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## U.S. group invests tax-free millions in East Jerusalem land

 By [Uri Blau](#), Haaretz Correspondent

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American Friends of Ateret Cohanim, a nonprofit organization that sends millions of shekels worth of donations to Israel every year for clearly political purposes, such as buying Arab properties in East Jerusalem, is registered in the United States as an organization that funds educational institutes in Israel.

The U.S. tax code enables nonprofits to receive tax-exempt status if they engage in educational, charitable, religious or scientific activity. However, such organizations are forbidden to engage in any political activity. The latter is broadly defined as any action, even the promotion of certain ideas, that could have a political impact.

Financing land purchases in East Jerusalem would, therefore, seem to violate the organization's tax-exempt status.

Daniel Luria, chief fund-raiser for Ateret Cohanim in Israel, told Haaretz Sunday that the American organization's registration as an educational entity stemmed from tax considerations.

"We are an umbrella organization that engages in redeeming land," he said. "Our [fund-raising] activity in New York goes solely toward land redemption."

Although Ateret Cohanim also operates a yeshiva, Ateret Yerushalayim, in the Muslim Quarter of Jerusalem's Old City, fund-raising for the yeshiva is handled by a different organization: American Friends of Yeshivat Ateret Yerushalayim."

American Friends of Ateret Cohanim was founded in New York in 1987. Like all tax-exempt organizations, it must file detailed annual returns with the U.S. Internal Revenue Service. An examination of them reveals that the organization describes its "primary exempt purpose" as: "[to] provide funding for higher educational institutes in Israel."

"That's because of the tax issue," Luria said, explaining that due to American

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law, the American Friends organization "has to be connected in some fashion with educational matters."

He also estimated that 60 percent of Ateret Cohanim's money is raised in the U.S.

The Friends organization's most recent return, filed in 2008 for fiscal 2007, shows that it raised \$2.1 million in donations that year. Of this, \$1.6 million was transferred to Ateret Cohanim in Israel.

The remainder was used to cover administrative overhead, including fund-raising expenses and an \$80,000 salary for Shoshana Hikind, the American organization's vice president and de facto director, whose husband Dov is a New York state assemblyman and well-known supporter of the Israeli right.

The organization also raised substantial sums in previous years: \$1.3 million in 2006, \$900,000 in 2005 and about \$2 million in 2004.

By comparison, American Friends of Yeshivat Ateret Yerushalayim raised only \$189,000 in 2007.

In its IRS returns, American Friends of Ateret Cohanim said its purpose is to "promote," "publicize" and "raise funds for" Ateret Cohanim institutions in Israel. These institutions, it continued, "encourage and promote study and observance of Jewish religious traditions and culture."

In reality, Ateret Cohanim in Israel focuses mainly on purchasing Arab property in East Jerusalem. Since its founding in the 1970s, it has bought dozens of Arab buildings for Jews to reside in. Just this April, for instance, it moved Jewish families into an Arab house it purchased in the Muslim Quarter.

One noteworthy donor to its Friends organization is casino magnate Irving Moskowitz, a well-known supporter of rightist causes, who also owns the Shepherd Hotel in East Jerusalem. That hotel made headlines recently when Moskowitz obtained a permit to build 20 apartments for Jews there, sparking angry protests from the U.S. government.

In response, Ateret Cohanim chairman Mati Dan insisted that the Friends organization "is an independent organization that decides for itself whom to fund." Moreover, he added, "we engage in education constantly ... I don't know what Daniel Luria told you, but we are active in the field of [educational] institutions."

As of press time, no comment had been obtained from the Friends organization.

Nir Hasson contributed to this report.

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2. What's your point?	09:52   fedup	17/08/09
3. Good News	09:58   Chaim Ben Kahan	17/08/09
4. If it Walks Like a Duck	10:04   Mark of Lewiston	17/08/09
5. Daniel Luria	10:13   Yaakov	17/08/09
6. The point is that this organization is committing fraud!	10:27   Umm Einav	17/08/09
7. Just as if the Obama administration didn't know	10:46   Chanalau, Tova	17/08/09
8. It's not about politics.	11:44   Gilad	17/08/09
9. Please keep investing in a UNITED Israeli controled Jerusalem	12:07   zionist forever	17/08/09
10. Its better to let the Arab Oil Sheiks Buy Israel	12:16   Lemmings Hotline	17/08/09
11. #1 Reut	13:30   Filipe	17/08/09
12. So what?	13:45   Swiss Racoon	17/08/09
13. #3Chaim Ben Kahan	13:46   Abd Mutalip bin Abdu	17/08/09
14. Islamic Group and Double Standards	14:33   Abe	17/08/09
15. One Day These Organizations Will Purchase the Property of Leftist	15:05   Monitor	17/08/09
16. Let's continue this	15:24   Christopher	17/08/09
17. # 12 swiss	15:28   Axel	17/08/09
18. Universities?	16:11   College Student	17/08/09
19. shifting the argument	16:43   lior	17/08/09
20. Haaretz writer's comical misrepresentation of US tax laws	17:05   Dr. L. Brnd	17/08/09
21. To 18 - No they will not	17:18   Dan	17/08/09
22. Since there is no such entity as "East Jerusalem", the title of	17:32   Amihai	17/08/09
23. If illegal - take them to court	19:19   David	17/08/09
24. It's Not Illegal for Non-profit Org. to Buy Land	22:06   Jane	17/08/09
25. # 22 amihai	22:07   Axel	17/08/09
26. #22 GO BACK TO SCHOOL	22:24   Naftali Neuberger	17/08/09
27. Ameerican investments in the occupation	23:10   Iman Heijstek	17/08/09
28. Mark of Lewiston & check the Saudis investments in Israel also.	23:39   petra	17/08/09
29. I'd like them to explain what land redemption is?	00:03   Marc Leb	18/08/09
30. That's some fine investigative reporting Haaretz...	00:55   BBSNews	18/08/09
31. How about an article on where Peace Now gets its funding from	02:58   Zev	18/08/09
32. Who's Land is it Anyway??	02:59   Suzy	18/08/09
33. Excellent Journalism	03:35   liz benard	18/08/09
34. Olive oil busines upturn	03:44   ky	18/08/09
35. Audit them, fine them, and seize their properties	04:05   binny	18/08/09
36. #24: Laughable	04:48   Ariel	18/08/09
37. ariel 25	06:50   Anthony	18/08/09
38. zionist forever	08:16   D.Hussey	18/08/09
39. in all IRS fairness	17:23   Larry Cohen	18/08/09
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41. Lies	22:47   Mike	18/08/09

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