

Ariel Sharon Is Israel's 'Godfather'

by Dean Andromidas

The corruption scandal raging around Israel's Likud party has reached such depths that Prime Minister Ariel Sharon is being called the "Godfather" and "the Mobutu of Israel." Labor Party Chairman Amram Mitzna told a large group of students on Jan. 6 that "We're not afraid of terror or the threat from Iraq," but that the political culture of "the party in power" is a source of deep concern. "We all stand in shock. Sharon manages the state like the Godfather, and the government is the extended family." New revelations of illegal payments of \$1.5 million to Sharon and his sons prompted Yossi Sarid, chairman of the pro-peace Meretz party, to declare, "The impression is that the ruler and his sons, like in an African country, decided to take advantage of their positions to get rich as quick as they can through bribery, fraud, and breach of trust."

In the latest twist that could cost Sharon the general elections on Jan. 28, if not land him in prison, the Israeli daily *Ha'aretz* on Jan. 7 revealed that Israeli police are investigating an allegedly illegal payment of no less than \$1.49 million made to help Ariel Sharon pay off illegal campaign debts. These debts stemmed from Sharon's 1999 primary campaign for the leadership of the Likud, and have been under police investigation. *Ha'aretz* on Jan. 3 had reported that Sharon had been investigated for allegedly accepting a \$3 million bribe, in return for helping a shady Israeli businessman secure a building permit from the Greek government to build a hotel/casino complex on a Greek island.

Because revelations of a bottomless cesspool of corruption have been overflowing the front pages of Israel's daily papers, Likud's hopes for an easy victory on Jan. 28 are rapidly fading. While in November, Sharon's party was expected to win an unprecedented 41 seats in the 120-seat Knesset (parliament), the polls on Jan. 7 projected that the number would sink to 27. The latest survey conducted by Israel's Army Radio, showed that 31% of Israelis feel Sharon is not fit to be Prime Minister. Party activists, including government ministers, now fear they could be unable to form the next government.

The Sharons Have a Rich 'Uncle'

The scandal that has rocked the Likud for weeks involved criminal evidence of cash for votes, in the Likud primaries to select the party's Knesset candidates. Police are said to be preparing recommendations for the indictment of top Likud leaders. More sinister were revelations that top Israeli gang-

sters such as Moussa Alperon and Shlomi Oz were members of the Likud's Central Committee, and played a leading role in electing the top candidates, including Sharon's son Omri.

Just when that scandal seemed to have peaked, *Ha'aretz* revealed the Israeli police have been hot on the trail of the allegations of millions illegally paid to Sharon and his family. These allegations are so serious that they have broken into the international media.

In October 2001, as a result of a State Comptroller's report, a police investigation was opened to probe several shell companies used to transfer foreign funds into Sharon's 1999 party campaign. Although not a criminal offense, Sharon's handling of the case, including allegedly lying to the authorities, has been criminal, and could land him in jail. A review of the affair confirms *EIR's* own ongoing investigative reporting of the international dirty-money financing of the Likud.

The current unveiling of the alleged transfer by a South African, of \$1.49 million to Sharon, is the result of a demand by the Comptroller General in October 2001, that Sharon repay the foreign donors—apparently from the United States—well over \$1 million. Shortly after this order, Sharon announced that he had mortgaged his ranch and paid off the debts. This was his first lie. When his sons Gilad and Omri went to Bank Leumi for the loan, the bank soon learned Sharon did not, in fact, own the ranch, but had leased the property from the government land authority. The bank then demanded real assets as collateral. At this point, South African businessman Cyril Kern, an old comrade of Sharon from the Alexandroni Brigade in the 1948 war, came into the picture.

Kern, also a British subject, is known as a millionaire with a fashion outlet in Capetown; he told the press that he was like an "uncle" to the Sharons. Kern transferred the \$1.49 million to the bank account of Omri and Gilad Sharon at Israel Discount Bank to be used as collateral for the Leumi loan. The money was transferred from an Austrian bank, via JP Morgan bank in New York. Thus, Sharon borrowed foreign money in order to pay off illegal foreign donations.

According to *Ha'aretz*, Sharon never informed police investigators or the State Comptroller of this second loan, while Gilad also kept this information from the police for several months. Other unanswered questions included why Sharon kept this secret and why he even needed such a loan, since he owns a large house in East Jerusalem, another in Tel Aviv, and assets.

The murkiness does not end there. It was also revealed that Sharon's ranch already had a mortgage which was held by the Maritime Bank of Israel. *EIR* has learned that the majority shareholder of this small Israeli bank is none other than American businessman Michael Steinhardt. Son of a well-known bagman for Jewish gangster Meyer Lansky, Steinhardt is infamous for his founding and financing of the Democratic Leadership Council, whose purpose is to turn the Democratic Party into nothing more than a pale shadow of the Republican party.

Steinhardt is a major backer of U.S. Sen. Joe Lieberman (D-Conn.), and is a key adversary of the leadership of U.S. Democratic Presidential pre candidate Lyndon H. LaRouche.

Prime Minister in Panic

According to *Ha'aretz*, the Israeli police have also questioned one Yoram Oren, an Israeli living in California, over raising the illegal campaign funds in 1999; and Arthur Finkelstein, the American neo-conservative campaign consultant currently advising the Likud's election campaign. Yoram Oren allegedly was instrumental in forming Annex Research, the American-registered shell company used to channel the illegal funds into Israel. Among its directors were Omri Sharon and Dov Wiessglass, Sharon's lawyer and currently his bureau chief. Four Americans are registered as directors, including Arnold Forster, a New York attorney notorious as general counsel of the Anti-Defamation League of B'nai B'rith.

The American journal *Jewish Week*, in a Feb. 19, 1999 article entitled "Likud's Tangled Charity Web," identified Oren as one of the top Likud fundraisers in America who were suspected of transferring "charity" funds into the Likud's political campaign chests. The article documented how Oren raised money for the Likud-controlled charity, Youth Towns of Israel. But in 1999, Oren also raised money for Sharon's primary campaign, and ordered "tax deductible" checks to be made out to the College for National Studies—which is based in Likud headquarters and is one of the shell companies currently under police investigation in the illegal campaign financing case.

The revelations have Sharon in a panic. He declared the whole affair "a despicable political attempt to topple a prime minister," and promised the truth "with documents and facts." He proceeded as always in a fix: lie and blame others. Sharon's story concerning Kern's loan changed several times within 48 hours. It was to pay off the Leumi loan; then, his spokesman said the loan had nothing to do with the campaign funds, but was to his son Gilad to run the farm; and then, Sharon's spokesman said he knew nothing about the loan, though Kern said he speaks with the Sharon family sometimes three times a week. Sharon claimed his son Omri handled all his finances.

Omri reportedly reserved the right to remain silent when questioned, for fear of incriminating himself and others. It did not go unnoted that in late December, Sharon sacked Deputy Minister Naomi Blumenthal when she reserved that right in the cash-for-votes affair. Mitzna called on Omri Sharon to talk to the police, or resign.

Ha'aretz pointed out that former Israeli President Ezer Weizman had to resign in May 2000 or face prosecution, for receiving gifts worth \$200,000 from a French businessman, even though he had received the money prior to becoming President of Israel. The newspaper noted that Sharon's acceptance of the loan could also be seen as a "breach of trust," because it was not reported. In the Weizman case, Attorney

General Rubinstein concluded, "Receiving money and not reporting it in contravention of the rules, could in certain cases be considered a breach of trust," and thus a criminal offence.

This is not the only case that hangs over the head of Sharon. On Jan. 3, Meretz chairman Sarid filed a police complaint demanding investigation of allegations that Gilad Sharon took a \$3 million bribe from Israeli contractor and Likud Central Committee member David Appel in 1997. This concerned Appel's hotel-casino permit for a Greek island. *Ha'aretz* reported that Israeli arms dealer Norman Skolnik was involved. Skolnik was known for sanctions-busting in selling arms in the 1980s to apartheid-era South Africa. Since Gilad's activities are generally limited to Sharon's ranch, the only explanation possible is that the fee was for Ariel Sharon, who was infrastructure and foreign minister at that time.

Jerusalem Mayor Ehud Olmert, one of the big-time Likud illegal campaign funding bagmen exposed in *EIR*, is now suspected in the same affair. Olmert hosted a Greek delegation that included the Mayor of Athens, and acted as interlocutor for Appel. In return, Appel allegedly partly funded Olmert's campaign for the leadership of the party. Likud Attorney General Elyakim Rubinstein had blocked an indictment in April 2002.

Mitzna Could Win

Sharon's entire reelection strategy has been based on the Bush Administration launching a war on Iraq, enabling him to blackmail the White House for \$4 billion in military aid and \$10 billion in loan guarantees in order to prevent a total collapse of the Israeli economy. He also hoped to launch his "final solution" for the Palestinians by militarily pushing them across the Jordan River and ethnically cleansing the West Bank. The war's receding at least beyond Jan. 28, has hurt Sharon.

Israeli political circles believe Sharon could win the elections, yet remain in a very weak position, perhaps forced to resign after the elections, because of these investigations. He may, according to these sources, want to form another unity government with the Labor Party, in order to continue his current policy of inflicting a slow death on the Palestinian population. But without a faction of over 30 mandates, he will be seriously weakened.

Furthermore, if Labor wins over 22 mandates, Chairman Mitzna will refuse to enter any government led by Sharon, despite strong pressure from those who were Labor's ministers in the former unity government.

Thus, on Jan. 29, Sharon is likely to ask Israeli President Moshe Katzov for a mandate to form a unity government. This is likely to fail, as may an effort to form a right-wing government based on the religious and ultra-nationalist parties. Katzov could then ask Mitzna to form a government based primarily on the peace camp and Arab parties. Israel is at a crossroads, and the policy of the United States is more important than ever.