

# Police Are Closing In on Ariel Sharon

by Dean Andromidas

Lyndon H. LaRouche's campaign for the impeachment of Vice President Dick Cheney, and the sagging fortunes of British Prime Minister Tony Blair, place "regime change" within the realm of probability in both Washington and London. Therefore, it should not be surprising that the future of Israeli Prime Minister Ariel Sharon, the other member of the warhawk trio, is darkening.

Israeli prosecutors are on the verge of indicting David Appel, an Israeli contractor, Sharon crony, and top funder of the Likud party, on the charge of bribing the Prime Minister. This follows the outcry of Israeli lawmakers and media over the fact that Sharon's son Gilad refused to cooperate with prosecutors in two criminal investigations, because he did not want to incriminate his father. It is being rumored that a succession struggle is brewing just under the surface in the Likud party.

*Ha'aretz* political commentator Yoel Marcus dubbed the scandal "Sharongate" and wrote, "In the atmosphere of political corruption pervading this country," the attorney general "should speed up the investigation and press ahead for an indictment."

Commentator Amir Oren wrote in the same daily, "It is intolerable in the public sense, if not in the legal sense, for a prime minister to serve in office while a citizen is being prosecuted for bribing him. . . . Legally, Sharon has the right to claim innocence until proved guilty. Politically, his ability to function as prime minister is over. He won't have the moral authority toward the citizenry and the political power toward [President] George Bush and [Palestinian Prime Minister] Abu Mazen. The Likud already regards him as a millstone around its neck and is afraid that if the legal procedures continue to the next elections, it will bring down the ruling party. In the eyes of low and mid-ranking party activists, as distinct from a minister eyeing his chair, Sharon has to go right now. Peace does not depend on Sharon. . . . Any prime minister—Benjamin Netanyahu included—will have to adopt a policy that takes into consideration the aspirations of the Israeli people and Washington's demands."

Cracks are forming in Sharon's coalition government, not on the issue of a Palestinian state, but on Sharon's and his family's refusal to cooperate with the police investigation. National Infrastructure Minister Yosef Peritzky, a member of

the Shinui party, wrote a letter to Sharon, asking that he turn over all the documents police investigators are demanding. "As the prime minister of Israel," Peritzky wrote, "you promised that the norms of proper administration and the rule of law are your guiding light. . . . I expect you to prove to the entire public that you have nothing to fear and that you practice what you preach." This could signal a threat by the Shinui party to withdraw from the government. Since it represents the "center" in Sharon's "center-right" coalition, the Shinui would have no problem becoming the "center" of a "center-left" coalition including the Labor Party.

Yossi Sarid, Member of the Knesset (parliament) and one of the leaders of the Meretz party, went one step further, demanding that Sharon step down as prime minister. He lashed out at Sharon and his sons, comparing them to a mafia family. "Corruption is the most dangerous thing to Israel's existence, even more than terror and wars, since when the decay runs from the roots right to the top, for what will the young people risk their lives?"

Avraham Shochat, a senior member of the Labor Party, demanded that his party take a principled position on Sharon's failure to cooperate in the investigations. "The public deserves to know what happened. The Labor Party must, in a very public fashion, turn to the Prime Minister and ask him to help the investigators obtain the necessary documents and to sway his sons to give up their right to silence." Shochat accused his party, especially Shimon Peres—who publicly criticized those attacking Sharon—of bowing to political expediency rather than the public good, by staying silent on the matter.

## The 'Sharon Phenomenon'

Israeli prosecutors have chosen to bundle a whole series of charges against David Appel including bribing the Prime Minister, in one indictment, under the rubric of the "Appel Phenomenon," in order to secure a conviction. The Appel case goes to the heart of Likud party machine. But this is not an "Appel Phenomenon" but a "Sharon Phenomenon," whereby building contractors, in return for favors such as overcoming zoning requirements, gaining government subsidies, and tax breaks, finance election campaigns and line the pockets of politicians. This is most pronounced in the settlements, where billions of dollars worth of contracts are handed out for construction of housing, bypass roads, and other forms of infrastructure, allowing Sharon to "create facts on the ground" with respect to Israeli occupation of the West Bank and Gaza Strip. The Likud and the other "settlement" parties have profitted handsomely from this obvious form of corruption.

A successful prosecution of Appel could break open the three interrelated criminal cases against Sharon himself. The first is the "Greek Island" affair, in which he is accused of taking bribes from Appel in 1998, when he was Foreign Minister. The payments were in return for influencing the

Greek government to grant permission for a real estate development project on the Greek island of Petrokolos. The scheme involved Appel signing a "consultancy contract" with Gilad Sharon in return for Gilad's expert advice for the project. The transparent fraud of this is obvious, since Gilad, 30 at the time, is a trained agronomist whose expertise does not go beyond breeding cattle on Sharon's ranch in the Negev. Although the project never materialized, thousands of dollars went into Gilad's bank account, in order to fund Ariel Sharon's 1999 primary campaign for leadership of the Likud party.

Although Appel is trying to claim that this project never existed, Petros Giatrakos, the owner of the island, suddenly appeared on Israeli TV on Aug. 13, where he spoke of his dealings with Appel. "I heard from [Appel] that politicians in Israel and in Greece were helping him promote the deal with me, but he refused to tell me who they were."

The other big player in this case, who is also mentioned as having been bribed by Appel, is Industry Minister Ehud Olmert, who, as mayor of Jerusalem in 1998, played host to Greek politicians as part of the effort to get Appel's project approved by the Greek government. Olmert, the Likud's key contact man with the Christian Zionists in the United States, is one of Sharon's favorites.

The other two cases involve the establishment of shell companies used to finance the same campaign. The state comptroller discovered that Sharon had raised funds illegally from foreign donors and was ordered to return the money or face a fine. Sharon then claimed to have mortgaged his ranch in order to pay back the contributors. This proved to have been a lie, since the ranch was mortgaged already. Then it was claimed that an old friend, British businessman Cyril Kern, lent Sharon's sons \$1.5 million. This transaction was called into question after it was revealed that Kern had been a bankrupt, and would not explain how the \$1.5 million was transferred from a U.S. bank account, via an Austrian bank account, only to land in the bank account of Gilad Sharon. This became known as the Kern affair. In a bald-faced lie, Ariel Sharon has claimed he knew nothing of this and that it was the work of his sons.

In the two latter cases, the real money-men are suspected to be the Israeli-American Ari Genger and Austrian mystery businessman Martin Schlaff. Genger, owner of the near-bankrupt Haifa Chemicals, is Sharon's connection to the Meyer Lansky organized crime networks in the United States. He also serves as Sharon's back channel to the Bush White House. Schlaff is another major financial backer of Sharon. He is a big investor in Casinos Austria, and is said to own 50% of the Jericho Casino in the West Bank. He also owns, in partnership with Casinos Austria, the Cancun casino ship, just recently moored at Israel's port on the Red Sea, Eilat. Schlaff's lawyer in Israel is Dov Weisglass, who is Sharon's Chief of Cabinet, private attorney, and co-suspect in at least one of the above investigations. The Austrian bank account

through which Kern claims to have transferred the money, is believed to belong to Schlaff, while the American bank account is suspected to be linked to Genger.

As testimony to Sharon's personal corruption: Only a few weeks ago, Schlaff was a guest at Sharon's ranch, where the question of establishing several casinos in Israel was said to have been discussed. Shortly after this discussion, Schlaff's casino ship sailed into Eilat.

Israel re-established diplomatic relations with Austria just a few weeks ago, after they had been broken when the right-wing Freedom Party entered the Austrian coalition government, almost two years ago. The fact that this occurred shortly before an Austrian court ruled against a request by the Israeli police for cooperation on the Schlaff-Kern side of the investigation, did not go unnoticed. In fact, Labor Party Secretary General Ofer Pines-Paz raised this issue in a formal parliamentary question, suggesting a possible *quid pro quo* on the part of the Sharon government with Austria.

Meanwhile, Austrian lawmaker Peter Pilz, of the Green Party, is demanding an official investigation of why the Austrian government is refusing to cooperate with Israeli law enforcement authorities. Pilz told the American Jewish weekly *Forward*, "Those are allegations we have to take very seriously."

According to *Forward*, Sharon was personally involved in the decision, and political appointees in the Foreign Ministry overruled the professional staff on the question.

The renewal of Austrian-Israeli relations is said to have come up during a meeting Sharon had with Schlaff and the latter's partner, Joseph Taus, in May 2002. Taus, a seasoned Austrian politico, is good friends with Austrian Chancellor Wolfgang Schüssel.

## What—or Who—Next?

While there are various contenders who are gearing up to succeed Sharon as Prime Minister, there is also the danger that Sharon will see to it that he succeeds himself. According to Israeli media reports, Sharon and his closest aides are already planting stories on the bloody consequences of his early demise. According to *Ha'aretz* of Aug. 14, one of Sharon's closest cronies said, "I want to see the attorney general willing to give the order to serve an indictment in the full knowledge that the entire region could be drawn into large-scale bloodshed."

This statement should not be taken lightly, given the provocations along the Israel-Lebanon border, Israel's open threats against Syria and Iran, not to mention Sharon's determination to sabotage the Road Map for a Middle East peace.

Most important is the fact that Sharon's future is very much tied to that of Vice President Cheney and his Straussian cabal in Washington. They are determined to stay in power, and war is part of their strategy—and Sharon is still very much their hand grenade.