# Review of U.S. State Department Grants to OneVoice

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EXECUTIVE SUMMARY

On December 2, 2014, at the urging of Prime Minister Benjamin Netanyahu, the Israeli Knesset voted to schedule new national parliamentary elections for March 2015. Within weeks, an international organization known as the OneVoice Movement absorbed and funded an Israeli group named Victory15 or “V15” and launched a multimillion-dollar grassroots campaign in Israel. The campaign’s goal was to elect “anybody but Bibi [Netanyahu]” by mobilizing center-left voters.1 The Israeli and Palestinian arms of OneVoice, OneVoice Israel (OVI), and OneVoice Palestine (OVP), received more than $300,000 in grants from the U.S. State Department to support peace negotiations between Israel and Palestine over a 14-month grant period ending in November 2014.2 In February 2015, the Subcommittee initiated an inquiry concerning the connection, if any, between OneVoice’s State Department grant funds and V15’s political activity. This report outlines the findings from that investigation.

The Subcommittee concludes:

- OneVoice Israel fully complied with the terms of its State Department grants. OneVoice designed and executed a grassroots and media campaign to promote public support for Israeli-Palestinian peace negotiations for the Department, as it said it would. Under the grant, OneVoice expanded its social media presence, built a larger voter database, and hired an American political consulting firm to train its activists and executives in grassroots organizing methods in support of the Israeli-Palestinian peace process.

- The Subcommittee found no evidence that OneVoice spent grant funds to influence the 2015 Israeli elections. Soon after the grant period ended, however, OneVoice used the campaign infrastructure and resources built, in part, with State Department grants funds to support V15. In service of V15, OneVoice deployed its social media platform, which more than doubled during the State Department grant period; used its database of voter contact information, including email addresses, which OVI expanded during the

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2 See App. 000006 (Letter from PeaceWorks Foundation to the Subcommittee (Mar. 11, 2015)). For clarity, this report uses the term “OneVoice” to describe the OneVoice Movement as a whole—including its parent organization, the PeaceWorks Foundation, a U.S. 501(c)(3) not-for-profit based in New York. We use the terms OVI and OVP to describe actions specific to OneVoice’s Israeli and Palestinian affiliates.
grant period; and enlisted its network of trained activists, many of whom were recruited or trained under the grant, to support and recruit for V15. This pivot to electoral politics was consistent with a strategic plan developed by OneVoice leadership and emailed to State Department officials during the grant period. The State Department diplomat who received the plan told the Subcommittee that he never reviewed it.

- OneVoice’s use of government-funded resources for political purposes was not prohibited by the grant agreement because the State Department placed no limitations on the post-grant use of those resources. Despite OneVoice’s previous political activism in the 2013 Israeli election, the Department failed to take any steps to guard against the risk that OneVoice could engage in political activities using State-funded grassroots campaign infrastructure after the grant period.

**BACKGROUND**

**A. State Department Foreign Assistance Grant Programs**

The State Department supplies foreign assistance through, among other means, direct awards to nongovernmental organizations abroad. Such grants have become “increasingly critical” to the State Department’s mission in recent years. In 2014, the State Department obligated more than $1.8 billion for approximately 17,000 grants and cooperative agreements worldwide. The bulk of the money—nearly $1.6 billion—was awarded to U.S.-based entities, but the vast majority of grants programs (some 13,000 of them) are implemented overseas. The average overseas award for State Department grantees is roughly $15,000.

Federal law and State Department guidance prescribe the requirements and best practices that oversight personnel must follow to safeguard taxpayer dollars and to help prevent waste, fraud, and abuse related to federal contracts and grants. During the timeframe of the OneVoice awards at issue in this report, the State Department grant oversight process was governed by an unconsolidated set of

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4 *See* Email U.S. Dep’t of State, Congressional Advisor, Bureau of Legislative Affairs (figures for fiscal year) (July 1, 2015) (on file with Subcommittee).

5 *Id.*

6 *Id.*

guidance documents called the Grants Policy Directives. The Grants Policy Directives addressed monitoring and mitigation of high-risk grants, grant close-out procedures, and pre-award procedures. On March 15, 2015, following the criticism detailed below, however, the State Department consolidated the Grants Policy Directives into a single, more accessible document for its grant officers.8

Over the past five years, the State Department has been the subject of numerous internal reviews and at least one external audit of the effectiveness of its grant oversight. In response to a request from Senator McCaskill, for example, the Government Accountability Office (GAO) released a detailed audit of State’s internal controls of its grant management in July 2014. Based on a study of more than 61 grants from around the globe, GAO concluded that “State has not consistently implemented the risk analysis and documentation of internal controls required by grants management policies and guidance, a fact that weakens assurance that grant funds are used as intended.”9 Specifically, in more than 80% of the grants reviewed, GAO found that State officials either failed to look for risks at all or skipped “key elements of the risk identification process, such as a review of the recipient’s financial systems and internal controls.”10 GAO further reported that State failed to assess or mitigate the risks of more than half of those grants for which it identified at least partial risk.11 GAO concluded that “grants officials have not adhered consistently to State’s policies about identifying, assessing, and mitigating risks associated with the grants we reviewed.”12 The State Department concurred with three specific recommendations concerning risk assessment, maintenance of required documentation, and status updates regarding grant controls.13

B. Subcommittee Investigation

In February 2015, the Subcommittee initiated an inquiry concerning the connection, if any, between OneVoice’s State Department grant funds and V15’s political activity. The Subcommittee sought to determine whether OneVoice entities—and by extension their 501(c)(3) parent organization, PeaceWorks Network Foundation (PeaceWorks)—participated in political activity in Israel, including through V15, using State Department grant funds.

8 Interview with the U.S. Gov’t Accountability Office (hereinafter “GAO Interview”) (June 4, 2015), see also U.S. Dep’t of State, Office of the Procurement Executive, Federal Assistance Policy Directive (Mar. 15, 2015).
10 Id.
11 Id.
12 Id.
13 Id.
On March 3, 2015, the Subcommittee requested documents concerning any funding provided by PeaceWorks to V15 between July 1, 2013 and the date of the subpoena, as well as any communication between PeaceWorks and the U.S. government concerning V15. On May 22, 2015, the Subcommittee issued requests to the State Department seeking information on State employees involved in the award and oversight of grants to OneVoice entities and any files or communications relating to those grants. The Subcommittee later requested Grants Policy Directives issued by the State Department Office of the Procurement Executive effective during 2013.

The State Department was unable to produce all documents responsive to the Subcommittee’s requests due to its failure to retain complete email records of Michael Ratney, who served as U.S. Consul General in Jerusalem during the award and oversight of the OneVoice grants. The Subcommittee discovered this retention problem because one important email exchange between OneVoice and Mr. Ratney—described in Part III.C—was produced to the Subcommittee only by OneVoice. After conducting additional searches, the Department informed the Subcommittee that it was unable to locate any responsive emails from Mr. Ratney’s inbox or sent mail. Mr. Ratney later elaborated, “[A]t times I deleted emails with attachments I didn’t need in order to maintain my inbox under the storage limit.” There was an option to archive emails to stay below storage limits, but Mr. Ratney stated that he “did not know [he] was required to archive routine emails.”

Beginning in April 2015 and continuing through November 2015, Subcommittee majority and minority staff jointly conducted interviews and briefings with Josh Nerpel, PeaceWorks Executive Director; Michele Dastin van-Rijn, State Department grant officer for the grant to OneVoice Israel; a senior official in the Bureau of Near Eastern Affairs for the State Department, and Mr. Ratney. The Subcommittee also spoke with representatives from the GAO regarding its audit of State Department grant management.

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15 Senate Permanent Subcommittee on Investigations Letter to Secretary John Kerry, U.S. Dep’t of State (May 22, 2015).
17 Call with U.S. Dep’t of State, Bureau of Legislative Affairs (Dec. 18, 2015).
18 Call with U.S. Dep’t of State, Bureau of Legislative Affairs (June 28, 2015).
19 Id.
20 GAO Interview.
C. State Department Grants in Israel and Palestinian Territories

State Department grants in Israel and the Palestinian Territories fall within the purview of the Bureau of Near Eastern Affairs (NEA). The NEA Bureau issued two grants to OneVoice as part of a program titled “Investing in People in The Middle East and North Africa.”\(^{21}\) The program’s stated purpose is “[t]o support programs, projects and activities to include (but are not limited to) cultural, educational, alumni, information and media efforts in the Middle East and North Africa” by focusing on “active promotion of projects which promote mutual understanding and invest in people.”\(^{22}\)

In each of the past five years, the NEA Bureau authorized between $28 million and $36 million in grants and loans in Israel and the Palestinian Territories.\(^{23}\) From 2011 through 2014, combined spending in both Israel and the Palestinian Territories under the Investing in People program ranged from $1.6 million to $3 million annually.\(^{24}\) Funds spent in Israel under the program reached their peak in 2013—the year the OneVoice awards were initially approved. That year “Investing in People” included 16 cooperative agreements in Israel for a wide range of recipients, for a total of $1.4 million; the average award was $75,000.\(^{25}\)

DISCUSSION

The Subcommittee’s investigation concludes that OneVoice Israel complied with the terms of its State Department grants and did not directly use grant funds to influence the 2015 Israeli elections. But as described in Parts IV and VI of this report, within days after the grant period ended, OneVoice deployed the campaign infrastructure and resources created using grant funds to support an anti-Netanyahu political campaign called V15. That use of government-funded resources for political purposes was permitted by the grant because the State Department failed to adequately guard against the risk that campaign resources could be repurposed in that manner—as described in Parts II and IV.

\(^{22}\) Id.
\(^{23}\) USAspending.gov (last visited on June 25, 2015).
\(^{24}\) Investing in People in the Middle East and North Africa spending totals for Israel and the Palestinian Territory by year: $3,123,645 in 2011; $2,381,711 in 2012; $2,726,592 in 2013; and $1,625,534 in 2014. USAspending.gov (last visited June 25, 2015).
\(^{25}\) Id.
I. **OneVoice Israel Fully Complied with the Terms of the State Department Grants**

Over a nine-month period in 2013 through 2014, the State Department disbursed grant funds to OneVoice Israel and OneVoice Palestine, two arms of the “OneVoice Movement” spearheaded by a U.S. nonprofit organization called The PeaceWorks Network Foundation. The OneVoice Movement’s stated aim is to promote grassroots activism among Israelis and Palestinians in support of the two-state solution to the enduring conflict in that region. The purpose of the State Department’s funding was to promote a public-diplomacy campaign in support of U.S.-led peace negotiations. With the help of an American political consulting firm, OneVoice used the money to fund advertising, volunteer recruitment, campus outreach, and the formation of a social media network to promote the two-state solution.

**A. The Grantee**

OneVoice Israel (OVI) and OneVoice Palestine (OVP) are controlled by a U.S. nonprofit organization called The PeaceWorks Network Foundation. PeaceWorks is incorporated in New York as a nonprofit corporation and is recognized as a charitable organization under Section 501(c)(3) of the Internal Revenue Code. Its stated aim is to “amplify the voices of the silent majority of moderates who wish for peace and prosperity” in Israel and Palestine. The “OneVoice Movement” is the “flagship initiative” of PeaceWorks. The stated aim of OneVoice is to “amplify[y] the voice of mainstream Israelis and Palestinians, empowering them to propel their elected representatives toward the two-state solution.” OneVoice’s principal mode of operation has been fostering “grassroots activism”—recruiting and training of activists, hosting public events, and lobbying public officials—in Israel and the Palestinian Territories.

OVI and OVP are separately incorporated as nonprofit entities outside the United States, and each has a board of directors. During the time period reviewed by the Subcommittee, PeaceWorks supervised all significant decisions by OVI and OVP. The OneVoice Movement is PeaceWorks’ main public-facing initiative and brand, and since 2003, PeaceWorks has supplied the vast majority of funding for the OneVoice Movement (including OVI and OVP). PeaceWorks also effectively controlled OneVoice’s budget. PeaceWorks chief financial officer conducted monthly reviews of the OVI and OVP budgets and approved (or disapproved) particular line

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28 App. 000477 (PWF00000916).
29 Nerpel Interview.
With this financial control came considerable control over programming and messaging.\textsuperscript{31}

\textbf{B. OneVoice Grant Proposal and Approval}

OVI submitted its final grant proposal to the Embassy in Tel Aviv on September 13, 2013.\textsuperscript{32} This final application described the goals and mission of the grant, but omitted a costly paid media campaign included in earlier versions of the proposal.\textsuperscript{33} The request detailed how OVI would execute a grassroots campaign in conjunction with Secretary of State John Kerry’s effort to sustain negotiations between the Palestinian Authority and Israel. OneVoice explained it would use the grant money to launch an expansive media strategy, conduct grassroots mobilization, and activate its network of “elite influencers and trusted public figures” to disseminate the message.\textsuperscript{34} While it broadly sketched a messaging and communications strategy, the OneVoice proposal also focused on mobilizing a group of activists to spread and amplify its message—and State agreed that “mobilization” was key.\textsuperscript{35} OneVoice emphasized its plans to expand its social media presence,\textsuperscript{36} train young Israelis and Palestinians through its “Youth Leadership Program,”\textsuperscript{37} and use its existing network of OVI youth chapters as a “springboard” for further grassroots activity.\textsuperscript{38}

The State Department approved the OVI proposal and cooperative agreement in September 2013.\textsuperscript{39} The award authorized spending to “defray the costs of a multifaceted campaign by OVI that will engage Israelis and mobilize them to actively support the resumption of peace negotiations and a two-state solution to the Palestinian-Israeli conflict.”\textsuperscript{40} The grant period called for a campaign that would run from “October 15, 2013 to July 15, 2014, regardless of the outcome of the negotiations that began at the end of July 2013.”\textsuperscript{41} The campaign was to proceed on three parallel tracks described by OVI:

(1) A combination of public relations, advertising, and social media;

(2) A cogent, scalable, and highly visible grassroots campaign; and

\begin{footnotesize}
\begin{enumerate}
\item See Letter from PeaceWorks Foundation to the Subcommittee (Mar. 11, 2015); Nerpel Interview.
\item App. 000009 (PWF00001241).
\item See App. 000012-000073 (STATE000056).
\item App. 000013 (STATE000057).
\item App. 000014 (STATE000058).
\item App. 000020 (STATE000064).
\item App. 000018 (STATE000062).
\item Id.
\item App. 000312 (STATE000327).
\item App. 000439 (STATE000044).
\item Id.
\end{enumerate}
\end{footnotesize}
(3) Through seeding in of elite influencers and respected voices that can reinforce the message and momentum produced by the grassroots and media work. The grant will specifically fund campaign outreach, training for volunteers, campus organizers, and social media platforms and efforts to engage elite opinion makers to advocate for a two-state solution.42

The total grant amount to OneVoice was $349,276.43 Because the grants took the form of cooperative agreements, OVI was required to provide its own funds for some portions of the program, and the State Department was required to be substantially involved. State Department funds helped support a variety of OVI personnel. More than 50% of the U.S. government’s financial contribution went to pay portions of the salaries and benefits of OVI employees and toward payments for grassroots consultants; State Department funds helped pay the salaries and benefits for the executive director, four regional coordinators, grassroots canvassing teams, and data-entry personnel. The four trained regional coordinators “served as field organizers and liaisons, orchestrating the canvassing component of this campaign.”44

In addition, the State Department provided $40,000 to OneVoice to retain a U.S. consulting firm called 270 Strategies to help design grassroots operations for both OVI and OVP.45 OVI explained in its final proposal that “270 Strategies will be hired to train OneVoice Israel staff using their best-in-class metrics-based micro targeting method of grassroots organizing, and tailored to the needs on the ground as dictated and overseen by our Israeli staff.”46

In tandem with the OVI grant, the State Department also provided funds to OVI’s sister organization, OneVoice Palestine. The funds provided to OVP paid for personnel and items similar to those listed above for OVI. OVP submitted its final proposal to the U.S. Consulate in Jerusalem on September 2, 2013 and requested—and received—$115,776 to pay for personnel, two regional coordinators, and data entry support.

42 Id.
43 Id.
44 App. 000024 (STATE00068).
46 App. 000061 (STATE00118).
C. OneVoice Activity Conducted During the State Department Grant Period

OVI's initial goal was to engage 150,000 to 200,000 Israelis through signatures and other calls to action. It greatly exceeded those expectations. OVI's final report to the State Department, on January 30, 2015, reported that it “engaged 345,721 Israelis through online signatures and pledges of support for the movement.” More than 1.3 million Israelis were exposed to OVI's “Peace, It Also Pays Off” media campaign across the country. And the top five social media posts by OVI during the funding period reached over 400,529 individuals. Cumulatively, the campaign and its message reached about 2.14 million people through billboards, advertisements, and news coverage. In addition, OVI hosted a series of “town halls” and “caucus events” featuring prominent Israeli politicians, including Yitzhak Hertzog, leader of the Labor party, and Tzipi Livni, leader of the Hatnuah party. At least one Likud Knesset member also spoke at one OVI event.

OVI also focused heavily on expanding its social media capacity—something both it and the State Department valued. Social media outreach, for example, was included as a key metric for success of the campaign in OVI's proposal. And when State provisionally approved the funding for OVI, “Social Media activities associated with the grassroots campaign” were singled out as a requirement of the grant. For OVI, social media was a way to reach a targeted audience of young people with the Youth Leadership Program and expand its messaging footprint. By the time the grant ended, 58,985 individuals “liked” OVI's Facebook page, representing an increase of 32,334 “likes” since the grant period began.

In September 2014, OneVoice selected a third-party to evaluate its performance under the grant, as required by the State Department. Dr. Maya Kahanoff, a lecturer in the Swiss Center Graduate Program for Conflict Research and Resolution and a research fellow at the Truman Institute for the Advancement of Peace at Hebrew University, submitted a Final Evaluation Report on OVI activities under the State Department grant. The report stated that OVI programs “were valuable for the participants, inspiring them to be actively involved

47 App. 000020 (STATE00064).
48 App. 000082 (STATE00109).
49 Id.; App. 000082-000083 (STATE00109-110).
50 App. 000106 (STATE000146).
51 Id.; App. 000148 (CDP-2015-2-0000610); App. 000151-000159 (PWF00003281-89).
52 App. 000060 (STATE000146).
53 App. 000163 (PWF00001225).
54 App. 000082 (STATE00109).
55 Id.
56 See App. 000115 (STATE000009).
in promoting peaceful resolution of the conflict, specifically the two-state solution.”

The report also stated that OVI activities succeeded in “strengthening the moderate camp—an important goal in itself, considering the increasing burnout and hostility met by peace activists in Israeli society.” The report did not suggest OVI had not met the full expectations of the State Department.

**D. The Role of 270 Strategies**

Before the grant, PeaceWorks leadership expressed concerns about the ability of OVI personnel to plan a sophisticated grassroots organizing campaign. Executive Director Josh Nerpel expressed his “concern[] that there is no one in either OVI or OVP that necessarily knows how to put together a [grassroots] plan like this.” Mr. Nerpel recommended seeking expert help from 270 Strategies, a consulting firm that he considered to be “the best grassroots organizing firm in the United States or anywhere else.” With the State Department’s approval, OVI hired 270 Strategies as its principal consultant for implementation of the grant. The firm would receive $40,000 in grant funds to advise OneVoice, with the vast majority of its services devoted to OVI.

The focus of 270 Strategies’ work for OVI under the grant was twofold: providing grassroots campaign training and advising OVI on the building of an activist/voter contact database. Using the 2012 U.S. presidential election as a case study, 270 Strategies instructed OVI and its activists on the core elements of grassroots organizing. “Well-trained, empowered leaders are the key to success,” the training presentation stated. Central to this training program was learning how to identify and contact a targeted group of citizens, and then motivate them to participate in a specific activity: voting, political canvassing, sharing a message via social media, phone-banking, or other forms of activism. 270 Strategies emphasized the need to focus early on “build[ing] capacity to execute these strategies,” starting with “building and engaging a list of people.”

The firm recommended that OneVoice use the “snowflake” model of organizing, in which each activist “acts as a multiplier” by recruiting, training, and engaging others. 270 noted that, with this model, “[a]ctivity grows exponentially”

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57 App. 000118 (STATE000012).
58 Id.
59 See App. 000165 (PWF00005348).
60 Id.
61 Nerpel Interview. 270 Strategies had no experience working in Israel.
62 Id.; App. 000023 (STATE000067).
63 See App. 000168 (STATE00156).
64 App. 000173 (STATE000161); App. 000164 (STATE000164) (“Core capacity-building”).
65 App. 000172 (STATE00160).
66 App. 000184 (STATE00172); App. 000188 (STATE00176).
in the “months leading up to GOTV [get-out-the-vote].”\textsuperscript{67} Consistent with the snowflake model, the 270 Strategies training program was designed to be taught by OVI employees to existing activists and new recruits within their network. In the first quarterly report, OVI stated that it used the training it received from 270 Strategies to train members of the Youth Leadership Program to further expand their network of engaged activists, particularly college students.\textsuperscript{68}

In addition to providing training, 270 Strategies provided detailed advice to OVI on how to structure and build its grassroots contact database. Mr. Nerpel stated that 270 Strategies “was engaged to do an analysis of the grassroots program to ensure that it was as effective as it could be,” including strategies for “collecting data about supporters.”\textsuperscript{69} Recognizing that “[i]n grassroots organizing, the centralized tracking of volunteers/members is immensely important,”\textsuperscript{70} 270 Strategies wrote a memorandum to OneVoice that presented different software and platform recommendations to store and retrieve OVI and OVP’s data of potential volunteers and supporters. The memo noted that building an effective database, and merging OVI’s and OVP’s existing data into that database, “will give OneVoice the ability to build volunteer profiles to determine who is more likely to take the next step up on OneVoice’s ladder of engagement.”\textsuperscript{71}

Over the course of the grant, relying on 270 Strategies’ advice, OneVoice increased its data collection through those townhalls and other fora. According to OneVoice, these events were used to build voter lists.\textsuperscript{72} In an unsuccessful May 2014 grant application seeking supplemental funds for OVP, OneVoice explained that it uses public events to “build voter registration” and grow its database of activists and supporters.\textsuperscript{73}

The townhalls held during OVI and OVP events were used for this type of recruitment activity.\textsuperscript{74} OVI held seven townhall meetings “from November to December on seven campuses, resulting in the recruitment of 700 students.”\textsuperscript{75} Mr. Nerpel confirmed that throughout the grant period, OVI used “sign up cards that had people’s names and contact information” at its events, and that this information was entered into a central database. It is clear that OneVoice successfully built its contact database during the grant period.\textsuperscript{76} Mr. Nerpel stated that it was OVI’s

\textsuperscript{67} App. 000187 (STATE00175).
\textsuperscript{68} App. 000095 (STATE00135); App. 000109 (STATE00149).
\textsuperscript{69} Nerpel Interview.
\textsuperscript{70} \textit{See} App. 000237-000245 (PWF00022215-00021410).
\textsuperscript{71} App. 000237 (PWF00022215).
\textsuperscript{72} Nerpel Interview.
\textsuperscript{73} App. 000254 (PWF00021578); App. 000258 (PWF00021582).
\textsuperscript{74} \textit{See} App. 0000093-0000098 (STATE000133-00001638).
\textsuperscript{75} App. 000094 (STATE000134).
\textsuperscript{76} \textit{See} App. 000262 (PWF00022106).
plan that the data collected during the grant was “subsequently going to be used for the overall objectives of OneVoice after the grant period ended.”

II. During the Grant Period, OneVoice Crafted a Political Strategy to Defeat the Netanyahu-Led Coalition

The peace talks initiated by Secretary Kerry ended in late April 2014. Shortly afterward—and half-way through the State Department grant period—OneVoice leadership began preparing for the next Israeli election. The Subcommittee’s investigation revealed that, during the grant period, OneVoice developed a political strategy designed to defeat the incumbent Israeli government. That strategy relied on grassroots voter outreach and mobilization using campaign infrastructure built, in part, with State Department funds.

One month after the Israeli-Palestinian negotiations broke down, the CEO of PeaceWorks, former Ambassador Marc Ginsberg, circulated a “roadmap strategy” memo to OneVoice senior leadership. The memo explains that OneVoice has “made substantial progress rebuilding a communications and social media foundation.” It also notes that 270 Strategies “has become an essential partner” by providing “an organizing/advocacy training structure OV has not had in some time.”

270 Strategies’ work for OneVoice had paid dividends, the memo states, in the form of a better trained corps of young activists and a “HUGE Jump in [OVI and OVP’s] social media presence.” The memo calls for expanding OneVoice’s partnership with 270 Strategies to strengthen grassroots organizing capacity, hiring a “politically savvy leader for OVI,” and conducting polling to refine OneVoice’s messaging. According to the memo, those resources would be deployed to disrupt the Netanyahu-led coalition by pushing for the “defection” of “center/center-left political parties.” The “Definition of Success” would be “forcing the [Netanyahu-led] coalition to collapse” and “preventing a right wing coalition from winning the...
next election prompted by the coalition collapse.”

OneVoice refined this strategic plan over the course of several months. By August 2014, OneVoice leadership circulated a revised, “finalized AND APPROVED” strategy memo framed around a top strategic objective:

SHIFT SUPPORT WITHIN THE KNESSET AWAY FROM LIKUD/RIGHT WING COALITION BY ADVOCATING TO ‘SWING’ CENTRIST VOTER’S POLICIES AND SUPPORT POLITICAL CANDIDATES WHO EMBRACE AN EXPEDITED NEGOTIATION TOWARD A [TWO-STATE SOLUTION] AND THE END OF SETTLEMENT EXPANSION.

In an email to OneVoice board members, Mr. Ginsberg noted OVI had already paved the way for this effort by “[o]verhauling our grassroots strategy.” He explained, “we have put in place a new approach that is best-in-class globally” and “allows us to identify key constituencies who are receptive to our message, and rapidly build databases of supporters and potential supporters.” These capacities were built using State Department funds — with no restrictions on how OVI’s grant-funded resources could be used after the grant.

OneVoice leadership recognized as early as August 2014 that “[a]n election in Israel is now scheduled for 2017 but it is clear that this coalition may collapse earlier.” As described by its CEO, OneVoice’s objective was to use its grassroots-

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85 Id.
86 Track 3 proposes that OneVoice prepare a “charter” setting forth terms for a final two-state solution agreement and possibly “[s]ubmit[] the charter to a vote of the Israeli and Palestinian publics.” Unlike Tracks 1 and 2, this proposal did not reappear in future versions of the OneVoice strategic “roadmap” plan. App. 000274 (PWF00021470).
87 App. 000277 (PWF00020780) (capitalization in original). According to a letter from PeaceWorks Foundation counsel, this strategic plan was “rejected” by the PeaceWorks board on October 24, 2014, and Mr. Ginsberg transitioned from CEO to a consultant for the organization. Letter from PeaceWorks Foundation to the Subcommittee (June 28, 2016). However, contemporaneous communications from Mr. Ginsberg indicated that the plan was merely “postponed since the funding needs are too great right now.” He continued, “Nevertheless, [the plan] still remains viable and the fundraising environment will determine its viability.” App. 000468 (PWF00028649). The plan continued to be emailed within PeaceWorks through December 9, 2014. App. 000475 (PWF00030713). OneVoice’s fundraising environment and budget changed significantly after the election was called. See App. 000473 (PWF000014309), App. 000459 (PWF000011653).
88 App. 000288 (PWF00020768).
89 Id.
90 App. 000461 (PWF00026653).
organizing resources to become a decisive influence in the next election.\footnote{Id. (“[OneVoice must be] ready to move voices at that time in a way that can have an impact on political campaigns—OneVoice needs to become not just a social movement but one that compels political change.”).} To be clear, OneVoice’s planned use of its grant-funded resources for political activities was not explicitly prohibited by the State Department’s grant terms. OneVoice’s agreement with the Department did not prohibit it from using tools intended for public diplomacy as political tools after the grant.

III. The State Department Failed to Adequately Guard Against the Risk of OneVoice Using Government-Funded Resources for Political Purposes

The Subcommittee finds that the State Department failed to adequately guard against the risk that resources built with government grants would be deployed for political purposes. Despite OneVoice’s previous political activity in the 2013 Israeli election, the State Department failed to conduct any assessment of the risk that, were an election called, OneVoice would continue its political activities using State-funded resources. Nor did OneVoice’s grant agreements prohibit such involvement. Moreover, the Department did not assess the risks involved in providing funds to OneVoice to create a grassroots campaign infrastructure—including voter contact information, trained networks of organizers and activists, and a social media platform—that might later be converted into political tools.

A. State Department Vetting During the OneVoice Grant Application Process

OneVoice was candid with the State Department regarding its past political involvement. As part of the proposal, for example, OneVoice provided a “Brand & Track Record” section detailing the organization’s prior campaigns and programs, including a section entitled “Israeli Elections & Coalition Formation.” The section detailed how, less than six months before seeking State Department funds, OVI had operated a grassroots campaign in the 2013 Israeli parliamentary elections to help “increase[e] the number of center-left seats in the [Israeli] Knesset”—which it described as one of its “Strategic Milestones.”\footnote{App. 000296 (PWF00025581).}

OneVoice’s track record of involvement in Israeli elections did not deter the State Department from making the grants.\footnote{Dastin van-Rijn Interview.} In a staff briefing, a senior official in the Bureau of Near Eastern Affairs, stated that “it would not be right” for the past
political experience of a possible grantee to be taken into consideration. At the same time, however, the senior official stated that influencing foreign elections is a “red line” that State grantees cannot cross. The senior official stated that grantees are aware of this “red line” because it would be included in the grant contract or cooperative agreement. But no such provision was included in the OVI or OVP agreements with the State Department, and neither agreement contemplated electoral activism by OVI or OVP.

Notwithstanding the comments made by a senior official in the NEA Bureau, in an interview with Subcommittee staff, Ms. van-Rijn indicated that past political experience and political activity is, in fact, taken into consideration when vetting possible grantees. Ms. van-Rijn said that she and her colleagues discussed whether OVI was too far to the “left” to execute the grant’s goals of targeting a broad base of citizens, but saw no “red flags” associated with OVI’s political record. Ms. van-Rijn further stated that her concerns had been assuaged because OneVoice had, in the past, included representatives from all parties, including far-right parties, in policy debates. Ms. van-Rijn stated that she did not believe OneVoice was “party-focused.” Instead, it appears that State’s concerns focused primarily on whether OneVoice actually had the capacity to undertake an ambitious public diplomacy campaign.

Notably, the documents provided by the State Department contain no evidence that any grant officers conducted any risk assessment associated with OVI or OVP. The State Department normally keeps a grant file for each grant or cooperative agreement to document key grant activities, including any risk assessment, risk mitigation plans, monitoring plans, and close-out procedures. The grant files for OVI and OVP provided by the State Department contain no

94 Briefing with a Senior Official, U.S. Dep’t of State, Deputy Assistant Secretary in the Bureau of Near Eastern Affairs (June 6, 2015) (hereinafter “Senior NEA Official Briefing”).
95 Senior NEA Official Briefing.
96 Dastin van-Rijn Interview. Mr. Ratney likewise stated that the State Department would consider the political associations of a prospective grantee and a make a “judgment call” concerning whether it was too political. Interview with Michael Ratney, U.S. Dep’t of State, U.S. Consul General in Jerusalem (Nov. 9, 2015) (hereinafter Ratney Interview).
97 A red flag, in the words of van-Rijn, would be a grantee with an “antagonistic relationship with the government.” Dastin van-Rijn Interview.
98 Id.
99 Id.
100 One former OneVoice employee who worked at the U.S. State Department at the time of the grant proposal wrote to Ms. van-Rijn and other State officials: “[OneVoice] admit[s] they have relatively few Israelis and Palestinian followers on the ground . . . I wonder if this particular campaign has as much to do with raising the profile of OneVoice as affecting the peace process.” App. 000297 (STATE00997).
mention of the risks presented by the grants, including the risk that government-funded campaign resources could be used for overt political activities. Additionally, there is no evidence that any risk mitigation plans associated with the political nature of the grantee’s previous conduct—or any other risks—were designed or implemented.

B. State Department Oversight During the Grant Period

The State Department monitored OneVoice’s compliance with its cooperative agreements during the grant period. OneVoice Palestine’s award specifications stated that the “[U.S.] Consulate and OVP will consult regularly on the development and implementation of the program. OVP will develop procedure(s) for regularly consulting with and providing updates to the Consulate/PD Jerusalem.”102 OneVoice Israel’s award specifications did not contain a clause directing OVI to “consult regularly” on the development and implementation of its program; they did, however, have requirements that OVI submit regular progress reports containing “significant activities of the period and how the activities reflect progress toward achieving goals/objectives” and “any problems/challenges in implementing the program and a corrective action plan,” among other items.103

Accordingly, there were regular meetings between State officials and grantee representatives, including some 26 meetings or events recorded by the U.S. embassy that were held between various officials and OneVoice.104 In one instance, State Department officials expressed concern about the messaging or slogans used by OneVoice. Specifically, OVP’s launch event had used unapproved messaging on banners and other promotional materials, including messages “proclaiming Jerusalem to be the holy capital of Palestine and calling for an end to settlements.”105 In an email to the Executive Director of OVP on December 3, 2013, the Cultural Affairs Officer for the U.S. Consulate in Jerusalem106 restated the ground rules that “the Consulate General has substantial involvement in this project, which includes consulting on and approving youth initiatives and other OVP activities BEFORE they happen.”107 In response, OVP took steps to ensure that future messaging was approved by senior OneVoice leadership and the State Department. In another instance, State officials asked that OVI not include information on a program outside the activities the State Department funded under the OVI grant, related to the Knesset, in its regular reports. When OneVoice started reporting on the Political Watchdog program—which trained activists on

102 App. 000316 (STATE000331).
103 App. 000445 (STATE000050).
104 App. 000320 (STATE000002).
105 App. 000322 (PWF00001593).
106 Id.
107 App. 000323 (PWF00001594).
the Israeli legislative process—in its quarterly reports to the State Department, OVI's Executive Director informed PeaceWorks leadership that State “asked not to be involved in [the Political Watchdog Program], as they cannot take direct steps to influence the parliament of another country. They only want to hear limited reporting on this activity.”  

C. Lack of State Department Response to OneVoice Political Plans Developed During the Grant Period

All three of the State Department officials that the Subcommittee interviewed stated they first learned of OneVoice’s planned political activity when they read news accounts concerning its “partnership” with V15. The Subcommittee asked two State Department officials—a senior official with the NEA Bureau and former Consul General Ratney—what the State Department would have done if, during the grant period, OneVoice had informed State officials that it was planning to launch an anti-Netanyahu campaign to coincide with the next election. Consul General Ratney initially responded that it would have been a “red flag” and State would have stopped the grant if it had known OneVoice was making such plans during the grant period. To do otherwise would have been “crazy,” Mr. Ratney explained, given the State Department’s sensitivities about “messaging.” The senior official in the NEA Bureau responded that State likely would have ended the grant and the decision would have “gone up the chain, likely to the Ambassador.”

The record is clear, however, that OneVoice did inform at least two State Department officials of its political plans, and it did so during the grant period. The Department took no action in response, although it is unclear whether the officials in receipt of the plans reviewed them. In September 2014, three months before the grant period was scheduled to end but after the final payment of U.S. funds to OneVoice Israel on August 25, 2014, Mr. Ginsberg exchanged a number of emails with Consul General Ratney, then the second-highest-ranking American diplomat in the region. In that exchange, Mr. Ginsberg said he was in the process of obtaining final PeaceWorks board approval of a “major strategy directed at centrist Israelis” after “quietly bouncing ideas off a lot of folks, including Martin [Indyk] in its preparation.” Mr. Ginsberg indicated that he did not “expect much help from the USG [United States Government] in its final phase,” but offered to share the

108 App. 000324 (PWF00002756).
109 Dastin van-Rijn Interview; Senior NEA Official Briefing; Ratney Interview.
110 Ratney Interview.
111 Senior NEA Official Briefing.
112 See App. 000331-000333 (PWF00027568-00027570).
113 Id.
strategy “for friendship sake.” Mr. Ratney responded that he would “love to take a look at the strategy.”

The proposal sent to Mr. Ratney, “A Strategic Plan to Mobilize Centrist Israeli & Palestinian,” was the culmination of months of work and presented a “bold and definable” political option to “[l]aunch a major strategic campaign that could shift a key portion of the Israeli and Palestinian electorates in a direction that would marginalize the extremists on either side,” according to Mr. Ginsberg’s email. The proposal outlined the political goals of OneVoice in the next Israeli election, which was yet to be scheduled: “The [center-left] bloc has not been able to unify around a common message, a common agenda, or a strong leader. Our aim is to strengthen the bloc, rather than any one party, [and] in tandem weaken Netanyahu and his right wing parties.” Additionally, the proposal listed seven “Specific Israeli Tactical Objectives.” The second objective was clear: “Shift support within the Knesset from a Likud-centric coalition to a center left coalition through public education and grassroots mobilization initiatives.”

When presented with Mr. Ginsberg’s September 2014 email and “Strategic Plan” during an interview, Mr. Ratney told the Subcommittee that he remembered the email but is “quite sure” he did not read the attachment, nor did he respond to Mr. Ginsberg. (The State Department could not locate any record of Mr. Ratney’s email exchange with Mr. Ginsberg on this issue, but email records produced by OneVoice included no response from Mr. Ratney.) Mr. Ratney also noted that Mr. Ginsberg had sent the email as the grant period was “winding down.”

Mr. Ginsberg also sent an executive summary of OneVoice’s proposed strategy to Frank Lowenstein, then a senior adviser for Middle East strategy who would eventually replace Ambassador Indyk as the Special Envoy for Israeli-Palestinian Negotiations on October 14, 2014. The executive summary provided to Mr. Lowenstein highlighted the three phases mentioned above, including the fact that “270 Strategies has been quietly working with our Israeli and Palestinian staff for over a year to lay the groundwork for this new strategy.” Unlike the complete plan, the executive summary did not mention Prime Minister Netanyahu or any political party by name or outline efforts to defeat the Likud-led government. In

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114 Id.
115 Id. This email chain was not produced to the Subcommittee by the State Department, despite being responsive to the Subcommittee’s document request. The Department later told the Subcommittee it was unable to find the email chain because it was not retained.
116 App. 000336 (PWF00027573).
117 App. 000338 (PWF00027575).
118 App. 000340 (PWF00027577).
119 Id.
120 Ratney Interview.
fact, the summary explicitly stated that “We will not directly support individual candidates or political parties in Israel or Palestine" (emphasis in original).122

IV. OneVoice Engaged in Political Activity After the Grant Period Using Resources Funded in Part by the State Department Grant

After Israeli elections were called following the collapse of peace negotiations, and after the State Department grant period ended, OneVoice shifted its focus to influencing the electoral outcome by working to defeat incumbent Prime Minister Netanyahu. Planning for this effort began during the period when OneVoice was still a State Department grantee. OneVoice did not use State Department funds directly for political activities, or seek State Department grants in anticipation of the Israeli elections, but it did use the campaign infrastructure and resources that it had built, in part, with State Department funds to support a campaign to defeat Prime Minister Netanyahu in the 2015 elections.

A. OneVoice Partnership with V15

As explained above, the State Department made its final payment of grant funds to OVI on August 25, 2014, and the grant period ended on November 30, 2014.123 In December 2014, the OneVoice Movement began managing a grassroots campaign targeting Prime Minister Netanyahu—consistent with the strategic plan prepared and approved by OVI leadership during the State Department grant period.124 The campaign described in this section, known as V15, was designed to weaken the Likud-centered governing coalition and (in the words of OVI’s Executive Director) “to take [Netanyahu] down” in the 2015 elections.125 According to the

123 OVP, however, still had an outstanding payment of nearly $10,000 due from State when elections were called. After additional review, the consulate ultimately decided not to make the final payment to OVP on the ground that certain of its activities did not comply with the terms of the grant. According to the grant officer in an email to OVP’s Executive Director, the consulate had “no record that OVP communicated its activities for fourth quarter (e.g., August 1, 2014 to November 1, 2014), nor were [political department] staff invited to attend any of the activities for monitoring purposes.” App. 000360 (CDP-2015-2-0000745).
124 See App. 000362 (PWF00028801).
125 Ronan Farrow Daily, Interview with Polly Bronstein and Nimrod Dweck, MSNBC (Nov. 7, 2014), http://www.msnbc.com/shift/watch/netanyahu-opposition-interviewed-post-defeat-414929475753 (“We feel that the Prime Minister of Israel is not representing all of Israel; it doesn’t even feel that he is the Prime Minister of all of us and he’s made us more confident that we are continuing this fight of ours to take him down next time.”). Far from disassociating itself with these comments, OneVoice posted this interview on its Facebook page, praising “V15’s historic GOTV campaign.” OneVoice Movement Facebook Page (Mar. 19, 2015), https://www.facebook.com/onevoice.movement/?fref=ts.
State Department grant officer for OVI, Ms. van-Rijn, V15’s political goal was simple: Elect “anybody but Bibi.”

On December 2, 2014, three days after the State Department grant period ended for OVI, the Knesset voted to dissolve the governing coalition and schedule new elections on March 17, 2015. OneVoice promptly sent John Lyndon, the Chief Operating Officer of the OneVoice Movement, to Israel on December 15, 2014, to determine how to execute the strategic plan it had crafted over the past seven months. An immediate challenge was optical: As OVI previously contemplated, its strategic plan “must ... [b]e unveiled in Israel (not the US) as an Israeli-centric plan.” OneVoice decided that the best option would be to partner with a home-grown political movement. Mr. Lyndon reported to PeaceWorks’ leadership that he had discovered a loosely formed group of activists called “V15” or “Victory-2015.” V15’s mission was to replace the Netanyahu government. Specifically, Mr. Lyndon wrote that V15’s goal was “[f]ounding a center-left government” by “pressuring center-left block leaders to prevent them from joining a coalition with the right wing parties headed by Netanyahu and Bennet.” V15 considered itself a “genuine authentic grassroots initiative designed for the sole purpose of replacing the current government with a pro-peace center-left coalition.” Less than a week later, OVI and V15 entered into partnership

128 App. 000373 (PWF00030274).
129 App. 000378 (PWF00015337).
130 See Email from Amb. Ginsberg to Martin Indyk (Oct. 14, 2014) (“If the Plan is going to have any conceivable chance of getting off the ground, it must: Be unveiled in Israel (not the US) as an Israeli-centric plan (if otherwise, it just opens us up to needless Israeli criticism).” App. 000467 (PWF00028797). Further, OVI’s strategic plan written by Mr. Ginsberg stated: “[T]he staff is acutely aware that it must be seen as an Israeli enterprise: MANAGED AND IMPLEMENTED not from foreign shores, but as an indigenous operation.” App. 000340 (PWF00027577) (emphasis in original).
131 In this email, Lyndon provided only a brief summary, stating he “was anxious not to put a lot of sensitive stuff in email, as instructed.” App. 000378 (PWF00015337). Because Lyndon refused to participate in an interview with this Subcommittee, it is unclear what he deliberately left out of the email or who instructed him to remain cryptic. Lyndon also identified other potential partners including Mohammad Darwashe, the Co-Executive Director of the Givat Haviva Institute and the former Co-Executive Director of the Abraham Fund, which also received State Department grants totaling more than one million dollars since 2010. See Grants SNEAAB14GR055 & SLMAQM10GR082.
132 App. 000385 (PWF00002342).
133 App. 000387 (PWF00002344).
through a formal agreement, under which V15 would become a wholly-owned project of OVI.\textsuperscript{134}

Once absorbed by OneVoice, V15 had no further independent organizational existence. There was no legal entity known as V15 in Israel or the United States.\textsuperscript{135} V15 had no separate bank account.\textsuperscript{136} For that reason, donors to V15 had three options: (1) contribute to the PeaceWorks Foundation and earmark that contribution for the V15 effort; (2) contribute to OneVoice Europe and earmark the contribution; or (3) contribute directly to OVI.\textsuperscript{137} Under the terms of the agreement, V15 would bring its five-person staff onto the OVI payroll, and the two erstwhile leaders of V15 would be considered outside consultants to OVI. All employment decisions for the V15 campaign were approved by OVI management. Polly Bronstein, who had taken over as Executive Director of OVI in July 2014, would manage the V15 communications portfolio as well as the political and Israeli partnerships of the campaign. Mara Lee, OneVoice’s International Organizing Director, would oversee V15’s grassroots, voter data, and GOTV efforts. The V15 founder-consultants both reported to Ms. Bronstein and Ms. Lee.\textsuperscript{138}

Despite being an OVI project, V15 would remain a separate brand. Reflecting the concern that the campaign could not be viewed as controlled from outside Israel, the draft agreement stated that OneVoice would not hide its involvement with V15, but “as far as the public is concerned V15 is a separate brand.”\textsuperscript{139} The V15 brand would be retained to “capitalise on the organic, grassroots and dynamic resonance that [the V15 founders] have quickly created.”\textsuperscript{140} The terms of this partnership agreement remained nonpublic until late January 2015, when pressure from the Israeli press forced PeaceWorks and OneVoice Israel to clarify the scope and nature of the V15 partnership to U.S. donors.\textsuperscript{141} The Israeli newspaper \textit{Haaretz} reported that V15 had a clear political aim: “V15 is trying to replace Israel’s government.”\textsuperscript{142}

This campaign was consistent with the strategic plan prepared and approved by OVI leadership during the State Department grant period. While the
Subcommittee has found no evidence that State Department funds were used by OVI *directly* to influence the March 2015 elections, the record shows that OVI used resources built and funded in part by State Department funds during the grant period to support the launch and operation of V15.

**B. OneVoice Continued to Use Resources Built Using State Department Funds**

OVI’s grant period ended on November 30, 2014, two days before the Israeli elections were called. However, the third-party review of the OVI grant required by the State Department concluded that, during the grant period, “foundations were laid for continued activity [by OVI] even after the end of the project—many young people were recruited for further activity, groups of activists were formed, and structures were created for future activities of this kind.” 143 The Subcommittee’s investigation has found that OVI used these “foundations”—including newly trained activists, voter lists, an expanded social media platform, and strengthened grassroots expertise—for the V15 campaign after the grant period concluded. As soon as the elections were called on December 2, OneVoice began deploying the grassroots organizing apparatus that it built substantially with U.S. taxpayer dollars.

*First*, OneVoice’s existing “alumni network” provided activists ready to support and recruit for V15. 144 In a December 22, 2014 email, a 270 Strategies senior manager who consulted for OneVoice during the grant period explained that OVI would “use the activists we have to put out the campaign and giv[e] people call to actions around the campaign, one of which will be joining V15 as an activist.” 145 In several email exchanges, OneVoice recognized that it had previously invested in training people in grassroots mobilization—as the State Department grant required 146—and this was the time to activate them. 147 For example, the founder of OneVoice exhorted senior staff of the organization: “We trained a bunch of people. NOW IS THE TIME TO RECRUIT THEM TO JOIN THE EFFORT!” 148 During an interview with the Subcommittee, Mr. Nerpel stated that he was unaware of any concerns within OneVoice about using activists trained under the State Department grant to support the V15 campaign. 149

*Second*, the V15 campaign used OVI’s database of voter contact information, including email addresses, which OVI expanded during the grant period. As

143 App. 000125 (STATE00019).
144 App. 000379 (PWF00015338).
145 App. 000404 (PWF00012311).
146 App. 000074 (PWF00001036).
147 App. 000412 (PWF00015093).
148 Id.
149 Nerpel Interview.
explained above, during the grant period, OVI routinely collected contact information from Israelis who, for example, attended OneVoice townhalls or made online support pledges, and compiled this information in a voter contact database. OVI reported its collection of this information as evidence of the success of the State Department grant.\textsuperscript{150} In an interview with the Subcommittee, Mr. Nerpel stated that one objective of this information gathering process was not to compile information that could directly affect the next Israeli election; instead, “the objective was that [the names] were used to support the Israeli government and ... the Palestinian government through the Consulate grant to support a two state solution. Those names were subsequently going to be used for the overall objectives of OneVoice after the grant period ended.”\textsuperscript{151} However, when the time came and the election was called, OVI used the same database to disseminate V15 messages calling for “changing the government” and invitations to V15 events.\textsuperscript{152}

The Subcommittee specifically asked Mr. Nerpel whether the voter database built during the grant period was in any way separate from the lists used by V15. Mr. Nerpel answered that his understanding was that there was only “one database” within OVI and “all of the information is fed into the same database,” including “any names that were collected during” the State grant period.\textsuperscript{153} Indeed, one State Department employee on OneVoice’s listserv received V15 emails even though she never signed up for them.\textsuperscript{154} Mr. Nerpel also stated that the database OVI later used during its cooperation with V15 would have included data collected “from 2002 through today.”\textsuperscript{155}

Third, OVI’s social media platform, which more than doubled during the State Department grant period, was also used to advertise V15’s activities. The growth of OneVoice’s Facebook page during the State Department grant was one of its key “Metrics of Success.”\textsuperscript{156} By the end of the grant period, OneVoice boasted the “single biggest pre-existing social media capacity” in Israel.\textsuperscript{157} OVI later used that online presence to promote the V15 campaign, as OVI widely shared V15 Facebook posts on its own page.\textsuperscript{158}

\footnotesize{\textsuperscript{150} App. 000420 (STATE000285). \textsuperscript{151} Nerpel Interview. \textsuperscript{152} Id. \textsuperscript{153} Id. \textsuperscript{154} Dastin van-Rijn Interview. \textsuperscript{155} Nerpel Interview. \textsuperscript{156} App. 000020 (STATE00064). \textsuperscript{157} App. 000433 (PWF00012953). \textsuperscript{158} OneVoiceIsrael Facebook Page, (Mar. 3, 2015), https://www.facebook.com/kol.echad/photos/a.124660947558205.17051.114627791894854/965917796765845/?type=3&theater.}
Finally, throughout the grant period and for two months into the V15 campaign, OneVoice held itself out publicly as a “partner” of the State Department and the U.S. Embassy-Tel Aviv, including on its website and annual reports to donors. On its website, OneVoice noted that its “partnerships reflect[] the validation our work on the ground has received from like-minded organizations.” OneVoice also cited its relationship with State in donor pitches to raise additional funds. In an interview with the Subcommittee, however, Mr. Nerpel stated that “[w]hether the reference to the State Department added credibility in the minds of the donors I don’t know.” After press accounts surfaced about V15’s political activity and its link to a former State Department grantee, the State Department ordered OneVoice to delete U.S. government branding and references from its website and future communications.

As mentioned previously, none of the OVI activity described above was barred by the grant terms set by the State Department. The grant specifications for OVI and OVP did not impose limitations on activity outside the scope and time period of the grants. As Ms. van-Rijn explained, for larger grants the State Department strove to create sustainability for recipient activities beyond the life of the grant. Nor was OVI’s use of resources created or expanded during the grant period a violation of existing State Department policy or regulations concerning investments made with grant funding.

C. PeaceWorks Returned Contributions and Created a New Non-Profit Based on Concerns About 501(c)(3) Funding for Political Activity

From December 31, 2014 to January 29, 2015, PeaceWorks contributed $995,000 to OVI for the benefit of V15 efforts. As news coverage of V15 increased, PeaceWorks became concerned about the U.S. tax law implications of OVI’s political work. PeaceWorks was a 501(c)(3) charitable organization, as required by the State Department’s cooperative agreement. But in December 2014, OneVoice

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160 PeaceWorks had State Department branding on its website, and donor solicitations also highlighted the partnership with State. App. 000434 (PWF000027895) (Amb. Ginsberg wrote, “Can you help me out? Kerry’s staff blessed this as the best communications strategy presented to them. This is serious stuff now.”).
161 Nerpel Interview.
162 See App. 000436-000437 (PWF00000017-18).
163 See App. 000439 (STATE00044).
164 Dastin van-Rijn Interview.
165 See App. 000448 (PWF00009481); Nerpel Interview.
166 “Under the Internal Revenue Code, all section 501(c)(3) organizations are absolutely prohibited from directly or indirectly participating in, or intervening in, any political campaign on behalf of (or
officials discussed “sceptisim that a GOTV effort with this level of messaging specificity RE: center-left could be funded by a 501 c3.”167 In February 2015, PeaceWorks created a new non-profit entity to direct political efforts. On February 3, 2015, Peaceworks Action was incorporated in Delaware and declared itself as tax-exempt under Section 501(c)(4) of the Internal Revenue Code.168

PeaceWorks then shifted money between itself, its new 501(c)(4) entity, and OVI. On February 6, 2015, PeaceWorks informed OVI that it was rescinding all donations since December 2, 2014, “which might have supported foreign political campaign activity.”169 As a result, $995,000 was returned to PeaceWorks. Those funds (and more) were then replenished by the two PeaceWorks entities.170 After the creation of the new 501(c)(4), there were discussions among Mr. Nerpel and 270 Strategies consultants about which entity could properly fund specific activities—such as polling questions and online videos.171 Based on case-by-case determinations made primarily by Mr. Nerpel, PeaceWorks Foundation and PeaceWorks Action each contributed additional money to OVI for the benefit of V15.172 The final budget for all of OneVoice’s projects during the 2015 election included roughly $3 million in 501(c)(3) funds and more than $4 million in 501(c)(4) funds for the benefit of OVI and the V15 initiative.173 To put those amounts in perspective, the total budget for all parties seeking office in the 2015 Israeli elections came to approximately $51 million.174
CONCLUSION

OneVoice Israel’s conduct fully complied with the terms of its agreements with the State Department and governing grant guidelines. The experience under the OneVoice grants, however, reveals the ease with which recipient organizations can repurpose certain public-diplomacy resources for political activities.

The State Department failed to foresee and guard against that risk from the outset. OneVoice was forthright with the Department about its political activity in 2013, and it was also clear that OneVoice would use grant funds to build or enhance resources that might be applied to political activities. OneVoice’s 2013 grant proposal called for using the funds for standard tools of a modern political campaign, including a voter/activist contact database, a trained grassroots network, and a large social media presence. Immediately after the grant period ended, OneVoice deployed those grant-funded resources as part of the V15 campaign to defeat Prime Minister Netanyahu in 2015. Despite the fact that influencing a foreign election is across a “red line” for U.S. grantees,175 all of this activity was permissible under Department guidelines and the terms of the grants.

175 Senior NEA Official Briefing.