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AP: FBI Sent Hamas Money in Late 1990's

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By JOHN SOLOMON, Associated Press Writer

WASHINGTON - While President Clinton ([news](#) - [web sites](#)) was trying to broker an elusive peace between Israelis and Palestinians, the FBI ([news](#) - [web sites](#)) was secretly funneling money to suspected Hamas figures to see if the militant group would use it for terrorist attacks, according to interviews and court documents.



AP Photo

The counterterrorism operation in 1998 and 1999 was run out of the FBI's Phoenix office in cooperation with Israeli intelligence and was approved by Attorney General Janet Reno ([news](#) - [web sites](#)), FBI officials told The Associated Press.



AFP

Several thousand dollars in U.S. money was sent to suspected terror supporters during the operation as the FBI tried to track the flow of cash through terror organizations, the FBI said in a rare acknowledgment of an undercover sting that never resulted in prosecutions.

"This was done in conjunction with permission from the attorney general for an ongoing operation, and Israeli authorities were aware of it," the bureau said.

One of the FBI's key operatives, who has had a falling out with the bureau, provided an account of the operation at a friend's closed immigration court proceeding. AP obtained and reviewed the court documents.

Arizona businessman Harry Ellen testified he permitted the FBI to bug his home, car and office, allowed his Muslim foundation's activities in the Gaza Strip ([news](#) - [web sites](#)) to be monitored by agents, arranged a peace meeting between major Palestinian activists and gained personal access to Yasser Arafat ([news](#) - [web sites](#)) during more than four years of cooperation with the FBI.

Ellen's FBI handler in the late 1990s was Kenneth Williams, an agent who later became famous for writing a pre-Sept. 11 memo to FBI headquarters warning there were Arab pilots training at U.S. flight schools. The warning went unheeded.

Ellen, a Muslim convert, testified he was taking a trip to the Gaza Strip

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to bring doctors to the region in summer 1998 when Williams asked him to provide money to a Hamas figure.

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Williams wanted "the transfer of American funds to some of the terrorist groups for violent purposes," Ellen testified to the immigration court in a closed June 2001 session.

At the same time, Clinton and his negotiators were trying to reinvigorate stalled Mideast peace talks, an effort that culminated in the Wye Accords in October 1998.

Clinton's national security adviser, Sandy Berger, said in an interview that the White House wasn't informed of the FBI activities. "We were not aware of any such operation," Berger said.

Ellen testified the operation ended abruptly in early 1999 when he and Williams had a series of disagreements over the operation, disputes that began when Ellen angered the FBI by having an affair with a Chinese woman suspected of espionage.

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FBI officials said they tried to get Ellen to end the relationship and his work was terminated for failing to follow rules.

Melvin McDonald, the former U.S. attorney in Phoenix who has championed Ellen's cause, said the FBI's abrupt end to the investigation squandered an important intelligence opportunity.

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"Harry had been a tremendous resource to the bureau," McDonald said. "We did not have that many people like him with connections like that to the Middle East."

Former Senate Intelligence Committee chairman Dennis DeConcini, another Ellen supporter, said Ellen's work could have greatly assisted the FBI.

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"I know some of the wonderful cases and sheer positives the FBI has done. But when it comes to spying and espionage they really screwed up, and I think Harry is one of those cases," the former Arizona senator said.

The Justice Department ([news - web sites](#)) inspector general is investigating some allegations that came to light in Ellen's case, including that FBI agents in sensitive probes moonlighted at private companies that were using FBI assets or investigative subjects to assist their personal interests.

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Ellen, stepson of an Air Force intelligence officer, had worked for U.S. intelligence since the 1970s as an "asset," a private citizen paid to provide information or conduct specific tasks. His work started in Latin America and also involved China and the Middle East.

Ellen, whose step-grandfather was Jewish, converted to Islam in the 1980s and began helping poor Palestinians.

In 1994, he began assisting the FBI Phoenix office, which had become a hotbed of cases involving terrorism and intelligence because of a large, active Muslim population, the proximity to the U.S. southern border and a large concentration of aerospace companies.

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Ellen testified that by 1996 his humanitarian work, monitored by the FBI, had won him unprecedented access to Muslim militants from groups fighting for Palestinian independence, including Hamas.

In a rare meeting Ellen organized, he testified, the major groups

created an informal alliance to ensure safe passage to any foreigner providing humanitarian assistance. Ellen was named a spokesman and met several times with Arafat.

Ellen also created a foundation named al-Sadaqa to further his work by bringing sewing machines, eyeglasses and other assistance to Palestinians.

Impressed by the extraordinary access, Williams insisted the new foundation be funded in part by the FBI, Ellen testified.

In an interview, he said he agreed to help the FBI "not as a snitch but as a good American."

"I agreed to cooperate with the FBI in the facilitation of the peace process that would lead to an independent Palestinian state, stopping the half-century of violent and oppressive occupation," Ellen said.

"During that period of time I never did anything nor would I cooperate in any way to harm the Palestinian or Israeli people."

He testified that Williams provided him between \$3,000 and \$5,000 in the summer of 1998 and instructed him to give it to a Hamas figure named Ismail Abu Shanab, who was killed earlier this year by Israeli forces in retaliation for a Hamas terrorist strike.

"He (Williams) said they (the dollars) would be for terrorist activities," Ellen testified. Abu Shanab distributed the money to Palestinian orphanages and health care facilities, he said.

Ellen testified that Williams told him he hoped the transfer would lead to more money exchanges through terror groups but Ellen refused to earmark money for terrorism. He testified he later learned another FBI operative had offered Hamas and Palestinian figures larger amounts for terrorist attacks.

The court testimony shows Ellen allowed his home, office and car in Arizona to be bugged so the FBI could listen, without a warrant, to visiting Palestinians or Americans if they discussed illegal activity.

The FBI said it commonly uses such recordings. "Consensual monitoring does not require a warrant. In cases where the FBI conducts consensual monitoring, the one party is aware he is being recorded," it said.

One of those to visit Ellen in Arizona was Palestinian Gen. Mahmoud Abu Marzouq, an Arafat ally who oversaw Palestinian civil defense. Marzouq became involved with Ellen's foundation and later wrote a letter praising him.

"The United States will, in my opinion, lose a valuable opportunity for communication in the Middle East if Abu Yusef (Ellen's Muslim name) is further restricted from his honorable efforts for the part of the widows, orphans and handicapped and the elderly in Palestine," Marzouq wrote.

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