

# PRIVATE PROPERTY KEEP OUT!

The Israeli government has initiated the compilation of a register of assets, lost when Jews left Arab countries 50 years ago, to use for offsetting Palestinian refugee compensation claims. But Sephardi activists charge that this is immoral and underhanded — citing Holocaust restitution to back up their claim — and warn of an explosive backlash if an equitable solution is not found.

Peter Hirschberg

BETH HATEFUTSOH PHOTO ARCHIVES/COURTESY AHARD MERIMES



Members of the Meriems family, in front of their store in Cairo, in 1941 (above); a former Jewish-owned home in Tangier, Morocco (right): Israel wants to counter Palestinian compensation claims by pointing to lost Jewish property in Arab lands

**Y**ONA ITZHAKI GREW UP in a wealthy Baghdad neighborhood. His father owned a thriving fabric business. His grandfather and aunt also lived in spacious homes. But that comfortable lifestyle came to an abrupt end in 1951, when the Iraqi government nationalized the assets of Jews who were planning to move to Israel.

"My father's stock alone, thousands of meters of fabric, was worth tens of thousands of dollars back then," Itzhaki muses. "I can't calculate how much we lost."

Innumerable Sephardi Jews have similar tales to tell. After the establishment of the Jewish state in 1948, and the wave of Arab nationalism and decolonization sweeping the Middle East, the Jews of the region were uprooted and most made their

way to Israel, abandoning assets ranging from modest family homes to prosperous businesses, as well as communal property like schools and synagogues. Since then, a wall of war and enmity has separated them from those former assets. Nevertheless, these families, many reduced to working-class status, have always hoped that with the advent of regional peace they would be able to claim their



rightful inheritance.

Except that now incensed Sephardim in Israel and abroad are claiming that the Israeli government — with neither the legal nor the moral authority to do so — is getting ready to bargain away those personal inheritances. In a trade-off for the Palestinians' dropping their gigantic property claims against Israel, they say, Israel is

preparing to waive future Jewish claims to assets in the Arab countries — assets worth billions, maybe tens of billions, of dollars.

At the behest of the Israeli government, The Jerusalem Report has discovered, several world Sephardi organizations, in tandem with the World Jewish Congress, are now compiling a register of all Jewish-owned assets lost in the late 1940s and the

1950s, in Algeria, Egypt, Iraq, Lebanon, Libya, Morocco, Syria, Tunisia and Yemen. The primary aim of the operation: To use this data base in the upcoming final status talks with the Palestinians.

The registration forms, which are titled "Jewish Property That Remained in Arab Countries," ask for details of former communal assets like synagogues, schools, mikvahs and hospitals, as well as lost private assets — homes, bank accounts, jewelry. "The data will be used," states the covering letter, "as the basis for a counterclaim to the Arab claims in the future final negotiations between Israel and the Arab states."

Work on the register began toward the end of the Netanyahu administration. But it is quietly continuing under Ehud Barak's government — as a way of countering, government officials confirm, a similar project by the Palestinians, begun several years ago, to list assets left behind by Palestinians in Israel in 1948. And although individual would-be Sephardi heirs contacted by The Report are horrified by the equation, and dismayed too at the prospect of countries like Iraq, Syria and Libya getting off the hook, several Sephardi organizations are cooperating: 100,000 registration forms are already being distributed in Israel, the U.S., Canada and Europe. "We are performing a service for Israel," says Leon Levy, president of the American Sephardi Federation.

For their part, Palestinian officials insist that they have no intention of reducing their demands for financial compensation from Israel because Jews lost assets in the Arab world. "There is no linkage here. Israel has to negotiate directly with Lebanon, Morocco, Egypt," says Daoud Barakat, the Palestinian Coordinator of Refugee Negotiations. "I don't represent those countries."

Says Bobby Brown, who deals with Diaspora affairs in the Prime Minister's Office, "An injustice was committed to the Jews from Arab countries, and for 50 years we've been saying that it's not the right time to deal with this issue. But in a month, or a year, we will be sitting with the Palestinians ... and negotiating. The issue of restitution will come up. The Palestinians are going to say, 'You owe us X-amount.' That's the moment that the Jewish side must say, 'There was a war. We also have claims. And these must act as a counterbalance.' We have to find a rough justice on both sides."

Sephardi activists in Israel fume that their community is going to be short-changed by the government for a second time: A generation ago, their parents were

settled in remote development towns, and condemned to second-class status, from which many of them are still trying to escape. Now, they fear, the government is playing big brother again, seeking to use their inheritance for its own ends.

"The government will evaluate the property of, say, the Iraqi Jews and then use it to counterbalance the Palestinian claim," says Yona Itzhaki, a businessman who now lives in a spacious home in Ramat Gan. "And I will have to pay the price. It's unjust. As an heir, some of the money should come to me. But I don't believe we'll ever see any compensation."

Israel, Sephardi activists fume, has no right whatsoever to be dealing with their lost assets. "The property of the Jews of the Middle East is not a matter for the State of Israel," says Yehouda Shenhav, an associate professor of sociology and anthropol-

ogy at Tel Aviv University, himself of Iraqi descent. "They are manipulating me for an ulterior motive," says Shenhav, one of the first to highlight the issue, and author of an upcoming analysis of the linkage policy in the *International Journal of Middle East Studies*. "They are tying our hands and the Palestinians' hands with the same handcuffs of linkage."

"I can represent my own and my parents' interests," fumes Moshe Karif, a member of the Sephardi Democratic Rainbow movement, a group of second-generation Israelis demanding social justice. "I demand that my property not be touched," says Karif. "Even if we have not yet organized, until we do I am saying: 'Keep your hands off.'"

For Jews from the Middle East and North Africa who live outside Israel, the notion is even more absurd and untenable:

How dare the Israeli government, which cannot conceivably assert that it represents them in any way, they ask, try to usurp their property claims?

Some Israeli officials have argued over the years that, since the government spent billions absorbing the Sephardi Jews here, they can hardly consider themselves short-changed by Israel. That argument, too, is rudely dismissed by Sephardim abroad. "They certainly didn't spend billions on me," snorts Naim Dangoor, born in Iraq in 1914, who left behind factories and a house when he moved to London in 1959.

**T**HE HUMAN, CULTURAL AND ECONOMIC tragedy that befell the Jewish communities in Arab countries was profound. Although circumstances varied from country to country, whole communities, some over 2,000 years old, were up-

ment of Israel. To ensure that the Jews could not use the brief time-lag between passage of the legislation and its implementation to sell their homes and businesses, the Iraqi government shut down the banks for three days. Jews' shops were sealed and their possessions were confiscated. Jewish merchants and jewelers had their homes searched.

In 1945 there were 870,000 Jews living in the Middle East and North Africa. By 1952, hundreds of thousands had arrived in Israel, and tens of thousands had reached Western Europe and North and South America. Estimates on the collective value of the property they left behind vary wildly — from a few billion dollars to more than \$100 billion.

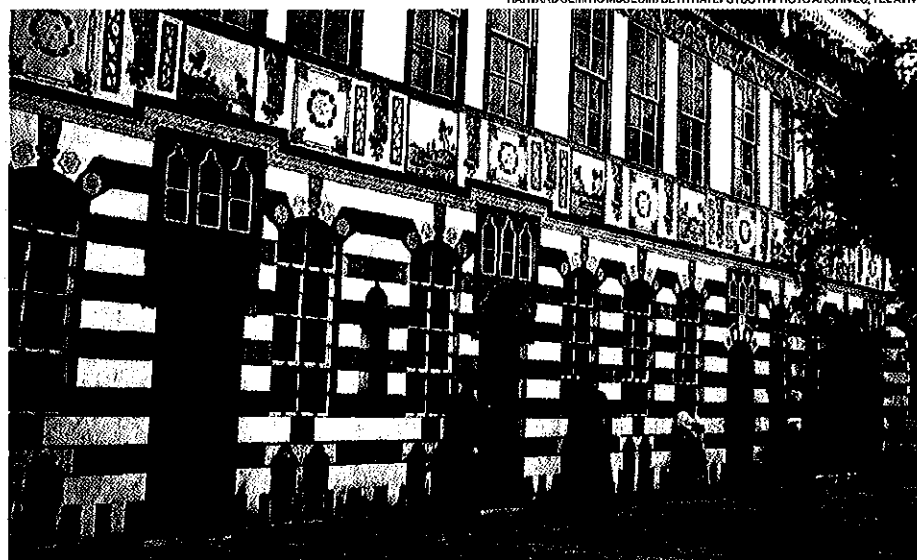
Moroccan-born Amram Attias, who heads the U.S.-based Committee of Jews from Arab Lands — set up to help spearhead the registration project — claims that the 130,000 Jews of Iraq, the wealthiest Jewish community in the Middle East, lost nearly \$100 billion, while Egypt's Jews lost more than \$60 billion.

The idea that Palestinian demands for property taken over by Israel could be countered by Jewish demands for abandoned property in Arab lands has been bandied about for years. But few people, even those directly affected, are aware that this hitherto theoretical "linkage" is becoming real — with work on the register under way and the final status talks imminent.

When it does become more widely known, the issue could exacerbate Ashkenazi-Sephardi tensions. David Tal, a Knesset member from the ultra-Orthodox Shas party, of Tunisian descent, warns that if the Sephardim are left empty-handed, "the bitterness will come to the surface, with serious public implications."

Adds a government official whose parents immigrated to Israel from Baghdad, and who asked not to be named in this article, "Sephardim will say that Israel didn't want to bring them in the first place, that it then put them in transit camps, then in development towns — and that now we're being used as a bargaining chip. This will create an explosion. I can't say how big. But it will."

Barak's Labor Party is particularly vulnerable to Sephardi rage. Soon after taking over the party leadership in 1997, in an effort to rid Labor of its elitist, Ashkenazi image, Barak issued a formal apology to Sephardi immigrants for what he acknowledged was the suffering and lack of respect they endured here at the hands of the Labor governments of the 1950s. He owed his election victory last May, in no small part,



Which road to this Jewish-owned home in Damascus? Sephardim, says Moshe Karif, should decide for themselves how to handle their claims

rooted. Some Jews managed to sell their homes — often for far below the market value; others managed to ferret out valuables, stuffing jewels and gold coins into their pockets. But most lost almost everything and, like the refugees from war-ravaged Europe who had preceded them, arrived in Israel destitute.

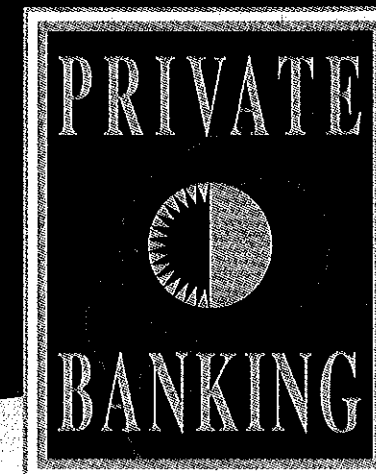
In Iraq, for instance, on March 10, 1951, a new law impounded the property of all Jews who had renounced citizenship and planned to go to Israel. This included many Jews who, although not Zionists, fled persecution which grew with the establish-

ment of Israel. To ensure that the Jews could not use the brief time-lag between passage of the legislation and its implementation to sell their homes and businesses, the Iraqi government shut down the banks for three days. Jews' shops were sealed and their possessions were confiscated. Jewish merchants and jewelers had their homes searched.

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# A Sense of Betrayal

Why has the organization set up to champion Sephardi claims proved so ineffectual?

**I**N NOVEMBER 1975, SEPHARDI immigrant organizations in Israel and abroad got together to set up the World Organization of Jews from Arab Countries. Its declared aim: To publicize the injustices suffered by the Jews at the hands of the Arab governments, and to demand restitution for their lost assets in those countries.

But now, just as the restitution issue is about to be placed on the agenda of final status talks with the Palestinians, the Israel branch of WOJAC is being shut down — because the Foreign Ministry is withdrawing funding.

Government officials insist that the taps are being closed because the organization has proven ineffective. But some Sephardi Jews abroad, including those involved in WOJAC, are crying betrayal.

They were always assured by WOJAC's Israel branch, they say, that when the time came, the Israeli government would ensure that their claims for compensation were properly addressed. But now, far from being given fair treatment, those claims may be swallowed up in the Israeli-Palestinian dispute.

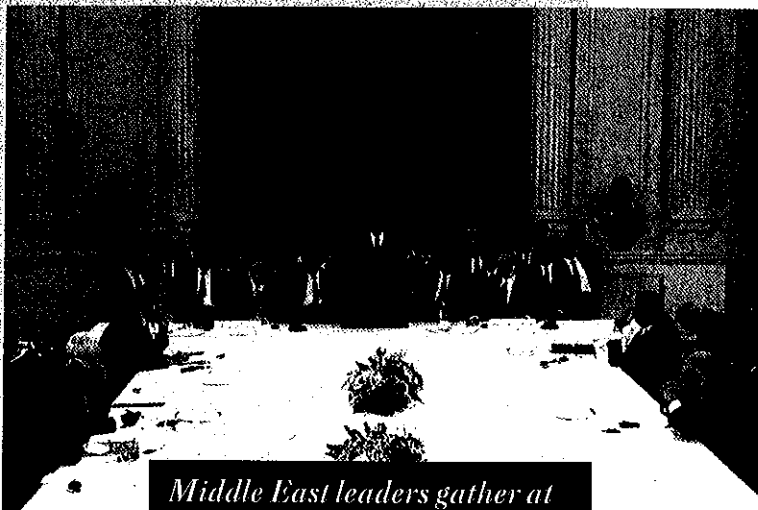
It turns out that WOJAC in Israel was merely "a propaganda instrument" of the state, charges a bitter Naim Dangoor. Dangoor, who lost considerable property in Iraq,

says that WOJAC in Israel was a movement that never truly out to win restitution, but only to serve as a PR vehicle for Israel's linkage policy.

Adds Heskell Haddad, head of WOJAC in the United States, "the Israel branch couldn't say anything contradictory to Israeli policy, otherwise they would have had their funding cut off."

Ironically, Oved Benozair, the acting head of WOJAC in Israel, echoes the complaint. His organization has never been allowed to function effectively, he laments. "It's been comfortable for (successive Israeli) governments to have a weak WOJAC. Not only so that we won't kick up a big fuss, but also so that when the Palestinians do bring their claims to the table, there won't be any strong organization opposing state policy." ●

P.H.



*Middle East leaders gather at Madrid in 1991: Why should some Arab countries get off scot-free, asks Haddad, 'because Israel wants to make peace with the Palestinians in a hurry?'*

GPO

to the defection of thousands of traditionally Likud-voting Sephardim. A misstep on the restitution issue could aggravate old wounds.

**I**N THE EYES OF SOME SEPHARDIM who live abroad, the linkage equation is especially alarming. Even though they chose not to make their homes in Israel, they are now facing the possibility of their restitution claims being canceled out in Israeli-Palestinian negotiations. Why, they ask, should they, of all people, cover the cost of Palestinian losses?

The head of the U.S. branch of the World Organization of Jews from Arab Countries (WOJAC), Prof. Heskell Haddad, an ophthalmologist in New York, says he had to leave Iraq "illegally" in 1950 as a young man, and that his parents followed — "leaving behind our house in Baghdad, my father's plumbing business. I was in the

Jewish underground, and the Iraqis were looking for Zionists and Communists," he says. Haddad is enraged by Israel's assumption that it represents him. "It has no legal right to represent Jews from Arab countries living outside Israel, no legal right to link their claims to those of the Palestinians."

What's more, he notes, it would be a terrible injustice to let countries like Iraq, Syria, Egypt, Yemen and Morocco get off scot-free. "They owe us a debt. They should be made to pay it. They shouldn't be let off the hook because Israel wants to make peace with the Palestinians in a hurry."

Deborah Srour, a 37-year-old New York lawyer, chuckles incredulously at the thought that the Israeli government wants to bargain away the casino her grandfather owned in Cairo. King Farouk used to gamble there, she says, along with other celebrities like singer Um Kalthoum. In 1950, she says, her grandfather was arrested on suspicion of allowing Israeli spies to operate in the casino, and then forced to leave Egypt. After Israel and Egypt made peace in 1979, she and her grandfather traveled to Cairo, and found that the casino building had become an office of the Moslem Brotherhood.

"We're Zionists. We'll do anything for Israel," she says. "But this is like a stab in our back. How can the government of Israel bargain away something it has no jurisdiction over? Talk of long-arm jurisdiction. This is ridiculous."

But other Sephardim overseas are willing to have the lost Jewish property used as a bargaining chip. Take the American Sephardi Federation's Levy, who was more than happy to oblige when, ear-

lier this year, he was approached by Israeli government officials and asked to help run the registration drive. The Israelis, he recalls, were "alarmed by the sophisticated search that the Palestinians were undertaking. They wanted to be able to balance those Palestinian claims."

Levy, who is of Turkish descent and is not himself personally affected by the restitution issue, argues that there is, in any case, no way that Sephardi Jews will ever win compensation from the countries they left. "That's not even a dream," he says. "This should not be equated with



## The Citroën Dealer's Tale

Joe de Picciotto's father was forced to go back to work at the car agency he used to own

**S**HORTLY AFTER THE START of the 1956 Suez War, Egyptian officers came to arrest Joe de Picciotto's uncle. "They arrived in the evening, at his home in Alexandria," recalls de Picciotto. "And since they were friends of his, the officers were very upset."

The arrest was only the start of the troubles that befell de Picciotto's uncle and his father, who since the 1930s had owned and operated Egypt's only dealership for French-made Citroën automobiles, with branches in Alexandria, Cairo and Port Said. "For a few days, the authorities kept my uncle in a jail for foreigners, where he was well treated; then they took him and his wife, and my two cousins, and placed them all on a ship for France," says de Picciotto, 62, who now lives in Brazil. They managed to get out with some money, but the important thing, the business, was taken over and nationalized.

The de Picciottos were Jewish gentry. Joe's grandfather, Joseph de Picciotto, was the first Jewish senator appointed by Egypt's King Fuad in 1924, and had been a member of the government's economic council. Nevertheless, the standard of living of de Picciotto's parents, who were allowed to stay on, dropped radically. The ultimate indignity, he says, came when his father was "called back to work at the confiscated Citroën agency he once owned — as an employee."

Joe and his parents left Egypt in 1959

Holocaust-era claims." And so, he says, why shouldn't Israel invoke those lost assets if this will help reduce the cost of compensating the Palestinians?

Attias, of the Committee of Jews from Arab Lands, agrees that restitution is a pipe-dream. "No Arab leader is ever going to present me, or anyone else, with a check."

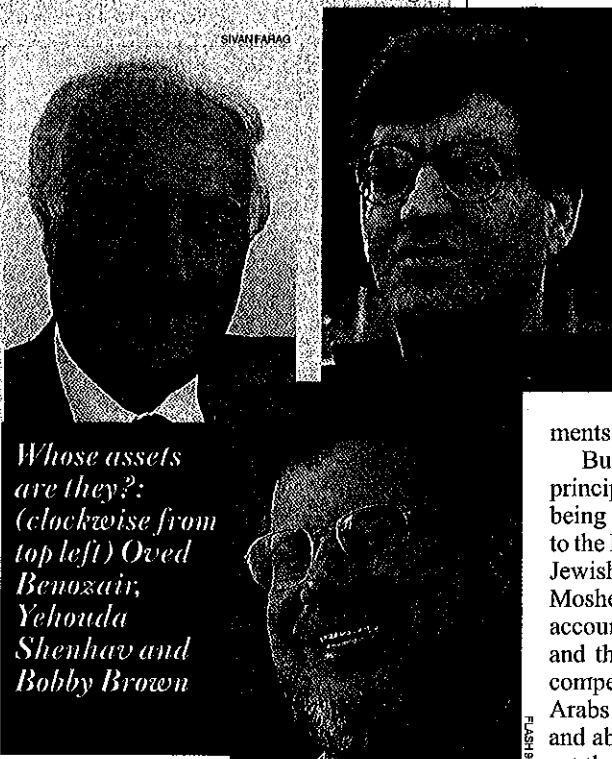
**W**HILE ISRAEL AND WORLD Jewry have for years been fighting, and winning, claims for Holocaust-related compensation, little real effort has been made as regards lost Jewish property in Arab countries. WOJAC was set up in 1975 precisely to push Sephardi claims, but

for Sao Paulo, where one daughter already lived. "I don't know how much we left behind, how much the agency and the cars were worth," he says. "It was a very long time ago." But he adds: "If we'd had the money, it would have changed our lives. We wouldn't have had to start from scratch in Brazil."

He does remember, however, that some years later, "a gentleman came to our home in Brazil, and brought a form for my mother to fill out." It had something to do with the property in Egypt, he recalls.

De Picciotto says he's never completely given up hope of reclaiming what was lost. "My mother's still alive," he says, "and she always says that, one day, we'll have the money we made in Egypt."

Peter Hirschberg



Whose assets are they? (clockwise from top left) Oved Benozair, Yehouda Shenhav and Bobby Brown

with no conspicuous results (see box, this page).

Israeli and Diaspora officials have long maintained that there is no point investing money and effort in such claims, because the likes of Saddam Hussein and Muammar Qadhafi are hardly going to pay up. Furthermore, in years past, it was feared that

aggressive pursuit of this issue would provoke similar efforts on the Palestinian side. Now, of course, it has become clear that the Palestinians needed no provocation.

The Camp David framework agreements, signed in 1978 by Anwar Sadat and Menachem Begin, did provide for a "Claim Committee for the mutual settlement of all financial claims" between Israel and Egypt. But Israel has never pursued the matter with the Egyptian government; it may be that Israel feared undermining the delicate diplomatic relationship.

Few Sephardi individuals have tried to pursue claims either, deterred by the certainty of flat rejection from most Arab regimes. There are legal obstacles too. In America, for example, notes Prof. Haddad, individual citizens cannot sue a foreign government. There is, however, at least one current case of a Sephardi Jew suing a private company: Egyptian-born Raphael Bigio, whose story was recently featured in Ha'aretz. Bigio, who now lives in Canada, is demanding \$100 million in compensation from Coca-Cola, which has purchased a piece of land in Cairo from the Egyptian government — land it confiscated, he alleges, from his parents.

In the early years of the state, there were two efforts to register the properties of Jews who had arrived from Arab countries, both largely unsuccessful. Some of the new arrivals, angry at having been dispatched to tent cities in far-flung parts of the new state, were unwilling to cooperate with the authorities. Property deeds and other relevant documents had also been left behind.

But if the details were lacking, the principle of "linkage" was already being set in place. In a 1951 address to the Knesset, after Iraq nationalized Jewish property, foreign minister Moshe Sharett declared, "An account already exists between us and the Arab world: the account of compensation that accrues to the Arabs who left the territory of Israel and abandoned their property ... The act that has now been perpetrated by the Kingdom of Iraq ... forces us to link the two accounts ... We will take into account the value of the Jewish property that has been frozen in Iraq when calculating the compensation that we have undertaken to pay the Arabs who abandoned property in Israel."

This policy, aimed at offsetting Pales-

tinian refugee claims, has remained consistent over the years. In a 1993 article in The Jerusalem Report, Zalman Shoval, Israel's present ambassador to the U.S., reiterated the linkage approach: "Israel would agree to cancel the Jewish claims," he suggested, "if the Palestinians would give up their compensation demands."

Diaspora affairs adviser Brown says that the issue took on real importance 18 months ago, when it became clear that the Palestinians were hard at work compiling their own property register for use in the final status talks. "We knew," says Brown, "that this would be the time to put our claims on the table."

Brown notes that, even discounting the compensation issue, the registration drive "would have still been a critical issue — for Jewish identity and heritage."

The WJC's executive-director Elan Steinberg agrees. "This is a relatively unexplored chapter of Jewish history," he notes. Steinberg says the WJC was approached by the Sephardi organizations to help build the property register because of its experience in the field of Holocaust-era assets. "The aim is to help return not only what was stolen, but also their history. Every mikvah, synagogue, is part of Jewish history, not just Sephardi history."

Without going into detail, Brown adds that, if the mutual claims are ultimately written off against each other, Israel will have to "find a way to provide compensation to the Sephardim."

For Shas's David Tal, that vague commitment represents the best hope of preventing an outburst of Sephardi anger over the issue. "If Israel resolves this issue with the Arab world, that's fine. But that's not the end of the account. Israel would then have to give some compensation to the Sephardim. I don't want to draw comparisons, but the Jews who fled Germany and Eastern Europe got compensation. That money helped them establish themselves here. The Jews who fled Arab lands have never got anything."

Yona Itzhaki says that, for the sake of peace, he would be prepared to forgo compensation. But it would leave him nursing a sense of historical injustice. "At least, there should be some kind of symbolic gesture," he muses.

But Itzhaki is one of the moderate voices. And many others will be more strident. Bobby Brown says he's well aware of the potential domestic impact. "There will be a lot of debate on this," he acknowledges. "The first debate will be with the Palestinians. The second will be on how we handle it among our own people." ●

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