

November 30, 2024

I. Reporting Organizations

DAWN: A foreign policy advocacy organization focused on accountability for abusive regimes in the MENA region supported by the U.S., while magnifying the voices of experts and exiles from the region.

The Internationalist Law Center: A policy and advocacy center that uses litigation to hold U.S. officials accountable for government investments facilitating human rights violations in the U.S. South and Global South (i.e. The Caribbean, the MENA region, Latin America, Africa, and Asia).

II. Issue Summary

The private sector is often overlooked when evaluating a country's human rights performance. In cases where the private sector's contributions to human rights violations are analyzed, an integral aspect is often still overlooked: the privatization and outsourcing of state functions to corporations.

Once mutually exclusive, private and public sector investments have blended with the proliferation of the privatization of government functions. This is apparent in cases where governments transfer traditional functions, such as the case of the privatization of Puerto Rico's energy grid, to private companies.¹ This behavior expands the private sector's reach in individuals' lives, enhances extractive corporate power, increases human rights violations, and leads to decreased opportunities for accountability.²

Israel has privatized many state functions in the occupied Palestinian territory (oPt), from security at checkpoints to settlement infrastructure construction and the demolition of Palestinian homes.³ This submission focuses on an overlooked aspect of the privatization of Israel's state functions: the sale of overseas government bonds to private citizens and institutional investors. These funds augment the Israeli state budget, thereby supporting international human rights and

¹ Catalina M. de Onís and Hilda Lloréns, "[Fuera Luma](#)": Puerto Rico Confronts Neoliberal Electricity System Takeover amid Ongoing Struggles for Self-Determination, Georgetown Journal of International Affairs (June 21, 2021).

² Joseph Stiglitz, [The Harms of Infrastructure Privatization: A Step Backwards in Progressive Policymaking](#), The Roosevelt Institute (July 26, 2021).

³ Matt Kennard, [How Israel Privatized Its Occupation of Palestine](#), Pulitzer Center (October 27, 2016); Leticia Armendáriz, [The Privatization of Security in the Occupied Palestinian Territory](#), NOVACT (2015); [Israel and the Occupied Territories Under the Rubble: House Demolition and Destruction of Land and Property](#), Amnesty International (May 18, 2004).

humanitarian law violations in the oPt. Within the U.S., Israel has outsourced and privatized the function of bond solicitation to the Development Corporation for Israel (DCI), a U.S. corporation. Through DCI, individuals, governments, corporations, universities, pension funds, and non-profits can buy “Israel Bonds” in the U.S., the proceeds of which supplement the general budget of the State of Israel.⁴ There are little to no restrictions on how the Israeli government can use these funds, and it has utilized them to offset the costs of military campaigns and a myriad of human rights abuses in the oPt for decades.⁵ This funding likely supports violations of the Genocide Convention, the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the Fourth Geneva Convention, and the International Convention on the Elimination of Racial Discrimination, The Arms Trade Treaty, and The UN Guiding Principles of Business and Human Rights (UNGP).

It is in the context of DCI and the privatization of government borrowing that this submission answers questions one, three, six and seven that Ms. Francesca Albanese issued in her call for input for the report of the Special Rapporteur on the oPt to the Human Rights Council’s 58th session.

III. Question 1⁶

A. Overview of DCI

DCI is the U.S. underwriter of debt securities issued by the State of Israel, more commonly known as Israel Bonds.⁷ A bond is a fixed-income investment where an investor loans money for a defined period at a predetermined interest rate.⁸ Depending on the bond structure, investors are returned the principal investment plus interest upon maturation, which can occur anywhere between two and 15 years.⁹ Israel Bonds allow individuals, private and public companies, governments, universities, synagogues, financial institutions, and banks to loan funds to the Israeli government.¹⁰

DCI is headquartered in New York City and has 36 offices globally, from which it solicits potential lenders at galas, events, and meetings with public officials and private investors.¹¹

⁴ *Investing Options*, Israel Bonds.

⁵ *State of Israel Prospectus Supplement*, The State of Israel (November 15, 2024).

⁶ Question 1 from [the Special Rapporteur’s Key Questions and types of input/comments sought list](#): How has the private sector **contributed to establish and maintain** Israel’s presence in the oPt since 1967?

⁷ *The Development Corporation of Israel*, The Financial Industry Regulatory Authority.

⁸ Jason Fernando, *Bonds: How They Work and How To Invest*, Investopedia (May 03, 2024).

⁹ *Israel Bonds Current Rates*, Israel Bonds (November 15, 2024).

¹⁰ See Footnote 4.

¹¹ *Contact Us-Israel Bonds*, Israel Bonds; *A Legacy of Achievement-World Map*, Israel Bonds; *A Legacy of Achievement-Historical Timeline (1974-Golda Meir Calls for Israel Bonds Support, 1998-Mikhail Gorbachev Honored, 2010-Operation Maccabee, 2012-Finance Minister Steinitz Applauds Israel Bonds, 2015-President George W. Bush Dinner, 2016-Warren Buffet Greets Israel Bonds Investors, 2019-2019 International Leadership Conference)*; See Footnote 7.

B. How DCI Has Contributed to Establishing and Maintaining Israel's Presence in the oPt Since 1967

DCI was launched on May 10, 1951.¹² According to its own public materials, between 1951 and 2017, DCI raised over 40 billion USD in bond investments for the State of Israel.¹³

The Israeli government uses proceeds from Israel Bonds to subsidize its normal operating budget, and DCI often markets Israel Bonds as a way to directly support Israeli military campaigns.¹⁴ During the 1973 Yom Kippur War, Israel Bonds raised \$500 million USD.¹⁵ In 1982, during the First Lebanon War, Israel Bonds ran a campaign in the U.S. explicitly aimed at offsetting war-time expenditures.¹⁶ During Operation Desert Storm in 1991, an Israel Bonds emergency campaign raised \$127 million USD in just two weeks.¹⁷ After the Hamas-led offensive of October 7, 2023, DCI stated that Israel Bonds would go towards funding the Israeli war effort.¹⁸ On its website, Israel Bonds presents a video message from Israeli President Isaac Herzog, in which he "emphasizes the crucial role of Israel Bonds during this time of conflict and war."¹⁹ As part of its latest campaign following the October 7, 2023 attacks, DCI has surpassed \$3 billion in bonds sales in the U.S. as of May 8, 2024.²⁰

The Bank of Israel has stated that Israel Bonds serve as a source of economic stability for the country, especially in periods when the government experiences difficulty borrowing from other external sources.²¹ DCI explains the importance of Israel Bonds on its website stating, "While Israel successfully utilizes public markets for debt financing, it almost certainly would not be able to rely solely on these markets in times of economic or security challenge. Under either of those circumstances, it is more than likely Israel's credit rating would drop, and, as a result, the cost of financing through capital markets could become prohibitively expensive."²²

¹² *A Legacy of Achievement-Historical Timeline*, Israel Bonds, (May 10, 1951-Israel Bonds is Launched).

¹³ *A Legacy of Achievement-Historical Timeline*, Israel Bonds, (2017-Worldwide Sales Exceed \$40 Billion).

¹⁴ *A Legacy of Achievement-Historical Timeline*, Israel Bonds, (1967-The Six Day War).

¹⁵ *A Legacy of Achievement-Historical Timeline*, Israel Bonds, (1973-The Yom Kippur War).

¹⁶ *A Legacy of Achievement-Historical Timeline*, Israel Bonds, (1982-The First Lebanon War).

¹⁷ *A Legacy of Achievement-Historical Timeline*, Israel Bonds, (1991-Operation Desert Storm).

¹⁸ Israel Bonds CEO (@IsraelBondsCEO), *We support the people of Israel, now and always! Israel Bonds has launched an international campaign to raise funds for the Jewish state that is at war. Invest in Israel bonds to provide the nation with financial resources at its darkest hour.* <https://online.israelbonds.com>, X (October 10, 2023).

¹⁹ *A Message From President Isaac Herzog*, Israel Bonds (October 29, 2023).

²⁰ Sharon Wrobel, *Bucking Boycotts, Israel Bonds sells record \$3b since start of Hamas war*, The Times of Israel (April 17, 2024).

²¹ Yehiel Rehavi and Asher Weingarten, *Fifty Years of External Finance via State of Israel Non-Negotiable Bonds*, Bank of Israel (September 06, 2004).

²² *Corporate FAQ's*, Israel Bonds.

Israel's credit rating was indeed downgraded in 2024.²³ DCI further states that if Israel Bonds did not exist, "Attempting to create the Bonds sales and management team during a national emergency for Israel would take at least 18 months due to financial industry regulations and required examinations. Obviously, the idea of Israel trying to withstand an economic and security crisis for 18 months is inconceivable."²⁴

IV. Question 3²⁵

There is reason to believe that the Israeli government uses funds raised through Israel Bonds to directly fund violations of international humanitarian and human rights law and to perpetrate international crimes in the oPt. Because these funds go to the general budget of the State of Israel, the government allocates such funds at its discretion.²⁶ Furthermore, DCI imposes no restrictions on how the Israeli government distributes the revenues from the sale of the Israel Bonds. It also does not require the Israeli government to ensure that these revenues are not used in violation of the laws and regulations in the countries from which the funds were solicited.²⁷

A. *DCI's Funding of Illegal Settlements and Outposts in the oPt in Violation of The Fourth Geneva Convention, The Hague Regulations of 1907, and The Rome Statute of the International Court*

The Israeli government is the largest funder and accomplice of illegal settlements in the oPt, including through indirect financing and material support of violent settlers in addition to direct financing, subsidies, the extensive deployment of security forces, and more.²⁸ The Israeli government funds settlements and outposts, as well as the infrastructure (roads, water, electricity, etc.) to support them, from its general budget each year.²⁹ One way it funds illegal settlements is through the Settlements Division of the World Zionist Congress (WZO), "a semi-government agency whose task is to fund and develop rural Jewish communities both within the Green Line and in West Bank settlements."³⁰ In 2023, Israel allocated \$107 million to the WZO Settlements Division. Demonstrating the organization's direct nexus to globally recognized violent settlers,

²³ [Fitch Downgrades Israel to A; Outlook Negative](#), Fitch Ratings (August 12, 2024); [Moody's Ratings downgrades Israel's ratings to Baa1, maintains negative outlook](#), Moody's Ratings, (September 27, 2024); [Israel Long-Term Ratings Lowers To A From A+ on Heightened Security Risk; Outlook Negative](#), S&P Global (October 01, 2024).

²⁴ [Corporate FAQ's](#), Israel Bonds.

²⁵ Question 3 from [the Special Rapporteur's Key Questions and types of input/comments sought list](#): What is the role played by these entities, particularly PMSC and WM, in **aiding and abetting** violations of international law and potential international crimes in the oPt? In addition, which third country are they affiliated to, if any?

²⁶ See Footnote 5.

²⁷ [U.S.: Investigate Israel Bonds for Failure to Register as Foreign Agent, Potential Sanctions Violations](#), DAWN (April 08, 2024).

²⁸ [War and Annexation: How the Israeli Government Changed the West Bank During the First Year of War](#), Peace Now, (October 13, 2024).

²⁹ See Footnote 28.

³⁰ Jeremy Sharon, ["Budget Dedicating Billions for West Bank Roads Settlements and Illegal Outposts"](#), Times of Israel (May 25, 2023).

the WZO Settlements Division is a signatory to a land allocation contract for Zvi Bar Yosef and Zvi's Farm, which the U.S. sanctioned on March 14, 2024.³¹

Israeli state support for violent settlement expansion also takes more direct forms. As just one example, on February 4, 2024, the Israeli government granted the Ministry of Agriculture funding to finance farm outpost settlements in the oPt, following a 2021 government decision to allocate funds for “rural settlements engaging in significant agricultural activity in areas of National priority.”³² As noted above, funds raised from the sale of Israel Bonds in 2023 are not earmarked and instead go into the general budget of the State of Israel. Ultimately, Israel Bonds cannot affirm or demonstrate that funds raised from U.S. Israel Bonds sales are not being directed toward sanctioned individuals or entities. This is in violation of domestic and international standards of corporate responsibility. In the U.S., for example, an increasing number of companies are creating corporate social responsibility policies, which require businesses to consider social and environmental impacts associated with their practices, including where their money is being used within the supply chain and beyond.³³

This sentiment is echoed in the UNGP, under which businesses have a responsibility “to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts.”³⁴

Israeli settlement farming outposts in the oPt, a preferred tool for expansionist endeavors, are used as a tool of [dispossession](#) and [displacement](#) against Palestinian civilians.

Through its financial support for the State of Israel and in particular through discretionary “coalition funds” that often goes to support illegal settlements in the oPt, DCI is likely directly contributing to Israeli violations—at least those concerning the transfer of civilian populations into occupied territory—as defined in [Article 49 of the Fourth Geneva Convention](#), [Article 55 of the Hague Regulations of 1907](#), as well as contributing to parallel crimes under Articles 8(2)(b)(xvi) and 8(2)(e)(v) of [the Rome Statute of the International Criminal Court](#).³⁵

B. DCI's Funding of Israel's Military Campaign in Gaza in Violation of The Genocide Convention, The Universal Declaration of Human Rights, The International Covenant on

³¹ Simon Lewis and Daphne Psaedakis, [US imposes sanctions on Israeli settlers, two West Bank outposts](#), Reuters (March 14, 2024).

³² [The Government Approved Millions to Farm Outposts](#), Peace Now (May 02, 2024).

³³ Tim Stobierski, [15 Eye-Opening Corporate Social Responsibility Statistics](#), Harvard Business School-Business Insight Blog (June 15, 2021).

³⁴ [Guiding Principles on Business and Human Rights](#), The United Nations Human Rights Office of the High Commissioner.

³⁵ Yulia Nuzban, [For Private or Personal Use: The meaning of the special intent requirement in the war crime of pillage under the Rome Statute of the International Criminal Court](#), International Review of the Red Cross (January 2022).

Civil and Political Rights, The Fourth Geneva Convention, and The International Convention on the Elimination of All Forms of Racial Discrimination

As mentioned, Israel Bonds does not restrict Israel's use of the funds it raises, and the Israeli government does not segregate that funding from any other part of its budget. Since October 7, 2023, DCI has primarily marketed Israel Bonds as war bonds directly supporting Israel's military campaign in Gaza.³⁶ As a result, through its sales of securities that benefit the Israeli military—either directly or by offsetting wartime costs—DCI has likely aided and abetted the crimes and other violations of international law attributed to Israel since October 7, 2023, such as:

- a) [The Genocide Convention](#), in particular the obligations provided under Article I, read in conjunction with Article II, and Articles III (a), III (b), III (c), III (d), III (e), IV, V and VI;
- b) Articles 3, 8, and 9 of [The Universal Declaration of Human Rights](#)³⁷
- c) Articles 6-27 of [The International Covenant on Civil and Political Rights](#)³⁸
- d) Article 33, 42, 49, and 78 of [The Fourth Geneva Convention](#)
- f) Articles 2-27 of [The International Convention on the Elimination of Racial Discrimination](#)

DCI has also likely contributed to both the U.S. and Israel's violation of [the Arms Trade Treaty](#) (violation of Article 7 for the U.S. and violation of Article 6(3) for Israel), of which Israel is a signatory.³⁹ When soliciting U.S. government officials, DCI has stated that the proceeds from Israel Bonds are utilized to reimburse U.S. exports of weapons to Israel.⁴⁰ These weapons are used to commit serious violations of international humanitarian law and international human rights law.⁴¹ Therefore, DCI appears to be contributing to violations of Article 7 of the Arms Trade Treaty. DCI is likely also contributing to Israeli violations of Article (6)(3) of the treaty because it provides Israel funds that benefit the transfer of arms for purposes that violate the Geneva Conventions and that attack civilians.

DCI's funding of Israel's military campaign in Gaza places the corporation in direct violation of Articles II(A)(II)(12-24) of the UNGP.

³⁶ [President and CEO of Israel Bonds, Dani Naveh, on Fox Business's Claman Countdown](#), Fox Business News, (October 2024); *See Exhibit 1* (attached as an addendum to this submission).

³⁷ [Decision of the UN Working Group-Opinion No. 34/2018 concerning Salah Hammouri](#), ¶ 43-44, UN Human Rights Council Working Group on Arbitrary Detention (April 26, 2018).

³⁸ [UN Human Rights Committee: Israel Violates Almost Every Article of the International Covenant on Civil and Political Rights](#), B'Tselem, (August 02, 1998).

³⁹ [Statement by Ms. Michal Maayan, Minister-Counsellor, Deputy Permanent Representative to the Conference on Disarmament](#), Arms Trade Treaty-United Nations, Geneva (August 22, 2023).

⁴⁰ *See Exhibit 2* (listed as an addendum to this submission).

⁴¹ [U.S.-Made Weapons Used by Government of Israel in Violation of International Law and U.S. Law](#), Amnesty International (April 29, 2024).

V. Question 6⁴²

The Internationalist Law Center launched the Break the Bonds-South Florida campaign on May 15, 2024, filing litigation against the Comptroller of Palm Beach County for his illegal \$700 million investment of taxpayer dollars in Israel Bonds.⁴³ The Center will engage in domestic and international advocacy to highlight the improper influence of DCI on U.S. government officials and to create legal precedent that ensures U.S. taxpayer dollars are not being invested in violation of U.S. statutes to fund human rights violations through DCI.

DAWN's strategic advocacy includes congressional, international, and third-state tracks for accountability through policy recommendations, lobbying, and legal communications. DAWN's work relating to the oPt includes demands for increased accountability and restrictions on arms transfers, sanctions recommendations concerning settler violence, arbitrary detention, and punitive home demolitions, as well as international criminal referrals for war crimes and crimes against humanity.

VII. Question 7⁴⁴

One step DCI should take is to register as a foreign agent under the U.S. Foreign Agent Registration Act, because it is fully controlled by the Israeli government, its directors are political appointees of the Israeli government, and it acts to advance the discretionary political interests of the Israeli government, all of which require it to register under the Act.⁴⁵ This would increase transparency around its activities in the U.S. U.S. securities agencies should also investigate whether funds raised by DCI contribute to criminal activities that would preclude the sale of Israel Bonds in the U.S. Finally, measures should be taken that ensure that proceeds from Israel bonds are not used in the oPt or towards any war effort.

⁴² Question 6 from [the Special Rapporteur's Key Questions and types of input/comments sought list](#): What measures have been taken to end private entities' involvement in Israel's activities in the oPt? Please share any examples of **progressive initiatives or actions** that have been taken to address or remedy violations of international law connected to private entities impacting Palestinians' rights in the oPt (this may entail litigations brought forward at both international and domestic levels)?

⁴³ Mike Diamond, [Lawsuit seeks to stop county's purchase of Israeli bonds, saying it violates state law](#), The Palm Beach Post (July 24, 2024).

⁴⁴ Question 7 from [the Special Rapporteur's Key Questions and types of input/comments sought list](#): **What measures could be taken** or can be done differently?

EXHIBIT 1

To view this email as a web page, go [here](#).



**Today on Yom HaShoah,
we hold firm to the promise:
"Never Again."**

Now more than ever, as the horrors of the Holocaust echo in our hearts after the heinous October 7 attacks, we must make the message clear that antisemitism will not be tolerated and **Israel** will not stand alone, defenseless, and unprotected.

The most powerful way you can magnify this message is by investing in **Israel bonds.** Your investment not only yields strong returns but also provides critical funding to keep the Jewish homeland strong and safe.

EXHIBIT 2

State of Israel Bond Offering Subscription Invitation

From: James M. Brooks <james.matthew.brooks@israelbonds.com> Thu, Jan 4, 2024 at 11:59 AM EST (GMT-05:00)
To: Brad Cromes <bcromes@cuyahogacounty.us>

Hello,

We were referred to your office by the State of Ohio Governor Mike Dewine and State Treasurer Robert Sprague Offices.

This is Jordan Brooks from the Development Corporation of Israel (CDI), also known as Israel Bonds. We are an arm of the Government of Israel tasked and authorized to sell the government debts in the United States on behalf of the nation of Israel. We are SEC and FINRA registered.

The state of Israel has launched an international campaign to raise funds for the Jewish state during this time of conflict. You are invited to participate in this issuance. Per both offices, your office is the correct office to contact.

If so, are you the right party, or any of your other colleagues? If so, and you are interested in our present offering, below is the summary of the offering:

Offering Summary:

1. Issuer: State of Israel
2. Title of Security: State of Israel Fixed Rate Bonds (Twelfth Series)
3. Aggregate Principal Amount: \$3,500,000,000 USD
4. Maturity Dates: 1st Calendar day of the month anniversary, as the case may be, of the issue Date of the related Bond
5. Issue Dates: 1st and 15th of each month. To purchase, a subscription must be submitted and accepted in advance
6. Credit ratings of the State of Israel: S & P (AA-), Moody's (A1) and Fitch Ratings (A+)
7. Use of Proceeds: (a) To refund the United States Government for security equipment delivery payment
(b) To cover vendor payment for communication and medical equipment and medical supplies procurement
(c) To fund reconstruction of both healthcare and education facilities impacted by current conflict within the state of Israel