

The CHAIRMAN. Reporting how they expended the money?
 Mr. HAMMER. That is right, sir.
 The CHAIRMAN. That is what I mean.
 Mr. HAMMER. Right.
 (See appendix 1, p. 1408, Item 9.)

LETTER DATED FEBRUARY 7, 1957 TO MR. HAMMER FROM RABBI UNGER

The CHAIRMAN. Mr. Hammer, I show you a copy of a letter dated February 7, 1957, addressed to Mr. Gottlieb Hammer, from Rabbi Jerome Unger, executive director of the American Zionist Council, and ask you if you received such a letter?

Mr. HAMMER. Yes, sir.

(A copy of the letter follows:)

AMERICAN ZIONIST COUNCIL,
 New York, N.Y., February 7, 1957.

Mr. GOTTLIEB HAMMER,
 Jewish Agency for Palestine,
 16 East 66 Street,
 New York, N.Y.

DEAR GOTTLIEB:

Below is the accounting due on February 1, 1957. Despite somewhat better payments in January, the total is only slightly less. This results, of course [illegible] the unbudgeted unusual expenses during the Middle Eastern crisis and the large addition to our costs of a new commitment for services not part of our budget. In addition, of course, the continuing unpaid balance adds to the large total.

Due January 1, 1957		\$128,199.43
Paid by Jewish Agency for AZC account ¹		834.15
Balance Due January 1, 1957		127,365.28
Received in January 1957		80,000.00
Unpaid Balance Still Due		47,365.28
Regular Allocation for February 1957		57,698.69
Department of Education and Culture:		
Hebrew Culture Committee (Lapson)	\$833.00	
Choral Society	390.00	
Paid to Histadruth Ivrit	4,580.00	5,523.00
Special Unbudgeted Expense during Middle East Crisis:		
Printing	1,456.00	
Postage	4,466.18	
Western Union	1,100.00	
Records and Radio Reports	543.00	
Misc. and Messenger	66.32	
Regional Presidents' Conference:		
Printing	\$82.00	
Postage	865.74	
Overtime for Clerical Staff	547.32	
Received for Material and Records		1,495.96
Quarterly payment to Mr. I. L. Kenen for public relations services		5,000.00
Grand total		113,767.91

I hope that by the time we reach March 1, we shall see our account even and fully paid.

With all good wishes, I am,
 Sincerely yours,

JEROME UNGER,
 Executive Director.

¹ Of which AZO is absorbing 1/2 and seeking reimbursement for 1/2.

PERIODIC ACCOUNTING RENDERED

The CHAIRMAN. Is this one of the periodic accountings?

Mr. HAMMER. I would say that, since this is dated in February, it probably would be, since our fiscal year ran from April 1, and this was submitted in time for consideration before the budget for the new fiscal year was fixed.

The CHAIRMAN. It says:

Below is the accounting due on February 1, 1957.

That would indicate it was one of the accounts such as you mentioned a moment ago, is that correct?

Mr. HAMMER. That is correct, sir.

The CHAIRMAN. This is a statement of the amount due the American Zionist Council from the Agency to cover the budget of the American Zionist Council, plus certain unbudgeted expenses accounted for in the letter?

Mr. HAMMER. That would be correct, sir.

The CHAIRMAN. I will put the letter in the record.

I call your attention to the last line—

Senator SYMINGTON. Mr. Chairman, before leaving that, who is on the American Zionist Council?

Mr. HAMMER. Senator, the American Zionist Council is a body consisting of representatives from various American Zionist groups.

Senator SYMINGTON. Is there any official of the Israeli Government on the American Zionist Council?

Mr. HAMMER. There is no official of the Israeli Government on that Council.

Senator SYMINGTON. Is there any control by Israel?

Mr. HAMMER. No, sir.

QUESTIONS CONCERNING COMPLIANCE WITH REGISTRATION PROVISIONS

Senator SYMINGTON. When you paid a half million dollars to the American Zionist Council, inasmuch as we are discussing registration under the Foreign Agent Registration Act, why would you necessarily give a report in detail of \$500,000 from one group which consisted of American citizens to another group of American citizens?

Mr. HAMMER. Prior to April, 1960, the Jewish Agency for Israel, Inc., was registered as a foreign agent.

Senator SYMINGTON. Yes.

Mr. HAMMER. And, therefore, the question may arise, if the foreign agent did give this sum to the American Zionist Council, why did they not register.

Mr. BOURKEIN. Senator, Mr. Chairman, may I clarify this point?

Senator SYMINGTON. I want to be clear about this point.

Mr. BOURKEIN. The form that has to be filed semiannually with the Department of Justice requires the reporting of payments made, not necessarily to foreigners or to foreign agents, but to anybody in this country, and, inasmuch as prior to 1960 his organization was registered as a foreign agent—

Senator HUMPHREY. When you say "his organization," Jewish Agency?

Mr. BOUKSTEIN. Jewish Agency for Israel, Inc., prior to 1960.

Mr. HAMMER. Prior to 1960.

Mr. BOUKSTEIN. It ceased being a foreign agent in 1960, but it was a foreign agent prior to 1960, and, therefore, any payments it made prior to 1960, had to be reported to whomsoever made.

Senator SYMINGTON. I do not want to labor this, but suppose I am registered as a foreign agent and give a party, say at a golf club, which party included a foreign ambassador.

Do I have to register that as a contribution or sales expense?

I just want to see how far this goes.

Mr. BOUKSTEIN. Well, Senator, I do not know, but, certainly, in your case, I should not think so.

Senator SYMINGTON. Suppose I am a registered foreign agent and I give a party which includes two friends from Israel, say a party with many other people. Do I have to register that tab as an effort of a foreign agent?

Mr. BOUKSTEIN. My own personal opinion would be if this was a matter of entertainment of your friends or a party in their honor with no specific objective as part of your activities as a foreign agent, that you would not have to do that.

Senator SYMINGTON. Suppose at this party we discussed after dinner at some length, problems incident to helping refugees move into Israel. Would that change the requirement, in your opinion, as a lawyer?

Mr. BOUKSTEIN. If a foreign agent—counsel for the committee may be more competent than I to answer this question, but my own opinion would be, if a registered foreign agent incurs expenses in connection with his work, that, in one form or another, he reports them.

Senator SYMINGTON. That does not quite answer my question. In this particular case, what do you think would be the necessity—

Mr. BOUKSTEIN. It would not constitute a payment to somebody but it would be probably miscellaneous expenses.

Senator HUMPHREY. And, therefore, subject to registration?

Mr. BOUKSTEIN. Subject to reporting.

Senator SYMINGTON. Let us carry this further.

Suppose at this party several Members of Congress were asked, perhaps a member of the Foreign Relations Committee, and we had dinner. Would that be a requirement to be filed? Members of Congress might vote on matters pertinent to Israel.

Mr. BOUKSTEIN. Generally speaking, I think that—I would not say so at all, Senator Symington. I think that the act requires you, and the regulations require you, to report expenses in connection with your activities as a foreign agent.

It does not mean that you may not meet people who are foreigners and may not discuss your problems with them as long as you are not subsidizing them or paying them any money. Sometimes it is hard to draw the line. Is it a matter of—

Senator SYMINGTON. What would you say, if you were paying money to individuals of the American Zionist Society for certain activities?

Mr. BOUKSTEIN. That we would have to report.

If a foreign agent, a registered foreign agent, pays money to an organization, and the organization engages in activities which are not exempt under the 1938 act, then he would have to report that.

Senator SYMINGTON. One more question:

Do you, as a lawyer, now feel, based on the testimony this morning, that it would have been wise to have detailed the payments of all the money Mr. Hammer's organization paid to such organizations as the American Zionist Council?

Mr. BOUKSTEIN. Well, Senator, I cannot say whether it would have been wise or unwise, but I checked the general method of reporting, and what we did was completely in conformity with the general and accepted method of reporting.

Senator SYMINGTON. As the reporting of an income tax, you do it the way you think is right and if later you find out the Internal Revenue Department does not think it right, they notify you and you change it?

Mr. BOUKSTEIN. I want to make one thing perfectly clear: There certainly was no attempt either to hide or to conceal anything.

IDENTIFICATION OF MR. I. L. KENEN

The CHAIRMAN. Mr. Hammer, referring to the letter of February 7, 1957, which is that report, the accounting of the American Zionist Council to the Jewish Agency for Palestine, I call your attention to the last line of the first page which reads, as follows:

Quarterly payment to Mr. I. L. Kenen for public relations services, \$5,000.

Who is Mr. I. L. Kenen?

Mr. HAMMER. Mr. I. L. Kenen is a newspaperman, former newspaperman, out of Cleveland, New York, presently Washington, Cleveland, Ohio, and New York City—I meant and now resident in Washington—who edits a rather lively newsletter called "The Near East Report."

The CHAIRMAN. Was Mr. Kenen at this time associated with the American Israel Public Affairs Committee?

Mr. HAMMER. I believe he was.

The CHAIRMAN. Were the payments here indicated, quarterly payments, of \$5,000 for his work with that committee?

Mr. HAMMER. I would not know, sir.

The CHAIRMAN. Why were you making these payments of \$5,000?

Mr. HAMMER. We were making a broad, general allocation to the American Zionist Council for certain categories of activities. Within these categories, the American Zionist Council determined for itself how to spend these items, and let me say this, Senator: We would not determine that x dollars would be paid to this particular activity or for this particular expense. That would be left to the American Zionist Council.

We were satisfied that they were working along lines which would be helpful to our overall effort.

The CHAIRMAN. Well, did the Agency, in fact, reimburse the Council for these payments for these services?

Mr. HAMMER. Well, the Agency enabled the American Zionist Council to do this work by making a broad, general allocation. It did not specifically reimburse the Council for this or any other item.

The CHAIRMAN. Was this an unbudgeted item, do you know? You have got a copy of the letter there.

Mr. HAMMER. I have no way of telling at this moment whether it was budgeted or unbudgeted. It probably could be a budgeted item, and I do not quite know what that \$5,000 payment was for. I do know that we did make money available. We were—we had a high opinion of this particular newsletter that Mr. Kenen edits and circulates, and we wanted to make it possible for the Council to make subscriptions to this newsletter available to leading American Zionists, to schools, to newspapers, to other interested parties.

Now whether it was for one particular item of service or whether it was for subscriptions to the bulletin, I would not know, sir.

SERVICES PERFORMED BY MR. KENEN

The CHAIRMAN. Mr. Hammer, what are the public relations services that Mr. Kenen was rendering to the American Zionist Council for which the Jewish Agency was to reimburse the Council?

Mr. HAMMER. Mr. Chairman, I am afraid, I would not know specifically what services Mr. Kenen rendered to the American Zionist Council. I should like to point out if I may, sir, I am neither, nor never was an officer or director or an employee or an agent of the American Zionist Council. I never attended their meetings, and I would not have any specific information as to their general activities. I have a pretty fair idea of their general overall purposes, and their general programs.

The CHAIRMAN. Are you familiar with the activities of Mr. Kenen?

Mr. HAMMER. In a broad sense only. I have known him, I knew him many years ago, and I run into him occasionally. I know that he is the director of the American Israel Public Affairs Committee, and he is also editor of the Near East Report of which I am a subscriber, and I know that he is usually running around the country making speeches. Incidentally, I have a very high regard for Mr. Kenen. I regard him as an old, old friend.

The CHAIRMAN. He is stationed here in Washington?

Mr. HAMMER. I believe he resides here in Washington; yes, sir.

The CHAIRMAN. Do you know for how long a period, up to April 1960, the Jewish Agency paid such fees for Mr. Kenen through the American Zionist Council?

Mr. HAMMER. If I may, Mr. Chairman, I would like to restate that because I do not recall the Jewish Agency specifically making a payment to the—to Mr. Kenen.

The CHAIRMAN. This report clearly indicates that, doesn't it? They report to you how they spent the money.

Mr. HAMMER. We made money available to the American Zionist Council.

The CHAIRMAN. That is right.

Mr. HAMMER. So they would be able to carry forward a broad program of public relations. Now within that broad program they either bought subscriptions for Mr. Kenen's bulletin or for making speeches or for other things or for public relations services, the character of which I am not familiar with. I don't know.

The CHAIRMAN. Well, this statement is very succinct, it says:

Quarterly payments to Mr. I. L. Kenen for public relations services.

I would interpret that to mean a quarterly payment being \$5,000 that he was being paid at the rate of \$20,000 a year.

Mr. HAMMER. It would appear that way from this letter; yes, sir.

The CHAIRMAN. This is an accounting to you of how they spent the money which you supplied to them; is it not? The payments that were due him from money received from you?

Mr. HAMMER. I would regard this as, sir, a documented request for funds. They were constantly asking for payment on their broad general allocation and that was Rabbi Unger's method of trying to get me to accelerate payment on account of their budget.

The CHAIRMAN. You did pay these funds, didn't you?

Mr. HAMMER. Yes; after a while, yes—as funds were made available to us.

Senator HUMPHREY. Mr. Chairman, whom does Mr. Kenen work for?

The CHAIRMAN. Let me ask one last one.

Senator HUMPHREY. Excuse me.

The CHAIRMAN. Did you ever make any direct payments to Mr. Kenen?

Mr. HAMMER. I do not recall ever having made any direct payments to Mr. Kenen. I may have for purchase of bulletins or subscriptions to his newsletter.

The CHAIRMAN. Senator Humphrey.

Senator HUMPHREY. I know Mr. Kenen. I don't see him very often but I have seen him a half dozen times. Is he an American citizen?

Mr. HAMMER. I believe he is an American citizen.

Mr. BOUKSTEIN. Definitely, of course.

Senator HUMPHREY. Does he work for the Jewish Agency?

Mr. HAMMER. No, sir; he does not work for the Jewish Agency.

Senator HUMPHREY. Whom does he work for?

Mr. HAMMER. He is an independent entrepreneur resident in Washington. He is executive director of the American Israel Public Affairs Committee and he is also an editor of a Washington newsletter entitled "Near East Report."

DETAILED STATEMENTS FROM AZC TO THE INC.

Senator HUMPHREY. And this statement we see here, this letter of February 7 which has on the bottom of page 1 a notation:

Quarterly payment to Mr. I. L. Kenen for public relations services.

Is that a public relations service that was afforded or was rendered to the American Zionist Council?

Mr. HAMMER. I would assume rendered to the American Zionist Council; yes, sir.

Senator HUMPHREY. In other words, the American Zionist Council had hired his services?

Mr. HAMMER. They probably had; yes.

Senator HUMPHREY. And you are reimbursing the American Zionist Council; did you reimburse the American Zionist Council by a check to Mr. I. L. Kenen?

Mr. HAMMER. No, sir.

Senator HUMPHREY. Or did you reimburse the American Zionist Council by a check to the American Zionist Council?

Mr. HAMMER. We simply made available to the American Zionist Council funds on account of a general annual allocation.

Senator HUMPHREY. But not for specific items?

Mr. HAMMER. Not for specific items per se.

Senator HUMPHREY. What is the purpose, then, of the detailed statement?

Mr. HAMMER. It was Rabbi Unger's method of trying to get me to accelerate the flow of cash to his organization. At that time we were in a period of high immigration, and I had to exercise my discretion in how to deploy the use of funds coming to me from the United Jewish Appeal.

(See appendix 1, p. 1411, Item 15.)

To send it on for refugee needs or make it available for this. I gave this a rather medium order of priority, and as a result they were short of cash, and he would implore me to send him more money and he would do it by means of phone calls or by means of letters of this type. I frankly do not regard this an accounting in the true book-keeping sense.

Senator HUMPHREY. In other words, this letter is a way to remind you where these moneys—

Mr. HAMMER. That we owe this money.

Senator HUMPHREY. And that it would be spent for these items?

Mr. HAMMER. That is right, and we would send him more money.

Senator HUMPHREY. I want to get it perfectly clear.

During the period of time that your Agency was registered or you as a foreign agent, did Mr. Kenen receive direct payment from you?

Mr. HAMMER. I do not recall ever having made direct payment to Mr. Kenen.

Senator HUMPHREY. I mean was he on your payroll?

Mr. HAMMER. He was not on the payroll of the Jewish Agency.

Senator HUMPHREY. It is entirely probable that you might have purchased something from him?

Mr. HAMMER. That is right.

Senator HUMPHREY. Has he been on the payroll of the American Zionist Council over any period of time that you know anything about?

Mr. HAMMER. I would not know, sir.

Senator HUMPHREY. We should really ask that information from the American Zionist Council.

Mr. HAMMER. That is correct.

Senator HUMPHREY. Who is the head again of the American Zionist Council?

Mr. HAMMER. The chairman is Rabbi Irving Miller and its executive director is Rabbi Jerome Unger.

Mr. BOUKSTEIN. May I say, Mr. Chairman, that the American Zionist Council is obviously subsidized by the Agency, but its activities are completely independently managed by itself. The Agency doesn't run the American Zionist Council. It is not an activity in the sense of the Agency—in the sense of running a department or something like this.

Senator HUMPHREY. I happen to know a gentleman in my home State, Dr. Moses Barron, who is one of our outstanding citizens who I know is very active in the American Zionist Council movement.

In fact, I have been at many of his gatherings at home. He is maybe our leading physician, heart specialist. I don't think he is under anybody's control including his wife's, according to what I have heard. He is a pretty good fellow.

The CHAIRMAN. Is that all?

Senator HUMPHREY. That is all.

The CHAIRMAN. Mr. Hammer, did I ask you if you could supply for the record the reports of the AZC such as this that you have between 1955 and 1960, prior to the reorganization?

Mr. HAMMER. You did ask me, sir, and I am trying to get together whatever such letters I have from Rabbi Unger and make them available to your staff.

(See appendix 1, p. 1408, Item 9.)

SOURCE OF FUNDS SUPPLIED TO THE AZC

The CHAIRMAN. The funds which you supplied to the American Zionist Council in accordance with this letter came from the United Jewish Appeal. I believe you just stated that.

Mr. HAMMER. As I understand your question, Senator, you asked me whether these funds came from the United Jewish Appeal. There is the following concept: We—by "we" in this instance I mean the Jewish Agency—had several sources of funds. One was the United Jewish Appeal and obviously that was the bulk of the money we got.

Then there were other sources which came from overseas, came from Latin American countries, came from Canada, and the amount of money which we received from overseas, the amount of money which the Jewish Agency in Jerusalem received from countries outside the United States, usually ran around \$10 million a year, sometimes a little bit more, sometimes a little bit less, and we always regarded that the money we got from the United Jewish Appeal was being spent for refugee purposes because the Jerusalem Agency always spent two or three times the amount we made available for those purposes, and that the amount of money we were giving to the American Zionist Council was coming from other, sources other than the United Jewish Appeal.

I want to reemphasize that this money came from Latin American sources, from Canada. It did not necessarily come from—

The CHAIRMAN. Did you in the keeping of your accounts during this period, did you segregate each account in accordance with its source?

Mr. HAMMER. We kept our accounts, of course, in accordance with source, but our cash was not segregated, and when I was faced with the problem of how to best utilize whatever cash was on hand, I did not stop to say well, this is American cash or this is borrowed cash or this is Canadian cash or any other cash.

The CHAIRMAN. It all went into the same bank account; did it not?

Mr. HAMMER. Same bank account; yes, sir.

The CHAIRMAN. And the bulk of it was United Jewish Appeal?

Mr. HAMMER. Bulk of it was United Jewish Appeal obviously.

The CHAIRMAN. Eighty percent, would you say, or 90 percent?

Mr. HAMMER. Oh, most substantial part of it was United Jewish Appeal. But the non-United Jewish Appeal part was not insignificant.

The CHAIRMAN. Yes. I don't mind your lawyer intervening but he is really, his function is really to advise you on your legal rights and not to coach every answer. It is quite all right, but I think—

Mr. BOUKSTEIN. I wanted to clarify, Mr. Chairman.

MEMO CONCERNING PAYMENTS TO MR. KENEN

The CHAIRMAN. Really, Mr. Hammer is the witness and we are really interested in his testimony. But I don't object to it. I hand you a memorandum, Mr. Hammer, and ask you to identify that, please, sir. Can you identify that memorandum, Mr. Hammer?

Mr. HAMMER. This appears to be a memorandum from a man who was one of my assistants at that time.

The CHAIRMAN. What is his name?

Mr. HAMMER. Mr. Jay D. Leshin.

The CHAIRMAN. Assistant of yours?

Mr. HAMMER. He was an assistant of mine.

The CHAIRMAN. Who is it to?

Mr. HAMMER. It is addressed to the bookkeeper.

The CHAIRMAN. Your bookkeeper.

Mr. HAMMER. My bookkeeper.

MR. HAMMER. My bookkeeper.
The CHAIRMAN. What's the date of it, just read it for the record.

Mr. HAMMER. June 26, 1958. And this memorandum reads:

Please—

addressed by Mr. Leshin to Miss Speiser—

Please issue a check to the American Zionist Council in the amount of \$20,000 ; \$5,000 of this amount will be for Mr. Kenen.

(A copy of the memo follows:)

המרכז, אשר מיליון מיליון
THE JEWISH AGENCY FOR ISRAEL

1301 ORANGE

Family doctor

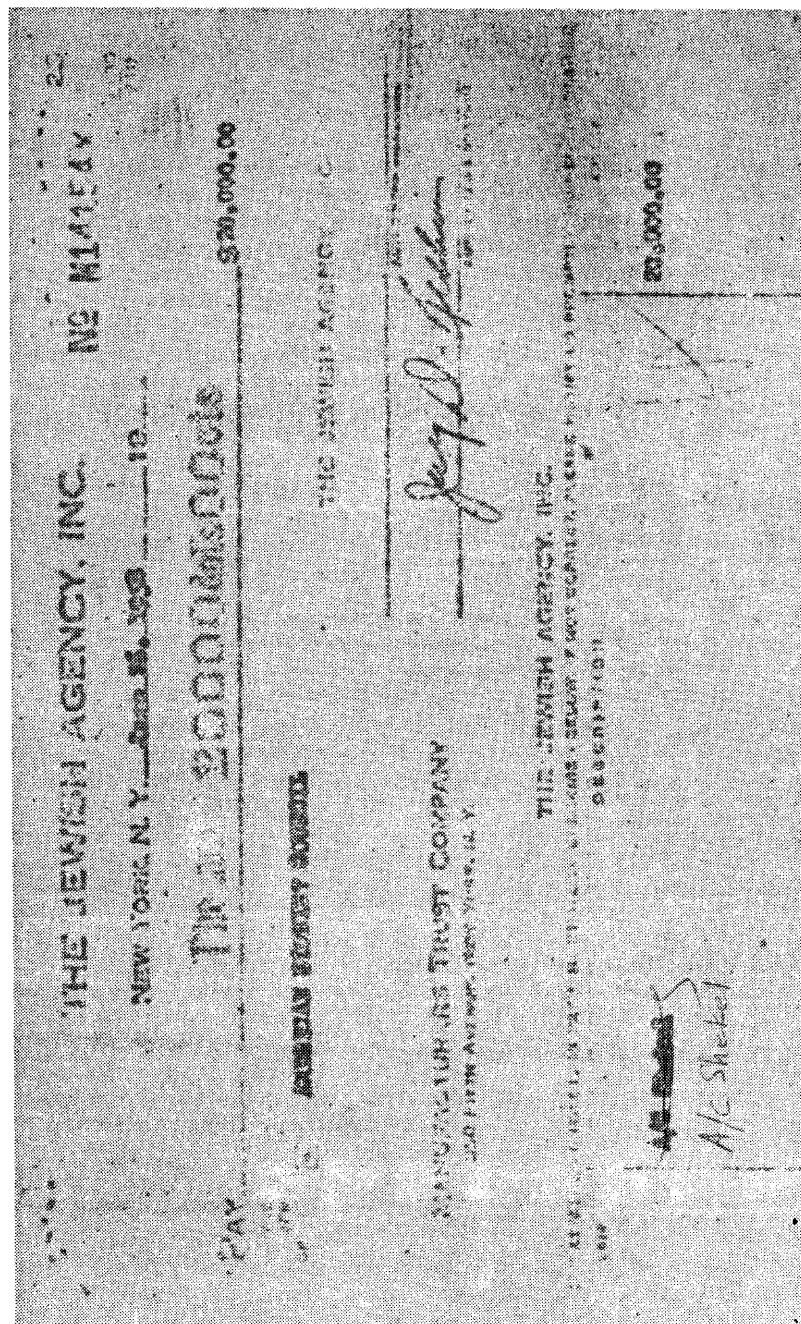
TAY D. LEADN

1

1990 26, 1958

Please issue a check to the American Zionist Council in the amount of \$20,000. \$5,000 of this amount will be for Mr. Kerner.





The CHAIRMAN. How do you interpret that?

Mr. HAMMER. I would say that this might well have been our desire to enable the American Zionist Council to purchase subscriptions to Mr. Kenen's newsletter or to facilitate his making speeches or whatever else he might have been doing for the American Zionist Council, and this was it.

The CHAIRMAN. Why didn't you pay Mr. Kenen directly the \$5,000 rather than through the American Zionist Council?

Mr. HAMMER. Because the Jewish Agency, if I may, Senator, explain, is a big sprawling organization and what we were attempting to do was to avoid overexpansion and to build up a tremendous administrative machine. What we were attempting to do was to support such organizations as would effectively do a broad job which we thought would be helpful to us.

Senator SYMINGTON. Will the Chair yield?

The CHAIRMAN. Yes.

Senator SYMINGTON. Inasmuch as this Mr. Kenen was not working for you and was working for the American Zionist Society, and inasmuch as you knew what Mr. Kenen's activities were in general, wouldn't it be logical for you to say, "\$5,000 to the Kenen activity," letting them take the responsibility, because they had the authority of employing him, as to how he spent the money in the general overall undertaking?

Mr. HAMMER. That is exactly right, sir.

QUESTION OF CAMPAIGN CONTRIBUTIONS

Senator SYMINGTON. Thank you.

I would like to ask one more question, because it has come up before in these hearings.

Has this organization of yours ever made any contributions to the campaigns of any Senators?

Mr. HAMMER. I can state categorically that we have not; never paid one cent as a contribution to any political campaign of Senators, Congressmen or anyone else.

Senator SYMINGTON. Has there ever been any understanding between you and Mr. Kenen, or anybody else, that any money you supplied would be for the promotion of any campaign?

Mr. HAMMER. No, sir.

to Senator SYMINGTON. In any way, directly or indirectly?

Mr. HAMMER. No, sir, never any such understanding.

Senator SYMINGTON. Thank you.

Q. The CHAIRMAN. Do you know whether Mr. Kenen received any other payments for his services other than the \$20,000, apparently \$20,000 he received from the American Zionist Council?

Mr. HAMMER. I do not know, sir.

The CHAIRMAN. Do you know whether or not he worked full time for the American Zionist Council?

Mr. HAMMER. I would have no way of knowing, sir.

In view of the fact that he was publishing this news bulletin, I would not think so. I don't know, sir.

The CHAIRMAN. You think that is probably a full-time job?

Mr. HAMMER. For the American Zionist Council?

The CHAIRMAN. Yes.

Mr. HAMMER. I would not think so.

The CHAIRMAN. You would not.

Mr. HAMMER. I am not even certain, sir.

The CHAIRMAN. You may not know, I just wondered if you did. We can ask Mr. Kenen.

Mr. HAMMER. I don't even know the fact that \$5,000 is indicated here necessarily means that \$20,000 was paid to him. I have no such knowledge, sir.

The CHAIRMAN. Well, the other letter indicated, it said a quarterly payment of \$5,000. This particular memorandum merely confirms the previous letter that we read. This was a year later approximately, wasn't it?

Mr. HAMMER. Approximately a year later.

The CHAIRMAN. It indicates that your organization allocated \$5,000 specifically for Mr. Kenen, doesn't it?

Mr. HAMMER. It would simply mean that possibly there had been asked, "Wouldn't we possibly do something to facilitate the making available of funds," and within this thing said—

The CHAIRMAN. As the memorandum says, "Five of this shall go to Mr. Kenen." Doesn't it?

Mr. HAMMER. That is what it says.

LETTER CONTAINING PERIODIC ACCOUNTING TO THE JEWISH AGENCY BY
THE AZC

The CHAIRMAN. That is what it says. That will be put in the record.

I show you a copy of a letter dated March 5, 1958, addressed to Mr. Gottlieb Hammer, and signed Rabbi Jerome Unger and ask you if you received this letter.

Did you receive that?

Mr. HAMMER. I assume I did receive that, yes, sir.

(Copy of the letter referred to follows:)

AMERICAN ZIONIST COUNCIL,
New York, N.Y., March 5, 1958.

Mr. GOTTLIEB HAMMER,
Jewish Agency for Israel,
16 East 66th Street,
New York, N.Y.

DEAR GOTTLIEB: Below is the accounting due March 1, 1958. I need not add that the total still comes high. You can see for yourself, however, that half of it is the result of a large balance still due to us and three items that are not regularly part of our budgeted expenses. Our own actual monthly allocation is considerably less than half the total. I wish that we could get our payments down to the level of just this regular monthly allocation.

Due February 1, 1958.....	\$116,000.78
Received in February 1958.....	63,500.00

Unpaid balance still due.....	52,500.78
Regular allocation for March 1958.....	54,652.15

Department of Education and Culture:

Hebrew Culture Committee (Lapson).....	\$833.00
Choral Society.....	100.00
Histadrut Ivrit.....	5,000.00

Total.....	6,023.00
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Unbudgeted expenses:

Extraordinary expenses.....	\$5,000.00	
Council on Middle Eastern Affairs.....	6,000.00	\$11,000.00
Total.....		11,000.00
Total due March 1, 1958.....		124,175.93

Of course we shall appreciate the speedy completion of the payment of the total listed above.

With warm personal regards, I am

Sincerely yours,

Rabbi JEROME UNGER,
Executive Director.

The CHAIRMAN. Well, there is no reason to doubt it?

Mr. HAMMER. I have no reason to doubt it. I am not disclaiming it.

COUNCIL ON MIDDLE EASTERN AFFAIRS

The CHAIRMAN. This is a periodic accounting to the Jewish Agency by the American Zionist Council for February 1958. I call your attention to the item in the middle of the first page which reads:

Council on Middle Eastern Affairs, \$6,000.

Could you tell us what is the Council on Middle Eastern Affairs?

Mr. HAMMER. The Council on Middle Eastern Affairs is a group which publishes a scholarly publication devoted to various subjects dealing with the Middle East. It consists of a group of educators at various American universities and is headed by a man by the name of Dr. Shwadran.

Mr. Chairman, if I may, I would like to offer you for the record a copy of this publication; I believe we have some with us or perhaps counsel has.

The CHAIRMAN. I notice this says unbudgeted expense. Why would that be an unbudgeted expense?

Mr. HAMMER. It is entirely possible that at the beginning of the year, and this is an assumption on my part, Senator, at the beginning of the year, when they discussed their general total allocation from the Jewish Agency, they did not include these items and it is also possible that during the year someone had an afterthought and came forward with an idea that it would be useful and desirable to make an allocation for a publication which was regarded as a scholarly and worthwhile effort.

Incidentally, if I may, Senator, I should like to say that while Rabbi Unger is a very nice fellow and knows more about the Bible than I do, his use of the accounting, the term "accounting," leaves much to be desired because what he has here really is merely a documentation of a request for funds.

He simply shows how much he should have gotten and how much he did get, and what he wants, and says he would appreciate the speedy completion of the payment of the total listed above. This is just another periodic dunning by Rabbi Unger for sums due the American Zionist Council.

The CHAIRMAN. Of course, I assume Rabbi Unger, dealing with such large sums, had a competent accountant to assist him. He didn't do all of this personally, did he?

Mr. HAMMER. Well, he was always worried about having money available.

The CHAIRMAN. Well, aren't we all?

Mr. HAMMER. It is a chronic problem.

The CHAIRMAN. Yes.

Was that one of the American Zionist Council's regular activities—to support the Council on Middle Eastern Affairs?

Mr. HAMMER. Mr. Chairman, I would not know whether this was a regular part of its budget but it would appear to me that this would certainly fall within the general framework of the activities of the American Zionist Council which we would want to see advanced, that we would look upon with favor.

The CHAIRMAN. Was this amount of \$6,000 that was reimbursed by your Agency to the American Zionist Council?

Mr. HAMMER. I would say that over a period of time the total amount requested by the Council was paid over to them.

The CHAIRMAN. Well, this specific account was approved, was it not?

Mr. HAMMER. Yes.

SUBSIDIZATION OF COUNCIL ON MIDDLE EASTERN AFFAIRS THROUGH THE AZC

The CHAIRMAN. Again, I ask you what was the reason for making these payments through the American Zionist Council rather than directly to the Council on Middle Eastern Affairs.

Mr. HAMMER. We did it directly through the American Zionist Council or if there had been no Zionist Council we would have urged domestic groups here to form one only because they were better equipped to carry on this broad program of information and education and this broad program of attempting to rally support for the cause of Israel and for the cause of refugee immigration much better than we could.

They were equipped to do it. They had representatives all over the United States. The American Zionist Council is made up of domestic—

The CHAIRMAN. I understand that, but the Council on Middle Eastern Affairs was in being, and it was doing the job. Why didn't you subsidize them directly rather than indirectly through the American Zionist Council? I don't understand quite why this was not a direct payment from you rather than—this entailed, it seemed to me, more unusual bookkeeping than necessary. I don't quite understand the motive for this procedure.

Mr. HAMMER. Well, Senator, it was one way of attempting to give the American Zionist Council increased stature, increased prestige, as the organization which is doing this overall job, and we had a general rule of not getting involved to the extent possible in detailed operations. We tried to make a distinction between a wholesale job and a retail job. There was another area, for example, in the field of education and culture, where we attempted to do various things in the field of Hebrew culture and Hebrew language study and other things, by making grants to existing organizations and let them do the retail job rather than our getting involved in this area in which we had no competence.

QUESTIONS ON THE COLLECTION AND DISTRIBUTION OF MONEY

Senator SYMINGTON. If the chair will yield, in effect you were a collection agency, were you not?

Mr. HAMMER. We were a recipient agency.

Senator SYMINGTON. Well, you were getting as much money as you could in order to help the State of Israel, believing in the reasons for the State of Israel?

Mr. HAMMER. That is correct, sir.

Senator SYMINGTON. All right. There is an organization called the American Zionist Council, which has prominent Jews all over the United States on its board of directors.

Mr. HAMMER. That is correct.

Senator SYMINGTON. And their aim was to influence as many people as possible, on a proper basis, and interest them in the cause of Israel; is that correct?

Mr. HAMMER. That is right, sir.

Senator SYMINGTON. And they would go, politically speaking, right down into the wards to sell the ideas of this new State as a refuge for people in distress?

Mr. HAMMER. Yes, sir.

Senator SYMINGTON. So you collected money. You say you were the recipient; I think you were more than the recipient. You asked for the money to be given to you. When the money was given to you, the distribution and use of the money was turned over to the American Zionist Council; is that correct?

Mr. HAMMER. That is correct, Mr. Chairman.

Senator SYMINGTON. I must say that seems a logical way of handing the collection and distribution of the money.

Now, one other point. Except for salaries in order to live, there was no profit in any of these transactions that you know of. Are you under oath at this time?

Mr. HAMMER. I am under oath, sir.

Senator SYMINGTON. There was no profit, there was no cut of any kind by any group of people. The whole idea was fundamentally an eleemosynary idea, in order to promote the betterment of these unfortunate people?

Mr. HAMMER. That is correct.

Senator SYMINGTON. Thank you, Mr. Chairman.

EFFECT OF DIRECT PAYMENT TO COUNCIL ON MIDDLE EASTERN AFFAIRS

The CHAIRMAN. If I may say to the Senator from Missouri, the effect would have been this: if they had paid directly the Council on Middle Eastern Affairs the \$6,000, their publications under the law would have had to bear a notification that, and a notice that, this is prepared by, paid for by, a foreign agent; but doing it through this other affiliated organization, which they supported, it was at least interpreted that it did not have to carry this.

This would be true and be the same with Mr. Kenen's publication. You understand if they, being the foreign agent, had paid him directly every one of his letters would have to bear a notation on it if it complied with the law that this is published with assistance from a foreign agent.

Do you see the difference?

Senator SYMINGTON. I do, Mr. Chairman, and I think I can see there may have been some technical violation, entirely in order if the committee pointed it out.

The CHAIRMAN. That is what we are interested in, trying to discover how these agents operate.

Do you understand what the point of these questions is now? I am not trying to do other than that.

Senator SYMINGTON. I do understand. But it seems to me the broad policy aspect of collection, reciprocity to distribute in the interests of the State of Israel, is a matter of common knowledge in the United States.

I have been to bond-raising dinners. If there has been a violation it has been a technical violation. The more I hear, the more I think we ought to have somebody from the Department of Justice to explain why they have not been more interested in the details, not only of this case but some of the other cases before the committee. I am not in any way criticizing the questioning, but just want to get clear in my mind what the setup is from the standpoint of obligation under the law. The setup, as I get it, is this: that this group of people, who include some of the finest people in my State who I am sure would not knowingly do anything wrong, as Senator Humphrey mentioned his doctor friend in Minnesota, have been getting this money and distributing it to the American Zionist Council to use; and if there has been technical violation, certainly the committee is to be commended for bringing it out, and the matter should be corrected in the future.

Mr. BOUKSTEIN. Mr. Chairman, may I make a comment with specific reference to the Middle Eastern Affairs?

The CHAIRMAN. Yes.

Mr. BOUKSTEIN. It is my judgment, Mr. Chairman, that this particular publication would be exempt under the exempt provisions of—the exemption provisions of the act as a scholastic publication. I think that and being who you are, Mr. Chairman, former president of a university and interested in scholarship, if you would look through the editorial board and look through the table of contents of the various publications, I think you would support that conclusion. I am speaking specifically of this magazine, Mr. Chairman.

The CHAIRMAN. Well, I will say for the record that it is not my function certainly at this or perhaps any other time to pass upon that question as to the nature of the publications of these agencies. The point that is of interest to the committee is the operation of the Foreign Agents Registration Act: whether or not publications which they subsidize carry this notification as to its origin. I would assume, without reading it, that these publications were not unfavorable to the cause of Israel or you wouldn't have paid for them.

Mr. BOUKSTEIN. Mr. Chairman—

The CHAIRMAN. I don't criticize that. I think that is perfectly proper and I am not saying that any of this is illegal. What we are trying to do is to discover how it operates. I would say that since this law has been on the books no committee that I know of or no one else has paid any attention as to the way it operates and it may be that the law is unnecessary and ought to be repealed, but it is of interest since

we have undertaken these studies to see just how it operates and that is about all we are presently engaged in trying to discover.

Mr. HAMMER. I realize that.

The CHAIRMAN. And the assumption that this is illegal or that anything is wrong with it is premature, certainly to say the least. It is premature. The fact we are trying to ascertain is, did your Agency pay for the Council on Middle Eastern Affairs publication and, if it did, that is that. I don't know what the implications of that may be. This same thing was true with Mr. Kenen. That is all at this time that we are interested in.

Senator SYMINGTON. I will bet there are things in that publication more favorable to Israel than in the pamphlets I get about every week from the United Arab Republic on the same subject.

The CHAIRMAN. Are those publications you received labeled as coming from the Arab League?

Senator SYMINGTON. I don't know, but I will look next time.

Mr. BOUKSTEIN. Mr. Chairman, I was motivated in saying what I said before—

PURPOSE OF "EXTRAORDINARY EXPENSES"

The CHAIRMAN. Just to complete it then, do you, Mr. Hammer, know what the "extraordinary expenses" of \$5,000 was in that document?

Mr. HAMMER. I do not know, sir.

The CHAIRMAN. Do you know if it was paid by the Agency?

Mr. HAMMER. I must assume that eventually all of this money listed was paid.

MEMO NOTING \$4,000 PAYMENT TO AZC

The CHAIRMAN. I offer for the record and you can just identify it, another memorandum to Fannie Speiser from Jay D. Leshin, whom you have already identified.

If you will identify it for the record.

Mr. HAMMER. Yes, sir.

The CHAIRMAN. Just read it for the record.

(Copy of document is as follows:)

For the record this is a memorandum to Fannie Speiser from Jay D. Leshin, dated June 20, 1958:

Please issue a check immediately to the American Zionist Council in the amount of \$4,000. This is for Schwadron (sic) for the month of June. Please let me have the check for forwarding.

(A copy of the check issued is as follows:)

מכתב זיכרון
THE JEWISH AGENCY FOR ISRAEL

MEMORANDUM

TO: Fannie Speiser

FROM: Jay D. Leshin

SUBJECT:

June 20, 1958

Please issue a check immediately to the American Zionist Council in the amount of \$4,000.

This is for Schwadron for the month of June.

Please let me have the check for forwarding.

(Signature)

23

THE JEWISH AGENCY, INC. NO. 1140033

NEW YORK, N.Y. 10020

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THE JEWISH AGENCY, INC.

AMERICAN ZIONIST COUNCIL

MANHATTAN TRUST COMPANY

100 WALL STREET, NEW YORK, N.Y.

APR 1 1958

4,000.00

4,000.00

ADDITIONAL PERIODIC ACCOUNTING BY AZC TO THE JEWISH AGENCY

The CHAIRMAN. I show you copies of three letters dated April 1, 1958, May 5, 1958, and June 6, 1958, all addressed to Mr. Gottlieb Hammer and signed "Rabbi Jerome Unger," and ask you if you received these letters.

Mr. HAMMER. Yes, sir.

(Copies of the letters are as follows:)

AMERICAN ZIONIST COUNCIL,
New York, N.Y., April 1, 1958.

Mr. GOTTLIEB HAMMER,
Jewish Agency for Israel,
New York, N.Y.

DEAR GOTTLIEB: Below is the accounting due on April 1, 1958:

Due March 1, 1958	\$124,175.93
Paid by Jewish Agency for AZC account	714.54
Balance due March 1, 1958	123,461.39
Received during March 1958	56,000.00
Unpaid balance still due	67,461.39
Regular allocation for April 1958*	56,079.60
Department of Education and Culture:	
Hebrew Culture Committee (Lapson)	\$833.00
Choral Society	190.00
	1,023.00
Council on Middle Eastern Affairs (March)	4,000.00
6 Months' interest on loan (10/1/57-3/31/58)	700.00
Total due April 1, 1958	129,263.99

*The regular allocation as budgeted for the 6 months' period ending March 31, 1958, is continuing into this new fiscal year because of 2 reasons: (1) It is impossible to make the changeover from 1 budget to another automatically; (2) the undetermined state of the new budget. Therefore, as soon as the budget is finally determined, we shall adjust the monthly allocations and the accounting discrepancies.

Once again I wish to point out that over half of the total due the AZC on April 1, 1958, is the unpaid balance from past months. This, together with certain unbudgeted items, brings the total to a high figure which is not truly representative of our actual budget. May I urge payment of the outstanding balance as quickly as possible.

With best wishes for a joyous Passover, I am
Sincerely yours,

RABBI JEROME UNGER,
Executive Director.

AMERICAN ZIONIST COUNCIL,
New York, N.Y., May 5, 1958.

Mr. GOTTLIEB HAMMER,
Jewish Agency for Israel,
New York, N.Y.

DEAR GOTTLIEB: Below is the accounting due on May 1, 1958.

Due April 1, 1958	\$129,263.08
Received in April 1958	68,400.00
Unpaid balance still due	60,863.08
Regular allocation for May 1958*	55,150.00

*I repeat the statement I made in my accounting to you of April 1: The regular allocation is budgeted for the six months period ending March 31, is continuing into this new fiscal year until the final amount of our budget for the year beginning April 1, 1958, is determined. As soon as that is settled we shall make the adjustment in the figures.

1270 ACTIVITIES OF AGENTS OF FOREIGN PRINCIPALS IN U.S.

Department of Education and Culture:	
Hebrew Culture Committee (Lapson)-----	\$833. 00
Choral Society**-----	190. 00
Histadruth Ivrit-----	4, 400. 00
	\$5, 423. 00
Unbudgeted Expenses:	
Council on Middle Eastern Affairs (April)-----	4, 000. 00
Total due May 1, 1958-----	125, 436. 08

**This is a final payment, the arrangement having been discontinued in order to reduce costs.

In submitting this accounting you will note the usual circumstance that less than one-half of the amount due to us is for our regular allocation. The rest arises from the heavy unpaid balance due to us and the other items which are not regularly part of our budget. All I can add is, that once the balance is paid you can expect to receive a much reduced bill each month.

With warm regards, I am

Sincerely yours,

RABBI JEROME UNGER,
Executive Director.

AMERICAN ZIONIST COUNCIL,
New York, N.Y., June 6, 1958.

Mr. GOTTLIEB HAMMER,
Jewish Agency for Israel,
New York, N.Y.

DEAR GOTTLIEB: Below is the accounting due on June 1, 1958.

Due May 1, 1958-----	\$125, 436. 08
Received in May 1958-----	62, 000. 00
Unpaid balance still due-----	63, 436. 08
Regular allocation for June 1958*-----	57, 301. 80
Department of Education and Culture:	
Hebrew Culture Committee (Lapson)-----	\$833. 00
	833. 00
Unbudgeted Expenses:	
Council on Middle Eastern Affairs (May on account)	\$2, 000. 00
Extraordinary expenses-----	2, 500. 00
	4, 500. 00
Total due June 1, 1958-----	126, 070. 88

*I repeat the statement I made in my accounting to you of May 1: The regular allocation as budgeted for the six months period ending March 31, is continuing into this new fiscal year until the final amount of our budget for the year beginning April 1, 1958, is determined. As soon as that is settled we shall make the adjustment in the figures.

In submitting this accounting you will note the usual circumstances that less than one-half of the amount due us is for our regular allocation. The unpaid balances plus the unbudgeted expenses are what account for the major part of the total above. I earnestly hope that payments during June will be sufficient to wipe out all unpaid balances.

With warm regards, I am

Sincerely yours,

Rabbi JEROME UNGER,
Executive Director.

The CHAIRMAN. The letters will be placed in the record. I would just note again that these are periodic accountings by the American Zionist Council to the Jewish Agency, and I will further note that the April letter contains an item of \$4,000 for the Council in Middle Eastern Affairs. The May letter shows \$4,000 for the same Council on Middle Eastern Affairs and the June letter shows \$2,000.

I assume that the Agency regularly paid for these items. Could you tell us what this further \$10,000 in payments to the Council was for?

In other words, your Agency regularly supported the Council, I would take it, is that not correct?

ACTIVITIES OF AGENTS OF FOREIGN PRINCIPALS IN U.S. 1271

Mr. HAMMER. I would say that sometime after the close of the previous fiscal year, budget year, the question of the American Zionist Council supporting the Council on Middle Eastern Affairs, occurred, it was added on. The Agency thoroughly approved of this publication, thoroughly approved of the support extended by the American Zionist Council to the Council on Middle Eastern Affairs, and included this charge in the payments made to the American Zionist Council in the furtherance of this program.

The CHAIRMAN. Do you know whether the Council on Middle Eastern Affairs received any funds from any other source than this?

Mr. HAMMER. Yes, sir. I would assume they did receive. It was a publication. I do know of some support they did get from private sources, from individuals, from foundations, who thought highly of the publication.

The CHAIRMAN. Do you know what their annual budget was?

Mr. HAMMER. I do not know, sir.

RABINOWITZ FOUNDATION

The CHAIRMAN. I show you a copy of a letter dated August 18, 1958, addressed to Mr. Gottlieb Hammer and signed Rabbi Jerome Unger and ask you if you received this letter?

Mr. HAMMER. I beg your pardon, Mr. Chairman? There are two letters here, one is dated August 18, 1958, and the other one is September 11.

The CHAIRMAN. They are stuck together. You received both letters?

Mr. HAMMER. Yes, sir.

(Copies of the documents are as follows:)

AMERICAN ZIONIST COUNCIL,
New York, N.Y., August 18, 1958.

Mr. GOTTLIEB HAMMER,
Jewish Agency for Israel,
New York, N.Y.

DEAR GOTTLIEB: It had been my hope, as I wrote in my memorandum dated August 6 to Jay Leshin, that the regular monthly accounting due on August 1 would be on the basis of the final budget as reached at our meeting of July 18. Unfortunately, I am still awaiting upon the return of Avraham Schenker for the final figures on the Youth budget which are, of course, incorporated in our regular monthly allocation. In his absence, and because I lack those figures, I am once again submitting an accounting based on the old figures. As soon as the new ones are available and settled, we shall make the required adjustment.

Below, therefore, is the accounting normally due on August 1 but delayed for the reasons stated above:

Due July 1, 1958-----	\$117, 939. 38
Received in July 1958-----	67, 000. 00
Unpaid Balance Still Due-----	50, 939. 38
Regular allocation for August 1958-----	56, 982. 69
Department of Education & Culture:	
Hebrew Culture Committee (Lapson)-----	\$833. 00
	833. 00
Unbudgeted Expenses:	
Rabinowitz Foundation (July)-----	4, 000. 00
Extraordinary Expenses-----	5, 000. 00
	9, 000. 00
Total due Aug. 1, 1958-----	117, 755. 07

I must once again point out that in addition to the adjustment which will be made when the final budgetary figures are established, more than one-half of the total required above is the result of an unpaid balance plus items not a part of the regular Council budget. I do hope that on September 1 when we shall submit the adjusted figures there will have been paid to us, however, enough to wipe out the unpaid balances so that we may operate on our regular allocations.

With warm regards, I am

Sincerely yours,

Rabbi JEROME UNGER, *Executive Director.*

AMERICAN ZIONIST COUNCIL,
New York, N.Y., September 11, 1958.

Mr. GOTTLIEB HAMMER,
Jewish Agency for Israel,
New York, N.Y.

DEAR GOTTLIEB: Below is the accounting regularly due on September 1, but which was held up this month until Rabbi Miller and I could meet with Avraham Schenker and bring to a conclusion all matters pertaining to the Youth Department budget.

You will recall that in my previous monthly accountings I pointed to the fact that an adjustment would have to be made in the figures submitted as soon as we had finalized the Youth budget. That has now been done at the figure of \$86,500. Although you say, in your accounting, keep this as a separate item from AZC, we, on the other hand, must incorporate this with our own accounting in order to operate properly. Thus, the AZC budget of \$500,000, agreed to on July 18, plus the \$86,500 of the youth budget, comes to a total of \$586,500 or a monthly allocation of \$48,875.00. This last figure should have been the monthly allocation (subject to such additions in unbudgeted items which, from time to time I report to you) charged beginning April 1, 1958. We have been charging, however, at the rate of the old budget; i.e., \$54,497.42 per month, and thus have overcharged you since April 1, \$5,622.42 per month or a total of \$28,112.10. This figure is reflected in the accounting below:

Due August 1, 1958-----	\$117,755.07	
Adjustment in budget (see above)-----	28,112.10	
Balance due August 1, 1958-----	89,642.97	
Received in August, 1958-----	54,000.00	
Unpaid balance still due-----	35,642.97	
Regular allocation for September, 1958-----	49,971.68	
Department of Education & Culture:		
Hebrew Culture Committee (Lapson)-----	\$833	
Histadruth Ivrit-----	3,000	3,833.50
Unbudgeted Expenses:		
AZC Seminar in Israel (Org. Dept. of J.A.)-----	150	
Rabinowitz Foundation (August)-----	4,000	4,150.00
Total due September 1, 1958-----		93,597.65

Sincerely yours,

Rabbi JEROME UNGER,
Executive Director.

The CHAIRMAN. Take the one of August 18. I notice under "unbudgeted expenses" is the following:

Rabinowitz Foundation July, \$4,000.

What is the Rabinowitz Foundation?

Mr. HAMMER. I believe the Rabinowitz Foundation was one of the private groups which contributed money to the Council on Middle Eastern Affairs, and this may well be a reimbursement to the Rabinowitz Foundation of a sum. Sometimes the Council, the American

Zionist Council, was not in position to make its payments promptly or punctually. There may have been an advance by the Rabinowitz Foundation on the understanding that they would be reimbursed.

The CHAIRMAN. What is the general nature of the Rabinowitz Foundation?

Mr. HAMMER. I do not know, sir.

The CHAIRMAN. Is it like the Ford Foundation, I mean—

Mr. HAMMER. I know it was established by a rather wealthy individual, philanthropist, and this was his own personal foundation.

The CHAIRMAN. It had its own funds?

Mr. HAMMER. It had its own funds.

The CHAIRMAN. You didn't support it?

Mr. HAMMER. Oh, no, sir.

The CHAIRMAN. In this case you then think it was a reimbursement for—

Mr. HAMMER. Reimbursement, because of the dates I am assuming that there was this lag.

The CHAIRMAN. So the way you would interpret it rather than being a payment to the Rabinowitz Foundation, it was merely a reimbursement for the payment they had made to the Zionist Council?

Mr. HAMMER. That is correct, sir.

The CHAIRMAN. So that in the end you could say the Council was the recipient rather than the Rabinowitz Foundation, is that correct?

Mr. HAMMER. The Council for Middle Eastern Affairs, yes, sir.

The CHAIRMAN. I notice again the "extraordinary expense, \$5,000."

That seems to be a recurrent amount. What do you think that means?

Mr. HAMMER. I do not know, sir, and I am rather puzzled by it.

Again, Mr. Chairman, I should like to point out—

The CHAIRMAN. I notice, the staff called my attention to the fact, you have the same amount in August of \$4,000, as in this letter of September 11, Rabinowitz Foundation.

Can you supply for the record how much money you did give to the Middle Eastern Council either directly, through the American Zionist Council, or the Rabinowitz Foundation?

Mr. HAMMER. I will attempt to get that figure, sir, from records at my disposal.

(See appendix 1, p. 1408, Item 10.)

LETTER NOTING EXPENSES FOR P.R. ITEMS AND NEGRO PROJECT

The CHAIRMAN. I show you a copy of a letter dated October 1, 1958, addressed to Mr. Gottlieb Hammer and signed Rabbi Jerome Unger and ask you if you received this letter.

Mr. HAMMER. It is a rather difficult one to read.

The CHAIRMAN. Here is a better copy.

Mr. HAMMER. Thank you, sir.

The CHAIRMAN. Did you receive that letter?

Mr. HAMMER. Yes, sir; I believe I must have received that letter.

((Copy of the document is as follows:))

OCTOBER 1, 1958.

Mr. GOTTLIEB HAMMER,
Jewish Agency for Israel,
New York, N.Y.

DEAR GOTTLIEB: Mr. Bick and I have discussed the matter of the monthly accounting to you best suited to our needs. Accordingly, we have added the amount of \$9,365.42 to the item on the attached letter for the regular monthly allocation of \$48,875.00, resulting in a total of \$58,240.42.

The \$9,365.42 will cover the following items as part of the Special P.R. items:

Speakers from Israel:		
Nair Bay-Pav-May-----	\$742. 82	
J. Praver-----	826. 00	
Taube Travel-----	1, 221. 10	
Misc. Expenses-----	14. 50	
		\$2, 804. 42
Negro Project, V. Mason-----		600. 00
On ACPC Tour June 1958:		
V. Mason-----	\$1, 520. 00	
D. W. Wagner-----	973. 00	
W. D. Boven-----	917. 00	
W. H. Cates-----	917. 00	
S. Weaver-----	917. 00	
R. Hartford-----	717. 00	
		5, 961. 00
		9, 365. 42

With kind regards, I am
Sincerely yours,

RABBI JEROME UAGER,
Executive Director.

The CHAIRMAN. That is a further report similar to the others, is that correct?

Mr. HAMMER. I would say so, yes, sir.

The CHAIRMAN. Could you identify for the record the Mr. Bick mentioned?

Mr. HAMMER. Mr. Bick is the treasurer of the American Zionist Council, Mr. Charles Bick.

The CHAIRMAN. You notice the second paragraph reads as follows:

The \$9,365.43 will cover the following items as part of the Special P.R. items.

Were these special P.R. items paid for by the Agency?

Mr. HAMMER. I assume that special P.R. items mean special public relations items and this was part of the general program of the American Zionist Council, and that in due time the total amount of money allocated for the purposes of the American Zionist Council was paid to them, yes, sir.

The CHAIRMAN. Under the second item this heading reads:

Negro Project, V. Mason, \$600.

What was the Negro project?

Mr. HAMMER. I would not know, sir. I have no information on this subject.

The CHAIRMAN. Well, you paid for it. Wouldn't you know what it was if you paid for it?

Mr. HAMMER. I paid the American Zionist Council a total, overall sum. We did not, at least I did not have any specific information on individual items in their budget.

The CHAIRMAN. Do you know who Mr. V. Mason was?

Mr. HAMMER. No, sir.

The CHAIRMAN. So you don't know what the services were they were paying for by this item?

Mr. HAMMER. I would not know, sir.

PURPOSE AND FINANCING OF ACPC TOURS

The CHAIRMAN. Another item reads: "On ACPC Tour June 1958." What is that referring to?

Mr. HAMMER. ACPC are initials standing for American Christian Palestine Committee, and from time to time the American Christian Palestine Committee conducted a tour to Israel and I must assume these were expenses in connection with the tour.

The CHAIRMAN. Tour of whom, what kind of tour?

Mr. HAMMER. A tour to Israel and the Middle East.

The CHAIRMAN. By whom.

Mr. HAMMER. By groups of people invited or selected by the American Christian Palestine Committee.

The CHAIRMAN. Are these private citizens?

Mr. HAMMER. Yes, sir.

The CHAIRMAN. What was the purpose of the tour?

Mr. HAMMER. To show these people conditions in the Middle East so that they would be better informed.

The CHAIRMAN. Do you have any idea how many participated in it?

Mr. HAMMER. No, sir.

The CHAIRMAN. I notice in the ACPC tour, the same Mr. V. Mason appears there as having made it; is that correct?

Mr. HAMMER. Yes, sir; it appears to be the same name.

The CHAIRMAN. I don't know whether it is Mr. or Miss; do you know?

Mr. HAMMER. I wouldn't know.

The CHAIRMAN. Why did the Jewish Agency finance these tours? What was the purpose of them?

Mr. HAMMER. Specifically we were not asked to give approval to tours. On the general program of inviting people who are leaders in their particular fields of endeavor, to visit Israel to see at firsthand what was always regarded by the Jewish Agency as a worthwhile project. This is being done all the time, the idea or the thought being that if people who are influential in their own fields will visit Israel and see for themselves that it is not necessary then to attempt to influence them. They will form their own judgments. They may write articles or make speeches or do other things which will be helpful to the general problem of assisting the Jewish Agency in the job of generating a favorable climate and good public opinion for the work we do.

The CHAIRMAN. Was this expenditure reported in your reports to the Justice Department as part of your activities as a foreign agent?

Mr. HAMMER. No, sir. Because this expenditure was included in the total amount which we paid to the American Zionist Council which, in turn, was included in the total amount shown on the reports to the Justice Department under the designation of grants to affiliated organizations.

LETTER OF JANUARY 6, 1959

The CHAIRMAN. I show you a copy of a letter dated January 6, 1959, addressed to Mr. Gottlieb Hammer and signed Rabbi Jerome Unger and ask you if you received this letter.

Mr. HAMMER. Yes, sir.

The CHAIRMAN. I will just put it in the record.
(A copy of the document is as follows:)

AMERICAN ZIONIST COUNCIL,
New York, N.Y., January 6, 1959.

Mr. GOTTLIEB HAMMER,
Jewish Agency for Israel,
New York, N.Y.

DEAR GOTTLIEB: Below is the usual monthly statement of the situation on funds between us. I know that there is a dispute concerning the basic budget. The accounting below does not include any adjustment since my letter of September 11, 1958, at which time the understanding was that the basic budget was set at \$500,000 per annum and the youth budget at \$86,500, making a total of \$586,500 and a monthly allocation of \$48,875. If discussions now result in any change in these basic figures I shall send you a supplementary note confirming such changes and making the necessary adjustment.

Due December 1, 1958.....	\$114,384.65
Paid out by Jewish Agency for AZC Account.....	1,105.26
Balance due December 1, 1958.....	113,279.59
Received in December 1958.....	65,000.00
Unpaid balance still due.....	48,279.39
Regular allocation for January 1959.....	52,833.82
Department of Education and Culture:	
Hebrew Culture Committee (Lapson).....	583.55
Unbudgeted expenses:	
Rabinowitz Foundation (November and December).....	8,000.00
Near East Report.....	4,000.00
Total.....	12,000.00
Total due January 1, 1959.....	113,696.76

With warm regards, I am
Sincerely yours,

Rabbi JEROME UNGER,
Executive Director.

LETTER NOTING REQUEST FOR REIMBURSEMENT FOR AZC PAYMENT TO
RABINOWITZ FOUNDATION

The CHAIRMAN. I note for the record that this again has an item the Rabinowitz Foundation here is reported as having received an allocation of \$8,000 from the American Zionist Council for which reimbursement is requested. The next unbudgeted expense reads:

Near East Report, \$4,000.

I wonder who is Mr. Lapson there under the item of Hebrew Culture Committee?

Mr. HAMMER. Mr. Lapson is the director of the Hebrew Culture Committee.

LETTER OF FEBRUARY 18, 1959

The CHAIRMAN. I show you a letter dated February 18, 1959, addressed to Mr. Gottlieb Hammer and signed Rabbi Jerome Unger and ask you if you received this letter.

Did you receive that letter, sir?

Mr. HAMMER. Yes, sir.

The CHAIRMAN. I will just place the letter in the record.
(A copy of the letter is as follows:)

FEBRUARY 18, 1959.

Mr. GOTTLIEB HAMMER,
Jewish Agency for Israel,
New York, N.Y.

DEAR GOTTLIEB: This will confirm the discussion which we had on February 16, 1959, among Mrs. Halprin, yourself, Rabbi Miller, Mr. Bick, and myself in which we arrived at certain budgetary decisions.

Taking note of the fact that two-thirds of our budget goes for salaries, fees, and irreducible fixed items, we agreed to a reduction of the basic budget for the fiscal year, April 1, 1958, through March 31, 1959, from \$500,000 to \$460,000, representing, therefore, an actual cut in our functional budget of over 20 percent. This also takes into account the fact that we have been absorbing the cost of [illegible] for over 6 months, primarily through accepting [illegible] on our payroll.

This basic budget of \$460,000, is exclusive, of course, of the \$86,500, for the Youth Department and various unbudgeted items. In the usual monthly accounting, due on February 1st, I shall deduct from the total of \$460,000, those amounts paid to us through December 31, 1958. The resultant balance will be the sum still due to us for the months of January, February, and March, 1959, as our regular monthly allocation.

In the next few weeks, I assure you that our Finance Committee and I will diligently seek to review our entire operations and strive not only to hold the line, but to reduce expenditures and thereby realign the budget wherever it is feasible.

With warm regards, I am,
Cordially yours,

Rabbi JEROME UNGER,
Executive Director.

LETTER STATING AZC BUDGET

The CHAIRMAN. This states that the Jewish Agency contributed \$460,000 in the fiscal year April 1, 1958, to March 31, 1959, to the American Zionist Council budget exclusive of unbudgeted items and \$86,500 for the Youth Department.

Were these latter payments made to the Jewish Agency by the American Zionist Council above and beyond the \$460,000?

Mr. HAMMER. I would assume, Mr. Chairman, that these payments were made. I don't have any records at the moment but I am assuming in due time they were paid.

LETTER DATED JUNE 2, 1959

The CHAIRMAN. Yes. I show you a copy of a letter dated June 2, 1959, addressed to Mr. Gottlieb Hammer and signed Rabbi Jerome Unger and ask you if you received this letter.

We will put it in the record if you acknowledge receipt of it.

Mr. HAMMER. Yes, sir.

The CHAIRMAN. That will go in the record.
(A copy of the letter is as follows:)

AMERICAN ZIONIST COUNCIL,
New York, N.Y., June 2, 1959.

Mr. GOTTLIEB HAMMER,
Jewish Agency for Israel,
New York, N.Y.

DEAR GOTTLIEB: Below is the regular accounting for the month of June listing a total due to us of \$55,668.84 which is approximately \$10,000 more than our regular monthly allocation, resulting from the various unbudgeted expenses, as you will note.

Due May 1, 1959.....	\$59,528.46	
Regular allocation for June 1959.....	48,740.38	
Department of Education and Culture:		
Hebrew Culture Committee (Lapson).....	\$700.00	
Histadruth Ivrit.....	4,200.00	
		4,900.00
Unbudgeted Expenses:		
Rabinowitz Foundation.....	4,000.00	
Near East report.....	5,000.00	
		9,000.00
Total due.....	122,168.84	
Paid during May 1959.....	66,500.00	
Net due June 1, 1959.....	55,668.84	

Once again may I say that by paying us the full amount now due we shall be on a current basis. I hope that this can be done.

With cordial regards, I am,
Sincerely yours,

RABBI JEROME UNGER,
Executive Director.

LETTER OF AUGUST 10, 1959, NOTING EXPENSES FOR SPECIAL PR ITEMS

The CHAIRMAN. I show you a copy of a letter dated August 10, 1959, addressed to Mr. Gottlieb Hammer and signed by Rabbi Jerome Unger and ask you if you received this letter.

Mr. HAMMER. Yes, sir.

(Copy of the letter is as follows:)

AUGUST 10, 1959.

Mr. GOTTLIEB HAMMER,
Jewish Agency for Israel,
New York, N.Y.

DEAR GOTTLIEB: Mr. Bick and I have discussed the matter of the monthly accounting to you best suited to our needs. Accordingly, we have added the amount of \$1,310.99 to the item on the attached letter for the regular monthly allocation of \$45,541.67, resulting in a total of \$46,852.66.

The \$1,310.99 will cover the following items as part of the Special P.R. items:

Speakers from Israel:		
Wm. Tambe Travel.....	\$23.32	
Lev Landyer.....	51.00	
Rachel Tarden.....	354.90	
Ferrel Neady.....	103.67	
Misc. Expenses.....	4.11	
		\$537.00
Negro Project:		
V. Mason.....	250.00	
Misc. Expenses.....	23.99	
		273.99
A.A.M.E.S.:		
Chicago Conference.....		500.00
		1,310.99

With kind regards, I am,

RABBI JEROME UNGER,
Executive Director.

The CHAIRMAN. There is one item, the second paragraph, the "\$1,310.99 will cover the following items as part of the Special P.R. items;" and concludes with an item of "A.A.M.E.S. Chicago Conference \$500."

I just want you to identify what is the A.A.M.E.S., what does that stand for?

Mr. HAMMER. Mr. Chairman, I never heard of those initials before. I am afraid I can't identify them.

Mr. BOKSTEIN. We will be glad to furnish them.

The CHAIRMAN. Did you ever hear of the American Association for Middle East Studies?

Mr. HAMMER. American Association for Middle East Studies? I must confess, sir, this is a new one on me.

A.A.M.E.S. CHICAGO CONFERENCE, OCTOBER 5, 1959, LETTER

The CHAIRMAN. We will put this letter in the record.

I show you a copy of a letter dated October 5, 1959, addressed to Mr. Gottlieb Hammer and signed Rabbi Jerome Unger and ask you if you received this letter. You will note it also has A.A.M.E.S. Chicago Conference \$1,200.

I thought you might enlighten us as to what that means.

(A copy of the letter is as follows:)

OCTOBER 5, 1959.

Mr. GOTTLIEB HAMMER,
Jewish Agency for Israel,
New York, N.Y.

DEAR GOTTLIEB: Mr. Bick and I have discussed the matter of the monthly accounting to you best suited to our needs. Accordingly, we have added the amount of \$2,499.54 to the item on the attached letter for the regular monthly allocation of \$45,541.67, resulting in a total of \$48,041.21.

The \$2,499.54 will cover the following items as part of the Special P.R. items:

Speakers from Israel:		
R. Yarden.....	\$76.85	
Taube Travel Agency.....	966.69	
Misc. Expenses.....	6.00	
Total.....		1,049.54
Negro Project: V. Mason.....		250.00
A.A.M.E.S.: Chicago Conference.....		1,200.00
Total.....		2,499.54

With kind regards, I am
Sincerely yours,

RABBI JEROME UNGER,
Executive Director.

AMERICAN ZIONIST COUNCIL,
New York, N.Y., October 5, 1959.

Mr. GOTTLIEB HAMMER,
Jewish Agency for Israel,
New York, N.Y.

DEAR GOTTLIEB: In connection with the regular monthly accounting below, I want to point out that of the total due October 1, 1959, \$58,092.79, \$13,000.00 is not part of our regular budget. Were it not for this sum, we would be on a normal budgetary basis. We anticipate also that during October we shall have to lay out certain sums for this continuing unbudgeted expense which, because

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of the fact that we lay it out in advance, always reduces our operating funds. I therefore urge that the payments during October be sufficient at least to cover the total due us—\$58,092.79—so that we can come to the end of the month on an even keel.

Due September 1, 1959	\$50,083.14	
Less amount paid by Jewish Agency for AZC Account	1,481.56	
Net due September 1, 1959	48,601.58	
Regular allocation for October 1959	48,041.21	
Interest on loan to Jewish Agency 4/1/59-9/30/59	700.00	
Department of Education and Culture:		
Hebrew Culture Committee (Lapson)	\$750.00	
Histadruth Ivrit	3,000.00	3,750.00
Unbudgeted Expenses:		
Rabinowitz Foundation (Sept.)	4,000.00	6,000.00
Extraordinary Unbudgeted Expenses	2,000.00	6,000.00
Total due	107,092.79	
Received in September	49,000.00	
Net due October 1, 1959	58,092.79	

With kindest personal regards, I am
Sincerely yours,

Rabbi JEROME UNGER,
Executive Director.

Mr. HAMMER. I am afraid, sir, I have no information on that. I don't recall it.

The CHAIRMAN. Would the American Zionist Council have that information?

Mr. HAMMER. I must assume they would have that information if they spent it.

The CHAIRMAN. You reimbursed them for it, however?

Mr. HAMMER. As part of a general program of activities.

LETTER OF APRIL 15, 1960

The CHAIRMAN. I show you a letter, a copy of a letter dated April 15, 1960, addressed to Mr. Gottlieb Hammer and signed Rabbi Jerome Unger and ask you if you received this letter?

Mr. HAMMER. Yes, sir.

The CHAIRMAN. I will place that letter in the record.
(The letter referred to follows:)

AMERICAN ZIONIST COUNCIL,
New York N.Y., April 15, 1960.

Mr. GOTTLIEB HAMMER,
New York, N.Y.

DEAR GOTTLIEB: In lieu of the usual monthly accounting that I gave you hitherto, I present below the final figures for the fiscal year ending March 31, 1960:

Balance due to AZC, 3/1/60	\$71,553.51
Paid out by Jewish Agency for AZC account	1,591.11
Net balance due AZC, 3/1/60	69,962.40
6 months interest on loan	700.00

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Unbudgeted Expenses:

Education and Culture (Lapson)	\$1,520.00
Histadruth Ivrit	4,000.00
Total	5,520
Rabinowitz Foundation	6,000.00
Near East Report and Services	4,000.00
Total	15,520.00

Certain Items Advanced by AZC:

Negro Community Work	335.25
American Assoc. for M.E. Studies	600.00
Speakers' Program	2,964.08
Total	3,899.33

Total due AZC	90,081.73
Received through April 7, 1960, on account of fiscal year ending March 31, 1960	84,500.00

Balance still due \$5,581.73

In addition to the sum of \$5,581.73 noted above as still due to the American Zionist Council on the balance for the fiscal year ending March 31, 1960, I must call to your attention that during the month of April, thus far, we have received absolutely nothing on the account of the new fiscal year. As a result, our accounts are in deficit. In other words, we are unable to pay bills and shall be unable to meet payroll expenses.

Pending new arrangements for the fiscal year beginning April 1, 1960, may I urge that every effort be made to remit to us enough monies at least to cover payroll and minimum estimating expenses.

With kindest regards, I am
Sincerely yours,

Rabbi JEROME UNGER,
Executive Director.

NEAR EAST REPORT AND SERVICES

The CHAIRMAN. I notice this refers to expenses by the American Zionist Council prior to March 1960. Here you also have \$6,000 for the Rabinowitz Foundation and \$4,000 for Near East Report and services. Is this Near East Report and services—is that Mr. I. L. Kenen?

Mr. HAMMER. That is correct, sir.

The CHAIRMAN. Is that for not only the Near East Report but also his services?

Mr. HAMMER. I would not know, sir.

The CHAIRMAN. That is what it says in the report. It says Near East Report and services.

Mr. HAMMER. I would not know the nature of the services performed by Mr. Kenen for the American Zionist Council.

The CHAIRMAN. Here it spells out, you will notice in the next item it says certain items advanced by AZC—Negro community work, \$335.25. What does that refer to?

Mr. HAMMER. I would not know, sir.

The CHAIRMAN. And again the next one, "American Association for M.E. Studies," that is the one we referred to a moment ago. I notice you have a speaker's program, what does that mean?

Mr. HAMMER. The American Zionist Council maintained a speaker's bureau and serviced clubs all around the country; that is, they serviced requests by clubs all around the country, church groups, Rotary Clubs, women's organizations, and this item refers to the expenses of that speaker's program. That was one activity. They had a number of speaker's programs, and which one this is, I am not quite certain. They also brought speakers from Israel to the United States and sent them on tour.

AUTHORIZATION OF PAYMENTS TO AZC BY EXECUTIVE BOARD OF INC. AND
EXTRA BUDGETARY EXPENSES

The CHAIRMAN. Is it fair to assume that you approved and paid these items about which you knew nothing, such as the Negro community work?

Mr. HAMMER. It would be fair to assume that there were many items in the budget of the American Zionist Council for which I was not familiar and did not require that I be familiar. The American Zionist Council ran its own show. All that I required was authorization by the executive board of the INC., at that time, to pay the overall sum over a period of time, usually a year, in convenient payments.

The CHAIRMAN. As I read this letter these are unbudgeted expenses which had not been approved by—

Mr. HAMMER. By unbudgeted expenses there would be, that would be a reference to items which would be discussed between the leaders of the American Zionist Council, and perhaps with some of our own people after the start of the budgetary year, and these would be instead of calling it unbudgeted items he would have been more correct to call it extra budgetary or additional budgetary items. But these were items which in the course of time were approved by the finance committee and became part of the total allocation to the American Zionist Council.

The CHAIRMAN. When you say by some of your people, wouldn't you be the one, since you were the chief executive officer, to approve it?

Mr. HAMMER. No, sir. I refer to myself as the chief administrative officer. Approval would be granted by the finance committee of the Jewish Agency for Israel, Inc., or its board.

The CHAIRMAN. These particular items, some of them, we have already had the vouchers, were made out specifically for these particular items. I don't know how it could escape your notice as to their being specific items in their account. They bring in an unbudgeted item, I would think as the chief administrative officer you would have some knowledge of those.

Mr. HAMMER. He may call them unbudgeted, but actually what they were were items which were approved subsequent to the approval of the overall budget at the beginning of the fiscal year.

The CHAIRMAN. And thereby were approved individually rather than as a lump budget, were they not?

Mr. HAMMER. Well, they in themselves were lump budget. For example, under the unbudgeted expenses there is the Education and Culture Committee of Lapson or Histadruth Ivrit which is an organization for the fostering of Hebrew language study.

I don't know what that money was used for, that \$4,000 for the Histadruth Ivrit, I know in a general sense there was a decision taken to support the work of the Histadruth Ivrit and whether it was used for salaries or used for stationery or used for printing or any one of these other items. There would be an agreement or an approval to pay a certain sum for activities for a speaker's program, but the nature and character of the program, whether it would be 10 speakers or 100 speakers or whether it would be per diem expenses or travel expenses, I would not know, sir.

REASONS FOR RABINOWITZ FOUNDATION NOT INCLUDED AS BUDGETED
EXPENSE

The CHAIRMAN. Inasmuch as in nearly every one of these reports there recurs the item of Rabinowitz Foundation, why wasn't it part of the budget. Normally, we think of unbudgeted as extraordinary expenses, unexpected ones.

Why is this carried as an unbudgeted expense although it recurs in every report?

Mr. HAMMER. Well, Mr. Chairman, I will try to give the best possible explanation I can give you. On the question of the Rabinowitz Foundation I have known Dr. Shwadron for many years. I do know that he has earned the respect of many people for his scholarly work. I do know that he did contact Mr. Rabinowitz before his death. There was an association there for several years. That Mr. Rabinowitz did make payment to him out of his own funds and out of the funds of the foundation and that Mr. Rabinowitz, I may be wrong in this, I think Mr. Rabinowitz served as a member of his committee for a while. That when Dr. Shwadron did not get his funds promptly, he would turn to his friend Rabinowitz and ask for an advance, and that when funds were made available to the American Zionist Council the council did reimburse Rabinowitz for such items as were advanced fully by Rabinowitz on behalf of the American Zionist Council.

These payments by Rabinowitz to the Council on Middle Eastern Affairs were in addition to his own personal contributions.

With regard to the "Near East Report and services," again I say I do not know what the nature and character of the services rendered by Mr. Kenen to the American Zionist Council consisted of. I would not know. Insofar as the payment for subscriptions to the Near East Report, that I must assume was done on a staggered basis for various groups of people, and that it would be much easier for the American Zionist Council to make payment to Mr. Kenen for these things for subscriptions and for whatever services he performed for them over a fairly constant period in installments, if you will, because that is how they got their money, rather than one lump sum payment at the beginning of the year or at the end of the year or in the middle of the year.

The CHAIRMAN. I can understand that as periodic payment. I don't understand why it is called unbudgeted. It seems to me it is, it has become a regular item recurring in nearly every report. I just wondered what is the significance of carrying it in this special fashion of an unbudgeted expense although it recurs practically every report, I think.

Mr. HAMMER. My definition, sir, of the use of "unbudgeted expenses" and that is not my term but Rabbi Unger's term, is that he started the year, the beginning of the year with a budget and then in the course, and then subsequent to the adoption of this budget there were other items proposed and approved and these he called unbudgeted items.

Again I would say a more proper term would be supplementary budget items.

Mr. BOUKSTEIN. Do you mind if I offered an explanation which is a speculation on my part, Mr. Chairman, but I see what is troubling you and it is quite obvious. Perhaps—I say, perhaps—Rabbi Unger referred, used the word "unbudgeted" with respect to items which he didn't administer, which he merely passed on to Shwadran or to the Foundation. I don't say that it is so, Senator, but it may be.

RELATIONSHIP OF JEWISH TELEGRAPHIC AGENCY, INC. TO JEWISH AGENCY FOR ISRAEL, INC., PRIOR TO 1960

The CHAIRMAN. Well, it could be. In these cases he is merely a conduit.

Mr. BOUKSTEIN. Conduit?

The CHAIRMAN. Yes.

Mr. HAMMER, are you acquainted with an organization known as the Jewish Telegraphic Agency, Inc. (JTA)?

Mr. HAMMER. Yes, sir.

The CHAIRMAN. Prior to March 13, 1960, what was the relationship of the Jewish Agency for Israel, Inc., to the Jewish Telegraphic Agency?

Mr. HAMMER. The Jewish Agency for Israel, Inc., held the voting shares of the Jewish Telegraphic Agency.

And in addition—

The CHAIRMAN. Was the Jewish Telegraphic Agency a corporation?

Mr. HAMMER. The Jewish Telegraphic Agency is a corporation.

The CHAIRMAN. Did you own all of the stock?

Mr. HAMMER. With the exception of a few shares, I believe we held all of the voting shares. If I may, sir, I would like to supplement that by saying that the Jewish Telegraphic Agency was organized many years ago, and along around the end of the 1940's, early 1950's, the founder, and owner of the Jewish Telegraphic Agency, a man by the name of Jacob Landau, became quite ill.

The operation of the Agency became very burdensome, and he could no longer carry it. It was a tremendous deficit in its operations, and the Jewish Agency stepped into that picture in order to preserve the existence of a news agency which specialized in the dissemination of Jewish news of particular interest to communities in the United States and throughout the free world, wherever Jewish communities existed.

Our purpose at that time was to make certain that there would be uninterrupted operation of the Jewish Telegraphic Agency or JTA as it is commonly known, and that at some point as soon as we could arrange it, there would be a transfer of this property, not only transfer of the share ownership, which is something that is not of great value in view of the deficit position of the JTA, but also the burden of financing it, to other people.

In the middle 1950's, I personally undertook negotiations with representatives of the Council of Jewish Federations and Welfare Funds leading to their extending support to and participating in a reorganized JTA, and these negotiations went on for several years.

During that period the Jewish Agency for Israel, Inc., provided the budget or provided the funds necessary to cover the deficit of JTA to keep it going.

I understand that the process of transfer to a reorganized board of the JTA and the transfer of stock is taking place, and has almost reached the final stages of conclusion.

PAYMENTS OR LOANS TO JTA PRIOR TO MARCH 31, 1960

The CHAIRMAN. Prior to March 31, 1960, did the Jewish Agency for Israel, Inc., make payments or loans to the Jewish Telegraphic Agency?

Mr. HAMMER. It did, sir.

The CHAIRMAN. When did the payments begin?

Mr. HAMMER. I don't recall the exact date. My recollection would be that it began sometime in the early or middle 1950's.

The CHAIRMAN. Could you supply for the record a list of these payments on an annual basis up to March 31, 1960?

Mr. HAMMER. Yes, sir.

(See appendix 1, p. 1409, Item 11.)

REPORTING PAYMENTS TO JTA

The CHAIRMAN. Did you report these payments to the Jewish Telegraphic Agency on your registration statement filed with the Department of Justice?

Mr. HAMMER. I would assume that all of our expenditures were reported to the Department of Justice. Whether this was singled out as on a line by itself or whether it was included in another category of payments I would not know. In the first years, I do know that we regarded these advances to JTA as loans and actually for a period of time we did receive promissory notes to that effect.

We were hopeful that with a quick reorganization of JTA we would be reimbursed for the funds we had advanced. But this hope waned, and died, and we subsequently wrote it off.

The CHAIRMAN. Did the Agency advance payments or loans to the Jewish Telegraphic Agency before it acquired its stock?

Mr. HAMMER. Mr. Chairman, this is going back a dozen years or more. To the best of my recollection I think that there were some small loans and advances made prior to the acquisition of the stock. They were made to the late Jacob Landau.

The CHAIRMAN. Well, you can supply for the record when you acquired it and what loans and advances you made.

(See appendix 1, p. 1410, Item 12.)

Were they substantial loans or payments?

Mr. HAMMER. Prior to the acquisition of the stock?

The CHAIRMAN. Yes.

Mr. HAMMER. I would not recall, sir, but I would say they were much less in the aggregate than the total we advanced to JTA after we stepped in.

The CHAIRMAN. Afterward. They were substantial afterward?

Mr. HAMMER. Yes, sir.

The CHAIRMAN. In about what magnitude were they annually?

Mr. HAMMER. Well, as I said before, we made up the annual deficit of JTA, and—

The CHAIRMAN. Was that large?

Mr. HAMMER. That ran possibly in low six figures, possibly a hundred, \$125,000 a year, again to the best of my recollection. I would have to check and verify and this I would submit to your staff, sir.

The CHAIRMAN. When you acquired the stock, did you pay for it or was that transferred to you without payment?

Mr. HAMMER. It was transferred to us without payment.

If I may say, sir—

JEWISH TELEGRAPHIC NEWS AGENCY, INC.

The CHAIRMAN. I am told there were two companies, the Jewish Telegraphic News Agency, Inc., and the Jewish Telegraphic Agency. Do you recall that?

Mr. HAMMER. Yes, sir.

The CHAIRMAN. Was the stock acquired in one of those? Did one own the other?

Mr. HAMMER. We formed, we, meaning the Jewish Agency for Israel, Inc., formed a corporation called Jewish Telegraphic News Agency, JTNA, to serve as a holding company for the stock of the Jewish Telegraphic Agency.

The CHAIRMAN. Why did you do that?

Mr. HAMMER. So that we would not complicate our business, our own affairs, and we would be in a position to transfer out the JTA shares as soon as we could effect a plan of reorganization with the welfare Funds and other communities throughout the United States?

QUESTION OF STOCK CONTROL OF JTA THROUGH JTNA

The CHAIRMAN. But you did, through the Telegraphic News Agency, of course, control the Jewish Telegraphic Agency? You had all the stock of the Jewish News Agency?

Mr. HAMMER. Yes, sir; we had the voting shares, we owned the Agency, that is right.

The CHAIRMAN. And it in turn owned the voting shares of the Jewish Telegraphic Agency?

Mr. HAMMER. Yes, sir. In this sense I should like, if I may, to comment on the term "controlled" and what it means.

We owned the shares. We never did exercise control in the sense of regular board meetings where there were votes. I know I was elected to the board, and I never attended, there never was a meeting in a long period of time. There was never any attempt on our part to influence or control the editorial policy of the JTA. In fact, I recall having called the editor of JTA once or twice to complain about what I felt was unfair treatment of some of the news items coming from Israel.

ACQUISITION OF STOCK OWNERSHIP OF JTNA

The CHAIRMAN. Can you recall when the Agency did acquire the stock ownership in the Jewish Telegraphic News Agency?

Mr. HAMMER. The Agency acquired the stock of the Jewish Telegraphic News Agency when it caused that corporation to be established.

The CHAIRMAN. You organized it?

Mr. HAMMER. We organized it.

The CHAIRMAN. You organized it.

Do you remember about what year that was?

Mr. HAMMER. My guess at the moment, sir, would be somewhere in the early or middle 1950's, approximately 1952, 1953, or 1954. That is my best recollection at the moment and I will attempt to—

BOARD OF JTNA AND JTA

The CHAIRMAN. You were a member of the board of directors of the Jewish Telegraphic News Agency?

Mr. HAMMER. I do not recall, sir.

The CHAIRMAN. Were you a member of the board of the Jewish Telegraphic Agency?

Mr. HAMMER. Yes, sir.

The CHAIRMAN. What were you, an officer?

Mr. HAMMER. No; a member of the board.

The CHAIRMAN. How big a board did they have?

Mr. HAMMER. Again, sir, I do not recall. It was not an active board, and it did not hold meetings for many years.

The CHAIRMAN. Were all members of that board employed by your Agency?

Mr. HAMMER. No, sir. I would say that there were many people who were prominent in Jewish affairs who were invited to accept membership in that board.

The CHAIRMAN. Was it a large board?

Mr. HAMMER. I do not recall, sir. I think it was a rather small board. We did not pursue the matter of reorganizing the board very energetically because we directed our efforts to reaching an understanding with the welfare funds in other communities to the end that they would participate in the reorganization of the JTA and assume financial responsibility for it.

The CHAIRMAN. Were the members of the board of the Jewish Telegraphic Agency all American citizens?

Mr. HAMMER. Yes, sir.

The CHAIRMAN. Was that acquisition of the stock of the Jewish Telegraphic News Agency reported to the Department of Justice under question 12(b) of the supplemental registration statement relating to changes in the registrants control over other organizations?

Mr. HAMMER. I do not recall, sir.

NOTICE OF JEWISH AGENCY ACQUISITION OF JTA AND JTNA

The CHAIRMAN. Was there any public notice made in any fashion that the Jewish Agency had acquired the ownership of the Jewish Telegraphic News Agency and the Jewish Telegraphic Agency?

Mr. HAMMER. I do not recall any public notice, although the matter was generally known to the Council of Jewish Federations & Welfare Funds which so informed its members, its constituent members, 234 communities throughout the country, and other national Jewish organizations which were aware of this situation.

The CHAIRMAN. Did this Agency have any subscribers in this country?

Mr. HAMMER. This Agency has subscribers of individuals as well as Anglo-Jewish newspapers and the wire services.

The CHAIRMAN. In this country?

Mr. HAMMER. In this country.

The CHAIRMAN. As well as abroad?

Mr. HAMMER. As well as abroad, sir.

The CHAIRMAN. Were those subscribers informed that the ownership of this Agency rested with your Agency?

Mr. HAMMER. I would not know, sir. I did not interfere in the operations of JTA.

The CHAIRMAN. So far as you know they were not informed?

Mr. HAMMER. So far as I know they were not informed. I never heard of any such notice going out.

The CHAIRMAN. Were there any public announcements that your Agency made up the deficit of this company?

Mr. HAMMER. Such announcements or such information was made available to the various welfare funds throughout the United States by the Council of Jewish Federations & Welfare Funds.

The CHAIRMAN. But so far as you know it was not indicated in your reports to the Justice Department nor to the subscribers?

Mr. HAMMER. I don't know. I don't believe it was ever indicated to the subscribers and insofar as our report is concerned, I have no recollection of it, sir.

ACCOUNTANT'S REPORT ON FISCAL YEAR 1959

The CHAIRMAN. I show you a copy of a report dated September 25, 1959, to the Jewish Agency, Inc., rendered by Green, Strocker & Co., certified public accountants, and ask you if a copy of this report is among your files.

Mr. HAMMER. Yes, sir.

The CHAIRMAN. This report covers the fiscal year ended March 31, 1959, is that correct?

Mr. HAMMER. That is correct, sir.

The CHAIRMAN. The page marked "Exhibit A, Schedule 3, Miscellaneous Investments" shows under capital stock, Jewish Telegraphic News Agency, no par value, three shares, \$300, is that correct?

Mr. HAMMER. Exhibit A, schedule 3.

The CHAIRMAN. Yes; miscellaneous investments.

Mr. HAMMER. Yes, sir.

(A copy of the document referred to follows:)

EXHIBIT A, SCHEDULE 3

THE JEWISH AGENCY, INC.

Miscellaneous investments as at March 31, 1959

The Jewish Agency, Inc.:		
Common Stock: Israel Development Corporation, par value \$25.00, 412 shares-----		\$10,300.00
Preferred Stock: Ampal-American Israel Corporation, par value \$5.00, 6,615 shares-----		33,075.00
Bonds: Ampal-American Israel Corporation, Fifteen Year, 4%, Sinking Fund Debentures:		
Series A 1966, Due January 1, 1966-----	\$12,000.00	
Series B 1967, Due July 1, 1967-----	20,000.00	32,000.00
Total, Jewish Agency, Inc.-----		75,375.00
Agency Holding Corporation: Capital Stock:		
Jewish Telegraphic News Agency, Inc., no par value, 3 shares-----	\$300.00	
Amidur-Housing for Immigrants in Israel, Inc., no par value, 10 shares-----	2,000.00	
Surplus Stocks, Inc., no par value, 10 shares-----	1,000.00	
Eleven East 70th Street Corporation, no par value, 3 shares----		3,300.00
Total-----		78,675.00

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The CHAIRMAN. Page marked "Exhibit B, Schedule 3," titled "Expenditures for the Jewish Agency Treasury, Jerusalem, for the year ended March 31, 1959," carries an item "Jewish Telegraphic Agency, Inc. \$111,450"; is that correct?

Mr. HAMMER. That is correct, sir.

(A copy of the document referred to follows:)

1290 ACTIVITIES OF AGENTS OF FOREIGN PRINCIPALS IN U.S.

EXHIBIT B, SCHEDULE 3

THE JEWISH AGENCY, INC.

Expenditures for the Jewish Agency treasury, Jerusalem, for the year ended Mar. 31, 1959

	Schedule number	
Direct remittances.....	3-a	\$26,209,683.63
European Treasury (no change during March).....		3,800,435.46
Meeting expenses.....	3-b	24,544.40
Schlichin advances.....	3-c	172,784.22
Hechalutz and youth movements.....	3-d	192,518.02
Disbursements on account of staff.....	3-e	14,553.81
Shokol funds (including \$31,500 committed but unexpended).....		746,951.11
Miscellaneous authorizations.....	3-f	1,826,685.60
Western Hemisphere.....		10,550.00
Interest expense.....	3-g	884,344.86
Mekoroth.....	3-h	3,031.95
Interest and other expenses on consolidation loan paid by the United Jewish Appeal, Inc.....	3-i	2,278,881.02
Jewish Telegraphic Agency, Inc.....		111,450.00
Functional expenses.....	4-a	461,337.67
Ein-Gev Account.....	3-j	1,026.40
U.I.A. constituent organizations.....	3-k	702,831.00
Export-Import Bank loan.....		4,504,167.17
Payment made for Keren Hayesod in Israel.....	3-l	31,489.62
Miscellaneous.....	3-m	158,839.82
Total.....		42,096,105.76
Less:		
Zim loans.....	3-n	2,844,893.99
Current account.....	3-o	34,979.77
Canadian account.....	3-p	2,149,604.25
Amidar account.....		664,018.33
Israel Filmstrips, transfer of funds received from Paul Veret of Jewish Philanthropies of Omaha for films.....		750.00
		5,694,246.34
Balance.....		36,401,859.42

GREEN, STROCKER & Co.

The CHAIRMAN. Was this expenditure reported on your registration statement filed with the Justice Department?

Mr. HAMMER. I would assume all of our expenses were reported, sir, and again I must say I do not recall whether this was reported as a separate item in and of itself or included in another descriptive category with other items.

The CHAIRMAN. It was not listed by name?

Mr. HAMMER. I do not recall, sir.

The CHAIRMAN. Well, could you check that for the record and see?

Mr. HAMMER. I will try to check for the record to see whether this item of \$111,450 was reported as a separate item.

The CHAIRMAN. As a separate item.

ACCOUNTANTS' REPORT ON FISCAL YEAR 1960

I show you a copy of a report dated November 4, 1960, rendered to the Jewish Agency for Israel, Inc., by Green, Strocker & Co., certified public accountants, and ask if a copy of this report appears in your file?

Mr. HAMMER. Yes, sir.

The CHAIRMAN. This report covers fiscal year ended March 31, 1960; is that correct?

ACTIVITIES OF AGENTS OF FOREIGN PRINCIPALS IN U.S. 1291

Mr. HAMMER. Yes, sir.

The CHAIRMAN. Page marked "Exhibit B, Schedule 3," expenditures for the Jewish Agency treasury, Jerusalem, carries an item Jewish Telegraphic Agency, Inc., \$143,203"; is that correct?

Mr. HAMMER. That is correct, sir.

(A copy of the document referred to is as follows:)

EXHIBIT B, SCHEDULE 3

THE JEWISH AGENCY FOR ISRAEL, INC.

Expenditures for the Jewish Agency treasury, Jerusalem, for the year ended Mar. 31, 1960

	Schedule number	
Direct remittances.....	3-a	\$25,827,168.70
European Treasury.....	3-b	2,972,368.89
Meeting expenses.....	3-c	103,711.54
Schlichin advances.....	3-d	202,443.97
Hechalutz and youth movements.....	3-e	202,445.69
Disbursements on account of staff.....	3-f	15,783.44
Miscellaneous authorizations.....	3-g	5,111,758.79
Western Hemisphere.....		690,061.13
Interest expense.....	3-h	13,837.57
Mekoroth.....	3-i	1,616,574.91
Interest and other expenses on consolidation loan paid by the United Jewish Appeal, Inc.....		2,406,087.49
Jewish Telegraphic Agency, Inc.....	4-b	345,160.02
Functional expenses.....		143,203.00
Ein-Gev Account.....	3-j	12,564.19
U.I.A. constituent organizations.....	3-k	1,151,544.00
Export-Import Bank loan.....		370.00
Payment made for Keren Hayesod (no change during two months).....		957,939.13
Israel Filmstrips (no change during two months).....	3-l	103,222.06
Israel Filmstrips, transfer of funds received from Paul Veret of Jewish Philanthropies of Omaha for films.....	3-m	23,275.16
Import loan.....	3-n	2,402,639.35
Balance.....		2,446,996.26
		46,749,155.29
Less:		
Zim loans.....	3-o	26,178.17
Current account.....		355,019.40
Canadian account.....		620.00
Amidar account.....		105.39
Israel Filmstrips—transfer of funds received from Paul Veret of Jewish Philanthropies of Omaha—for films.....		43,534.80
Mekoroth (No change during two months).....	3-p	103,448.97
Israel Airlines.....	3-q	1,545,896.50
Canadian account.....	3-r	
		2,074,803.23
Balance.....		44,674,352.06

GREEN, STROCKER & Co.

The CHAIRMAN. If I may go on for a moment, since we have this on, I wonder if you would turn to page marked "Exhibit B, Schedule 4: Jewish Agency for Israel, Inc., Administrative Expenditures for the Year Ended March 31, 1960." The third to last item is "Special public relations, \$50,000."

Under, could you tell us what that item was for, special public relations?

Mr. HAMMER. Mr. Chairman, I don't recall the specific nature of the \$50,000 item. I would like an opportunity to check my records to supply your staff with it.

The CHAIRMAN. That is fine. Supply that for the record.

Mr. HAMMER. Thank you.

A copy of document is as follows; see appendix, p. 1410, Item 13.)

THE JEWISH AGENCY FOR ISRAEL, INC.

Administrative expenses for the year ended March 31, 1960

	Total
Salaries, maintenance, and fees	\$304,951.25
Travel	17,071.27
Postage	6,864.05
Telephone	10,192.74
Telegraphs and cables	7,381.52
Office supplies, stationery, and printing	15,607.41
Publications and subscriptions	3,640.73
Brochures, pamphlets, recordings, and broadcastings	(12.50)
Functions and meetings	6,771.91
Grants and subventions	63,305.52
Health insurance	6,741.16
Social security	4,623.25
Insurance	1,652.57
Rent (net)	(3,589.41)
Repairs and maintenance	2,360.91
Local fares, freight and miscellaneous	6,794.45
Advertising	844.60
Building	83,953.57
Special miscellaneous	3,964.32
Pensions	9,070.00
Car expense	3,082.75
Depreciation	20,610.40
Special public relations	50,000.00
Amount to be refunded	(7,700.00)
Unexpended budget	5,430.00
Total	623,612.47

NOTE.—Figures in parentheses denote credits.

The CHAIRMAN. What we would like in that information is the itemization of just what this money was spent for.

Mr. HAMMER. The \$50,000.

The CHAIRMAN. And to whom.

Mr. HAMMER. Yes, sir.

AMERICAN CHRISTIAN PALESTINE COMMITTEE (ACPC)

The CHAIRMAN. Are you acquainted with an organization known as the American Christian Palestine Committee?

Mr. HAMMER. Not too well. Only that it was organized many years ago, and headed at that time by the late Senator Robert Wagner and the late Senator Taft. It supported the effort for the creation of a Jewish State and continued on thereafter supporting the general effort to create a pro-Israel climate.

The CHAIRMAN. Was that Committee at one time the recipient of financial support from the American Zionist Council?

Mr. HAMMER. I believe it is supported by the American Zionist Council.

The CHAIRMAN. It was a part of the Council's regular budget?

Mr. HAMMER. Yes, sir.

The CHAIRMAN. Were the American Zionist Council expenses in this respect reimbursed by your organization?

Mr. HAMMER. It was part of the general allocation of funds we made to the American Zionist Council.

The CHAIRMAN. Do you know if that support was substantial in relation to the total expenses of the Committee?

Mr. HAMMER. I don't recall offhand what that situation is.

The CHAIRMAN. Well, the American Zionist Council would know about that; wouldn't they?

Mr. HAMMER. I would assume so; yes, sir.

The CHAIRMAN. During the period during which the American Zionist Council contributed to the support of the American Christian Palestine Committee, did the Jewish Agency for Israel receive copies of monthly reports of the activities of the Committee?

Mr. HAMMER. No, sir; I don't recall seeing any.

MONTHLY REPORTS OF ACPC

The CHAIRMAN. Well, I show you copies of what purport to be the May, July, and October 1958, and the January 1959 monthly reports of the ACPC, that is the American Christian Palestine Committee, rendered by the Rev. Karl Baehr to Rabbi Jerome Unger, marked copy to Mrs. Halprin, and ask if copies of these reports appear in your files.

(Copies of documents are as follows:)

AMERICAN CHRISTIAN PALESTINE COMMITTEE,
New York, N.Y., June 4, 1958.

Re May Monthly Report.

Rabbi Jerome Unger.

The Rev. Karl Baehr.

A. Annual ACPC Study Tour

We now have 15 Study Tour reservations. However, four of the group will be joining in Rome and therefore, we do not yet have our basic 15 for a New York departure which is required in order to get a free tour leader. We still hope that within the next few days we will reach the minimum of 15 required.

B. Land Reborn

See Hugo Jaeckel's report which is attached.

C. Field Activities

(1) The May issue of the ACPC Newsletter features our ACPC chapter activities with special reference to the New Jersey chapter. It also includes a number of additional statements and prayers in connection with Israel's Tenth Anniversary [deleted]. A copy of this issue is attached.

(2) During May, I made the following appearances: The Westport, Conn., Lutheran Church, Sunday, May 4th; Saratoga Springs, N.Y., Israel Tenth Anniversary celebration also on May 4th; Chester, Pa., Tenth Anniversary celebration, May 5th; Dean Pike Send-off luncheon, May 7th; Newark, N.J., ACPC Seminar, May 10th; Canadian Broadcasting Co. television show, Toronto, May 11th (appeared with Dr. John Irving of the University of Toronto, Dr. Kirk Ward of the Department of Islamic Studies, McGill University, and Freda [deleted]); American Baptist Ministers conference in New York, May 12th; Boston ACPC Seminar, May 16th.

(3) Meetings Attended: Regular AZO staff sessions [deleted]; meeting of the Speakers' Research Committee of the U.N., May 15th and 26th.

(4) Interviews and Discussions: [Deleted.]

(5) Chapter Activities: (a) On May 10th, the New Jersey Chapter of the ACPC was formed at a 10:30 A.M.-3:00 P.M. seminar session. [Deleted] and [deleted]. It was attended by 85 leaders from various New Jersey communities who are eager to carry out ACPC programs and activities in the New Jersey area. [Deleted.]