

Sharon Named in Bribery Indictment

by Dean Andromidas

Israeli Prime Minister Ariel Sharon could soon become the first sitting prime minister of Israel indicted for bribery. On Jan. 21, real estate contractor and top Likud Party moneybags, David Appel, was indicted for bribing Sharon. Also named were Deputy Prime Minister Ehud Olmert and Sharon's son, Gilad. Although the indictment does not formally accuse Sharon, Olmert, and Gilad of crimes, Israel's acting Attorney General Edna Arbel let it be known that the prosecution has enough evidence to indict Sharon and will make the decision within a few weeks.

Less than 12 hours earlier, Sharon had ordered Israeli airforce jets to bomb targets in southern Lebanon, in what was clearly a provocation aimed at changing the subject from Sharon the bribe-taker, to a new war against Lebanon and Syria. Expressing the concern that Sharon could drag Israel into a disaster because of his legal entanglements, Knesset member and Meretz Party leader Yossi Sarid told the Israeli daily *Ha'aretz*, "He could complicate the country in military or political adventures. He could get us caught up in a little war." Nonetheless, Sharon's window of opportunity for war could be closing rapidly as the Israeli fraud squad continues to collect criminal evidence in preparation for an indictment.

Israel's 'Sopranos'

Labor party Knesset member Ofer Pines-Paz told Israel Radio "This is very sad, very grave, but there's Sopranos on television, and there's Sopranos in Israel." A look at the charge sheet makes this reference to the American TV drama on a mafia family in New York no laughing matter. The indictment accuses Appel of paying bribes of up to \$700,000 to Sharon, in part to finance the latter's 1999 primary election campaign for the chairmanship of the Likud. Under Israeli law, authorities can convict someone of bribe-giving without necessarily convicting the bribe-taker, who must also have known he that was being bribed. The Appel indictment is nonetheless written in such a way that it is likely that indictments against Sharon, his son Gilad, and Olmert will soon follow.

Appel allegedly bribed Sharon over the period 1998-2001, for help to facilitate two major real estate deals. The first, the so-called "Greek Island" affair, involved Sharon—when he was foreign minister between 1998-1999—using his position in an effort to convince the Greek government to allow the sale of a Greek island to Appel, who wanted to build a casino resort there. Although the project never materialized,

the Sharons continued receiving payments. The second case involves bribing Sharon to rezone agricultural land, which Appel had purchased near the city of Lod, to commercial use. This move could have earned Appel hundreds of millions of dollars in profits. This alleged bribery occurred while Sharon was prime minister. In both cases the payments were transferred in a scheme that involved Appel hiring Sharon's son Gilad, as a consultant in the project. Gilad had absolutely no qualifications for the position, but he did manage Sharon's Sycamore Ranch, cleaning the sheep pens and managing the bank accounts to which the money was transferred.

The indictment states Appel "reached an agreement with Gilad, which in essence was paying enormous sums to the son of Ariel Sharon so Ariel Sharon would take action in his capacity as a public official, *inter alia* to advance the real estate interests of . . . [Appel] in the Lod area; for the above-mentioned participation in the island project; and in general to be of benefit." It goes on, "By his [Appel's] deeds - guaranteeing support for Ariel Sharon in two campaigns . . . agreeing with Gilad Sharon to transfer \$3 million and additional monthly payments through inflated compensation; a payment of \$100,000 and another NIS 2,582,634 [the equivalent of \$600,000] to the Sycamore Ranch estate. . . bribed a public servant [Ariel Sharon] directly and through Gilad, for the purpose of having that public servant in his public position, act on behalf of [Appel's] real estate dealings.

The indictment also accused Appel of bribing Deputy Prime Minister Olmert for his aid in the same Greek island deal mentioned above. Although Olmert was Sharon's rival in the Likud leadership primary of 1999, Appel promised to finance his campaign. He transferred, according to the indictment, 50,000 shekels to one of Olmert's campaign managers for this purpose.

Israeli prosecutors, in an independent investigation of the Sharons, are continuing to collect evidence, not only on the above bribery cases, but in the so-called "Kern affair." This grew out of the case of Sharon's financing of his 1999 primary campaign through illegal foreign donations of over \$1.5 million. The money was channeled through shell companies managed by his other son Omri, who is also a member of the Knesset. Although illegal, such financing was not a criminal offense. The crime came when Sharon, rather than pay a \$60,000 fine, decided to pay back the foreign contributors with \$1.5 million he raised through an English "rich old friend" living in South Africa, Cyril Kern. When it turned out that Kern left England as a bankrupt businessman, the actual source of the funds came into question. The police suspect yet another bribery, this time of foreign origin.

Knesset member Pines-Paz's reference to the TV show "The Sopranos" was not just metaphor. For weeks now, Israeli TV audiences have been watching video tapes of Sharon's two sons, Gilad and Omri, discussing various aspects of the above deals. On Jan. 12, on Israeli television, private investigator David Spector, the source of the tapes (which he made while working as a security advisor for the Sharon family),

revealed that Sharon was deeply involved in all the illegal financing activities now mentioned in the Appel indictment.

“There is no doubt that Sharon was involved in everything and was interested in the smallest details,” said Spector: Describing the division of labor within the Sharon clan, Spector said Omri dealt with “private technical” matters while Sharon dealt with overseas donations. Spector then played a tape of a telephone discussion he held with Sharon on Sept. 3, 2000 where it appears they are talking about money flowing into bank accounts, with Sharon asking for details. “Sharon’s family works only to benefit itself, that is its way, “Spector charged. “It has a political agenda and a private agenda.”

Sharon is ‘Polluting the Atmosphere’

“He must resign,” Labor Knesset member and former finance minister Avraham Shohach said after hearing the news of the Appel indictment. “He is polluting the atmosphere.” Sharon told the Israel’s largest circulating daily, *Yediot Ahronot*, “I am not about to resign. I emphasize, I am not about to resign.” But the rest of Israel doesn’t seem to agree. A poll by *Ha’aretz* revealed that 64% of the public feels Sharon should resign if it is shown that he was involved in criminal affairs, while 68% said they did not believe Sharon’s claim that he “knew nothing, heard nothing and saw nothing.” Even in his own party, 56% of Likud voters lack faith in him. The Israeli stock exchange took a dive and the Shekel become one of the few currencies falling against the dollar.

While Israeli Justice Minister Yossef Lapid said Sharon does not have to resign because of the Appel indictment, he added that once an indictment is handed down against Sharon and Olmert, “They would have to reach the appropriate conclusions.” Lapid, the head of the “clean government” Shinui Party, is under tremendous pressure—with calls for him to pull the party out of Sharon’s government or lose credibility.

One senior Israel journalist who has been writing on this affair told *EIR* that Sharon is “politically bleeding” and everyone knows his days are numbered: Any political surprises, including destabilizing the region, will be seen as an attempt to save himself from indictment. Another said Sharon’s days are not over: “It will take time, we will have to see what happens.” But there “could very well be new elections in Israel before the end of this year.” The Knesset’s term doesn’t officially end until 2007.

Preparing For the Day After

The day after the Appel indictment was handed down, Sharon’s chief of cabinet Dov Weisglass was in Washington meeting Bush Administration officials in an effort to win support for Sharon’s Berlin Wall of the Middle East, and his so-called “disengagement plan,” as a replacement for Bush’s nearly defunct Road Map for a Middle East Peace. Weisglass is not only Sharon’s chief of cabinet, but his attorney and co-suspect in the ongoing investigations.

The Brutuses in the Likud party are preparing for the day

Israel’s Caesar will resign. Likud Knesset faction chairman Gideon Saar, who used to be one of Sharon’s top cronies, is reportedly preparing a bill which would alter the present regulations governing the succession in the event of the resignation of a sitting prime minister. The current law gives the Israeli President seven days in which to hold consultations and designate the member of the Knesset he believes will have the best chance of forming a new government. Saar wants this changed to three weeks, in order to allow for primaries within the Likud for choosing a new party chairman. This is important because if Sharon goes, so does his deputy, Ehud Olmert, who could also be indicted. The top candidates that could replace Sharon would be Finance Minister and former prime minister Benjamin Netanyahu, Foreign Minister Silvan Shalom, and Education Minister Limor Livnat.

The problem for these would-be Brutuses is that David Appel is more than just a “rotten appel,” as the police investigators dub him, but is a “big fish” in the Likud. Appel is not only a powerful member of the Likud’s central committee but his dubious activities over the years go to the heart of the corrupt patronage system that has formed the foundation of the Likud’s political power. There is no leading member of the party that has not benefited from his largesse. If he goes under, there could be many others besides Sharon and Olmert.

Israeli Officers See No Threat From Syria

by Michele Steinberg

Well-placed Israeli sources in Israel and New York have told *EIR* that Israeli Prime Minister Ariel Sharon and Defense Minister Shaul Mofaz, Sharon’s top henchman in the drive for a “Greater Israel” war with Lebanon and Syria, deliberately provoked the Jan. 19 incident in which one Israeli soldier was killed and another wounded. Rockets fired by the Hezbollah guerrilla group hit the soldiers—who were illegally operating a bulldozer *inside Lebanese territory*. The motive for the provocation: to save Sharon’s political hide. Sharon has feared for months that he and one or both of his sons will be indicted in a massive corruption scandal that came to a head on Jan. 20 (see accompanying article).

The provocation was clear. On Jan. 19, Israel first sent jet fighters over Lebanese airspace, where they broke the sound barrier. A few hours later, claiming they were clearing landmines along the border fence, the Israeli Defense Forces (IDF) sent a military bulldozer to the Lebanese side of the border. Seeing the bulldozer clearly within Lebanon, the Lebanese Hezbollah, predictably, fired an anti-tank rocket, killing the soldier operating the bulldozer and wounding