster Bank, PLC under the ATA for their participation in the funding and facilitating Palestinian terrorists during the Second Intifada.

PROCEDURAL STATUS

Motions to dismiss by the banks denied. The cases are at the motion for summary judgment stage.

SUDAN

17. Amduso v. Republic of Sudan, CA 08-1361 (D.D.C.)(JDB)

CASE SUMMARY

Complaint filed with 2 US citizens and over 400 Kenyan and Tanzanian citizens, who were either working as U.S. employees at the embassies or are their family members, injured as a result of the Iranian and Sudanese supported Al Qaeda twin embassy bombings in 1998.

PROCEDURAL STATUS

Trial on liability took place in October, 2010 and the court found that Iran and Sudan materially supported Al Qaeda when it destroyed the embassies. Damages proceedings underway.

Perles Law Firm, PC representative cases

PALESTINIAN AUTHORITY

18. Klieman v. Palestinian Authority, CA 04-1173 (D.D.C.) (PLF/JMF)

CASE SUMMARY

Complaint filed with 1 wrongful death from PA supported Hamas shooting and 5 family members as plaintiffs.

PROCEDURAL STATUS

The PA's two motions to dismiss were denied and the case is in the discovery phase.

Mr. POE. I want to thank all three of you for your superb testimony.

I will now recognize myself for some questions. Mr. Black, I want you to be a little more specific, and I know that is hard for you to do because you were very blunt and candid and specific.

Is U.S. money going to pay prisoners in Israeli jails that we would consider terrorists?

Mr. BLACK. The answer is yes. It is illegal. Our Government, at the highest level, knows it is illegal. Every hour of every day that this money continues to go to the PA you risk the chance that another bus of more Americans will be blown up, and they will receive an official salary from the PA.

The PA is continually in debt and it relies upon donor countries for this money. Now, when you ask the PA are you going to stop using our money to pay these terrorists' salaries, they have a term for this and the term is called donor filth.

It is all over the media. It is all over the newspapers. It is in public remarks, and approximately 40 percent of the entire PA budget comes from donor countries and much of the rest comes from remittances.

There is no question that this country is supporting terrorism. Not because somebody is publishing a Web site but because somebody committed a specific act of terrorism and was paid on a sliding scale for the number of people that he killed. You are doing this now.

Mr. POE. I am going to ask some more questions. Try to be a little shorter, if you can. Briefer, I guess, is the answer—a little more specific. You know, I was a former judge and so I sent—I mean, people went to prison because they should have gone.

But the idea that we pay people to go to prison and the more serious the crime against society they get more money, that is ludicrous. It would be ludicrous in this country but now we are paying people overseas.

The prisoners that are in these Palestinian jails, have they committed crimes against American citizens that are directly or indirectly receiving money from American taxpayers?

Mr. BLACK. Short answer, absolutely yes.

Mr. POE. How many people are in Israeli jails?

Mr. BLACK. Under this law, which only covers to terrorists and does not cover shoplifters or burglars or any other types of prisoners that are not national security offenses, it is about 4,000. You said about 4,500.

That would cover everybody. It is about 4,000 and none of them think they are going to serve the sentence that they are given—5, 10, 20 years—because they all believe they are going to get out in the next prisoner swap or the next prisoner swap to discuss the next prisoner swap.

Mr. POE. All right. There was a prisoner swap in October where 1,000 or so got out of Israeli jails. How many of those were terrorists?

Mr. BLACK. They were all terrorists and—

Mr. POE. Okay. Thank you. Are any of those—are any of those people that are in Israeli jails—you know, terrorist means different

things to different folks. But are they members of foreign terrorist organizations like Hamas?

Mr. BLACK. Many are not. Many are individual Palestinians who have been impoverished by their own lack of enterprise in the Palestinian Authority and see American and EU tax money as a way to become wealthy in their own land, and they are just individualized and incentivized by taxpayer money.

Mr. POE. Dr. Pollock, Mr. Black testified earlier that some of these prisoners are getting up to \$10,000 a month. So what is—you know, as we now understand, these are killers who killed somebody.

The more serious the crime, the more you get from the Palestinian Authority. So what does a Palestinian that is not a criminal making out there a month in—somewhere in Israel? Just the average salary—monthly salary. Are they getting \$10,000 a month?

Mr. POLLOCK. No, sir.

Mr. POE. What are they making? Do you know?

Mr. POLLOCK. The per capita income in the West Bank is—which is under Palestinian Authority rule, is estimated right now to be approximately \$4,000.

Mr. POE. A month?

Mr. POLLOCK. No.

Mr. POE. A year?

Mr. POLLOCK. A year, yes.

Mr. POE. So you get \$4,000 a year per—

Mr. POLLOCK. Per capita income. Right. Right.

Mr. POE. Per capita.

Mr. POLLOCK. So, clearly, this—

Mr. POE. Crime pays. Pays very well. The more serious you commit the crime against Israelis, Americans, Western Europeans, whoever, the more they are paid.

Mr. POLLOCK. Yes, sir.

Mr. POE. And they can give this—understand, Mr. Black, they control—the prisoner controls where the money goes. They can give it back to a terrorist organization. They can give it to their mother-in-law, their girlfriend.

Mr. BLACK. That is right. It is the POA and the POA changes anytime they want it to change, and when I was in the British Parliament a couple of weeks ago I—one of the parliamentarians said this is welfare to the families. It is not welfare to the families. It can go to anyone the guy designates, including his own terror cell.

Mr. POE. Two quick questions. Explain what the Prisoners Club is and explain what happens when these terrorists who are getting money to go to prison to kill people get out. What happens when they get out? Quickly, briefly.

Mr. BLACK. When they get out they get a pension and the pension—this is money for life. So while we don't have any money here to pay our own pensions they are getting the pension and the Prisoners Club—

Mr. POE. Because they went to prison as a terrorist act they are getting a pension.

Mr. BLACK. That is right.

Mr. POE. Because they are part of the government now.

Mr. BLACK. And the Prisoners Club advocates to make sure they get more money, more benefits, more bonuses, more prioritization and job training.

Mr. POE. Thank you.

I will yield to the ranking member from California, Mr. Sherman.

Mr. SHERMAN. Thank you.

Dr. Pollock, thank you for your focus on the economic vibrancy in Israel, and the judge and I have a bill to make Israel a visa waiver country.

If that bill succeeds, we will see a lot more investment in the United States because business people can't wait 3 or 4 weeks to go make a business decision. I have never seen a deal that was worth doing that would wait 3 weeks.

And it would also be the answer to those who try to make Israelis feel like pariahs we ought to put out the welcome mat in the most important country in the world.

You have described enterprises on the West Bank. Do these provide jobs for Palestinians?

Mr. POLLOCK. Yes, sir. They do. Most of Israel's economic activity on the West Bank including settlement construction provides jobs for Palestinians.

It is actually mostly Palestinian workers who are physically building the new housing that the Israelis are constructing in some of these settlements and being paid decent salaries for that work.

Mr. SHERMAN. And the most recent controversies involved Oxfam, an organization funded in part by the work of this committee, criticizing one of its board members for being a spokesperson for SodaStream.

Doesn't SodaStream—great soda, I might add—aren't most of the employees Arab Palestinians?

Mr. POLLOCK. Yes, sir. Most of them are. It is a mix of employees. You have Palestinians and Israelis working together in the SodaStream manufacturing facility in the West Bank.

I might just add parenthetically that Prime Minister Netanyahu, in his speech to AIPAC yesterday, specifically referred to this issue and had what I guess you would call colloquially a shout out to Scarlett Johansson and ended his speech by saying, "Frankly, my dear Scarlett, I do give a damn."

Mr. SHERMAN. Mr. Black, among those getting these payments from the PA for their terrorism, are there those who have killed or injured American citizens?

Mr. BLACK. Yes. There are scores of American citizens who have been killed or injured and many of the Palestinians who are receiving these American-funded salaries are perpetrators of those acts.

Mr. SHERMAN. I want to comment on some of the comments made by my fellow Californians. I was with President Clinton when we saw the PA charter changed and supposedly that was the recognition of the Palestinians that Israel had a right to exist.

They then retreated through an artifice to well, Israel has a right to exist but only as a second Palestinian state, by declaring that any Arab person who claims that any member of their extended family ever lived in Israel, and just this is a claim because there are no records from the Ottoman Empire.

It is not like you carried around a little ID from 1898. So any Arabic-speaking person who makes that claim has a right to go and live in Israel with their entire extended family. So we saw that position.

Now, my colleague from southern California also points out we have got to listen to the Palestinians and their leaders. He is absolutely right. I have done a lot of that over the last 18 years.

Privately, they know that Israel—that peace is—with Israel as a homeland for the Jewish people, that the right of return unless it is symbolic and of no practical importance has to be swept away if there is peace.

The problem is they enjoy the political advantages of fanning the flames loudly and then quietly tell Members of Congress they know they have got to go in the other direction.

The problem is that they have boxed themselves in. I am going to astound my colleagues and yield back with 24 seconds.

Mr. POE. I thank the ranking member.

Before I yield to the other—one gentleman from California I want to put in the record that while the EU boycotts Israel, Iran is shipping arms to terrorists in Gaza. Earlier today, the Israeli navy raided a ship in the Red Sea and seized dozens of advanced rockets from Iran for the Palestinian terrorists in Gaza.

These rockets had a range that could hit anywhere in Israel. So we can't forget about the Iranians in all of this.

I will yield 5 minutes to the gentleman from California, the ranking member of Europe, Eurasia and Emerging Threats—Mr. Rohrabacher.

Mr. ROHRABACHER. Thank you very much, Mr. Chairman.

I guess what I am getting out of this is that the old expression “follow the money” is very applicable here, and I thank you, Mr. Chairman, and I thank the panelists today for shining some light on where the money is coming from and surprise, surprise, it is coming from us.

I mean, holy cow. So, I mean, one would think that you follow the money you are going to end up in, you know, some Damascus or Tehran and instead it is right here in Washington, DC, and right here in some of the money that we are allocating.

That needs to be corrected and thank you for pointing that out to us. Over the years, I have been in many hearings like this where we discuss terrorism and we discuss attacks, and terrorism is an attack on a civilian and the Palestinians in this case have targeted civilians in order to terrorize a population to achieve an objective.

And I—it seems to me that we have been listening to the Palestinians and before, 20 years ago when I first came here it seemed to me that Israel wasn't listening. It seemed to me that Israel did not have a plan of how to deal with the Palestinians and they weren't willing to.

They thought they should just disappear, become part of some other country. Well, since that time I think Israel has made tremendous concessions to the Palestinians.

They have given them territory and land and a sample government that they could have once a full agreement is reached and they have also recognized that the Palestinians will have a right to a country as well.

And it seems to me we have seen lots of concessions from the Israelis but I—as time has gone on, I haven't seen the concessions from the Palestinians.

And as I say, I think all the Israelis that I have talked to and all the Palestinians I have talked to have led me to conclude that the only thing the Israelis really are looking for is an actual guarantee that the Palestinians believe they have a right to exist as a country.

One of these things that separated us, as I say, is the right of return that the Palestinians keep claiming, which is really a right to eliminate Israel as a country because it would inundate what is Israel with a foreign population.

Is there a possibility that we could change this to a right of compensation? Because the Palestinian argument is that in 1948 so much land was confiscated from Palestinians and these people have not been compensated for that land, thus they own it and thus they should have a right to return.

I will get to my point and that is should we, number one, accept right of compensation as something that perhaps could be an alternative to the right of return, and number two, where would you get that money and just—I want to throw this out to the panel as well—when people talk about compensating people for those—that property that they lost—the Palestinians lost, at the same time, in the 1940s Jews left lots of land behind and lots of property behind in countries—Middle East countries.

Whether it was Egypt or whether it was Syria or whether it was Iraq or whether it was Iran, there were many Jews that were forced out of their homes and property and I don't believe they were ever compensated either.

Perhaps we could tell the governments that now have that valuable property that the Jews left in 1948 that that property should be used as a means of compensating the Palestinians for the property that they lost. What do you think about that idea?

Mr. BLACK. Well, I wrote a book about that called "The Farhud" about that very point. Approximately 790,000 Jews were expelled from Arab countries. Shortly after the state of Israel began they were made stateless. All of their property had been seized.

They had dwelled in peace in the Middle East for 1,000 years before Mohammed. They were sent to expulsion camps. The earrings were pulled from their lobes.

The bracelets were yanked from their wrists and they were forced into Israel by these Arab countries to create a demographic time bomb. There was a small airline that was invented—

Mr. ROHRABACHER. To get right to the point is that was a lot of valuable property.

Mr. BLACK. That was millions.

Mr. ROHRABACHER. And so that valuable property, just a thought, Mr. Chairman, that—

Mr. BLACK. And it was registered, by the way.

Mr. ROHRABACHER. That could be—that might be able to be used as a source of money by those countries to compensate the Palestinians for the property they lost when Israel became a country. Just a thought.

Thank you very much, Mr. Chairman.

Mr. POE. Thank you, Mr. Rohrabacher.

I do want to correct something for the record. I called you the ranking member of your subcommittee, much to the delight of my friends to the left. But you are the chairman and you will stay the chairman, I suspect, a long time.

But anyway, I now recognize the gentleman from California, Mr. Vargas, for 5 minutes.

Mr. VARGAS. Thank you very much, your Honor. I do call you your Honor because I know you were a judge, too.

Mr. POE. And you need to call me that.

Mr. VARGAS. Yes, sir, and I always do.

First of all, I have to say it almost seems impossible to believe that our Government is indirectly funding terrorists in prisons in Israel and—I mean, we certainly have the witnesses here testifying.

I think we need to bring the—some representative from the government forward, Mr. Chairman, at some point to either refute it or to say that is the case because this is outrageous if it is the case.

Again, I had not heard about it previously. It hasn't been reported on any of the news stations that I watch. But it is outrageous and not a penny should go, of course, to any terrorist and we need to get to the bottom of this. That is why I thank you for bringing this forward.

I do want to ask some questions. The question was asked of us and we could ask you by yourselves about BDS—boycott, divest and sanctions—where the money is coming from. So I would ask you where is this money coming from.

It seems, unfortunately, that they are picking up some steam throughout the world and it is very unfortunate because I don't see it anything less than just anti-Semitism—a little bit shielded but not much.

Could you tell us where the money is coming from for this movement? Dr. Pollock, you look like you are able to answer that.

Mr. POLLOCK. Thank you. Thank you for the question.

You mean money to fund the BDS movement?

Mr. VARGAS. Yes. Yes, sir.

Mr. POLLOCK. Yes. Well, I think not enough—at least to my knowledge, not enough solid research has been done on exactly that question so far and my—so I am going to give you my judgement and impression.

And that is that the money comes from a variety of sources all over the world and there are some governments including, for example, the South African Government that is—

Mr. VARGAS. Not our Government, though. Please tell me it is not our Government at least.

Mr. POLLOCK. Not to my knowledge.

Mr. VARGAS. Okay. Good.

Mr. POLLOCK. That are active in funding chapters that are—of different organizations that are engaged in promoting boycotts against Israel.

There are some academic institutions and societies, student organizations, for example, on various universities including some here in the United States, that are very active in promoting this.

I think their funding comes from a variety of individual donations and foundations. I am not personally aware of any government money that supports it.

Mr. VARGAS. Okay. Mr. Black, I saw that you were anxious to answer the question. Do you know, sir?

Mr. BLACK. Yes. The number-one source of BDS funding is taxpayers. Here is how it works. 501(c)(3) organizations—you all remember the investigation I did on the Ford Foundation in which they were funding all these anti-Semitic groups—501(c)(3) groups raise money and donate it to organizations involved in the BDS.

For each million dollars of tax exempt money, American taxpayers have to pony up \$440,000. The number-one organization which has been associated with this process has been the New Israel Fund which gave hundreds of thousands of dollars to the Coalition of Women for Peace so that they could create a global infrastructure of boycotts including a database called Who Profits.

They stopped giving this money in 2011 but now they continue to give hundreds of thousands of dollars to organizations like Breaking the Silence, Adalah and Bisallam, which are absolutely essential to keep the BDS alive. New Israel Fund.

Mr. VARGAS. Thank you.

Mr. Perles, do you have an answer to that, too?

Mr. PERLES. I do not, sir.

Mr. VARGAS. Okay. I think that that is something that we need to act on also then. I see this movement. Of course, it has become somewhat worldwide now and it seems to have a lot of money and it seems that someone is orchestrating.

Again, it is nothing less than veiled anti-Semitism. I guess my last question would be, you know, how do we then—how do we move forward then to make sure that these groups don't get the money—that our Government is not involved or implicated?

What would you do, Dr. Pollock? What would your solution be?

Mr. POLLOCK. Thank you, again, for the question.

I think there could be, as my fellow witness just noted, there could be an opportunity to investigate the tax exempt status of organizations that might be knowingly or unknowingly funding activities that are either illegal or improper or not eligible for tax exempt status because they are political advocacy.

That is one possibility. But I do think that the most significant way of addressing this issue is by raising public awareness about it and I don't think that this is a lost cause even in Europe, if I may say so with all due respect, to any Europeans who might be here.

I do think that there are organizations in Europe who are certainly advocating BDS but there are also organizations, very good ones, in Europe that are actively opposing it and fighting against it and they deserve—

Mr. VARGAS. My time has expired so I am going to thank you.

Mr. POLLOCK. Thank you.

Mr. VARGAS. Thank you, Mr. Chairman.

Mr. POE. I thank the gentleman.

The Chair will recognize the gentleman from Pennsylvania, Mr. Perry, for 5 minutes.

Mr. PERRY. Thank you, Mr. Chairman, and thank you, gentlemen.

So this policy, this official policy, how long—how long has this been in force? Mr. Black, anybody?

Mr. BLACK. Are you talking about the Law of the Prisoner?

Mr. PERRY. Yes.

Mr. BLACK. The Law of the Prisoner goes back years. It was an unofficial policy before it was regularized into Palestinian law. The actual law itself was—and its qualifications were read to me over the phone by the Minister of the Ministry of Prisoners.

They have an entire ministry devoted to this. So it is years. And may I also say that while—

Mr. PERRY. Ten years or more?

Mr. BLACK. Or at least 10 to—

Mr. PERRY. Okay. So it is nothing new, and to be clear, just to make sure I understand this, there is no direct State Department money that we can tell going to the—going to this program or is—

Mr. BLACK. I didn't say that.

Mr. PERRY. Okay. You suggest—

Mr. BLACK. I believe the money is going directly. Of course it is. It is fungible. You can't give money to an al-Qaeda soup kitchen and then say oh, and but this soup kitchen money is not going to go to feed the troops.

Mr. PERRY. So if I can just give you a scenario and you can validate it for me. So State Department funds some USAID project in the—in the area and then that money is misappropriated and—at least portions of, and then put toward this project?

Mr. BLACK. The money goes into the PA. The PA doesn't have its own currency. We are now investigating the routes by and the foreign accounts that the PA uses and then the PA divvies up the money and they borrow from various accounts including the army account, the military account, the police account and—

Mr. PERRY. Okay. So does the—does the State Department just wholesale give an appropriation to the PA?

Mr. BLACK. In some cases, yes.

Mr. PERRY. What is the level of funding, do you know? Do you have any idea what kind of money?

Mr. BLACK. Well, I know what it is in England and hear a number of \$440 million. I am not sure if it is block grants or if it is targeted money. But all of this money goes into one pot, fungible. It comes from the—a Latin word that means mushroom.

Mr. PERRY. Is there no—is there no accounting on the—on State Department's side for exactly how each dime is spent?

Mr. BLACK. They don't want to account for it.

Mr. PERRY. Okay. So who would be—is there—is there a person at State? Is there an agency—is there a person at State that we can turn to, bring in here and have a discussion with that would be responsible for the accounting?

Mr. BLACK. He is currently in Europe.

Mr. PERRY. Who is that person?

Mr. BLACK. Secretary Kerry.

Mr. PERRY. Thank you.

So there has been a law on the books, in my understanding, since 1990 regarding victims of terrorism that has been where the United States could extradite these individuals that have perpetrated the alleged crime.

To your knowledge, how many—how many folks since that time—I think there have been, according to what I am reading 54 U.S. citizens killed in Palestine terror attacks.

How many of those perpetrators that are alive—not, obviously, the ones that have blown themselves up, you can't do much with them—but the ones that have lived through their attacks have been extradited back to the United States for prosecution?

Mr. BLACK. That is a legitimate question. I am going to pass it to this gentleman here.

Mr. PERLES. Mr. Perry, first, let me thank you for the compliment in your opening remarks. It is very much appreciated. I think you need to divide the world of Palestinian terrorist attacks into two different categories.

If you are talking about Palestinian terrorist attacks that occur outside of Israel such as aircraft hijackers—for example, we represented three U.S. nationals who were shot in the head execution style and tossed out of an aircraft in Malta—the surviving Palestinian terrorist in that attack served 6 years in Malta and then was freed without notice to the United States.

The U.S.—the FBI chased that man to the end of the earth, dragged him back out of Africa. He was prosecuted here in the U.S. District Court for the District of Columbia and is currently serving a life sentence.

We do a very good job—the Justice Department, we as a nation, the Justice Department does a very good job for attacks that occur outside of Israel. With respect to attacks that occur inside of Israel, to the best of my knowledge no one has ever—

Mr. PERRY. Why is that?

Mr. PERLES. I think that is a—that is a—

Mr. PERRY. What is—what is your opinion?

Mr. PERLES. My opinion?

Mr. PERRY. Yes. This is what you do. This is what you study, correct?

Mr. PERLES. This is what I do. We have had a lot of discussions with the Department of Justice over the years. One of my clients, Steve Flatow, who lost a daughter, Lisa, in a terrorist attack remains quite active in this area.

I think it is the view of the Department of State that were the United States to prosecute a Palestinian terrorist for acts of terror committed in Israel that it would somehow interfere with the ability of the Department of State to stand as a neutral or the onus—

Mr. PERRY. So my time has expired. I appreciate your answer.

Mr. Chairman, just let me—does that—does that policy cut across the political grain in the United States, both Republican and Democrat administrations, or is there a difference? With your indulgence, Mr. Chairman.

Mr. PERLES. No, no. There is no difference.

Mr. PERRY. Okay. Thank you. I appreciate your input.

Mr. POE. The Chair recognizes the gentleman from California, Mr. Lowenthal, for 5 minutes.

Mr. LOWENTHAL. Thank you. I want to follow up with the same line of questioning the first, I think, Congressman Vargas raised and then Congressman Perry about. It is so shocking for us to hear about how U.S. funds are directly or indirectly supporting salaries for convicted terrorists.

I think our assumption has always been that much of those funds really are—you know, we promote through USAID toward local economic growth or the well being and creation of stability which will lead—economic stability which will lead toward political stability.

So the question I am raising is if these funds, as Mr. Black has—are co-mingled, they are then—whatever funds go in to this big pot and then out of that pot, what are you suggesting that we do right now?

Mr. BLACK. Okay. Peace is possible in the Middle East. Some 35,000 Palestinians a day make a 1-hour to 2-hour ride to work in equality in Israeli jobs.

But peace doesn't have a chance when you are paying people to commit murder. What I would do if I were you, and I am not—I have no standing here.

Mr. LOWENTHAL. Absolutely, but we are just asking what you would do.

Mr. BLACK. I would immediately by sunset stop all money to the PA until this one program, this one law, is rescinded, then claw back all of these moneys that have been paid over the years to kill innocent civilians, and then resume the process along the lines that Kerry and others have suggested, which is pay for peaceful coexistence and do not pay for murder. This House must stop paying for murderers. Stop it today.

Mr. LOWENTHAL. Thank you.

Dr. Pollock, do you have any response to that? How are we—where do we go from here?

Mr. POLLOCK. I do agree that this PA policy is abhorrent and that the United States should play no part, if we are, in supporting it.

At the same time, I think that the peace process as it is currently underway, as I understand it from press reports because many of the details are—have not been released officially—as I understand it, the peace process that is currently underway is indeed addressing many of these issues about coexistence, about settlements, about refugees both Jewish and Arab, about compensation for past losses, about all of the other issues that are standing in the way of peace.

And so I think it is important whatever we do—in my own personal view, whatever we do about terrorist funding or other issues to maintain a peace process and peace negotiations between Israel and the Palestinian Authority.

That is also an important and essential part of the way forward, in my view. I would point out one other aspect of this, which is very closely related to it, and that is incitement to violence and to terrorism on the part of the PA—officially Palestinian Authority in Ramallah.

I am not speaking here of Hamas, which we know incites to terrorism and violence against Israelis and Jews. But the PA itself under Mahmoud Abbas and sometimes, I am sorry to say, Mahmoud Abbas himself are also guilty of incitement to violence and terrorism by glorifying terrorists.

Not just paying salaries for them but by calling them heroes and role models for future generations. This is something that I personally have spent the last couple of years analyzing and documenting and speaking to both Israelis and Palestinians about in great detail.

And I published on the Washington Institute Web site, if you will permit me just sort of an unpaid commercial here, a very long report about this called “Beyond Words: Causes, Consequences and Cures for Palestinian Authority Hate Speech” where I document and analyze the reasons for and also the remedies for this kind of rhetorical official glorification of terrorism on the part of the Palestinian Authority. This too is an issue that I think needs to be addressed in the context of the current peace talks.

Just as seriously as we talk about Jerusalem or refugees or Israeli security or any other issue, the issue of incitement and hate speech needs to be part of these diplomatic—

Mr. LOWENTHAL. Thank you. Mr. Perles, do you have anything to add?

Mr. PERLES. I would. You know, I must say I apologize. I am not as colorful as my colleagues are here. Maybe I am more of a technocrat.

But speaking as the—speaking as the technocrat, what we found in the Arab Bank case and in order to meet our burdens of proof in this kind of litigation we really need to track this money and tie particular payments to particular acts of violence.

What we find is what I could best describe is an abuse of bank secrecy—that is Palestinian bank—Palestinian Authority bank secrecy laws, Jordanian bank secrecy laws, Lebanese bank secrecy laws.

The problem really is very much akin to Credit Suisse using Swiss bank secrecy laws to hide, if I read the newspapers correctly recently, the economic accounts of some 22,000 Americans who were engaged in income tax evasion.

In the Arab bank case, I believe a total of five Federal judges—two district court judges, three Federal appellate judges—have now accrued discovery sanctions against the Arab bank for its failure to turn over discovery. The bank is relying inappropriately in the U.S. court system on Palestinian, Jordanian and Lebanese bank secrecy laws. That, by the way, is the nub of our current dispute with the Department of State.

Mr. LOWENTHAL. Thank you, and I yield back.

Mr. POE. The Chair recognizes the gentleman from Florida, Mr. Yoho, for 5 minutes.

Mr. YOH0. Thank you, Mr. Chairman. I appreciate it. Gentleman, I appreciate you being here and I find it unacceptable that since mid-1990s we have given \$5 billion to the Palestinian Authority in aid is what I have come up with and there is no accountability.

And I see it over and over again that we give foreign aid for these countries and, like you said, it is under a mushroom and we know what that means—the growing environment of a mushroom—and that is what I feel like a lot of the time.

You said that you would cut it off by tonight. What would be the ramifications if we were to do that, Mr. Black?

Mr. BLACK. You are being extorted right now. You are giving in to it. Basically, the idea is if we stand up to terrorism they are not going to sign a peace deal. They are never going to sign a peace deal as long as they are being paid for terrorism.

Mr. YOHO. Right.

Mr. BLACK. Stop this funding today, and if it is that important to them as they say it is, that they would rather starve than stop this program, then they have spoken for themselves.

I believe that people in this neck of the woods want peace, Arab and Jew. But you must give peace a chance and you can't keep rewarding this bad behavior.

If this—if this program is stopped forcibly by U.S. cessation of funding, there will be a lot of noise and that would just typify what the Arab street is like. But it will take leadership.

We just can't put people on salary for killing Americans, Israelis and Europeans—

Mr. YOHO. I agree.

Mr. BLACK [continuing]. In the most uncivilized fashion. Stop it tonight if possible.

Mr. YOHO. Dr. Pollock, you were talking about the boycott. If the PA and Israel, if an agreement does not work in the peace process, do you see the boycott getting worse and increasing or do you think it is going to be a nonissue?

Mr. POLLOCK. I think in Europe it will increase and I would like to quote for the record a statement by the EU Ambassador to Israel who said recently, and this is—this is a quote of what he said, not my opinion.

He said,

“If the talks are wrecked as a result of an Israeli settlement announcement then the blame will be put squarely on Israel's doorstep. Israel will find itself increasingly isolated not necessarily because of any decisions taken at a government level but because of decisions taken by a myriad of private economic actors, be it companies, be it pension funds, be it consumers.”

This is the EU Ambassador to Israel.

Mr. YOHO. Are you saying—are you finding that—is there anti-Israeli sentiment about the acquisition of land over the years?

Mr. POLLOCK. Yes.

Mr. YOHO. Is that why they are doing this?

Mr. POLLOCK. Yes. Yes.

Mr. YOHO. They are just getting to a point to where they are saying they are not going to tolerate this anymore? Is that the sentiment you are seeing?

Mr. POLLOCK. Yes. That is correct.

Mr. YOHO. I guess I want to ask all of you this. Do you feel the release of the PA prisoners in Israel was a wise move with Sec-

retary Kerry going over there and demanding that? Mr. Perles, if you want to start.

Mr. PERLES. I can answer in a very succinct fashion. No.

Mr. YOHO. Dr. Pollock.

Mr. POLLOCK. I think that this was an Israeli Government decision, not an American demand, and the Israeli Government had a choice of whether or not to prefer a settlement freeze or a prisoner release and they chose a prisoner release.

Mr. YOHO. Mr. Black.

Mr. BLACK. Well, you have to ask yourself why was it so imperative that the killers be released, and that is because the PA places a high premium on those among its citizens that kill civilians.

Mr. YOHO. Okay. And then—let us see—would you say the U.S. Government, particularly the State Department, is helpful in assisting the victims in these cases, Mr. Perles, in your experience?

Mr. PERLES. You know, that is a—that is a difficult question for me to ask in a—or a difficult question for me to answer in a public forum.

Mr. YOHO. Do you want to submit your answer?

Mr. PERLES. Let me—let me say that it takes a lot to get the State Department motivated to help people. They are not culturally, as an institution, helpful. When they decide that they're going to help people, they are tremendously effective.

So that what I have could best be described as a relationship in constant tension with the State Department. Most of the time we are in an adversarial posture. In the Arab bank case, for example, we are currently in an adversarial posture.

When Libya claims the reconciliation process was going forward, the Department of State determined that the interested victims and the Department's interests were synonymous with one another and the department was tremendously effective in assisting victims and creating a settlement with the Libyan Government.

In fact, at the request of the Department of State's legal advisor's office I went with then legal advisor John Bellenger to a DC bar lunch honoring him and spoke his praises through the work his office had done in support of terror victims in that settlement.

So the answer is we have a very complicated relationship that is always a tension.

Mr. YOHO. Okay. I am out of time and I appreciate all three of you. Thank you. Thank you, Mr. Chairman.

Mr. POE. I thank the gentleman. The Chair will recognize for 5 minutes the gentleman from Illinois, Mr. Kinzinger.

Mr. KINZINGER. Thank you, Mr. Chairman.

It is interesting. This is a very interesting subject and, you know, if we look at the wider Middle East and we look at what I would call negotiations in Iran, you know, I think it is important.

Even though that is not the actual issue we are here to talk about it is important to stress that I don't see any way that with the interim agreement with Iran that we end up seeing an Iran without the capability to enrich Uranium.

And so you see what is happening in those negotiations. You see what is happening with the issues we talk about and there is a lot to be very concerned with. And so I appreciate the three of you coming here.

I am probably not going to take all 5 minutes and as—I had another hearing and so I came a little late so if these questions have been asked I apologize.

But Mr. Pollock, what can Israel do to diversify its trade beyond Europe so that this doesn't have quite the impact and Israel can be strong without these boycotts?

Mr. POLLOCK. Yes, that is an excellent question. Thank you.

I think that the Israelis, both the private sector and the Israeli Government, are already trying to move in that direction as a kind of fail safe, just in case.

But the reality is that for the foreseeable future it is my professional judgment that the EU and other European countries who may not be in the EU will remain very, very important trade and investment partners for the Israeli economy.

And so the Israeli Government is currently engaged in trying to estimate in a, I think, straightforward factual way what the consequences for the Israeli economy would be in the case of—in case this boycott, divestment and sanctions movement does gather strength in Europe.

But I want to emphasize that this is a potential threat. At the moment, it is not a real threat to the Israeli economy. European countries and European companies continue to trade on an increasing scale with Israel and to invest on an increasing scale with Israel and to send tourists at increasing volumes to Israel.

This is not true of every single European country. You do see a pattern in which some of the Scandinavian countries and Holland in particular and Ireland in particular are pulling back to some extent from those economic relationships with Israel.

But that is more than offset by increasing economic relationships with the other larger European economies.

Mr. KINZINGER. Yes. I mean, I think, obviously, it is in Europe's interest to have these great relationships and if you are going to push any of your power anywhere maybe it ought to be somewhere like Russia right now, something like that, with what is going on.

Mr. POLLOCK. Yes. I would agree with you, sir. If Europe is going to impose sanctions it should be against Russia, not against Israel.

Mr. KINZINGER. It might make sense. It has been said that the official Palestinian position is against boycotts. Can you elaborate on that?

Mr. POLLOCK. Yes. Thank you.

Again, President Abbas was asked about this question on the occasion of the Nelson Mandela memorial service in South Africa not long ago and he said quite publicly, and I want to emphasize this was in Arabic to an Arab audience so it counts for more.

He said that the PA officially opposes boycotts against Israel. He said we, Palestinians, are negotiating with Israel. Therefore, how can we ask other people to boycott Israel if we are not boycotting Israel.

Now, subsequently, unfortunately, and this is a pattern in Palestinian official messaging—subsequently, that statement was walked back and watered down and I would say almost contradicted in statements by other senior Palestinian officials—not Abbas himself but some of his more senior colleagues in the PA

Government who said, for example, that we don't advocate boycotts against Israel but we do advocate boycotts against settlements.

Or that we don't advocate boycotts against Israel at a government level but we do advocate private boycotts against Israel. Or who simply said, as Hanan Ashrawi did very publicly—she is a member of the PLO executive committee and an important spokeswoman for the PA Government—who said that boycotts against Israel should be supported and that BDS should be supported because it is, again, as she put it, “the Palestinian nonviolent resistance” against Israeli occupation.

So what you have is a mixed message from the Palestinians.

Mr. KINZINGER. Thank you. Mr. Black, just quickly—when these folks receive this money that you are talking about is there anything that restricts them from giving that money to further terror causes?

Mr. BLACK. None at all. They have a POA, a power of attorney. It can change from time to time and they designate who the recipient is.

If the recipient is their girlfriend or their terrorist cell or their attorney or their mother it can go any—to any destination that they choose.

Mr. KINZINGER. Thank you.

Mr. Chairman, I yield back.

Mr. POE. I thank the gentleman. I appreciate the witnesses for your excellent insightful testimony. Mr. Perles, especially on a personal note, thank you for the work you do for victims. Thank you very much.

Mr. PERLES. Thank you, sir.

Mr. POE. Thank you, gentlemen. Oh, you have another question?

Mr. SHERMAN. No, not a—just a—

Mr. POE. Comment?

Mr. SHERMAN. I also want to commend Mr. Perles for his record, and as an old tax lawyer a couple of things for the record.

You just talked here that if you get a 44 percent Federal tax subsidy for these charitable contributions I think that is an insult to my former colleagues and tax lawyers who wouldn't settle for less than 60, 65 percent subsidy when you can make gifts of appreciated capital gain property reduce state as well as Federal income taxes.

Also as to tax administration, a big chunk of the PA's revenue is remitted to them by Israel, which collects for the PA their tariffs and value added taxes.

The decision as to whether money, which is fungible, should be turned over to an organization that does some good things and does some absolutely terrible things is one we will wrestle with in the future.

I yield back.

Mr. POE. I thank the gentleman. I thank the gentlemen once again for their testimony.

This committee is adjourned.

[Whereupon, at 11:29 a.m., the committee was adjourned.]

APPENDIX

MATERIAL SUBMITTED FOR THE RECORD

**SUBCOMMITTEE HEARING NOTICE
COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515-6128**

**Subcommittee on Terrorism, Nonproliferation, and Trade
Ted Poe (R-TX), Chairman**

TO: MEMBERS OF THE COMMITTEE ON FOREIGN AFFAIRS

You are respectfully requested to attend an OPEN hearing of the Committee on Foreign Affairs, to be held by the Subcommittee on Terrorism, Nonproliferation, and Trade in Room 2172 of the Rayburn House Office Building (and available live via the Committee website at <http://www.ForeignAffairs.house.gov>):

DATE: Wednesday, March 5, 2014
TIME: 10:00 a.m.
SUBJECT: Threats to Israel: Terrorist Funding and Trade Boycotts
WITNESSES: Mr. Edwin Black
Author

David Pollock, Ph.D.
Kaufman Fellow
The Washington Institute for Near East Policy

Mr. Steven Perles
Founder and Senior Partner
Perles Law Firm, P.C.

By Direction of the Chairman

The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202-225-5021 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.



COMMITTEE ON FOREIGN AFFAIRS

MINUTES OF SUBCOMMITTEE ON Terrorism, Nonproliferation and Trade HEARING

Day Wednesday Date March 5, 2014 Room 2172

Starting Time 10:00 a.m. Ending Time 11:29 a.m.

Recesses (___ to ___) (___ to ___) (___ to ___) (___ to ___) (___ to ___) (___ to ___)

Presiding Member(s)

Chairman Poe

Check all of the following that apply:

Open Session

Electronically Recorded (taped)

Executive (closed) Session

Stenographic Record

Televised

TITLE OF HEARING:

Threats to Israel: Terrorist Funding and Trade Boycotts

SUBCOMMITTEE MEMBERS PRESENT:

Reps. Poe, Kinzinger, Vargas, Kennedy, Lowenthal, Perry, Sherman, Yoho, Cotton

NON-SUBCOMMITTEE MEMBERS PRESENT: (Mark with an * if they are not members of full committee.)

Rohrabacher

HEARING WITNESSES: Same as meeting notice attached? Yes No
(If "no", please list below and include title, agency, department, or organization.)

STATEMENTS FOR THE RECORD: (List any statements submitted for the record.)

TIME SCHEDULED TO RECONVENE _____

or
TIME ADJOURNED 11:29 a.m.


Subcommittee Staff Director