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Analysis / A case of partial disclosure

By Uri Blau

Ehud Olmert can breathe easy now that State Comptroller Micha Lindenstraus has decided that the acting prime minister he sold his Jerusalem home at a reasonable price, and that the rent he's paying to the new owner stands the test of reasonableness, even if it appears low.

Olmert's reaction to news of the investigation, which were not consistent with the facts presented in the comptroller's report, will not harm him. In Israel of 2006, failure to tell the truth does not influence voters.

The comptroller's report is problematic. Lindenstraus should be criticized for failing to investigate the interests of the buyer, Jewish American billionaire Daniel Abrams.

The two main questions the report failed to answer are: What is the nature of the relationship between Olmert and Abrams, a philanthropist who is very involved in Israeli politics, and who contributed to Olmert's 1993 Jerusalem mayoral campaign and stayed in his home?

And why was the deal arranged through a company registered in the British Virgin Islands, an anonymous entity behind which its backer, Abrams, is apparently trying to hide, for one reason or another?

According to Virgin Islands law, ownership of this company can be easily transferred at any time, without the need to report the move to authorities.

True, many businessmen use companies registered in the Virgin Islands to make deals, each for his own reason. Nonetheless, one can ask whether it is appropriate for a senior minister in the Israeli government to sell his home to such a company, revealing the identity of the person behind it only when pushed into a corner.

The comptroller may have given himself little time to carry out the probe due to the media ruckus resulting from news of the sale. Regardless, he did not make the time to ask income tax or other officials to examine Abrams' assets in Israel, his bank account, or whether he pays tax on the income from his

apartment.

So what exactly did the report discuss? Seven out of eight of the sections summarizing its results focused on the way in which Olmert reported the transactions to the comptroller.

Lindenstrauss was not particularly pleased with Olmert's partial reports, or his reaction to the comptroller's announcement of the impending investigation. Three weeks ago, Olmert informed Haaretz that "The minister's apartment was sold in January 2004. The sales contract, its conditions and its considerations have been reported in detail to the state comptroller." But Lindenstrauss explains in the report that the declaration form Olmert submitted last May 30 contained only one sentence on the sale of his home: "Consideration concerning sale of the apartment (including remaining debt) Kaf Tet BeNovember Street 19. About NIS 12.2 million."

The comptroller emphasized there was no mention of who bought the apartment or when it was sold. The buyer's identity was mentioned in Olmert's report once, and stated that the apartment was sold to Serfland Invest Ltd. Lindenstrauss wrote in the report that: "The identity of the buyer as a company registered in the British Virgin Islands, and the name of Mr. Daniel Abrams from the United States, were not even hinted at in Mr. Olmert's declaration, and we were first informed of them only in response to our request of 19.2.2006." "We were astonished how Mr. Olmert could claim, in reaction to the beginning of the state comptroller's examination, as a result of reports and complaints that reached the comptroller on this matter, that 'We transferred the contract and all its details to the state comptroller a year and a half ago, along with the rental agreement'," Lindenstrauss wrote.

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