



Paul Noursi – Co-chair  
Nancy Wein – Co-chair

#### Participating Organizations

American Muslims for Palestine  
Appalachian Peace Education Center  
Arab American Association of Central Virginia  
Community for Justice in Palestine & Israel of the Alliance of Baptists  
Defenders for Freedom, Justice, and Equality  
Israel Palestine Mission Network of the Presbyterian Church - USA  
Jewish Voice for Peace  
National Arab American Women's Association  
New Dominion PAC  
Northern Virginians for Peace & Justice  
Palestinian Christian Alliance for Peace  
Plowshares Peace & Justice Center  
Richmonders for Peace in Israel - Palestine  
Unitarian Universalists for Justice in the Middle East, Northern Virginia Chapter  
United Methodists for Kairos Response  
US Campaign for Palestinian Rights  
Washington Interfaith Alliance for Middle East Peace

*Testimony before the Budget Hearing  
Conducted Jointly by the House of Delegates Appropriations and  
the Senate Finance Committees  
on January 2, 2020*

*My name is James Metz. I am a member of the Virginia Coalition for Human Rights (VCHR). VCHR advocates equal rights for Palestinians, and we protest the intrusion of Israel's government in U.S. politics.*

*On behalf of VCHR, I am protesting the creation and ongoing operations of the Virginia Israel Advisory Board (VIAB), and I ask that funding for this organization be withheld until an independent JLARC study can be conducted into VIAB's operations, and into the legitimacy of VIAB as a state agency.*

*VCHR questions the justification of creating a state agency to represent the business and political interests of the state of Israel, when the Commonwealth of Virginia grants to no other foreign country its own state agency.*

*VCHR questions the legitimacy of VIAB's operations when 1) VIAB exceeds its charter by assuming executive, rather than advisory, powers to arrange funding for Israeli companies to do business in the Commonwealth; 2) VIAB operates independently from the state agencies that have the responsibility for coordinating and overseeing economic development, and 3) VIAB abuses its independence by engaging in conflicts of interest, self-dealing and fraud.*

*My complete statement details the evidence that supports the complaint that VCHR is making with regard to VIAB. I will submit this statement to the Legislative Aides. I am also submitting a book written by Grant Smith, **The Israel Lobby Enters State Government; Rise of the Virginia Israel Advisory Board**, that offers further evidence for withholding funding for VIAB until an independent JLARC study can be conducted.*

# Statement of Complaint

The Virginia Coalition for Human Rights (VCHR) requests that funding for the Virginia Israel Advisory Board be withheld until an independent JLARC study can be conducted into VIAB's operations, and into the legitimacy of VIAB as a state agency.

**I. *VIAB does not function as an Advisory Board as was intended in the legislation creating VIAB***

- A. The Virginia-Israel Advisory Board (VIAB) was established in 1996 “to advise the Governor on ways to improve economic and cultural links between the Commonwealth and the State of Israel”. It was left to agencies within the Executive branch to act on this advice.
- B. The Virginia Asian Advisory Board (VAAB) and the Virginia Latino Advisory Board (VLAB), using as the template the legislation that created VIAB, differ from VIAB in that they advise the governor on issues of concern to Virginia constituents from their respective ethnic groups, and are not dedicated to the economic and political interests of the countries of origin.
- C. VIAB's advocacy on behalf of Israel embroils the Commonwealth in foreign policy debates and human rights controversies as in 2016 when VIAB was named in House Bill 1282 to maintain a blacklist of vendors protesting human rights abuses. (The ACLU and the Virginia Coalition for Human Rights (VCHR) prevailed in opposing this legislation as a violation of a vendor's First Amendment rights).
- D. VIAB provides Israel unique access to, and actively leverages the implicit endorsement by, the government of the Commonwealth of Virginia, by providing VIAB an annual budget and office space in the Pocahontas Building, privileges that no other country enjoys.

**II. *Contrary to its charter, VIAB has become an independent agency pursuing its own economic development projects***

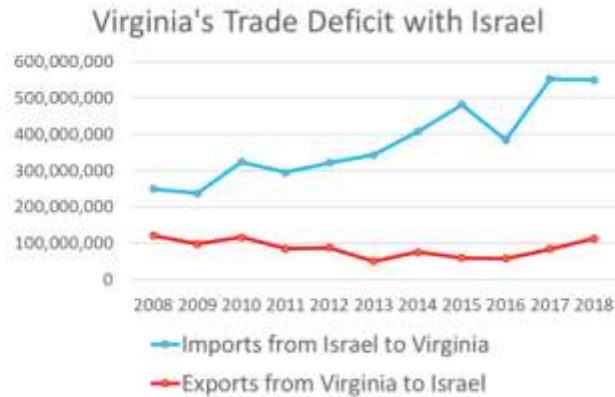
- A. VIAB's mission of “advising the Governor” has evolved into an active role of managing economic development initiatives that advance the business interests of Israel at the Virginia taxpayers' expense.
- B. VIAB's role of managing economic development initiatives competes with the Virginia Economic Development Partnership (VEDP), the state agency with the responsibility to oversee and coordinate economic initiatives, including those involving foreign trade.
- C. VIAB's priorities conflict with the Commonwealth's economic interests such that from 2008 to 2018, Virginia exports to Israel have remained flat, while imports from Israel have more than doubled resulting in a trade deficit with Israel that has increased by 341% over the time period;
- D. A representative poll conducted by VCHR from September 22 to October 4, 2018 showed that of 2,110 Virginians surveyed, a plurality (38.1%) favor ending preferential taxpayer funding for Israeli business ventures.
- E. VIAB's unprecedented campaign during the 2018 General Assembly to have itself reorganized from the Governor's Office to the Legislative Department, a move that the Senate opposed, forced a compromise in conference committee that leaves ambiguous the responsibility for coordination and oversight of VIAB's economic development activities, and its political advocacy.

**III. *VIAB's independence detaches its activities from coordination and oversight, resulting in:***

- A. **Conflicts of interest**, for example:
  - 1. VIAB promotes itself as arranging U.S. partnerships for Israeli defense companies that allow these companies to circumvent the phaseout of the Offshore Procurement provision of the MOU on U.S. military aid to Israel, which was meant to steer military aid dollars to American defense companies.

2. VIAB scours the Commonwealth for opportunities to secure taxpayer-funded grants and loans to enable Israeli companies to set up operations in areas where Virginia companies have already established a market, e.g., helping to set up an Israeli aquafarm in Southwest Virginia to meet a market demand that the employee-owned Virginia company, Blue Ridge Aquaculture, could meet<sup>iv</sup>.
  3. VIAB takes advantage of Virginia's poorest counties by having them cosign tobacco and coal revitalization grants and loans to fund Israeli companies that frequently fail to meet the performance measures of the grants and loans for which they apply, e.g., Greensville County secured loans and grants to build a manufacturing facility for an Israeli company, Oran Safety Glass (OSG), to manufacture transparent armor, which failed to meet the Army's performance measures. OSG's contract with the Army is in doubt, which places Greensville County's budget in jeopardy<sup>v</sup>.
- B. Fraud and self-dealing perpetrated by VIAB personnel, for example**
1. *Lala Korall*, a VIAB contractor paid to research grant and loan programs under the Tobacco Region Revitalization Commission (TRRC), who subsequently became Vice President of Dominion Aquaculture LLC, a subsidiary of AquaMaof International LTD of Israel, and was named as the responsible party for a \$1.5 million Tobacco Region Opportunity Fund (TROF) grant that was awarded to Dominion Aquaculture LLC., for a project that has yet to satisfy the performance metrics, and, through deadline extensions, has avoided a call for repayment of the grant<sup>vi</sup>.
  2. *Aviva Frye*, the SouthWest Coordinator for VIAB, who has used her position on VIAB to lobby on behalf of CadenEnergix (an affiliate of Energix, an Israeli renewable energy company) where Frye also serves as Director of Regulation and Public Relations, has enabled the company to win contracts to build utility-scale projects in Henry and Pittsylvania Counties, Campbell County, Greensville County, and Wythe County while avoiding negative publicity from the parent company's operations in the Occupied Palestinian Territories<sup>vii</sup>.
  3. *Charles Lessin*, the Vice Chair of VIAB, who used his position on VIAB to avoid repaying the \$210,000 balance on a \$565,000 grant his company, Appalachian Biofuels, received from the Tobacco Region Revitalization Commission (TRRC), by working out a deal with Evan Feinman, the Executive Director of the TRRC, to count the performance metrics from grants awarded to VIAB projects as also satisfying the performance metrics of the grant awarded to Appalachian Biofuels—a practice that is prohibited under the provisions of the TROF grant agreement<sup>viii</sup>.

Exhibit II.C



- In 2008 Virginia's imports from Israel were about \$250 million, more than doubling to \$550 million over the next decade.
- During the same period, Virginia's exports to Israel were about \$121 million. Today the number stands at \$113 million, a 6.6% decrease.
- Virginia's 2018 trade deficit with Israel was about \$437 million (The number is imprecise because goods sometimes transit other states).

Office of Trade and Economic Analysis (OTEA), Industry and Analysis, International Trade Administration, U.S. Department of Commerce.  
[State by State Imports from a Selected Market \(Israel\)](#)  
[State Export Data - State by State Exports to a selected market \(Israel\)](#)

Exhibit II.D

### Virginia Israel Advisory Board Campaign

From September 25 through October 5, 2018, the Virginia Coalition for Human Rights (VCHR) chartered an unprecedented state-level public opinion poll. This came after disturbing revelations surfaced about the Virginia Israel Advisory Board (VIAB) from a 2018 Virginia Freedom of Information Act response, which provided VCHR with a collection of relevant documents.

The bar graph below summarizes the outcome of the poll.

Since Virginia had a \$500 million trade deficit with Israel in 2017, Virginia taxpayers SHOULD NOT continue to subsidize Israeli business projects in the Commonwealth.

| Response | Percentage |
|----------|------------|
| Agree    | 38.10%     |
| Neutral  | 32.70%     |
| Disagree | 29.20%     |

Over a third of Virginians (38.1%) favor halting all taxpayer funding for Israeli business ventures in the commonwealth according to a VCHR poll fielded by Google Surveys. 32.7% of Virginians were neutral on the question of discontinuing the subsidies, while 29.2% disagreed.

The poll of 2,110 Virginians is statistically significant with an RMSE score of 5.4% and is available online from Google.

<sup>iii</sup>[9/22/2018 VCHR Virginia Poll on Taxpayer Subsidies for Israeli Companies fielded by Google Surveys](#)

**\$800m of defense contracts shifting from Israel to the U.S. The Virginia Israel Advisory Board is positioning Virginia companies to access them.**



The green area shows the \$800m Off-Shore Procurement (bought in Israel) of the U.S. military aid to Israel that is now committed to a buy-America condition – causing Israeli Defense companies to set up operations in the U.S. The VIAB is working to bring these companies to Virginia.

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- <sup>i</sup> [State by State Imports from a Selected Market \(Israel\)](#)
- <sup>ii</sup> [State Export Data - State by State Exports to a selected market \(Israel\)](#)
- <sup>iii</sup> [9/22/2018 VCHR Virginia Poll on Taxpayer Subsidies for Israeli Companies fielded by Google Surveys](#)
- <sup>iv</sup> [The Israel Lobby Enters State Government; Rise of the Virginia Israel Advisory Board](#), Pp. 100-108
- <sup>v</sup> Ibid., Pp. 70-80
- <sup>vi</sup> Ibid., Pp. 100-108
- <sup>vii</sup> Ibid., Pp. 81-99
- <sup>viii</sup> Ibid., Pp. 13-27