



Why NJ Should Divest from Israel Bonds

February 17th, 2026

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Legal Risk

International & Domestic Obligations



Investments contravene international and domestic legal obligations, including principles governing state responsibility, complicity, and duties to prevent and refrain from supporting serious violations of international law.

ICJ & UNGA Resolutions



The ICJ decision and subsequent UNGA resolution expressly call on all third parties “not to recognize as legal the situation arising from the unlawful presence of the State of Israel in the Occupied Palestinian Territory,” “not to render aid or assistance in maintaining the situation,” and to take steps “to prevent trade or investment that would serve to maintain the situation.”

Applicability to State Entities



These obligations extend to state-controlled entities, including pension systems, treasuries, and other custodians of public funds, directing states to take steps to ensure “their nationals, and, as well as their authorities, do not act in any way that would entail recognition or provide aid or assistance in maintaining the situation.”

Break the Bonds NJ Campaign

Campaign Launch

Newark
July 2025

Press Conference
- Trenton -
September 2025

Supporters & Endorsements

Currently, **38** Organizational
Supporters including:

-  Council on American Islamic Relations-NJ
-  Jewish Voice for Peace - NNJ and Central NJ
-  Emgage Action
-  American Muslims for Palestine - NJ
-  Palestinian American Community Center
-  Resistencia En Accion

350+ Individual endorsers



Images from Launch and Press Conference



Near Goals of Break the Bonds

- **Divest from Israel Bonds**
- **Divest from Palantir**
- **Implement and strengthen
ESG standard/law for pension
funds investment**



History of NJ Israel Bond Investment



Israel bonds are direct loans to the Israeli government used to fund its defense forces, weapons, and military operations, explicitly marketed as political and financial support.



Israel is the **ONLY** country in which **NJ** invests in government bonds.



Since 2014, the State has held between **\$20-50 MILLION** in such bonds at any given time (per OPRA request).



\$25.1 MILLION

Current holding, with recent reinvestment in December of 2025.

ICJ



What is different than before?

Since 2024, there have been a series of binding legal and financial developments that change the situation. These include:

1. The International Court of Justice's (ICJ) July 2024 advisory opinion holding that Israel's continued presence in the Occupied Palestinian Territory is unlawful and affirming third-state duties of non-recognition and non-assistance

2. The United Nations General Assembly's (UNGA) September 2024 resolution operationalizing those duties and requiring all states to refrain from actions that sustain the unlawful situation



3. The issuance of International Criminal Court (ICC) arrest warrants for Israel's Prime Minister and Defense Minister for war crimes, including starvation of civilians



4. Successive sovereign credit downgrades by Moody's and Fitch, citing war-related fiscal strain, governance deterioration, and elevated geopolitical risk.



Statutory and Regulatory Framework



Fiduciary Duties (*N.J.S.A. 52:18A-89(b)*)

Duty of Care & Prudence
Duty of Loyalty (Sole Benefit, Impartiality, Oversight)
Duty to Diversify
Independent Duty (*Driscoll v. Burlington-Bristol Bridge Co.*)



Regulatory Framework (*N.J.A.C.*)

17:16-1.3: General Investments
17:16-20.2: International Govt. Obligations
17:16-20.4: Limitations on International Investments



Investment Purpose

Promote Beneficiary & Community Well-being
Socially Productive & Reflect Public Values
Not Just Guaranteed Return

ESG Standard Proposal



Current NJ Policy

- ✓ Current NJ policy permits “human rights” considerations when investing.



Proposed ESG Standard

No investment of public funds in financial instruments of entities that knowingly and over time contribute to severe violations of human rights and international humanitarian law as determined by international legal and humanitarian bodies and conventions, including complicity in killings, physical abuse, displacement, torture, forced labor, human rights violations based on racial, gender or other identity, war crimes, crimes against humanity, apartheid, genocide, ethnic cleansing, and illegal occupation, or evidence complicity with such actions by governments or other parties.

Palantir's Complicity with Israel



Strategic Partnership & Solidarity

October 2023 Palantir entered into a “strategic partnership” with the Israeli Ministry of Defense & held a board meeting in Tel Aviv “in solidarity.”



AI Products & Targeted Operations

Palantir Supplies the Israeli military with at least four of its core AI products which enable targeted killing that have contributed to the bombing of entire families with little or no human oversight.

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Ethical Governance of Public investment



Public funds carry not only financial obligations but also ethical responsibilities. The United Nations Principles for Responsible Investment (PRI) emphasizes that investors should avoid contributing to human rights abuses and thus should avoid investments in companies or governments that perpetuate systemic injustice or violence.



This holds particular true for public fiduciaries.



This is not discrimination against Israel or anti-semitism; we are demanding that the Director and SIC comply with international law as applied to Israeli State conduct.

Financial Risk



Degraded Creditworthiness:
Moody's: Baa1 (Jan. 30th 2026)

Israel's sovereign credit outlook has faced increased scrutiny in light of prolonged military engagement, internal political instability, and growing fiscal pressures. Rating agencies have cited:



Rising defense expenditures



Widening fiscal deficits



Slowing economic growth



Heightened geopolitical risk

Even if default risk remains low, spreads can widen significantly when geopolitical instability increases. For a public pension fund, spread volatility alone presents mark-to-market risk.

Geological Risk

Israel is currently engaged in an active and prolonged regional conflict with uncertain duration and potential for escalation involving multiple state and non-state actors.



Budgetary strain from sustained military expenditures



Capital outflows and currency pressure



Reduced investor confidence



Risk of regional escalation



In modern markets, prolonged conflict can impact sovereign borrowing costs quickly. Bond yields may rise in response to uncertainty, lowering market value of existing holdings.

REPUTATIONAL RISK



POLITICAL & FINANCIAL SUPPORT

Israeli bonds are not passive market instruments; they fund weapons, representing direct political and financial support.



EROSION OF TRUST

This board risks losing trust among NJ beneficiaries and stakeholders. The broader public views these investments as prioritizing political alignment over neutrality and beneficiaries' interests.

POLITICAL RISK



NJ ELECTORAL CONTENTION & OVERSIGHT

The most recent events in our own New Jersey electoral politics have shown that issues, such as support for Israeli policy, are contentious and constituents are demanding legislative oversight.



INCREASED PUBLIC SCRUTINY & RISK

Due to the increase of public awareness on Israel's gross violations of international humanitarian law, Israel bonds have become a more risky investment.



LASTING EROSION OF CONFIDENCE

There will be an erosion in confidence in this board's decision making which will have lasting effects well beyond financial performance.

Conclusion

- ❖ All factors that were discussed create a risk environment in which continued or expanded investment in Israel Bonds is inconsistent with the fiduciary duties of prudence, loyalty, and care owed by public officials, such as the Director and SIC members to beneficiaries of the State pension fund and the public.

