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Near East Bank, Ltd., 1938.

THE NEAR EAST BANK, LTD.
PALESTINE

TEL-AVIV
JERUSALEM

March 26, 1938

A. H. SAKIER
AMERICAN REPRESENTATIVE
148 WEST 72ND STREET
NEW YORK, N. Y.

My dear Rabbi Silver:

You probably do not recall my name, although I have come to see you several times in Cleveland (and, if I may go so far back into history, I went to high school with you in Townsend Harris.)

At any rate, I was one of the first group of Keren Ha-Ye-sod 'directors', with headquarters for three years in Rochester and Albany. Now I have undertaken a different responsibility--the sale of \$50,000, and, eventually, \$75,000 more, of the capital stock of this Bank, which is run by the Yemenite Jews in Palestine and caters specially to them.

I feel that you would be interested in knowing of this venture. All that I have been able to learn of the Bank and of the people behind it is of the best. It is endorsed by Miss Szold, by the Mayor of Tel Aviv, and others. And, while I must not use his name, I can tell you that I went down to Washington and discussed the project with Justice Brandeis, who permits me to say to a very limited number of people in private that he is very much interested in this and he encouraged me to make a success of it.


I intend, as part of the program, to try to sell a number of shares, singly, at \$5 each, to young people, in the hope that a fellow who owns a stock certificate for one share of \$5 stock in a Palestine bank, with his name on it, may become Palestine investment-minded for the future. This might be a good way to make birthday, Bar Mitzvah and confirmation gifts. Also I hope that this may lead to the opening of a New York office for the buying and selling of general Palestine securities, so that investors will no longer feel that their money is permanently frozen.

If I can manage it, I shall come to Cleveland and try to sell some of this stock there. I don't know yet. Perhaps you would be kind enough to refer me to someone with whom I could correspond about it before coming, someone who would call together about a dozen business men for me.

I hope to hear from you, and beg to remain,

ahs:mrh

Respectfully,



PROSPECTUS

(Copies of this Prospectus are on file with the Securities and Exchange Commission, Washington, D. C., as well as with the Registrar of Companies in Jerusalem, Palestine.)

The NEAR EAST BANK, Ltd. PALESTINE

Jerusalem
Tel Aviv

Incorporated under the
Palestine Companies Ordinance
of 1929

A. H. SAKIER
American Representative
148 West 72nd Street
New York, N. Y.

The Bank hereby offers for sale in the United States of America 10,000 shares of its registered capital stock at Five Dollars each, this price representing the value of such stock in Palestine currency—One Pound.

With the exception of 200 Founders' Shares originally subscribed for at the rate of One-half Pound each by the directors of the Bank and paid for in cash, the Ordinary shares now being sold are the only class of shares issued by the Bank. The proceeds are to be employed as additional working capital of the Bank. There are no outstanding debentures, no funded debt, no property purchased or to be purchased, nor have any commissions been paid or any stock given to promoters or to anyone else in compensation for services of any kind. There is no material contract entered or to be entered into by the Company except of contracts to be entered into in the ordinary course of the Company's business.

This Bank was taken over in March, 1937, by its present owners, to do a general banking business in Palestine, under the supervision of the Palestine Government. It is a matter of record that no Bank in Palestine has ever failed, with the exception of one bank in Tel Aviv, before the present strict Governmental supervision was organized.

This Bank serves primarily the needs of the Yemenite Jews, a unique section of the population of Palestine. These are Oriental Jews, speaking Arabic, who disappeared twenty centuries ago from the rest of the Jewish people and who were recently "re-discovered" living in the Arab province of the Yemen, at the southern end of the Red Sea. Out of a total of some 72,000, about 27,000 have already returned to Palestine, where they are a valuable, hard-working, highly-respected element of the community; some 11,000 of them are scattered among the colonies, while the rest are in the cities, working as laborers, small tradesmen, chiefly gold- and silversmiths, and artisans. The 45,000 Yemenite Jews still living in the Yemen are enduring a persecution as bitter as that of the Jews in Eastern and Central Europe, and their only hope is that their more fortunate brethren in Palestine will be able to bring them out of the Yemen and into the Holy Land. This Bank will continue to make loans to applicants, principally Yemenite Jews, for the purposes of financing the immigration of relatives and friends now in the Yemen; of enabling them to build small houses (maximum 200 pounds each); of enabling artisans, chiefly gold- and silversmiths, to open small shops; of enabling farmers in the colonies to purchase additional land, livestock, machinery, etc., and of doing a general small-loan business.

These securities have not been registered with the Securities and Exchange Commission because such securities are believed to be exempted from registration. But such registration exemption, if available, in no sense indicates approval by the Commission of the merits of these securities.

The only salvation for any substantial portion of the great masses of European Jews is emigration to Palestine. All other doors are closed to them, and under present conditions those who do not emigrate are doomed to slow but ultimate destruction, accompanied by incredible hardship and degradation.

Immigration into Palestine is determined primarily by the economic absorptive capacity of the country, a principle insisted upon by the Jewish Agency, in order that immigration should at no time be too large to find employment. Every Jew who enters Palestine and who engages in industry or trade

or agriculture prepares the ground for others to enter later, and these in turn, once they are absorbed into the economic structure of the country, make possible the entrance of others. Thus, the most constructive aid that can be given to the Jews now suffering in Europe is to create the maximum number of immigration opportunities for them in Palestine. Banks, which finance this immigration, and which enable immigrants to open small shops, industries, services—to engage in agriculture—to build homes—to bring in relatives—to establish themselves in professions—are of basic importance.

It is therefore correct to say that everyone who, by the help of this Bank, is enabled to become an independent member of the economic structure of the land, becomes a pioneer paving the way for the entrance of other Jews from Europe, who otherwise would have to wait indefinitely for the opportunity to come to Palestine.

The following, all of Tel Aviv and all responsible officers of the United Community of Yemenite Jews in Palestine, are the directors of the Near East Bank, Ltd.:

Chairman ZECHARIAH GLUSKA, president of the United Community of Yemenites, deputy member of the Jewish Agency for Palestine, forwarder and shipper of citrus fruits.

Vice-Chairman HANANIA GRONER, retired merchant.

Secretary ITZHAK HITRON, chief accountant of the Bank.

Members of the Board MENASHE MINEZ, orange exporter.

SHALOM MIZRAHI, cashier of the municipality of Tel Aviv.

ZECHARIAHU AVIGAD SHARABI, merchant.

JOSEPH COHEN, clothing manufacturer.

The Board is now in process of being strengthened by the inclusion of two additional members, one a well-known European Jew now resident in Palestine, the other an American Jew of high commercial standing, resident in the United States.

While the total authorized capital of the Bank is 25,000 Pounds, the directors of the Bank are issuing now the 10,000 One-Pound shares described in this Prospectus, in order to comply with the requirement of the Government of Palestine that this amount shall be in hand by the 15th of June, 1938, as working capital. If this requirement shall not be complied with by the date set, the Bank will automatically lose the right to be known as a Bank, until the requirement is complied with.

Voting rights: Every Founder's Share is entitled to 100 votes at the general meetings of the Company. Every Ordinary Share is entitled to one vote.

Dividends: Dividends are payable to holders of Ordinary Shares only.

Liquidation: In case of Liquidation of the Bank, all assets are divisible pro rata among the holders of the Ordinary Shares.

The Bank has no outstanding debts, no capital assets outside of its working capital, and no royalties, licenses or contingent obligations.

Under the Banking Laws of Palestine, the owner of capital stock in a Bank is under no liability of any kind by virtue of his ownership of such stock. The Laws impose no restriction on payment of dividends to non-resident stockholders, nor on the taking of currency out of Palestine by non-residents.

Plan of distribution of stock in the United States: This stock is to be sold in the United States by the American representative of the Bank by all proper means, through the mails, through investment houses, and through direct sale. A maximum of 16 per cent. of the proceeds of the sales of this stock will be allowed to the distributor, as commission, office and advertising expenses, and other costs in connection with the sales thereof. Arrangements are now being made with a New York Bank to act as depositary for the proceeds of this sale, with a well-known business man as Treasurer.

New York, New York, March 17, 1938.

March 30, 1938

Mr. A. H. Sakier,
148 West 72nd Street,
New York, N.Y.

My dear Mr. Sakier:

Let me thank you for your kind letter of March 26 and for the information which you convey to me with reference to the Near East Bank. I have no doubt that it is a worthy financial enterprise of value to Palestine. I do not, however, approve of your suggestion of putting the sale of stock certificates for the Bank on a basis of an appeal, especially to young people. We have already too many Palestinian projects, especially those in connection with the Jewish National Fund which carries on educational work among young and old. In fact, our communities are pretty well over-run with independent Palestine projects and our people are getting pretty well fed up on this endless solicitation, either for contributions to Palestine by way of the twenty odd agencies already in the field or by way of investment projects. I would strongly suggest that you get in touch with the headquarters of the Zionist Organization of America in New York, the Jewish National Fund and the United Palestine Appeal before you undertake the project which you have in mind.

With all good wishes, I remain

Most cordially yours,

AHS:BK

THE NEAR EAST BANK, LTD.
PALESTINE

TEL-AVIV
JERUSALEM

April 1, 1938

A. H. SAKIER
AMERICAN REPRESENTATIVE
148 WEST 72ND STREET
NEW YORK, N. Y.

My dear Rabbi Silver:

Thank you very much for your letter and your good wishes. I have taken to heart what you have said, which is undoubtedly true, and ~~in one respect~~ I am acting upon one of your suggestions.

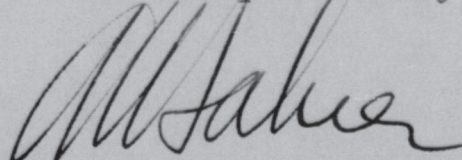
During the eight weeks that have elapsed since I undertook the sale of the stock of this Bank, I have discovered that while there is plenty of willingness on the part of our Zionists, despite all the calls made upon them, to invest in Palestine, and while there is a genuine need, from the point of view of Propaganda, to begin to make inroads upon the newer generation and upon the non-Zionists so that they will become investment-minded, I was going about it not in the easiest and most logical manner. Without the sponsorship of well-known American Jews, it is very difficult to get people to make more than nominal investments in such an enterprise, and there is no reason why any American Jew should give his name to an enterprise, however worthy, if he cannot be in a position to check up on it and to know how it is being run; and that is something which is impossible 9,000 miles away.

Therefore, I have decided that what I have to do is to open in New York an office for the general buying and selling of Palestine securities, and by forming an 'American-Palestine Securities Corporation' with American Jews as members of the corporation, I can then operate on a business basis, selling the securities themselves as merchandise. Now, since such an office cannot possibly be self-sustaining for some time to come, I am taking up with the ZOA and the Keren HaYesod the question of getting some kind of subvention or subsidy against expected earnings. This is a logical plan and this is the time to do it. As one who has schnorred over a million dollars for Palestine, mostly from non-Zionists, I can go out and sell Palestine securities if I can only be sure they are reasonably good securities.

I hope that this idea will prove interesting to you and that I shall succeed in achieving it.

AHS:MRB

Respectfully,



American Palestine Securities Company

63 Wall Street

~~170 Broadway~~

New York, N. Y.

May 7, 1938

A. H. Sakier
Manager

Telephone

Dear Rabbi Silver:

I am sending you this official advice of the actual commencement of this venture, which is, except for a short-lived attempt by Ben Rosenblatt some years ago, the first serious business devoted to the Palestine securities problem.

My chief difficulty, of course, will be to get hold of enough marketable Palestine securities, since the majority of them are at present closely held within Palestine and within the circles connected with the Agency, the Histadruth, and the Anglo-Palestine Bank. Nevertheless, I believe it will be possible to bring out new or additional issues in some volume. At the same time, a free market will develop, so that an American Jew owning Palestine securities and desiring to dispose of them will have a place to come to.

I am convinced that there is much American Jewish money available for investment in Palestine. At present, apart from the PEC, securities are being sold as adjuncts of public organizations; there are 'labor' securities like the 'Nachshon' and the Bank Ha-Poalim, and there are 'orthodox' securities like the Mizrachi Bank. (Incidentally, one of these days the SEC is going to make trouble for some of these organizations that have been peddling Palestine stocks and bonds without the formality of having them registered or exempted by the SEC.

In order to forestall any possible complaint that American money is being drawn out of the country for investment elsewhere, I am emphasizing this point, and I hope that you will agree that it is sound; if it is not, please tell me so, so that I may correct it: One of the important by-products of Zionism and the development of Palestine is that Anti-Semitism will be eliminated in the various countries of the world, including the U.S.A. Since anti-Semitism would be an injurious thing in this country, we who are building up Palestine by investing in it and by creating jobs there for new immigrants are performing an act of high patriotism, in that we are keeping our country ^{free} from something which is hated by Gentile Americans and Jews alike. I know that it should not be said as crudely as that, but I believe it has to be said somehow.

I hope you will follow the progress of this venture with sympathy, and remain,

Respectfully,

AHS:MRB

