



[Some U.S. Officials' Investing of Public Funds in Israeli Bonds Through Deals Raise Ethics Concerns](#)

Since its establishment in 1951, Israel Bonds has sold bonds to finance government and military assets. The organization is also commonly known as the Development Corporation for Israel, originally having been set up to utilize funds and resources from the Jewish Diaspora within the United States to foster the development of Israel. Historically, the bonds have been portrayed as gifts used for celebrations, yet Israel Bonds has altered its marketing practices, evolving into a vital source of government funding. A recent July 2024 investigation undertaken by the International Consortium of Investigative Journalists (ICIJ) obtained more than 2,000 pages of emails and records which highlight the organization's wide-ranging and questionable efforts to influence U.S. elected officials. This included U.S. public officials being rewarded with private meetings with top Israeli counterparts, as well as lavish events and celebrations. Most concerning, the documents reveal Israel Bonds' extensive attempts to secure U.S. taxpayer money in the form of public investments, which also involved the promoting of pro-Israel messaging and a blurring of the line between public and private business activities. According to experts, the methods that were used to obtain bond purchases – as evidenced in the investigative records – “go well beyond what’s seen as acceptable” behavior.

Israel Bonds has engaged in efforts to support banks and various institutional investors, such as U.S. states and municipalities. Recently in August of 2023, an Israel Bonds executive emailed the Ohio state treasurer's office. The executive attempted to sell \$5 million worth of Israeli bonds, which was agreed to by the treasurer's office, resulting in the state's purchase total reaching \$35 million for the calendar year. Simultaneously, millions of dollars in state funds were appropriated to the bonds purchase by Ohio Republican Treasurer Robert Sprague. Treasurer Sprague also coordinated with the bond seller's business team to participate in a guided trip of Israel in late 2023. Just six weeks following the treasurer's bond purchase, the October 7th Hamas attacks took place, prompting U.S. President Biden and Congress to provide significant funding and military aid to Israel. State and municipal governments also demonstrated their support by investing in Israeli-issued sovereign bonds. Since the events of early October 2023, about \$1.7 billion worth of Israeli bonds have been purchased by U.S. states and municipalities, with various officials on both sides of the aisle proudly displaying their investments. However, during the early stages of the Gaza War, the Financial Times reported that Israel discretely borrowed billions of dollars through the issuing of bonds in private dealings. The stability and reliability of the bonds has been in question as credit agencies downgraded them amidst the conflict, yet it appears as though many U.S. state and local entities were not dismayed by the downgrades.

Furthermore, just a few days following the October 7th attacks, Treasurer Sprague announced that Ohio would be investing an additional \$20 million in Israeli bonds. The Ohio treasurer had a trip planned to Israel in 2023 prior to the Hamas attacks, with elements of his itinerary resembling a luxury vacation. This included staying at a five-star Jerusalem hotel, a gala dinner at a subterranean venue, and a trip to the City of David where he was scheduled to receive an “exclusive tour of places not yet open to the public.” Sprague was also expected to meet with top Israeli politicians, with his office claiming that the trip was going to be paid for by personal funds. Observers have pointed out that Ohio's ethics law forbids public officials from taking substantial gifts from an “improper source,” such as any person or organization “seeking to do business with the agency.” Things of substantial value consist of lavish meals, entertainment activities, and travel to exotic locations, but despite this, Sprague's 2023 financial disclosure

form lists nothing related to Israel Bonds. Additionally, in the state of Florida, the Democratic Chief Financial Officer of Palm Beach County Joseph Abruzzo presented a plan to invest \$160 million in Israeli bonds merely during the month of October, and this past March, the Palm Beach County Board of Commissioners approved a further request by Abruzzo to raise the cap on investments from 10% to 15%. This prompted a group of Americans of Palestinian descent to sue Abruzzo for allegedly investing based on his political and ideological interests.

Typically, government officials are deterred from any actions that may reflect a conflict of interest resulting in the favoring of particular assets, even if they are not the best available investment option. University of Minnesota law professor and former chief White House ethics lawyer in the George W. Bush administration, Richard W. Painter, stated that "These types of practices, the mixing up of the personal and official, seem to go well beyond what's seen as acceptable." The organization Democracy for the Arab World Now (DAWN) submitted a complaint with the U.S. Department of Justice expressing that Israel Bonds was in violation of federal law implemented to monitor foreign influence in U.S. government entities. The fact that a clear correlation can be made between U.S. states who invest in Israeli bonds and those who advocate against investment decisions based on social factors demonstrates how the behavior influences actions and stances. The recent ICIJ discoveries also highlight the glaring clouding of the boundary between private affairs and official public business. Thus, in the aftermath of the ICIJ investigation, Israel Bonds has been engulfed in political controversy. The organization is facing backlash from activists wary of the Israeli government's actions since October 7th. The overwhelming evidence of egregious war crimes and human rights violations committed by Israel has compounded the Israel Bonds controversy. During the course of the preceding months, many have called for the divestment from financial entities that support Israel's destructive efforts in the Gaza War. Oppositionists to the Israeli bond investments justifiably argue that taxpayer dollars should not contribute to foreign war efforts – especially one that has been heavily criticized for its array of human rights violations. The lack of transparency between the dealmakers and the public, coupled with Israel's actions in the Gaza War, raise serious concerns over the unethical conduct and use of taxpayers' dollars.