

Torn Asunder

Allegations of Fraud And Religious Violence Engulf Hasidic Village

Possible Abuse of Federal Aid Is Investigated in a Town That Brooks No Dissent The Rabbi's Word Is Law

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KIRYAS JOEL, N.Y. — When John Karl rounded the corner of Getzel Berger Boulevard here, he couldn't believe his eyes. Hundreds of men were screaming in Yiddish, holding torches and stoning Yosef Hirsch's house. "It made the hair on my neck stand on end," says Mr. Karl, a volunteer fireman from nearby Monroe, of the 1992 incident.

This ultra-orthodox Hasidic Jewish community was incensed because Mr. Hirsch, a rabbi, had accused the village leadership of abuses of federal programs. It labeled him a "muser," or informer, and hung a 100-foot banner atop the shopping center saying his name "should be banished from the face of the earth."

If the name Kiryas Joel sounds familiar, it may be because the town is the focus of a church-state conflict the Supreme Court is currently reviewing: whether the community's school for the handicapped should be allowed to continue getting federal and state aid as a public-school district. Statistically one of the poorest towns in New York state, the incorporated religious settlement relies heavily on welfare and other state and federal aid.

Under Investigation

But there is another, darker side to this modern-day pilgrim community nestled in rolling hills 50 miles from New York City. Not only are civil liberties apparently flouted, but evidence is accumulating that some of the aid the village depends on may be the product of fraud.

A U.S. Attorney's office is investigating whether federal funds granted Kiryas Joel to build a medical center were diverted for building religious and other projects. State police are trying to determine whether arson was used to cover up such a diversion. The federal Housing and Urban Development Department also is investigating the medical-center funding.

James Kerins, a detective who investigated for the insurer, says, "Whenever we looked into federal and state-agency funding requests for [construction of the medical center], we found either fraudulent applications, overinflation of bills or failure to adhere to policies of grants."

Interviews with current and former residents suggest the village may be misusing other federal programs, such as Head Start. Indeed, HUD is part of an informal federal task force looking into possible fraud in various federal programs by as many as seven Hasidic sects in three New York counties, according to people familiar with the inquiry. Besides HUD, the task force includes the Federal Bureau of Investigation, the Postal Service, the Education Department and the Internal Revenue Service. The counties are Orange, which is the site of Kiryas Joel, plus Rockland and Kings (Brooklyn).

Kiryas Joel is a place given to intimidation. About 300 people out of a total of 12,000 living here have broken away from the sect's iron-fisted leadership, which demands obedience and has warned others not to join the "infidels." Vandals have slashed tires on cars of the breakaway members and stoned their houses by night. By day, hatred has been spewed at them and their children. Fear rules.

"They've taken away our freedom. Everyone is afraid to talk," says Joseph Waldman, a 42-year-old dissident leader who carries a gun because he says he has received death threats. He and others contend town leaders use some of the local rabbinical academy's 800 students as enforcers to frighten and sometimes beat up dissidents. They also claim that village wiretap residents' phones and deny people the right to vote in federal elections.



Joseph Waldman

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"This little community, which was once our sunshine, is now the war zone of the Hasidic world," says a member of the breakaway group, speaking from what he calls a "secure" phone elsewhere.

When approached in his office at the rabbinical academy he runs, the town's religious leader, Rabbi Aaron Teitelbaum, denies instigating any violence. He refers questions about other allegations to Abraham Wieder, Kiryas Joel's deputy mayor, who denies them, saying the breakaway group is conducting "a smear campaign aimed at destroying us."

The deputy mayor — who is also president of the main synagogue and the public-school district and is active in running parochial schools — says Mr. Waldman exaggerates incidents caused by a few youths "who sometimes get out of control."

Kiryas Joel, a village of winding streets and tightly packed garden apartments and two-family homes, is part of the Satmar sect of Hasidim, which preaches strict adherence to Old Testament scripture and has about 100,000 members world-wide.

The town, established in 1977, grew as an extension of the crowded Satmar community in the Williamsburg section of Brooklyn. Its name means Community of Joel, a reference to the late Grand Rabbi Joel Teitelbaum, the spiritual founder of the Satmars here and in Satu-Mare (St. Mary), Romania. He died in 1979.

The Satmars' current head is his nephew, 77-year-old Grand Rabbi Moses Teitelbaum, who in turn is the father of town religious leader Rabbi Aaron Teitelbaum. The grand rabbi declines to be interviewed.

The Satmars shun outsiders and what they view as the corruption of modern society, including television. They essentially follow *shtetl*-like customs of 18th-century Eastern Europe. Married women wear wigs over clean-shaven heads. All females older than five must dress so they are fully covered. Boys and men have locks of hair tangling by their ears. Men dress in black garb, white shirts and wide-brimmed black hats.

Religion and the family are at the heart of Kiryas Joel, where a fire whistle goes off 15 minutes before the Sabbath begins on Fridays. The town has 17 synagogues and numerous yeshivas, or religious schools, as well as ritual bathhouses. At home, only Yiddish is spoken. Some older residents, among them many Holocaust survivors, know little English.

Children abound in Kiryas Joel, in carriages or playing on lawns and sidewalks. About 700 of the village's 1,300 families have eight or more offspring. Town leaders say proudly that there are no truancy, drugs, teenage suicides or out-of-wedlock teen pregnancies. Most youths marry at 17 or 18, with the help of a matchmaker.

Graduates may not go on to secular higher education in pursuit of a career. Many men continue their studies of Scripture instead of working full time. Busloads of other men make a three-hour daily round trip to work in New York City's diamond district.

The Flow of Aid

But for all the sense of community, the town is racked by dissent. It began in the second half of the 1980s, when Grand Rabbi Moses Teitelbaum, over the objections of some, installed his own group of town leaders, including his son, Aaron, as chief rabbi. More trouble flared after the breakaway group set up a rival Satmar school named B'nai Joel, invoking the name of the sect's late founder.

Meanwhile, federal and state funding poured in. Politicians from Gov. Mario Cuomo, a Democrat, to Rep. Benjamin Gilman, a Republican, have been strong supporters. Hasidic leaders are known for delivering a bloc vote. "When you take the [congregation's] free car service to vote," says a woman resident, "the driver gives you a card listing who to vote for."

Allegations Roil a Hasidic Village Origin

While Kiryas Joel receives a minimum of state and federal aid for its overall school program because it is almost totally self-funded by the main Satmar congregation, about three-fourths of the large families in the village get welfare checks, food stamps or Medicaid. Their welfare, food stamps and rental assistance may amount to about \$2 million a year, based on figures from government agencies and a Kiryas Joel social-services official.



Grand Rabbi
Moses Teitelbaum

In addition, the community over the past eight years has received more than \$20 million in state and federal grants and at least \$5 million in loans. This includes funding for housing, Head Start, the public-school district and construction of sidewalks, wells, the medical center and a shopping center.

Some Hasidic sects, including the Satmars, "are savvy at taking advantage of all the social programs available, testing the system to the extreme," says Samuel Heilman, a professor of Jewish studies at Queens College on Long Island. Last October, the U.S. said it would no longer give millions in Education Department "Pell grants" to 21 Satmar and Lubavitch Hasidic schools in New York City and Monsey, N.Y. One stated reason: The schools had defrauded the government by claiming ineligible students.

And in Los Angeles, a federal court convicted Satmar Rabbi Abraham Low in April of conspiracy to launder money. Rabbi Low, who is married to a niece of Grand Rabbi Moses Teitelbaum, will appeal.

Names on the Mailbox

Some ordinary residents of Kiryas Joel also attract suspicion. "There's an awful lot of fraud when it comes to mailboxes and fictitious names in Kiryas Joel," asserts Patrick Burke, postmaster of the town of Monroe, which handles the village's mail. He tells of Social Security checks addressed to slight variations on the same name going to the same mailbox, and evidence of similar ruses for obtaining passports and drivers' licenses.

Mr. Burke notified long-distance phone company Sprint Corp. of apparent fraud when it kept sending 75 unpaid bills (for a total of some \$100,000) to the same handful of post-office boxes established by Kiryas Joel residents, Mr. Burke says. A Sprint security official, John Anninos, says, "The other two long-distance companies also were victimized." Sprint couldn't find enough evidence to bring charges.

Then there is the medical center matter. The basic question being looked into by the U.S. Attorney in White Plains, N.Y., by state police and by HUD is whether federal money meant for the center went for other projects. The partly built center burned in 1990, a month after a HUD inspector became suspicious about delays. The village entity set up to administer the program hasn't returned \$100,000 of HUD funds that HUD has demanded back.

"It was rotten from the get-go," says Zachary Greenhill, a New York lawyer and former prosecutor who fought off Kiryas Joel's \$1.2 million fire-insurance claim on the center, reaching a \$65,000 settlement. He and his investigators found, in a 3½-year probe involving 52 subpoenaed witnesses, that more than \$130,000 of work paid out of the medical-center project account in 1989 and 1990 actually was work on other projects, including a swimming pool for a religious school.

Mr. Greenhill introduced in federal district court in Manhattan a deposition from a contractor saying \$93,000 paid from the medical-center account was for work on a condo project headed by a man named Cheskel Kahan. Mr. Kahan led the corporation set up to oversee medical-center construction, and is also a trustee of the United Talmudic Academy, or U.T.A., which runs religious schools.

One contractor, Joseph Germann of Tri-State Sheet Metal Works in Bloomingburg, N.Y., says that an invoice for his company's "diffusers and air grills" made out to the U.T.A. was later changed by someone to indicate the bill was for the medical center. He says he didn't do any work on the center. And Corrine Tetz of E. Tetz & Sons in Middletown, N.Y., says she "had no idea" that all the concrete her firm delivered for other projects was supposedly for the center.

A Suspicious Fire

"The [medical] project was bled of all its funds for more important projects in the village," wrote a design and engineering firm, Becht Engineering Co. of Liberty Corner, N.J., in a report for Mr. Greenhill. It said the quantity of concrete, lumber and steel bars charged to the medical center far exceeded its plans and what the charred remains of the center showed had been used. HUD rules specify that the bank account for a HUD project, a blend of federal and private funds, can't be used to pay for any other work.

Michael Barnes, then a HUD economic-development specialist, visited Kiryas Joel in March 1990 to find out why construction on the medical center had stopped and to inspect the project's financial records. He was greeted by a low-level clerk who had little information. "I was p— and said I would be back," he says. But a few weeks later, he read about a suspicious fire that lit the skies over Kiryas Joel around midnight on April 21, 1990, destroying the building. State police found empty gas cans and 17 separate spots where fire had broken out.

Besides filing its insurance claim, the village development corporation then sought HUD funding to rebuild the center. And it asked the state health department to continue its preliminary approval for patient reimbursement once a center was built. But a health-department official says, "Our counsel's office is looking into what went on. Any approvals previously given are null and void."

The state police are still trying to solve the arson. A police investigator's report at the time said that "a confidential informant indicated the building was burned at the request of people involved in the construction."

Mr. Kahan, the man who oversaw the medical-center project and to whose condo project Mr. Greenhill says some funds were diverted, declines to comment, saying, "My English is not so good." He refers calls to Meyer Wertheimer, now the village's director of economic development, who says he didn't hold the position then and thus can't answer questions about the project. Deputy Mayor Wieder says, "There was not a single violation."

Some aspects of the Head Start program at Kiryas Joel are questionable as well. Federal rules say that parents of participating preschoolers can't be charged for tuition or food. But one resident says he was sent a tuition bill several years ago for \$80 per month, even though his only child at the time was a preschooler in Head Start. "I asked them, 'How come I have to pay? It's a free program.' And they said, 'Why shouldn't you pay? Everybody has to pay.'"

Charging Rent

Another resident says he pays \$120 a month now for his child to be in Head Start. Once he held back payment, he says, and a person from the U.T.A. called and told him that "if I don't pay, my daughter won't receive a go-in card."

William Goldenburg, director of the village's Head Start program, says: "We never charge a penny; parents know this." He concedes that the names of the program's students show up on tuition bills the U.T.A. sends to families. But he explains that "U.T.A. runs the Head Start lunch program, and their computer must just print out all the names." The Health and Human Services Department is slated to grant the Kiryas Joel Head Start program \$827,435 this year.

Allegations of abuses of low-income housing programs also have turned up, such as in a dispute centering on a complex built with Farmers Home Administration funds. It involves a former tenant, Jacob Weiss, and his ex-father-in-law, David Falkowitz. Sidney Siller, a lawyer for Mr. Weiss, says, "Based on our information, Mr. Falkowitz has rights to a number of apartments and is receiving payment for them."

that, however. He said landlords would be told that they risked excommunication if they rented or sold to someone without permission from the congregation. Any member ignoring that rule "has to be chased as if he were a murderer," the rabbi said.

A year and a half later, a landlord who rented an apartment to the Chaim Hochauer family was beaten at the Kiryas Joel cemetery by more than 20 men, the landlord said in a police report. The Hochauers declined to "apply for acceptance" in the community as instructed in a Dec. 12, 1989, letter from Congregation Yetev Lev D'Satmar, the Brooklyn-based world-wide congregation of the Satmars. Before they moved in, it was known that the Hochauers intended to send their children to B'nai Joel.

An agreement signed by the grand rabbi in June, 1989, with developers says that anyone who builds an apartment "with no exception" must pass along \$10,000 per unit to the congregation for parochial schools. The document called the agreement binding "by the laws of Torah, and also in secular law." Even though Mr. Wieder maintains payment is "voluntary," a 1990 contract proposal from one of the builders for a two-family home Rabbi Hirsch planned to erect indicated he had to pay the \$10,000 per unit. By then, Rabbi Hirsch had been thrown out of the congregation.

Fear and Mistrust

Today, the town is filled with suspicion. Kiryas Joel leaders and dissidents alike ask "who told you that?" before answering a question from a reporter. Some residents say they are afraid to speak openly on the telephone because of a furor two years ago after Rabbi Hirsch's allegations about fraud in the village were taped and made public. Illegal tape recordings of his and other dissidents' phone conversations were sold in some Brooklyn stores for \$2 each. (Rabbi Hirsch says the tape was altered to distort his words.)

State Police Lt. Preston Felton says some residents are afraid to use the village's existing medical offices for fear their records might be made public if they ever got on the wrong side of village leaders.

Mr. Kerins, the detective who investigated the medical-center fire, says the local phone company told him it had found evidence of "looping." When that occurs, someone's supposedly private line can be listened to elsewhere. An official of Highland Telephone Co., which serves Kiryas Joel, declines to comment when asked if it is looking into possible wiretapping. "Totally false," says Mr. Wieder when asked about the wiretapping allegations.

"It's like Russia used to be," says the woman who says she felt intimidated from voting. Her children, who attend the alternative school, are constantly harassed by other youngsters, she says. "I'm afraid to let them play on the street. Other children hit, shout and spit on them from top to bottom."

Her voice shaking, she says she can't afford to move back to Brooklyn. "When we came out here it was so beautiful, the envy of the world. Now it's unbearable."

Such an arrangement would be illegal, says Marlyn Aycocock, an FmHA spokeswoman. People who say they have knowledge of the FmHA program in Kiryas Joel say investors typically make tax-deductible contributions of \$35,000 to \$50,000 per unit to the U.T.A. or a charity of the congregation, entitling them to collect extra rent of up to \$500 a month from low-income tenants. Mr. Wieder calls this allegation "totally false." Mr. Falkowitz denies he owns or collects rents on apartments in the FmHA complex. The FmHA said yesterday that based on reports from its field staff, it is investigating compliance in the Kiryas Joel project under equal-opportunity and other guidelines.

The case before the Supreme Court involves the public-school-district status of Kiryas Joel's school for the handicapped. The town sought the status, contends State School Boards Association chief Louis Grumet, to get aid that could offset some parochial-school costs. Kiryas Joel initially qualified for full or part reimbursement of parochial-school bus transportation and an English-language tutoring program. "The school district is a funding funnel," Mr. Grumet declares.

Replies Deputy Mayor Wieder: "Whoever made those charges is the lowest of low persons."

Voting has been another sore spot. Two years ago, 150 people signed a petition saying violence here "makes it impossible to have free elections" and asking that voting booths be moved away from the synagogue that bans dissident families.

Congregation Yetev Lev, led by the grand rabbi, then wrote to the signers telling them to "repent" and remove their names or face excommunication from the Satmar sect and denial of visiting rights to the Kiryas Joel cemetery. Children of the signers faced expulsion from parochial schools. Most signers removed their names. The synagogue posted the remaining 18 names at a doorway to voting booths in the state Democratic primary in 1992.

A resident whose name stayed on the list says that even though the posting was taken down for the general election, she was afraid to vote. "Hundreds of boys from the rabbinical yeshiva were there to scare you," she says.

Mr. Wieder denies there was any intimidation or fraud and says records show all the dissidents voted. Mr. Waldman says that on voting day, he saw rabbinical students practicing the signatures of former students. The Orange County Board of Elections says it is looking into moving the voting site but sees no reason to act on Mr. Waldman's charges.



Abraham Wieder

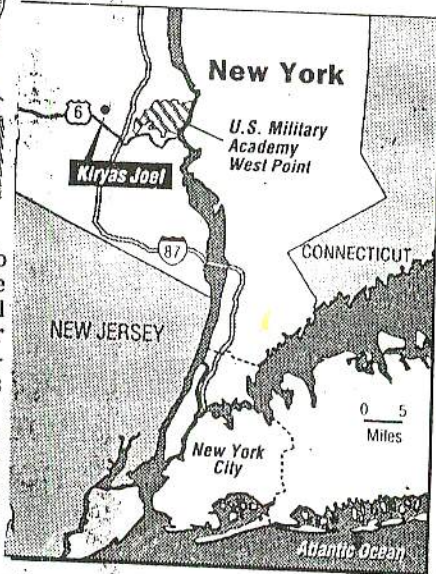
'Hit Him With a Rock'

Just how seriously residents take the grand rabbi's concerns about obedience to his dictates is suggested in a statement given to state police by a rabbinical student in December 1989. The student, Chaim Gottlieb, said he was directed by two men, including Mr. Wertheimer, to "hit Mr. [Samuel] Kaufman in the head with a rock, because he was renting an apartment to Mr. Israel Wiess [sic], whom they did not like."

A supporter of the breakaway school, Mr. Weiss had rented without the approval of Congregation Yetev Lev. The student said Mr. Wertheimer and the other man gave him the stones and then, at 11 p.m., pointed to a bedroom window of Mr. Kaufman's home. The student threw a stone through the window. Mr. Kaufman wasn't hurt. No one was charged with a crime.

Mr. Wertheimer denies he gave any instructions or stones to Mr. Gottlieb. He also contends that Mr. Waldman coerced the student into naming Mr. Wertheimer, and that in return for naming him, the student got the charges against himself dropped. Mr. Waldman rejects the Wertheimer account.

Trouble worsened after Grand Rabbi Moses Teitelbaum ordered his followers in a Passover 1989 speech to shout *Shygets, Aroas!* (Infidel, Out!) at anyone who supported the breakaway school. Mr. Wieder says the grand rabbi was merely trying to "have peace and tranquility by asking people to leave the synagogue who did not respect him." But the speech became a battle cry for the rabbinical students, aged 17 to 19. Reports in the Middletown Times Herald Record tell of harassment, beat-



ings, slashed tires, uprooted plants and smashed windows.

Children of loyal congregation members chanted the words as they taunted, shoved and spit at students of B'nai Joel, the breakaway school. Mr. Wieder says these students brought such action upon themselves by "singing songs cursing the grand rabbi."

Incident in the Cemetery

Rabbinical students went so far as to vent their anger at the widow of Grand Rabbi Joel Teitelbaum. A supporter of B'nai Joel, she arrived about 1 a.m. for her annual vigil of several hours by her husband's grave. According to a petition to Congregation Yetev Lev signed by more than 100 residents, a large group of youths "jumped out yelling and cursing. They threw rocks large enough to kill a person at her, and into the holy shrine, on the very tomb of our holy Rabbi Joel."

Mr. Waldman says he was awakened by the shouts and, after calling the police, raced to the cemetery to find Mrs. Teitelbaum "crying and shivering." The students, who he believes came from the rabbinical academy just behind the cemetery, smashed her car windows, he says. "It looked as if the Nazis had surrounded her," Mr. Waldman says. A state-police report spoke of about 300 youths from the boys' school who wanted "several subjects to leave." It said stones were thrown at three cars, including that of Mrs. Teitelbaum's secretary, Jacob Tiernauer.

Captain James Schepperly of the New York State Police says he is meeting with community factions and "we are making progress." Village Constable Emanuel Farkas contends that state police used to take the dissidents' claims of violence too seriously because one dissident, Rabbi Hirsch, was Kiryas Joel's constable at the time; Mr. Farkas says things have quieted down lately.

But the opposition group's attorney, Michael Sussman, says federal, state and local authorities have underplayed complaints by Kiryas Joel dissidents. "They view this as an internecine religious thing, where siding with one or the other faction is considered inappropriate," he says, adding that he believes the Satmars' voting bloc also is a factor.

In April 1990, after a demonstration at Mr. Waldman's home that broke some windows, a state court ordered village Chief Rabbi Aaron Teitelbaum to show cause why Mr. Waldman and his supporters shouldn't be granted a permanent order of protection. Rabbi Teitelbaum replied that while he was a "witness" at a lawful demonstration, he didn't throw stones or order any thrown. Complaining that "Mr. Waldman has repeatedly denounced me and impugned my religious authority," he nonetheless said he had told congregation members that physical attacks and threats were "not acceptable." Justice Peter Patsalos didn't make the protection order against the rabbi and his congregation permanent but continued a temporary one for several more months.

'Open to All'

Rabbi Teitelbaum says Kiryas Joel is open to anyone, but if individuals want to attend the schools and main congregation they must follow the grand rabbi's wishes. A translation of a speech in Yiddish he made at the main-synagogue social hall on Dec. 31, 1989, seems more restrictive than