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THE WHITE HOUSE
WASHINGTON

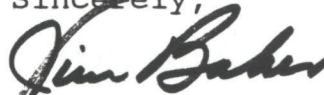
November 12, 1992

Dear Mr. Mokhiber:

I received your letter of November 9, but frankly there is little to comment on or clarify. David Steiner has admitted that he made statements that were "totally untrue," and resigned his position as a result. There was no deal with David Steiner or AIPAC on the loan guarantees and he certainly didn't arrange for Israel to get, as you put it, an "additional billion dollars in other goodies."

I hope this answers your questions.

Sincerely,



James A. Baker, III
Chief of Staff and
Senior Counselor to the President

Albert Mokhiber
President
American-Arab Anti-Discrimination Committee
4201 Connecticut Avenue, N.W.
Washington, D.C. 20008



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James Abourezk, Chairman

Albert Mokhiber, President

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Hisham Sharabi
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Stephen P. Yokich
Joe Yusuf
Dr. George Younan

November 9, 1992

The Honorable James Baker
Chief of Staff
to the President of the United States
The White House
Washington, D.C. 20500

Dear Mr. Baker:

Please find enclosed copies of articles from the Washington Times and the Washington Post concerning the American Israel Public Affairs Committee's (AIPAC) claim that they "cut a deal" with you to get the \$10 billion in loan guarantees to Israel approved.

Also enclosed is a copy of a transcript allegedly of the recorded conversation between then AIPAC president David Steiner and Haim Katz obtained from the Washington Times. In, the transcript AIPAC boasts of inordinate political power, its influence over the Administration and the extra aid Israel was given by the Pentagon and Department of State.

We would appreciate your comment and clarification of the AIPAC claims, in particular, about the loan guarantees and the additional billion dollars of other "goodies" allegedly given to Israel by the Department of State.

Sincerely,

Albert Mokhiber
President

Enclosures

THE WHITE HOUSE

WASHINGTON

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☐ Hardcopy pages are in poor condition (too light or too dark).

☒ Remainder of case not scanned.

☐ Oversize attachment not scanned.

☐ Report not scanned.

☐ Enclosure(s) not scanned.

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Comments:

OCT 30 '92 13:35

P. 1. 15

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Conversation between David Steiner and Haim Katz, Oct.

DS: Haim.

HK: Hello, how are you?

DS: Where are you located?

HK: I'm located in Queens, New York.

DS: Queens...Far Rockaway?

HK: Belle Harbor

DS: Belle Harbor. I'm trying to get this list together. Would you ever get into the city?

HK: Sure, I do. Sure, you come frequently?

DS: Well I come in from time to time. I have an office there, at AIPAC in the city. YOU know, I want you to understand,...where did you get my name and phone number?

HK: Oh, I, um, I called AIPAC...

DS: Yeah.

HK: And ahh...I know you're the President of AIPAC...

DS: You should understand that, the political information that I gave you, they're personal choices...

HK: Sure, I know that.

DS: AIPAC does not rate or endorse candidates, does not solicit money...

HK: Yeah, look...

DS: I want you to understand that the choices I would give you are personal choices...

HK: I understand.

DS: I wonder before...I want to get together with you next week.

HK: Next week would be fine.

DS: But in the meantime, I wonder if I can have one of my people get together with you and talk to you about...they'll want to meet you and know who you are and all this. I have a, maybe if I can have Seth Buchwald call you, my New York director.

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HK: That would be terrific.

DS: And we have a guy out there, Joel Schnur. And, are you orthodox?

HK: Ah, yes.

DS: Okay, Joel is orthodox too. I am not.

HK: You're reform or?

DS: I'm reform.

HK: Okay, let me just say...

DS: I was raised orthodox but I'm reform

HK: Okay, let me just tell you that, I'll just hold you a minute. I'll be happy to meet with them, I know, I've heard the names, I'd be happy to meet with them, as a matter of fact I could, when I'm in Manhattan...are you ever in Manhattan?

DS: Today I'm going to be there, but I can't, I'm meeting with the Ambassador.

HK: Okay, I'll just ask you very very quickly. You know, like, in New York, you know, this is your own personal opinion, like in New York we have Abrams against D'Amato.

DS: Well, let me tell you what my personal position is Okay?

HK: Yeah.

DS: ---unintelligible---I believe in political loyalty and if someone has been good for Israel, no matter who, if my brother would run against them, I would support them because they'd been good to Israel because that's an important message to people.

HK: Right.

DS: What I'm going to be doing for you...

HK: How D'Amato, has he been good for Israel?

DS: You couldn't have a better...listen I think Abrams would be good too, but that's not the message.

HK: Yeah.

DS: Ah..

HK: So the message, so the message is that ah...I agree with you

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all the way, that if somebody's been good for Israel, I'll take D'Amato. But you have no complaints with D'Amato?

DS: I have no complaints with D'Amato.

HK: Uh huh, so and ah, you know, let me tell you, Abrams might be, might be too liberal. I don't know if Abrams supported, let's say the ah, the war against Iraq.

DS: Yeah, I don't know, and ah, I don't know. but all I know is if I have a guy who is there and he's doing it, then I don't want to change, you know?

HK: Right. Let me ask you this very quickly and then I will...

DS: I'm going to have Seth call you because in the meantime I'm going to be preparing this list, what I'm doing is, I've asked my friends in the various campaigns, I've made about 30 calls, what's, I'm trying to put together who needs it the most, you know? Because you could dissipate a million dollars, but the point is to put it where it's going to do the most, I know Bob Kasten, who's been an outstanding friend and needs it I know...

HK: Excuse my ignorance. Bob Kasten is what state?

DS: From Wisconsin....

HK: Okay, is he Jewish?

DS: ...he's for loan guarantees, he has to be a Republican.

HK: Okay, and but, he's good? He's...

DS: You couldn't have better.

HK: Is Kasten, Kasten's been very, very good and he's in trouble?

DS: He's in big trouble. Les Aspin, who's the Chairman of the Military Appropriations, a Democrat also from Wisconsin is really (unintelligible).

HK: You mean, Aspin is in trouble?

DS: In big trouble.

HK: I can't believe it. I mean, I don't, I don't follow...

DS: Well see, what happened was, you know ah, when you get to know me, I'll put you on my list and I'll be sending all these things. A wealthy business man decided to run, using all his own money. Aspin, because they sit on the finance committee for Aspin...

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HK: Right.

DS: ...programmed the last two weeks of, well the last month of the campaign, for tv. This guy came in two months early and we didn't have the money budgeted, so we're out scratching around to raise money for him. So we, heck, I told him, I said that I'd go, I'll sign on the bank on a loan for you, that's how important it is.

HK: Unbelievable. You know I read, I won't hold you long, but I'd just tell you this...

DS: That's okay.

HK: ...I'll just tell you this, I read the New York Post, and I don't even read the papers too much, I don't follow politics...are you ready for this?

DS: Yeah.

HK: Get ready for this. I read in the papers this morning, I think it was the (NY)Post, Barbara Boxer, in California,...

DS: Yeah.

HK: ...do you know who she is?

DS: I know who...

HK: She's originally from, ah...New York I think...

DS: A friend of your?

HK: No, no, no. She not a ^{friend} ~~friend~~ of mine, but she, ah, I think she's in trouble.

DS: Yeah, that's ah, in that race we're okay either way, 'cause Bruce Hershenson, who she's running against is Jewish, and he's a very strong (unintelligible).

HK: Okay, but Hershenson...

DS: Hershenson's a very conservative Republican.

HK: You know, he's come out of no where. He was like thirty points behind...

DS: Right.

HK: He's come out of no where with it.

DS: Well the truth of the matter is, she didn't always vote for foreign aid. We had a big meeting, I had a program in LA, I had

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all four Senatorial candidates there and he ripped her apart. She has always voted against foreign aid.

HK: What about the one, in ah, the one in...um, what's his name, I read it in the paper, it was just a shock, politics is a crazy game. The black woman in Chicago,...

DS: ~~Carol~~ ^{Carol} Mosley Braun?

DS: She was going to win by fifty points...

HK: Oh it's down, she took the money, it's a big problem.

HK: It's a big problem with her...

DS: And we have another big problem with another good friend. You know Daniel Inouye, from Hawaii, he's one of our best friends. It was Kasten-Inouye on the loan guarantee, Kasten-Inouye and Leahy..

HK: I heard, I saw it on, I know Inouye's in trouble because of, he sexually harassed his hairdresser...

DS: We commissioned a poll and got some people, and I've got to raise \$27,000 dollars to pay for the poll...so I have, so what I'm trying to do is make a priority list, because I don't know how far you want to go...how old are your kids by the way?... You had three children that could write checks, do they have their own checking accounts?

HK: Yes.

DS: Oh, so that's not going to be...

HK: How old do they have to be?

DS: They can't be one year old.

HK: I mean, could they be 13, 17?

DS: Sure, no problem, so they could make, nobody's going to bother you, but if you had interest, a four-year-old, say, it's not a contest.

HK: Let me tell you, I was planning, I was planning to, to...Inouye, by the way, is in real trouble? He's been there forever..

DS: Yeah! Well, we might lose him. There's been such a sea of change, such trouble this year, I can't believe all our friends that are in trouble. Because there's an anti-incumbency mood, and foreign aid has not been popular. You know what I got for, I met with Jim Baker and I cut a deal with him. I got, besides the \$3

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billion, you know they're looking for the Jewish votes, and I'll tell him whatever he wants to hear,...

HK: Right.

DS: Besides the \$10 billion in loan guarantees, which was a fabulous thing, \$3 billion in foreign, in military aid, and I got almost a billion dollars in other goodies that people don't even know about.

HK: Such as?

DS: \$700 million dollars in military drawdown, from equipment that the United States Army's going to give to Israel; \$200 million dollars the U.S. Government is going to preposition materials in Israel, which Israel can draw upon; put them in the global warning protection system; so when if there's a missile fired, they'll get the same advanced notification that the U.S., is notified, joint military exercises, I've got a whole shopping list of things.

HK: So this is from Baker?

DS: From Baker and from the Pentagon.

HK: So, not so..

DS: Why did he do it, you know, why did he do it? Last year I was a bum. This year I said, look Jim, we're going to fight on the F-15's, Israel doesn't want to fight I said, but some people on it are going to come up on the floor of the Senate and the House and they're going to fight. If you'll this, I think I can hold them back. But you've got to do it right away. They didn't want to fight, I said, you don't want a fight before the election. It's going to hurt Bush, we don't want a fight before the election, we don't want to fight at all. Why can't we work something out? So we cut a deal. You can't repeat this.

HK: Right. But you met with Baker...

DS: Personally.

HK: Personally. 'Cause you know, he's the one who cursed, who cursed the Jews.

DS: Oh course, do you think I'm ever going to forgive him for that?

HK: Unbelievable. I said...

DS: Do you I could ever forgive Bush for what he did September 12th a year ago? What he said about the Jews for lobbying in Washington?

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HK: Do you think that Baker has a legitimate concern for the Jews? From what I heard, do you think he's anti-Semitic?

DS: I wouldn't go so far as to say that. He's a pragmatic businessman, he's a very tough lawyer. He does whatever it takes.

HK: And that's why..

DS: If we didn't have an election this year, you would get (unintelligible) from him.

HK: Let me ask you a quick question. Just a quick question here, you know Perot, you know, I'm telling you this is scary, I don't know what you think of Perot, but if Perot hadn't backed out, I watched the debates. I thought Perot did marvelous in the debates.

DS: He doesn't know how to govern. He's not going to make it. And there was an incident where his daughter was going out with a Jewish professor at school and he said, "I wouldn't have my daughter marry a Jew."

HK: So Perot, they say that if Perot hadn't backed out in July, if he would had gotten himself a good running mate, you know...

DS: He wouldn't win, it would go to the House of Representatives. The democrats would win in the House of Representatives.

HK: So if it goes to the House, the Democrats would win for sure.

DS: For sure.

HK: Okay let me ask you, last question and then I'll be happy to meet with your New York people...

DS: You know, you sound like my kind of guy. How old are you?

HK: Forty-two.

DS: You're a kid.

HK: I'm not a kid, I'm 42..

DS: I'm 63, you're a kid.

HK: I wish I was ..

DS: We'll have to get you involved, I like you, we have a lot to talk about, about real estate, you know, I so many great activities going on at AIPAC. You ought to think about coming to some of these things. I have a dinner this Fall, I have

(Irrelevant section deleted, to be transcribed Oct. 28th)

HK: Let me just ask you about Clinton. I want to tell you, you may not believe this, but I think that if Perot...

DS: Yeah, he would've given us a hard time. What's the name of your company, what do you do business as?

HK: We do business as HK, Inc.

DS: HK, Inc.?

HK: Right.

DS: Do you have a street address?

HK: Sure, 621 Beach 129th Street, Belle Harbor, Queens, New York, 11694.

DS: Yeah, because on my computer you only show a post office box. This is your house? You work out of your house?

HK: Yeah, out of an office in the house. Look, let me just ask you about Clinton. Honestly, what do you feel about Clinton?

DS: Well, I've know Bill Clinton for seven, eight years. I think he's going to be a lot better than George Bush...have a lot of people in there. But he doesn't need money, he really doesn't money. I'm a trustee of the Democratic National Committee, we collected \$63 million dollars for him so far.

HK: Who's collected \$63 million?

DS: The Democratic National Committee and the Clinton campaign have raised \$63 million.

HK: So they've already raised \$63million, so they don't need money.

DS: No, we need money, like we got a guy, Brian Dorgan, in North Dakota, who's going to be very good for us and we need money to make sure that he gets in. We've got people like that, because (unintelligible), whatever you give them would be a tickle on the elephant's behind. But when you give five thousand or ten thousand to Bob Kasten, that's very meaningful.

HK: Let me ask you, I understand what you're saying. When Clinton first started running, a year ago, did he need money at that time?

DS: Yes he did.

HK: I mean, did you help him out, cause that's the time...

DS: I personally am not allowed, as President of AIPAC, to get involved in the Presidential campaign, because I have to deal with whoever win. You know, I've got to go see Bush if he's there, but I helped him, we raised over a million dollars for him in New Jersey.

HK: For Clinton?

DS: For Clinton.

HK: And this was when, in the beginning?

DS: In the beginning, yes. After he won, before the convention.

HK: This is before the convention?

DS: Oh sure.

HK: Okay, let me ask you, you know, I...

DS: We've also raised for other guys who are running too, because they're friends. Harkins, the Senator, you know you have to be with everybody.

HK: Let me ask you, (talks about getting screwed in business). Let me ask you, Clinton, if he becomes, I mean what will he do for Israel, better than Bush, if he becomes, I know Bush gave you a hard time, this and that...

DS: I'll tell you, I have friends on the Clinton campaign, close associates, Gore is very committed to us.

HK: Right, Clinton if he, have you spoken to him?

DS: I've known Bill for seven, eight years from the National Governors Association. I know him on a personal basis. One of my friends, is Hillary Clinton's scheduler, one of my officer's daughters works there, we gave two employees leave of absences to work on the campaign. We have a dozen people in his headquarters.

HK: You mean in Little Rock?

DS: In Little Rock, and they're all going to get big jobs. We have friends, I also work with a think tank, the Washington Institute, Michael Mandelbaum and Martin Indyk being foreign policy advisors. Steve Spiegel, we've got friends...this is my business.

HK: I understand, David

DS: It's very complicated and the more you get into it, you'll love. You sound like a smart guy.

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From

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HK: I'm a smart guy, but I have a, maybe because I'm more orthodox than you are, I've had bad experiences with Gentiles. Let me ask you, you know what "tachlis" means?

DS: Yeah sure.

HK: From a ~~practical~~ ^{PRACTICAL} point of view, if Clinton wins the Presidency, and I'm sure he will, I hope so at least, what will be the benefits to Israel better than Bush? From a very practical point... I mean, you just told me that Bush gave you everything you wanted...

DS: Not everything, at the end, when we didn't want the F-15's, that's a terrible thing.

HK: Selling the F-15's? If Clinton is elected...

DS: Let me tell you the problem with the \$10 billion in loan guarantees. We only have the first year. We have authorization from Congress, but it's at the discretion of the President every year thereafter, so if Bush is there, he could use it as a club, you know, "if you don't give up Syria, I won't give you the money. If you don't give up the Golan Heights." It's at the discretion of the President. And that's why we need a friendly President and we have Bill Clinton's ear. I talked to Bill Clinton.

HK: And Bill has made a commitment that if he's elected...?

DS: He's going to be very good for us.

HK: And he'll go ahead with the loan guarantees?

DS: We didn't talk about that specifically, listen, I didn't ask him that, but I have full confidence that we're going to have a much better situation. He's got Jewish friends, a girl who worked for me at AIPAC stood up for them at their wedding. Hillary lived with her. I mean we have those relationships. We haven't had that with Bush. Susan Thomases who's in there, worked with me on the campaign, we worked together for 13 years. She's in there with the family, they stay with her when they come to New York. One of my officers, Monte Friedkin, is one of the biggest fundraisers for them. I mean, I have people like that all over the country.

HK: So, I mean from a practical point of view...

DS: He's going to be with us.

HK: I don't say, this business, you say, Bush only went ahead with the loan guarantees for one year?

DS: We only have, it's mandatory they give us the \$2 billion for

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one year, after that it's subject to the discretion of the President.

HK: You mean the other \$8 billion?

DS: That's correct. On an annualized basis.

HK: Also, I heard that..

DS: They don't have to give it to us.

HK: But if Clinton is elected...

DS: ...feel reasonably certain we're gonna get it.

HK: He's made that commitment?

DS: Well, he said he's going to help us. He's got something in his heart for the Jews, he's got Jewish friends. Bush has no Jewish friends.

HK: Right

DS: Reagan had something, ...meshuga, but at least he had a commitment, he knew Jews from the film industry, he was one of the best guys for us. He had an emotional thing for the Jews. Bush doesn't have it. That's what it is really, if you have a feeling for our people, for what we believe in. Bush is, there's a man with no principles. Absolutely no principles.

HK: I heard something about, but I never really understood it, with the scoring. One of my friends told me there's a difference in the scoring, but I don't understand...

DS: Scoring is like points that you pay.

HK: So let's say, if Bush is elected on the loan guarantees...

DS: No, we've got the scoring arranged, it's four and a half percent. It's all done.

HK: That's all done, even with Bush?

DS: Even with Bush. I've got that worked out.

HK: So that's all done.

DS: It's in the Bill, it's all passed, he signed the Bill, it's a matter of law.

HK: So it's four and a half percent?

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DS: We could've had it less, but then we couldn't...

HK: And Clinton, if he was President, he would give...?

DS: He could not change it, you cannot change it.

HK: No, but I'm saying, if he was President now; before the Bill was signed, he he would've given you the four and a half percent...

DS: I would've gotten less.

HK: I'm sorry?

DS: I would've gotten it cheaper.

HK: How much? Even two percent?

DS: Yeah, we thought we were going to get two percent. But Rabin gave it away.

HK: You mean Rabin didn't bargain as good as he could have?

DS: That's right.

HK: Unbelievable. So, if Clinton is elected, that will be the best...

DS: I think that will be the best we could do.

HK: You know, I just want to tell you one last thing. Do you have parents that come from Europe?

DS: Yeah, from Glogitzano. Near Krakow.

HK: You're kidding, you're parents are from Krakow?

DS: Near Krakow.

HK: Guess what?

DS: You too?

HK: My parents are from Krakow.

DS: Well, we're not from Krakow, but from near Krakow. my mother's from Rudnick, my father from Gruns, near Tano. Do you know where Tano is?

HK: Yes. Let me tell you...

DS: ...don't have many left. Everybody got killed.

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HK: Let me tell you. The same with me. Let me tell you, my parents were the only ones who came out. Let me tell you..

DS: You're a holocaust survivor?

HK: Yeah, no, not me, my parents.

DS: That's some experience, I've got two cousins, I've got one in Israel and one in France that came out of Malhousen. And everybody else dead on my Father's side, in Russia. I just brought six of them from Koshkent to Israel last year.

HK: Right. Let me tell you, you know what my father always says? My father was a rich man in Poland, and he says, he says, "Economic power is very good. You've got to have money, but if you just have economic power and you don't have political power..."

DS: You've got nothing.

HK: You've got nothing.

DS: If we had AIPAC in the '30's and '40's, we would have saved millions of Jews. We would have the political power. But Jews were afraid to open their mouths.

HK: AIPAC started after WWII? And if you had had AIPAC in the '30's?

DS: I feel we would've saved a lot of Jews.

HK: And Franklin Roosevelt, he could've done a lot better?

DS: Of course he could. The Jews never opened their mouth. They were afraid. We're not afraid. They can curse me out, I don't care if they hate me, just as long as I get what we need for our people.

HK: So if you had a little lamp, a wishing lamp, and you could wish for either Bush, Clinton or Perot...

DS: Clinton.

HK: Clinton all the way? And in terms of Israel having political power, between the three candidates, the one who will give us the most political power?

DS: Clinton is the best guy for us.

HK: He's the best one.

DS: I hope you're serious about what you told me?

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HK: I am, I'll just tell you this, [tells a long anecdote about David Souter promising to oppose abortion as a nominee and then reversing himself on the Supreme Court] So I wish we had a Jewish candidate we could count on.

DS: I don't think the country's ready.

HK: If the country was ready, is there any Jewish candidate...

DS: I wouldn't venture to say.

HK: You know who? I don't know him, I've never met him, Joe Lieberman.

DS: I'm very friendly with Joe. I'm having dinner with him Monday night.

HK: Let me tell you, I think Joe Lieberman, if he wasn't Jewish, he's highly respected.

DS: I'd like to see him on the Supreme Court.

HK: If Clinton is elected, has he told you who he's going to put on the Supreme Court?

DS: We don't have, no commitments yet. We're just negotiating. We're interested right now, in the Secretary of State and the Secretary of National Security Agency. That's more important to us.

HK: Who do you think will be Secretary of State?

DS: We don't know yet, we're negotiating.

HK: Who are you hoping for?

DS: I've got a list. But I really can't through it, I'm not allowed to talk about it.

HK: But you figure, God willing, if Clinton's elected...

DS: We'll have access.

HK: You'll have access and you'll have good insight into who's Secretary of State.

DS: I do believe so.

HK: And the other position is...

DS: National Security Advisor.

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HK: Those are the two critical positions.

DS: Right.

HK: Gotcha ya. Well, David, thanks for talking with me.

DS: And we're going to get together next week, I hope you'll have your checkbook ready.

HK: Will do.

DS: Okay, thanks.

HK: And let me ask you about the real estate.....[talk about irrelevant issues].

NATION

Israeli lobby president resigns over promises

Bragged to contributor about ties to Clinton

By Michael Hedges
THE WASHINGTON TIMES

The president of the American Israel Public Affairs Committee resigned yesterday after statements he made to a prospective contributor raised questions about the lobbying group's connections with Arkansas Gov. Bill Clinton.

In a taped telephone conversation, obtained by The Washington Times, with a man he believed would back pro-Israel politicians, AIPAC President David Steiner said his organization was "negotiating" with Mr. Clinton over who would be named secretary of state and national security adviser in a Clinton administration.

"We have a dozen people in [Mr. Clinton's] headquarters," Mr. Steiner told Harry Katz, a New York City businessman who said he wanted to contribute \$100,000 to candidates supported by AIPAC. "And they are all going to get big jobs."

"I'll tell you I have friends on the Clinton campaign, close associates. [Sen. Al] Gore is very committed to us," said Mr. Steiner, who is also a trustee of the Democratic National Committee.

Neither AIPAC nor Mr. Steiner dispute the authenticity of the tape.

Mr. Steiner also described what he said was a secret negotiation with former Secretary of State James A. Baker III in which "I got almost a billion dollars in other goodies [besides stated U.S. aid to Israel] that people don't even know about."

Mr. Katz said he taped the telephone conversation with Mr. Steiner because, "as someone Jewish, I am concerned when a small group has a disproportionate power. I think that hurts everyone, including the Jews."

"If David Steiner wants to talk about the incredible, disproportionate clout AIPAC has, the public should know about it."

A search of the files of New York newspapers reveals a long and often contentious relationship between Mr. Katz and several Jewish groups there. He has been a small contribu-

groups and others in New York to settle personal grievances.

AIPAC, a grass-roots group with tens of thousands of members, is the principal pro-Israel lobbying body in the United States and is widely regarded as the most influential lobbying organization in the country. Its member-financed budget grew from \$1.4 million in 1980 to \$12 million in 1991.

Because it is a registered lobbying group, AIPAC cannot by federal law raise money for congressional or presidential candidates, or recom-

"I'll tell you I have friends on the Clinton campaign, close associates."

— David Steiner

mend to potential contributors to whom they direct their money.

When Mr. Katz asked who Mr. Steiner thought would be secretary of state under President Clinton, Mr. Steiner replied: "I don't know yet, we're negotiating." Asked whether AIPAC would have a role in the selection, Mr. Steiner said, "We'll have access."

Mr. Steiner spoke candidly of animosity he felt toward President Bush and Mr. Baker. Referring to allegations that Mr. Baker used an expletive to describe Jews, which Mr. Baker denied, Mr. Steiner said: "Do you think I'm ever going to forgive him for that? . . . Do you think I could ever forgive Bush for what he did September 12th a year ago? What he said about the Jews for lobbying in Washington?"

Mr. Clinton "is going to help us," Mr. Steiner said. "He has something in his heart for the Jews, he's got Jewish friends. Bush has no Jewish friends."

In response to written questions from The Times, AIPAC specifically denied many of Mr. Steiner's claims,

played a role in a "deal" with Mr. Baker, and that it was negotiating with Mr. Clinton on political appointees.

Mr. Steiner, in a one-paragraph statement announcing his resignation yesterday, also denied the truth of several statements on the tape.

"In an effort to encourage and impress what I thought was a potential political activist calling on the telephone, I made statements which went beyond overzealousness and exaggeration and were simply and totally untrue. I apologize to Governor Clinton, chief of staff Baker and AIPAC for these actions."

AIPAC has been accused of violating Federal Election Commission rules governing the involvement of special interest groups in raising money for political candidates, but in late 1990 the FEC ruled there was "insufficient evidence that AIPAC controlled a collection of political action committees that contributed millions of dollars to congressional candidates."

The Steiner-Katz conversation, taped without Mr. Steiner's knowledge, occurred Oct. 22. Under federal law, such taping is not illegal. In the conversation, Mr. Katz asked for advice on how to divide his proposed contribution to political candidates, which he had earlier said would total \$100,000.

Mr. Steiner told Mr. Katz that "the political information I give you, they're personal choices, AIPAC does not rate or endorse candidates, does not solicit money." He gave Mr. Katz detailed information about elections from Hawaii to North Dakota to Wisconsin, recommending that he consider contributing to candidates who were friendly toward Israel.

Mr. Steiner discussed commissioning a poll and sending other support to Sen. Daniel Inouye, Hawaii Democrat. "We commissioned a poll and got some people, and I've got to raise \$27,000 to pay for the poll," he said.

Toby Dershowitz, a spokesman for AIPAC, said AIPAC had no role in

Israel Lobby's Chief Quits After Insider Boasts to Caller Turn Up in Print



LES ASPIN

... name drops into conversation

By Charles R. Babcock
Washington Post Staff Writer

The president of the American Israel Public Affairs Committee, the nation's largest pro-Israel lobby, has resigned after being secretly tape-recorded boasting that AIPAC was "negotiating" with the Clinton campaign about key appointments, and claiming he "cut a deal" with then-Secretary of State James A. Baker III to get Israel extra aid.

David Steiner, a New Jersey real estate developer who has been an active political donor, said in a statement Friday that he was resigning because some statements he made in a phone call two weeks ago "went beyond overzealousness and exaggeration and were simply and totally untrue." Steiner did not return a call to his office yesterday.

Steiner was taped by New York businessman Harry Katz, who called the AIPAC leader Oct. 22, posing as someone who was considering donating \$100,000 to pro-Israel

congressional candidates. Steiner recommended helping Sen. Robert W. Kasten Jr. (R-Wis.) and cited personal help he had given Sen. Daniel Inouye (D-Hawaii) and Rep. Les Aspin (D-Wis.).

Katz sent the tape to the Washington Times, which published an article on it Wednesday.

Katz, 42, an AIPAC member and a financial consultant from Queens, said in an interview that he tricked Steiner because "I don't think the Jewish lobby should have disproportionate political power." He added: "I wanted him to admit to me the incredible infiltration of the Israel lobby into the campaign." He said he has been in legal fights with other Jewish organizations.

A transcript of the interview shows that Steiner told Katz: "We have a dozen people in his [Clinton's] headquarters... and they're all going to get big jobs." He also said "we're negotiating" with the Clinton camp on who might be secretary of state. Asked who he was

hoping for, Steiner replied: "I've got a list. But I can't really go through it. I'm not allowed to talk about it."

An AIPAC official, who asked not to be quoted by name, said there was no such list and the group had no discussion with the Clinton campaign about possible appointments. In informing the AIPAC executive committee of the resignation Tuesday, officials noted that Steiner had major heart surgery in June and had been under stress since then.

Avis Lavelle, a spokeswoman for the Clinton campaign, said, "We are not negotiating with anybody about any job."

Steiner also said in his talk with Katz that he had met with Baker and "cut a deal with him." Besides Israel's \$3 billion a year in U.S. foreign aid, "I got almost a billion dollars in other goodies that people don't even know about." He cited \$700 million in U.S. equipment the Army is giving to Israel and \$200 million in "pre-positioned" U.S. supplies.

Steiner told Katz that AIPAC did

not endorse candidates but he named as personal choices Kasten (who was defeated Tuesday), Inouye and Sen. Alfonse M. D'Amato (R-N.Y.).

Noting their pro-Israel records, Steiner said, "I believe in political loyalty, and if someone has been good for Israel, no matter who, if my brother would run against them, I would support them."

Steiner said he offered to sign a bank loan to help Aspin, adding, "We commissioned a poll" for Inouye and had "to raise \$27,000 to pay for it." He asked Katz if he had children who could write checks to candidates. An AIPAC spokeswoman said the group was unaware of any poll for Inouye.

Steiner gave the maximum \$50,000 to federal candidates in this election cycle, including \$1,000 to Aspin, the maximum \$2,000 to Kasten, and \$5,000 to the Wisconsin Republican Party, according to the Federal Election Commission. He gave \$66,500 in personal funds to the Democratic National Committee.



ROBERT W. KASTEN JR.

... recommended for contribution