

CADWALADER

SWISS BANKS HOLOCAUST



18835

C-ENG 0076 085

100 Maiden Lane, New York, NY 10038  
Tel 212 504 6000 Fax 212 504 6666  
www.cadwalader.com

January 26, 2004

FEDERAL EXPRESS

Honorable Edward R. Korman  
Chief Judge  
United States District Court of the  
Eastern District of New York  
225 Cadman Plaza East  
Brooklyn, NY 11201

RECEIVED

FEB 02 2004

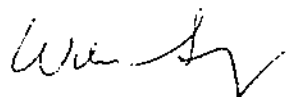
LEGAL SERVICES

Re: Master Docket No. CV.96-4849 (ERK) (MDG) Consolidated with CV-96-5151  
and CV-97-461, In re: Holocaust Victim Assets Litigation

Dear Judge Korman:

In accordance with the discussion which took place at the Court during the summer (with Mr. Gribetz and Professor Neuborne being present), I am pleased to furnish you with a copy of the Research Proposal which we indicated would be submitted. The Research Proposal was prepared primarily by the Syms School of Business of Yeshiva University.

Sincerely yours,

  
William Schwartz

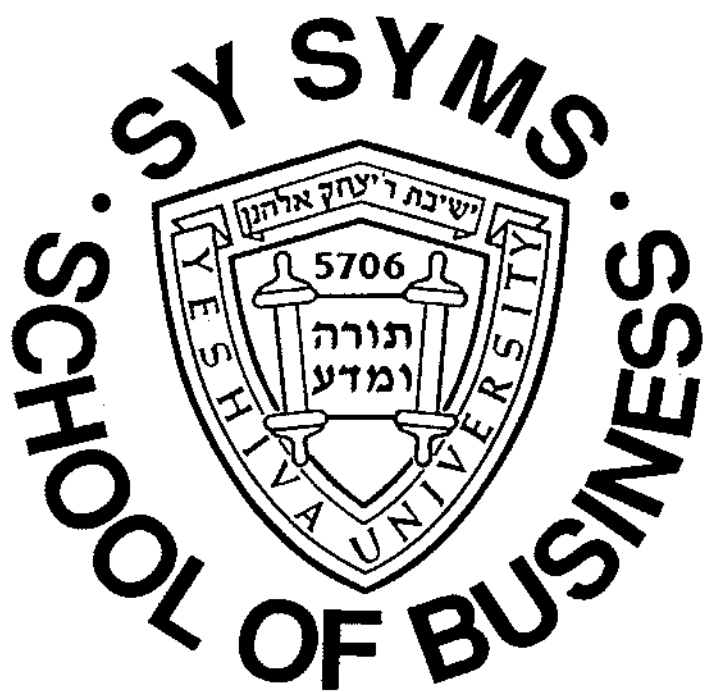
cc: Judah Gribetz, Esq.  
Bingham McCutchen LLP  
399 Park Avenue  
New York, New York 10022-4689

C A D W A L A D E R

Honorable Edward R. Korman  
January 26, 2004

Professor Bert Neuborne, Esq.  
New York University School of Law  
40 Washington Square South  
New York, NY 10012

Holocaust Victim Assets Litigation  
P.O. Box 8300  
San Francisco, CA 94128-8300  
USA



**HOLOCAUST INSURANCE CLAIMS RESEARCH PROJECT**

22 January '04

**HOLOCAUST INSURANCE CLAIMS RESEARCH PROJECT**

**TABLE OF CONTENTS**

	<u>page</u>	
<b>I</b>	<b>Introduction</b>	ii
<b>II</b>	<b>Executive Summary of Research Methodology</b>	1
<b>III</b>	<b>Research Methodology</b>	4
	<b>Objectives</b>	5
	<b>Background. Operating assumptions.</b>	6
<b>IV</b>	<b>Research Team and Process</b>	24
<b>V</b>	<b>Advisory Committee</b>	26
<b>VI</b>	<b>Research Resources and Budget</b>	29

## HOLOCAUST INSURANCE CLAIMS RESEARCH PROJECT

### INTRODUCTION

While in gross, absolute dollar amount, the insurance component of the Swiss Bank settlement represents a relatively small percentage of the award, the economic implications of Holocaust related insurance claims are exponentially greater than the bank deposit element of the settlement. Indeed, even a learned insurance scholar, Professor Joseph Belth, writing in the Insurance Forum (Vol. 25, No. 9, September 1998) understated the potential dollar value of the insurance claims when he observed: "During the Nazi years, some wealthy individuals tried to protect their assets from confiscation by using Swiss bank accounts, and the subject of unclaimed bank accounts has been in the news recently. Life insurance, on the other hand, was considered a way for large numbers of people—including those who were not wealthy—to try to protect their assets. Even if only half the five or six million killed in the Holocaust owned life insurance, even if the average [policy coverage] was for the equivalent of only a few thousand dollars, and even if only a modest interest rate is applied for the more than 50 years that have transpired, the amount involved would exceed \$200 billion. *That figure does not include property insurance claims* [emphasis added], unclaimed bank accounts and other confiscated assets. Also, as discussed later in the article, evidence has come to light recently suggesting that insurance companies conspired with Nazi officials to confiscate the insurance assets of Holocaust victims."

While the \$200 billion figure is substantial, Professor Belth indicates that it may be significantly augmented by the inclusion of other types of insurance claims. In addition, Professor Belth's projection is predicated solely upon an analysis of the value of the benefits under the claims portion of the policies—the pure insurance aspect. It does not take into account the investment aspects of life insurance, including those related to endowment and participating policies. Nor does it take into account the reality that an appreciable number of the insurers were mutual companies and that the policyholders were thus the owners of the companies and all their underlying assets, including, without limitation, stock portfolios, real estate investment, and holdings in business ventures, often located in many parts of the world. Recent experience with demutualization in the United States reveals that policyholders in mutual companies have had their wealth substantially augmented by a conversion of the mutual companies to stock companies which often own global assets. Needless to say, these factors are relevant not only with respect to the value of the companies but also pertinent to jurisdictional matters.

Professor Belth refers to the conspiratorial acts of the companies in confiscating insurance assets. He does not mention another aspect of company actions--there are indications that insurance companies also were knowing conduits for huge amount of other assets which the Nazis had looted. In addition to increasing the monetary culpability of the insurance companies in absolute dollar terms, the egregious nature of the insurance companies' conduct justifies an award for

22 January '04

## HOLOCAUST INSURANCE CLAIMS RESEARCH PROJECT

exemplary or punitive damages in a multiple amount which is many times greater than the already substantial dollar value, in absolute terms, of the confiscated and looted assets.

Furthermore, Professor Belth concedes that his method of valuing the loss of benefits under the policies by adding "only a modest interest rate" factor is conservative. These companies, be mutual or stock in nature, used the amounts, which should have been paid to victims or their heirs, to expand their insurance and re-insurance businesses throughout the world, to augment their equity and realty portfolios and to invest in unrelated businesses domestically and globally. These companies have been unjustly enriched at the expense of the victims who should be able to obtain restitution by tracing their funds and recapturing their wealth in the present forms at the present values.

Thus, we respectfully submit that the \$100 million insurance component of the Swiss bank settlement is merely the smallest tip of a gargantuan iceberg, which potentially dwarfs the bank deposit component of this settlement.

The pursuit of these remedies is of great societal importance for a number of reasons, including:

1. Holocaust victims should have their rights and interests vindicated and redressed;
2. Outrageous and egregious conduct should be punished;
3. Civilization will be advanced by the establishment and preservation of the historical truth; and
4. A significant portion of society's total current wealth and economic resources may have been derived from these claims.

We realistically recognize that the ultimate attainment of most of these goals may require the ability to obtain jurisdiction over the culpable insurance companies. We believe that the fruits of the proposed research endeavor will include valuable data gleaned from the financial histories of the companies with respect to asset ownership and location and business practices (including re-insurance), which may become a basis for the assertion of jurisdiction. Furthermore, a critical examination of re-insurance policies may reveal the presence of contractual language in the policies permitting direct actions against companies which are subject to United States jurisdiction.

## HOLOCAUST INSURANCE CLAIMS RESEARCH PROJECT

### EXECUTIVE SUMMARY OF RESEARCH METHODOLOGY

Evidence indicates that the economic impact of the insurance-related claims of Holocaust victims, taking into account life insurance claims, property insurance claims, a reasonable compounded interest rate for the more than sixty years which have passed, gains arising from demutualization in important instances which were not paid to the Jewish owners, plus some level of exemplary damages to punish the cynical, deliberate cooperation with the Nazis and the conspiracy (continued after the Nazi era) to confiscate and steal the insurance-related assets of Holocaust victims, would exceed \$200 billion and could easily be \$500 billion. In that economic context, the objectives of the Holocaust Insurance Claims Research Project (the "project") are:

1. To trace insurance-related assets which were stolen and/or robbed and/or extorted from Jews during the Holocaust, where the existence and the value of those assets has been concealed from their original owners or their survivors or heirs.

2. To make a preliminary evaluation of the magnitude of insurance-related assets which were stolen and/or robbed and/or extorted from Jews during the Holocaust, where the existence, and original value of those assets has been concealed from their original owners, their survivors or their heirs. Where readily feasible, to also find out about valuable spin-offs from such initial assets, and provide the knowledge base which will permit calculating the updated amount of the damages to be awarded and also the amount of exemplary/punitive damages to be awarded.

3. To permit assertion of US jurisdiction over the insurance companies (and their successors in interest) involved in mulcting the Jews, and to permit assertion of US jurisdiction over the insurance-related assets involved (including assets obtained/purchased with the proceeds of wrongfully acquired assets), with the objectives of obtaining more information regarding additional assets to be recouped, of securing additional victim compensation for the wrongs inflicted and the assets improperly taken, and of ensuring that (to the extent possible) payments are directed to the proper parties.

Based upon the past performance of German and Swiss banks, of German industrial firms, and of German, Swiss, Italian and other insurance companies, as well as the self-interest of the insurance companies and their directors and officers, we anticipate little or no true cooperation from the insurance carriers (whether stock based or mutual) who were involved in pillaging the Jews of their insurance-related and other assets. Records may not be provided at all, on the grounds that they never existed or that they were accidentally destroyed by war or were deliberately destroyed in the ordinary course of business (*i. e.*, purging obsolete files) or only portions of records may be provided. Accordingly, a substantial portion of the research effort will be devoted to:

1. Locating sources of information regarding Jewish insurance-related assets which are not under the control of parties who could benefit (or who might have

22 January '04

- benefited) from concealment of those assets from their Jewish rightful owners.
2. Locating sources of information regarding Jewish insurance-related assets which are not under the control of parties known to be actively anti-Jewish.
3. Locating alternative, independent sources of information regarding those assets.
4. Cross-checking the information obtained from one source with information obtained from another, independent source.
5. Building a case (or cases) that will be credible from a public relations viewpoint and capable of withstanding legal challenges.
6. Locating sources of information regarding the existence and original ownership of Jewish insurance-related assets and additionally regarding the value of those assets when they were pillaged from their Jewish owners, and their probable updated value today.

In setting the methodology of the research project, we have taken into account that the insurance industry is large, with many billions of dollars in assets, trillions of dollars in risk coverages, and millions of employees and economic dependents; that it is structurally complex, with players, ranging from the small two-person insurance broker office to the multi-billion major insurance firms and groups of companies (often referred to as fleets); that it is operationally complex, with its own jargon, its own legal concepts ("utmost fair dealing") and mathematical aspects (actuarial); that it is not well understood even by most insiders (including very successful brokers and mid-level executives of insurance companies); that it is an international industry and the players are often inter-related, even where initially only one country's nationals seem to be involved, because of investments (which are often international, despite rules which on their face forbid non-local investments) and because of risk-sharing via international re-insurance contracts (often called treaties) and retrocession agreements (basically, the further sharing/spreading of risks between re-insurance companies); that it is politically powerful; and that it is very information intensive, because its contracts/agreements may run over several generations and produce voluminous related files and records. The complexities and political power issues which arise from the insurance aspects of the insurance industry are added to by complexities and political power issues which result from the investment aspects of the insurance industry, which has sometime been referred to as "the hidden/underground banking system." There are also substantial cross-holdings, some obvious and some requiring research to uncover, between various insurance firms, including ties in the same investees. These ties are not inherently objectionable, but they permit obfuscation, as well as encouraging a community of interest in hiding the existence and value of the insurance-related assets pillaged from/owed to their Jewish original owners and/or their survivors or heirs.

To obtain the information needed to accomplish the aims of the project, we will focus on the following data sources and utilize them as explained in detail in the body of this memorandum:



22 January '04

- A. Reports, manuals and computer data bases of the US-based insurance industry and financial industry data sources—A.M. Best, Moody's and S&P.
- B. Company histories of major German, French, Swiss, Swedish, and Italian property and casualty, life and re-insurance companies/groups, preferably in English (if obtainable). Also, such histories of the major US and UK insurance companies/groups which had operations in Continental Europe prior to World War II, or had re-insurance operations. Also, biographies of board members, high-level executives, founders and large holders of major German, French, Swiss, Swedish, and Italian property and casualty, life and re-insurance companies/groups, in English (if obtainable) and of major US and UK insurance companies/groups which either had operations in Continental Europe prior to World War II, or had re-insurance operations. If such materials are available in English, translators or highly-skilled readers will be selectively utilized.
- C. Information forms and returns/reports filed with insurance industry groups and/or associations in the US, the UK, Germany, France, Italy, Norway, Sweden, Switzerland, Belgium, the Netherlands, and other European countries during the years of interest (primarily 1900 to 1950) by their members. Such associations also include Lloyds of London. Also, information forms and returns/reports filed with the regulatory bodies/government departments in the same countries, which regulated the insurance industry during the years of interest (primarily 1900 to 1950).

These will be supplemented with:

- 1. Special-purpose reports/returns filed with investigating committees, commissions, and similar bodies.
- 2. Archived copies of German documents such as the Returned German Archives (in the National Archives in Washington, D.C.) and the materials in the State Institute for War Documentation (Rijksinstituut voor Oorlogsdocumentatie or RIOD) in Amsterdam, the Netherlands.

For reasons set forth at greater length in the body of the memorandum, we believe that the above listed steps will permit the project to obtain information about Jewish insurance-related assets most expeditiously and with least cost by heavily utilizing US-based information sources and taking advantage of the information available from re-insurance companies; identify the best/most likely candidates among the insurance companies; permit substantial cross-checking and verification of data in a manner credible to third-parties; and provide the opportunity to determine which insurance firms are likely to be subject to US jurisdiction.

We believe the project can be completed in 30 to 36 months and at a cost of about \$8.2 million. Suitable milestones will be set to monitor progress in achieving the project's objectives. If the project generates more information/leads/recovery opportunities than initially anticipated, the project and the budget can be expanded as appropriate.

## HOLOCAUST INSURANCE CLAIMS RESEARCH PROJECT

### RESEARCH METHODOLOGY

The economic implication of the Holocaust related insurance claims is very large. A learned insurance scholar, Professor Joseph Belth, writing in the Insurance Forum (Vol.25, No. 9, September 1998), observed: "during the Nazi years, ...[l]ife insurance...was considered a way for large numbers of people—including those who were not wealthy—to try to protect their assets....[T]he amount involved would exceed \$200 billion. That figure does not include property insurance claims...and other confiscated assets. Also,...evidence has come to light ...suggesting that insurance companies conspired with Nazi officials to confiscate the insurance assets victims." While the \$200 billion figure is substantial, it should be augmented by the inclusion of claims of other types of insurance-related assets, e.g., property insurance claims. Also, Professor Belth's estimate does not take into account the reality that an appreciable number of the insurance firms were mutual companies and that the policyholders were thus the owners of the companies and all their underlying assets. Recent experience in the US with demutualization reveals that policyholders have had their wealth substantially augmented by the conversion of mutual companies to stock companies. There is also basis for the belief that many insurance companies were knowing conduits for huge amounts of other assets which the Nazis had looted, and that they continued to hide the assets taken from the Nazi's victims even after the defeat of the Nazis, when the excuse of *force majeure* could not be made. In addition to increasing the monetary culpability of the insurance companies in absolute dollar terms, the egregious nature of the insurance companies' conduct justifies exemplary or punitive damages in at-least a three times multiple of the substantial dollar value of the confiscated and looted assets. Nathan M. Rothschild is credited with the thought that compound interest is the Eight Wonder of the world. Applying the proper interest rate (or rates) for a more than sixty year period to the damages sustained, easily results in a number of \$500 billion.

Estimates are most useful when grounded upon provable facts. We turn to the goal of obtaining and documenting such facts in respect of the Holocaust related insurance claims.

Objective. This memorandum will set forth:

1. Research steps which need to be taken in order to trace insurance-related assets which were stolen and/or robbed and/or extorted from Jews during the Holocaust, where the existence and the quantum/value at the time of taking of those assets has been concealed from their original owners or their survivors or heirs.

2. The resources (human, computer and financial) which would be needed to make at least a preliminary evaluation of the type, magnitude and location of insurance-related assets which were stolen and/or robbed and/or extorted from Jews during the Holocaust, where the

22 January '04

existence, original value and quantum of those assets has been concealed from their original owners and/or their survivors and/or their heirs. When such preliminary evaluation of the type, magnitude and location of insurance-related assets which were stolen and/or robbed and/or extorted from Jews during the Holocaust is completed, and the history of asset/valued spin-offs from such assets provided, the knowledge base will be in place permitting further research on/calculation/estimation of the interest factor appropriate to for calculating the updated amount of the damages to be awarded and also the amount of exemplary/punitive damages to be awarded.

3. A preliminary approach, utilizing information which has been developed by the research undertaken, to permit assertion of US jurisdiction over insurance companies involved in mulcting the Jews and/or insurance-related assets (including assets obtained/purchased with the proceeds of wrongfully acquired assets), with the objectives of obtaining more information and of securing victim compensation for the wrongs inflicted and the assets improperly taken, and of ensuring that (to the extent possible) payments are directed to the proper parties.

**Background. Operating assumptions.** Based upon the past performance of German and Swiss banks (as well as of German industrial firms, and of German, Swiss, Italian and other insurance companies to date), as well as the perceived self-interest of those insurance companies, we believe it probable that many of the insurance carriers (whether stock based or mutual) whose directors and/or officers and/or employees were involved in pillaging the Jews of their insurance-related and other assets will not be especially cooperative with the research effort. Records may not be provided at all, on the grounds that they never existed or that they were destroyed by war or were burned/shredded in the ordinary course of business (*i. e.*, in purging obsolete files). Alternatively, only portions of records may be provided, with the claim made that the records provided are the entire records related to certain Jewish assets. Accordingly, a substantial portion of the research effort required will be devoted to:

1. Locating sources of information regarding pillaged Jewish insurance-related assets which sources of information are not under the direct control of those parties who would directly benefit (or who might have directly or indirectly benefited) from concealment of those assets from their rightful owners.
2. Locating sources of information regarding pillaged Jewish insurance-related assets which are not under the direct control of parties who are known to be actively anti-Jewish.
3. Locating alternative, independent sources of information regarding the same pillaged assets.
4. Cross-checking the information obtained from one source with information obtained from another, independent source.

22 January '04

5. Building a case (or cases) that will be credible from a public relations viewpoint and capable of withstanding legal challenges.
6. Locating sources of information regarding not only the existence and original location of pillaged Jewish insurance-related assets but additionally regarding the value of the assets when they were pillaged from their Jewish owners, and their probable value today.

We all recognize that:

1. The insurance industry is large, with many billions of dollars in assets.
2. The insurance industry provides/supports/involves risk coverages which total trillions of dollars and are central to the functioning of the economy of most financially and economically developed countries.
3. The insurance industry involves many players at different levels, ranging from the small two-person insurance brokerage/insurance agent office to the multi-billion major insurance firms and groups of companies (often referred to as fleets).
4. The insurance industry major groups/fleets can include primary property and casualty companies (primary insurance firms/primary carriers are those insurance firms which write coverage/enter into insurance policies directly with the insurance coverage buyers), primary life insurance companies, and re-insurance companies (companies which, in their insurance writing activity, deal exclusively or almost exclusively with other insurance companies) in the same corporate group, as well as including firms which write or have written more than one type of insurance.
5. The insurance industry is complex, with a vocabulary/argot/jargon of its own, as well as its own legal concepts ("utmost fair dealing") and mathematical aspects (actuarial). As a result, the industry is not well understood by outsiders. Even many insiders (including very wealthy brokers and mid-level executives/administrators of insurance companies) do not have a broad-gauged grasp of how the industry operates.
6. The insurance industry is an international industry, even where initially only one country's nationals are involved (e.g., a German citizen, resident in Germany, utilizing a German broker, buying an insurance policy on his life for German beneficiaries from a German life insurance company), with many different by-plays as a result of risk-spreading/risk-sharing by companies (e.g., via international re-insurance, when the capital/capacity or expertise of local firms does not suffice), as well as a result of tax-avoidance and currency-regulation avoidance plans (which often involve related firms of different nationalities, often domiciled in tax havens) and of investments (which are often international in character, despite rules which on their face forbid such non-local investments by insurance companies).
7. The insurance industry is heavily-regulated but such regulation is often inconsistent.

22 January '04

That is, in certain aspects, many governmental regulatory bodies are involved and detailed rules are made, as in setting rates, mandating reporting rules and procedures, determining acceptable portfolio investments, and measuring an insurance carrier's capital adequacy. Concurrently, other aspects apparently fall almost entirely outside the regulatory and tax net, particularly those related to certain re-insurance arrangements and those related to non-national and/or non-insurance subsidiaries and/or sister firms.

8. The insurance industry firms are often heavily inter-related, in ways not always clear to outsiders to the industry, as a result of risk-sharing through re-insurance contracts (often called treaties) and retrocession agreements (basically, the further sharing/spreading of risks between re-insurance companies). (We will turn to this aspect of insurance operations, and the consequent information sharing required, and investigation/research opportunities as related to the project, later in this memorandum.)

9. The insurance industry is politically powerful, because of the size of its assets; the number of its direct employees and those of other industry-related firms (e.g., brokers, suppliers, etc.); its centrality in permitting the operation of other industries which would otherwise not be able to prudently operate because of the risks involved; and its importance as an investor/financing source, particularly in large, long-term projects which are often socially and politically significant, as well as economically important.

10. The insurance industry is very information intensive ("paper driven/white collar factories"), because it is contract-driven, because those contracts/agreements may run over several generations (e.g., the purchase of a life insurance policy may anticipate that the insured/purchaser will make premium payments for fifty or more years, and that the insurance company, in due course, will make annuity payments to one or more beneficiaries, such as grandchildren, for fifty or more years after the policy matures, resulting in a single policy file covering more than 100 years of contracts, insured's payment records, beneficiary payment records, correspondence, proofs of identity, health records, re-insurance related payments made, re-insurance related payments received, etc.)

Aside from the complexities which arise in the insurance industry because of its insurance/risk sharing/risk spreading aspects, there are those complexities which result from the investment aspects of the insurance industry. The insurance industry operates like a vast cash pump. The insurance industry sucks in great sums of cash daily from premiums, from interest payments, from rentals, from dividends, and from the proceeds of sales of securities and repayments of loans. It then pumps out vast sums of cash daily in expense payments, in payments on policies, and in new investments, upon which it anticipates earning a return. In these cash and investment aspects it resembles the banking industry, and has sometime been referred to as "the hidden/underground banking system."

It is appropriate to point out here that quite separate from the interconnections between apparently unrelated insurance companies because of the risk-sharing aspects of insurance, there

22 January '04

are often additional ties through cross-holdings between firms (*i.e.*, Insurance Company A, headquartered in Germany, may own 15% of Insurance Company B, headquartered in Switzerland, which returns the compliment by in turn holding 12% of Insurance Company A in B's German subsidiary); through shared investment holdings (both Insurance Company A and Insurance Company B may each own, directly or indirectly, 24% of Real Estate Company R, owning US real estate); and other ties (*i.e.*, mutual board memberships in industrial firms which are their clients, their investees, or include their social friends, *e.g.*, in a third-party firm, perhaps a Swedish ball-bearing manufacturer). None of these ties may be inherently objectionable; indeed, from our viewpoint they may permit a level of investigation, cross-checking and data verification that would otherwise be difficult to achieve. However, they all permit complexity and obfuscation and permit hidden asset transfers, as well as encouraging a community of interest in hiding the existence and quantum of the insurance-related assets pillaged from/owed to their Jewish original owners and/or their survivors and/or heirs.

One of our reasons for making the above points is to explain an aspect of this memorandum. It would be possible to write an extensive description of the insurance industry as a preparation for the basic Holocaust Insurance Claims Research Project memorandum. The reason for writing the lengthy description of the insurance industry would be to explain the reasons for many of the research steps suggested in the Holocaust Insurance Claims Research Project memorandum. We have attempted, we hope successfully, to resist that temptation. Rather, this memorandum assumes that the readers are sophisticated in business and legal matters, both US and foreign, but are not experts in property and casualty insurance, life insurance or re-insurance. As points involving specific insurance terminology or usages occur in this memorandum, we will explain briefly what they are and, if needed, their relevance to the point raised and/or the objective of this memorandum.

The Holocaust Insurance Claims Research Project will focus on three major types of information sources:

1. Reports, manuals and computer data bases of the US-based insurance-industry and financial industry data sources—A.M. Best, Moody's and Standard & Poor's (S&P).
2. Histories of insurance companies and biographies of persons who were founders of, directors of, executives of, and bankers for insurance companies.
3. Regulatory reports and other mandated filings of information by such companies, whether regular or occasional, and whether filed with trade groups or government bodies.

The project also anticipates utilizing supplementary materials, including:

1. Special-purpose reports/returns filed with investigating committees, commissions, and similar bodies, such as the Temporary National Economic Commission (TNEC).
2. Archived copies of German documents such as the Returned German Archives (in the National Archives in Washington, D.C.) and the German official documents/materials

22 January '04

in the State Institute for War Documentation (Rijksinstituut voor Oorlogsdocumentatie, or RIOD) in Amsterdam, the Netherlands.

An advisory committee, whose members are listed later in this memorandum, will be available to review the over-all project and the steps in its implementation. Brief write-ups of the members of the advisory committee are on pages 26 *et seq* below.

**A. Reports, manuals and computer data bases of the US based insurance industry and financial industry data sources—A.M. Best, Moody's and S&P.** Obtain, review, and correlate information already available with respect to major European insurance companies from the reports, manuals and computer data-bases of A.M. Best, S&P and Moody's. In order to prudently utilize and obtain the maximum benefit from the resources which the project will require, it is useful not to re-invent the wheel. The reports, manuals and computerized data-bases of the above firms, two of which are New York City based, and the other of which is in New Jersey, provide basic data, in English, on most insurance companies, both stock and mutual, based in the US, the UK, Germany, France, Italy, Norway, Sweden, Switzerland, Belgium, the Netherlands, and other European countries. These manuals and data bases (not all which are computerized, as some of the information in these financial-information-companies' data bases precedes the major utilization of the computer by large firms and by governments) are based upon files owned by or in the possession of these data-gathering/data-marketing companies and/or those files of their predecessors, which firms and predecessors have been in existence more than 100 years. Each of the companies can and ordinarily does explain the sources of the data it provides, whether from regulatory filings, company interviews, its staff or retained experts, or other sources. While the data available varies from year to year, depending upon what was available or deemed important at a particular time, the data is generally relatively complete and considered credible. As the companies are US based, they are more likely to prove cooperative than most Continental European firms. Some of the information which such reports/manuals/data bases contain, and explanations of how such information could be utilized in furthering the objectives of the Holocaust Insurance Claims Research Project, are set forth below:

1. Current name of insurance company, often with historical data regarding name changes and listing of predecessor firms. The current name of the insurance company being researched, together with historical data regarding the names under which it previously conducted business, and a listing of its predecessor firms, together with the names under which they conducted business, is basic to conducting any public-record-based or company-record-based research regarding an insurance firm. With such information, a researcher can proceed to gather information regarding the legal history of the company (country of original and subsequent organization/incorporation; type of organization, *e.g.*, mutual company, reciprocal, or stock-corporation; and subsequent mutualization and/or

22 January '04

de-mutualization, nationalization or privatization); the original founders and the financial/family/corporate/government/regional/national interests represented; the nature of the business done (property and casualty, life, re-insurance; industry specialization; geographic specialization); the membership of the board of directors; the names and family background of major executives; other insurance companies with which the company whose history is being examined had major business relationships, etc. Each of these information points can reveal possible Jewish financial interests in a company, whether as shareholders or policyholders, and/or reveal further sources of information for locating and assessing probable Jewish financial interests. For example, a review of a company's legal history may show that a company now incorporated in/domiciled in Italy, started out in the Austro-Hungarian Empire, with many of the original incorporators and subsequent stockholders and policyholders being Jews located in countries into which the Austro-Hungarian Empire split up. Similarly, the legal history of a company may reveal the names and legal, operational and financial history of one or more major subsidiaries of an insurance company, or of an insurance or non-insurance firm with which the insurance company whose records are being reviewed or sought had merged or otherwise been acquired. The records of such subsidiaries, merger-partners or takeover subjects may provide guides to additional Jewish financial interests.

Also, the legal history of an insurance company/insurance fleet may show that one or more members of the fleet had started off as a mutual company and was subsequently demutualized, with significant and valuable stockholding being transferred to the company's then policyholders, while a significant policy also remained in force in favor of the former policyholders who were newly-made shareholders. Some companies started out as stock corporations and were mutualized, with significant sums remaining due to their former shareholders, as well as insurance policies being written in favor of their former shareholders. In other cases, governments either mutualized or nationalized insurance companies, with sums due the former shareholders, which were not always properly distributed. Conversely, insurance activities have been privatized by governments, with valuable rights of first refusal or shareholdings made available to the company's employees and their families, to customers/ policyholders, or suppliers, again with the effect of creating Jewish financial interests. Reciprocal insurance companies are, in general, no longer being organized, but they did have their era of popularity, and some were subsequently taken over by other groups (via acquisition or acquisition of their book of business) or converted to the standard stock corporate form, in either case with value to the former owners/policyholders via policies with the acquiring/successor entity or stock in the acquiring/successor entity.

2. Information regarding the original founders and the financial/family/corporate/local/regional/national/government interests represented in the founding of an insurance firm



can be especially useful in the context of Continental European financial practices prior to the past twenty years. In general, Continental European financial reporting did not require the listing of the beneficial ownership of corporate stock even in public companies (let alone private companies), even where control blocks were involved, a situation unlike US practice mandated by the SEC disclosure rules. Also, control of/major stockholdings in many significant corporate entities did not change over the years or generations in Europe, certainly not to the extent that it took place in the more fluid US economy. Families, and consortiums of families, were often identified with and maintained significant interests in particular enterprises for generations. To maintain privacy; or to avoid the fiscal authorities, over-eager ex-spouses or ex-in-laws or government officials, shares were lodged with private banks, non-charitable foundations, attorneys or similar entities/persons, in the name of those persons/entities, who were deemed their legal owners under local law. (The impact of such legal ownership upon tax-treaties and ownership-related rights was often of great practical significance. US legal thinking does not accord with that of the Continent in this, as well as many other, aspects.) Anonymity/"cloaking" of ownership was also facilitated by having corporations issue bearer shares (*i.e.*, shares whose beneficial and legal owners were not registered upon the transfer records of the issuing corporation, nor of any other entity, such as a broker) or other bearer securities. To further obfuscate matters, chains of holding companies and other entities in a variety of jurisdictions were utilized to conceal the ultimate/beneficial owners of such securities. As a result of such practices, ownership was not always clear to outsiders. To the extent that the legal history lists the original incorporators/founders/boards of directors of insurance companies, and/or indicates which successor directors/executives/advisers/bankers represented what investor groups who were material to the company, such listing may provide a lead to Jewish financial interests in an insurance entity. As major shareholders in an insurance company were also likely to utilize it to carry insurance on their corporate and private assets, as well as on their lives and those of their families, such listings may provide further leads to Jewish financial interests in an insurance entity. (We will discuss the importance of such privately carried insurance in locating/ providing provenance of other Jewish assets, including art and collectibles, later in this memorandum.)

3. Final holding company/organization, intermediate holding company (or companies)/organization (or organizations). In the case of many importance insurance firms or groups, the better-known insurance company is held by intermediate and ultimately final holding companies or entities. Some of these entities are themselves insurance firms, others are industrial mutual organizations, state-related entities, or bank-related entities, or other, not always readily-identified insurance-related firms/entities. Again, the records of such entities may be useful in finding Jewish insurance-related assets.

4. Subsidiary firms, both those in the insurance or related businesses, and those which

22 January '04

are, in effect, investment holding companies for the insurance company. In each case, the records of such entities may be useful in finding Jewish insurance-related assets.

5. Sister firms, both those in the insurance or related businesses, and those which are, in effect, investment holding companies for the insurance company. In each case, the records of such entities may be useful in finding Jewish insurance-related assets.

6. Domicile of the insurance company, its various holding companies, subsidiaries and sister firms. The domicile of an insurance firm and/or of its related entities often determines what reporting requirements exist with respect to an entity, and where the reports may be filed, either as a government-held report or as a report filed with an industry association or board, and whether the report is in the public record. Often, such reports contain detailed information which is relevant to the search for Jewish-related insurance assets. (See Research Step C, below.)

7. Other business relationships (such as major sources of business/premiums), including re-insurance arrangements, and type of insurance business (*i.e.*, property and casualty; life insurance, often including health insurance; and different types of financial insurance); niche markets/specialties; geographic sources of premium income by country or region; of the company (or companies). The nature of the business done by an insurance company is obviously important in determining what type of insurance assets potentially attributable to Jewish ownership might be involved. Specialization in certain industries and/or geographic areas, as well as the geographic source of premium income, is likely to indicate a greater or lesser probability of Jewish participation. Also, such information may facilitate cross-checking information to determine if information provided or obtained via research is complete and internally consistent. Conversely, it is not unusual for non-insurance companies to own one or more insurance subsidiaries, in order to meet regulatory requirements or to obtain tax, foreign-exchange or other benefits. These insurance subsidiaries usually out-source much of their technical insurance work to insurance companies via re-insurance or captive-insurance company management arrangements with insurance companies which have strong ties to the industry being insured. The records of such insurance subsidiaries of industrial groups may also be useful in determining the type and size of the Jewish interests in insurance-related assets and other assets which were stolen.

In respect of obtaining information useful in determining the extent to which Jewish interests in insurance-related assets were stolen, as well as verifying information obtained, finding out what

22 January '04

an insurance company's re-insurance arrangements were can be highly significant and useful. A brief digression here, regarding the nature of the insurance industry and of the position of re-insurance firms in that industry, may be useful in explaining the reasons why.

The insurance aspect (as distinguished from the investment aspect) of the insurance industry is based upon statistical probabilities. In any year, for example, of a group of 100,000 homes located in the US, there is a 95% probability that not fewer than 200 nor more than 600 are likely to burn down and lose 80% or more of their value to fire. A property and casualty insurance company, Company D, will set its rates based upon that probability (for purposes of this discussion, we will ignore its other costs, including selling and administrative expenses). If, however, the houses insured are concentrated in a small number of areas, or the values of a particular group of homes in very high, the risk distribution may be too concentrated, so that a single fire may lead to unacceptably high losses. Also, primary carrier Insurance Company D may deem it prudent to be concerned about the rare, but not impossible, events lying in the 5% band of probability, which may result in unacceptably high losses and possibly endanger the continued existence of the firm. To provide a better spread of risk and mitigate risk of ruin, primary carrier Insurance Company D will often choose to pay a portion of its premiums to another insurance firm, Re-insurance Company R, a re-insurer, which is in the business of accepting risks which the original insurer believes it should pass along. The agreement between the original insurer and the re-insurer is often referred to as a treaty.

Matters do not always stop here, however. Re-insurance Company R, the re-insurer, may conclude that its book is also somewhat unbalanced (perhaps it has too large a risk-concentration in the US, with its runaway juries, for its taste) and decide, in turn, to lay off a portion of its book of risks on one or more other re-insurers, Re-insurance Company SR. Such laying-off of risk by a re-insurer is often referred to retrocession. Prior to about 1960, the number of insurance firms/markets which had the sophistication and capital to engage in such re-insurance was relatively limited. Included in that select group were Munich Re, Hannover Re, Swiss Re, AIG and Lloyds of London. Clearly, if a re-insurance firm is going to sensibly underwrite a bundle of risks from an insurance company, it is going to need to know a great deal about the risks it is accepting/underwriting. Much of the information regarding insureds and insurance-related assets which might otherwise only be in the records of the original insurance company, and these perhaps in Germany, may thus also be in the books and records of the re-insurer(s), which may be in the US or UK. The point we are trying to make is that it may be useful to focus a great deal of the initial research time and effort of this project on US-based re-insurers, on Lloyds (whose syndicates' records are likely to be stored in the UK and to be computer-accessible) and on the other re-insurers, as a way of getting the greatest return for resources expended in the Holocaust Insurance Claims Research Project.

A further point which should be made is that clearly the Holocaust Insurance Claims Research Project is likely to be dealing with massive quantities of information, not all of which was ever

22 January '04

intended to be used in the manner in which we propose to use it. Computer power, including optical character recognition (OCR), and "fuzzy logic" type programming may be useful in data mining, in a timely manner, such information as is provided. Expertise in knowledge management where the database is not neatly organized, will be useful. Given the current state of the job market for computer experts, such talent may be surprisingly readily available for this research project.

8. Gross and net premiums and size of an insurance company at various times (usually business year-ends) and revenues and profits for various periods (usually business/fiscal years). Since there are limited resources and time for the Holocaust Insurance Claims Research Project, it is useful to concentrate on significant targets, rather than on smaller firms, which are also less likely to be able to provide significant payments to the Jewish victims. Also, as part of the Nazi looting policy, smaller firms were often "encouraged" to combine with larger firms, for ease of government/bureaucratic control. Hence, research on the larger insurance firms is likely to be proportionately more opportunity/information rich.

9. Type of/make up of investment portfolio, *i.e.*, bonds, loans, equity, other investments/other assets (a potentially particularly interesting category). Insurance companies in general, and European (as distinguished from US-based companies) in particular, often have hidden assets which they can call upon in the event of corporate need (however such need is defined). Such hidden assets may take the form of vaguely-described real-estate or equity holdings in an apparently minor subsidiary, or equity or real estate which was obtained when loans or bonds were written down upon default or threat thereof. Such assets may also include assets which were obtained for no or low payment from Jewish victims of the Nazis, under the laws or administrative arrangements of that era, and which assets have not subsequently been disclosed. For example, an insurance company may have insured a Jewish business which was looted on *Kristallnacht*. Rather than paying the Jewish owner for the damages of, say, \$500,000 sustained, payments of \$25,000 were made to the local Nazi party leader, while the well-connected insurance company took over the remaining assets of the Jewish business, such as land and buildings, and hid those assets in a minor subsidiary, from which the insurance company's manager's brother drew a salary.

10. List of officers and/or directors at each reporting period. Listings of membership of the board of directors over time, as well as of the names and background of major executives may provide clues as to the continuation, expansion or diminution of Jewish interest in various insurance entities. Also, by comparing the ties of various persons who

22 January '04

sat on the boards of other corporate entities (including industrial firms, transportation firms, mercantile firms and banks), one can get insights as to which Jewish financial groups were tied to others, which may provide insights regarding the admitted and non-admitted assets of insurance firms in which there were Jewish interests. For example, an insurance firm which wrote property insurance on a department store, might also, through a subsidiary which was not subject to certain investment rules applicable to insurance companies, hold a mortgage on the department store's real estate, hold stock in the department store's parent company, and have an interest in warehouses utilized by/owned by the department store which were located in another country. Information related solely to the department store's mercantile assets/inventories, which did not note/was not aware of the insurance-related assets, might miss the stock, the mortgage, and the real estate in evaluating claims potentially due the mulcted Jewish parties.

One of the objectives of the Holocaust Insurance Claims Research Project is to determine if any of the insurance firms from which information is sought or from whom payment/assets are sought is subject to US jurisdiction. Most international firms try to have one or more separate corporations in each jurisdiction, precisely to avoid subjecting the parent company or any of its subsidiaries/affiliates other than the one operating in a particular country to the jurisdiction of the courts of another country. Ordinarily, it is difficult to pierce the corporate veil and subject a non-US parent company to the jurisdiction of the US courts, so long as the proper legal formalities have been observed by all the companies involved. However, if the proper legal formalities have not been observed by all the companies involved, or if fraud has been perpetrated in such form as permits piercing the corporate veil, or if a company has by its actions (whether deliberate or inadvertent) brought itself under US jurisdiction (*e.g.*, by operating in the US through a branch of the parent company, as has Generali) or if it has assets which are subject to US jurisdiction, or if it has committed actions (like those claimed against Unocal) which bring into operation certain long-arm statutes (particularly the Judiciary Act of 1789, otherwise known as the Alien Torts Provision or ATP), an insurance company as well as its willing helpers may still be subject to the jurisdiction of the US courts. It is possible that information contained in the reference manuals and data bases will be useful in this respect. However, given that the reference manuals and data bases are not as detailed as other data sources (such as company histories, executive biographies, and regulatory reports) with respect to company operating procedures or actions, and further given that such piercing of the corporate veil is usually difficult, and that insurance companies, by the nature of their business, tend to be mindful of legal issues and details, we do not believe that the manuals and data-bases will be the most useful source of information on how to obtain US legal jurisdiction of the insurance companies which have been trying to avoid US jurisdiction. We do, however, entertain higher hopes for the next two data sources, to which we now turn.

**B. Obtain company histories of major German, French, Swiss, Swedish, and Italian**

22 January '04

property and casualty, life and re-insurance companies/groups, preferably in English. Also, obtain such histories for the major US and UK insurance companies/groups which either had operations in Continental Europe prior to World War II, or had re-insurance operations. General industry knowledge provided by competent professionals, plus the review of the information already available with respect to major insurance companies from reports, manuals and computer data-bases of A.M. Best, Standard & Poor's (S&P) and Moody's should provide a basic list of such major companies. A computer-based multi-lingual search of listings of books/specialized bibliographies dealing with insurance topics will ordinarily turn up such corporate histories. Also, a computer-based multi-lingual search matching the names of top executives and board members of insurance firms found in corporate histories and/or in the reports, manuals and data-bases of A.M. Best, Moody's and S&P and/or listing of books/specialized bibliographies dealing with insurance-related topics will usually turn up such biographies. Such histories and biographies include not only published histories and biographies which are prepared by scholars or others for university/scholarly press and/or commercial publishers, but also privately printed histories and biographies prepared by the companies themselves (often on the anniversary of the company's founding or a similar occasion) or by the "vanity" press, or doctoral dissertations regarding an insurance firm or an insurance-related individual or family. The histories are not only published in book form. Many company histories, as well as biographies of significant corporate owners, officers and board-members, are published as articles in scholarly publications/journals, in regional history/antiquarian journals/periodicals and in specifically insurance industry-related/financial industry-related periodicals. Also, companies often have internal memoranda/internally prepared non-published histories which are used to train/orient employees, executives or new directors, and brief histories prepared for external audiences as part of their sales or similar literature. Usually, such histories are prepared only by leading firms, which self-selection process will have desirable result of focusing project efforts on the major firms, from which larger recoveries may be reasonably anticipated, rather than on the smaller fry. For the same reason, it may not be worthwhile to seek such information with respect to Norwegian, Greek, Polish, Czech, Hungarian, Rumanian, Yugoslav, Bulgarian, Spanish etc. firms, except insofar as it is readily apparent from the reports, manuals and computer data-bases of A.M. Best, Standard & Poor's (S&P) and Moody's that a specific insurance company is a worth-while candidate.

We anticipate that fewer than 20% of the companies to be checked have a reasonably complete internally prepared or externally published corporate history or a biography of a major executive or board member. However, because the larger companies are those most likely to have one, and because such a history can serve as a useful framework to work from, we believe that obtaining such histories and biographies and working from them is a useful next step in the Holocaust Insurance Claims Research Project.

22 January '04

Generally, such company histories often contain information regarding the legal history of the company (country of original and subsequent organization/incorporation; type of organization, *e.g.*, mutual company, reciprocal, standard stock corporation; and subsequent mutualization and/or de-mutualization, nationalization or privatization); the original founders and the financial/family/corporate/government/regional/local/national interests represented; nature of the business done (property and casualty, life, re-insurance; industry specialization; geographic specialization); membership of the board of directors; names and family background of major executives; other insurance companies with which the company whose history is being read/reviewed had major business relationships, etc. Each of these information points can reveal possible Jewish financial interests in a company, whether as shareholders or policyholders, and/or reveal further sources of information for locating Jewish financial interests. For example, as noted previously, a company may now be incorporated in Italy, but have started out in the Austro-Hungarian Empire, with many of the original incorporators and subsequent stockholders and policyholders being Jews located in countries into which the Austro-Hungarian Empire split up (including Poland and Czechoslovakia). Similarly, the legal history of an insurance company/insurance fleet may reveal the names and legal operational and financial history of a major subsidiary of an insurance company, or of an insurance or non-insurance firm with which the insurance company whose history is being read had merged or otherwise been acquired. The records of such subsidiaries, merger-partners or takeover subjects may provide guides to additional Jewish financial interests. The listing of the names of company founders, directors and major executives may also point to biographies containing useful information regarding Jewish financial interests in an insurance company. (See below.)

Company histories often contain more detailed and complete information than the manuals etc. regarding the membership of the board of directors over time, as well as of the names and family background of major executives as indicia of the continuation, expansion or diminution of Jewish interest in various insurance entities. Such histories often are helpful in comparing the ties of various persons who sat on the same boards in other corporate entities (including industrial firms, transportation firms, mercantile firms and banks). By such comparisons, one can generate maps/charts as to which Jewish financial groups were tied to others, which may in turn provide insights regarding the admitted and non-admitted assets of insurance firms in which there were Jewish interests. In this respect, biographies, which often include extended family trees and kinship/affiliation charts, can be helpful in leading to the revelation of other, related interests.

We have, in the previous Section A (pp. 9 through 15) regarding the utilization of reports, manuals and computer data bases of A.M. Best, Moody's and S&P for the project, discussed

22 January '04

how to use the information which those reports contain. The same methodology applies, *mutatis mutandis*, to the information contained in corporate histories and in relevant biographies. We refer the reader to that previously-set forth material to avoid duplication.

**C. Reports and other mandated information filings by such companies, whether regular or occasional, and whether filed with trade groups or regulatory/government bodies.** Ascertain which insurance industry groups and/or associations exist or existed in the US, the UK, Germany, France, Italy, Norway, Sweden, Switzerland, Belgium, the Netherlands, and other European countries during the years of interest (primarily 1900 to 1950) and what information those industry groups and/or associations obtained from/required from their members. Such associations also include Lloyds of London. Also, ascertain which regulatory bodies/government departments in the US, the UK, Germany, France, Italy, Norway, Sweden, Switzerland, Belgium, the Netherlands, and other European countries regulated the insurance industry in during the years of interest (primarily 1900 to 1950) and what information those industry regulators obtained from/required from the firms they regulated. Obtain copies of/records of the reports/records filed by those individual insurance companies and/or fleets of related firms which have been selected as a result of A and B above with the relevant industry groups and/or associations. Also, obtain copies of/ records of the reports filed by those individual insurance companies and/or fleets of related firms which have been selected as a result of A and B above with the reports/records filed with the regulatory bodies regulating the insurance industry. Having obtained those records, review those records of the insurance industry groups and/or associations, and those records of the regulatory bodies/government departments which regulated the insurance industry, for the names of additional insurance companies which steps A and B have not turned up but which should apparently be checked and get copies of the materials which are relevant to those newly-found companies as well. Insurance industry groups and/or associations often audit the material/data submitted to them; the government regulators regulating insurance almost always do so. Copies of these audit reports/examination reports may contain data of use for the research project. While such audit reports/examination reports are ordinarily confidential, an exception should be sought and may be forthcoming in favor of the Holocaust Insurance Claims Research Project, because of its purpose and because of the long time elapsed (more than fifty years) since this information was filed. Also, obtain such regulatory records for the major US and UK insurance companies/groups which either had operations in Europe prior to World War II, or had re-insurance operations. Such US-source regulatory records include the reports filed by the companies with the various state insurance regulatory commissions, as well as the examination reports filed by state examiners with various state insurance regulatory agencies. Most often, the examination reports are filed by and in the state in which an insurance company is incorporated. However, New York State has its own files and



22 January '04

reports and procedures. We have in A.6. and on pages 12 and 13 above, discussed why we believe the records/reports of and other data from US and UK insurance firms (and more particularly re-insurance firms) may be especially useful for achieving the objectives of the Holocaust Insurance Claims Research Project. The reports to be reviewed also include records/reports filed with the US Securities and Exchange Commission or other regulators. Filings before and/or submissions to the Federal Trade Commission, the US Department of Justice, or Congressional investigating committees and investigating commissions (e.g., the TNEC), especially with respect to trading with the enemy rules and anti-trust rules, may also be relevant and helpful. Since they are often prepared at times of political pressure and under time constraints, they may contain surprising amounts and types of unvetted/uncensored information. Audited reports prepared for the SEC, or for transfer agents for securities, may be especially useful in determining the extent to which Jewish interests in insurance-related assets were stolen and who may have gotten them.

There are other, significant potential benefits from examining the most detailed statements/ filings/examination reports/audit reports found in the association records/regulatory files of the relevant insurance industry regulatory bodies and also re-insurance information. As was noted previously, it would be very helpful to the project's research efforts and to the ability to recover substantial sums for the benefit of the owners/heirs of the Jewish-owned insurance-related assets which were taken without recompense if the insurance companies involved were subject to the jurisdiction of the US courts. It is quite possible that the reports filed will show some act or pattern of behavior on the part of the German, Swiss, etc. insurance companies by which those entities set aside the corporate veil shielding the non-US parents from US court jurisdiction. It may have been by an officer of the parent acting in a manner more appropriate for an officer/agent of the US subsidiary rather than acting in such manner as a shareholder would. If the court is sympathetic, one such act, or a pattern of behavior consistent with acting *for* the local firm rather than as a representative of the major shareholder, may put the parent company into US jurisdiction. Similarly, actions taken in the US by a German, Swiss etc. insurance firm to arrange for re-insurance coverage or to sell their insurance or re-insurance product, may suffice to create the necessary nexus to permit the US court to rule that the non-US firm had subjected itself to US jurisdiction. Only detailed review of relevant records, perhaps combined with discussions/interviews with persons still alive who can provide the necessary anecdotal evidence, is likely to result in such a desirable result.

We anticipate that the Continental European insurance industry associations and regulatory bodies will be as unhelpful as they believe they can get away with. For this reason, we have suggested that steps A. and B. above might be where the research should commence. We believe the US regulatory bodies will be reasonably helpful, that the UK regulatory bodies and Lloyd's will be somewhat less so, and that the US and UK re-insurers will be torn between their desire to maintain good public relations and to damage their German, French, Swiss, etc., competitors on the one hand, and their concern for their future business relationships with some important

22 January '04

players in their business on the other. Part of our objective in proceeding as we have suggested is to make it easy for those firms to cooperate with the project researchers. Much of the information which we anticipate obtaining from the insurance company association reports and regulatory filings is similar to/is covered by information which Steps A. and B. above turned up. To that extent, the information in A. M. Best, Moody's and Standard & Poor's serves as a valuable cross-check on information obtained from the association and regulatory reports. As previously discussed, the information obtained in the association and regulatory reports, together with the information obtained from the reports and records of the re-insurance companies and from Lloyd's of London can also be utilized to find specific information regarding insurance related assets to which there are Jewish claims.

We will first focus on the general information which we anticipate obtaining from the material filed with the insurance industry associations and with regulatory agencies, from audit/examination reports prepared by regulatory bodies and associations, and from special investigating committees/commissions. We will then turn to the use of re-insurance company reports/information, together with insurance industry association filings and reports/insurance regulatory filings and reports as a means of ascertaining which Jewish insurance related assets were stolen, robbed or extorted from Jews by the Nazis and their willing helpers, and the approximate value of those assets at the time of such theft. We will also seek evidence of insurance companies cooperating in transferring other looted Jewish assets for the benefit of the Nazis and their associated interests. We will also tie such information as is lodged in and/or can be developed from another source (located in the US but mostly in the German Language), the Returned German Archives material, of which microfilms are stored in the US National Archives, as a means of further validating information developed by the research done and also developing further information regarding other Jewish assets stolen, robbed or extorted by the Nazis. A similar archive is in the State Institute for War Documentation (Rijksinstituut voor Oorlogsdocumentatie or RIOD) is located in Amsterdam, the Netherlands.

Reports filed by insurance companies with regulatory bodies and associations (hereinafter referred to as "regulatory reports and records") are very often the basic information sources from which A. M. Best, Moody's and Standard & Poor's (all hereinafter referred to as "insurance industry financial reporting firms") obtain much of their reported information. These regulatory reports and records, especially when viewed over a period of years, contain information of the sort discussed already (pp. 9 through 15) and should be utilized in much the same manner as discussed with respect to utilizing information in manuals etc. of A.M. Best, Moody's and S&P. Ordinarily, the information provided by such regulatory reports and filings is far more detailed than the insurance industry financial reporting firms or corporate histories provide. Similarly, the regulatory reports and records very often provide far more complete and detailed lists of

22 January '04

securities held by an insurance company, lists of its subsidiaries not noted in insurance industry reporting firm information summaries and corporate histories, and similar detailed information which is not considered relevant for most insurance company reporting firms' readers or corporate history readers, but may be very useful for the Holocaust Insurance Claims Research Project. Each of these new information points can reveal possible Jewish financial interests in a company, whether as shareholders or policyholders, and/or reveal further sources of information for locating Jewish financial interests. The listing of securities and of subsidiaries of a company may reveal the names and legal operational and financial histories of major subsidiaries of an insurance company, or of one or more insurance or non-insurance firms with which the insurance company whose reports and records are being read/reviewed had been merged or otherwise been acquired. Assets which are not always obvious from other records are often shown in the detailed reporting schedules and not elsewhere. The records of such subsidiaries, merger-partners or takeover subjects may provide guides to additional Jewish financial interests.

Similarly, the more detailed legal history of an insurance company/insurance fleet in the regulatory type of records may show that the insurance company and/or one or more members of the fleet had started off as a mutual company and was subsequently de-mutualized, with significant and valuable stockholding being transferred to the company's then policyholders, while a significant policy also remained in force in favor of the former policyholders who were newly rendered shareholders. In general, as the records/reports required for regulatory purposes are filed subject to some legal penalty if they are incomplete or deliberately incorrect, while the materials in the manuals are not always filed with such penalties, a comparison of such records with the manuals is potentially worthwhile.

Regulatory reports, particularly reports by auditors/examiners which were intended to remain available only to government officials, sometimes comment on who the real (*i.e.*, the beneficial) owners of insurance companies/insurance assets were, especially when the issue of the fitness of a group to maintain its ownership/control of an insurance enterprise is involved. Such reports would often ignore the niceties of official ownership records, including the name of those persons/entities who were deemed the legal owners under local law (such as private banks, non-charitable foundations, attorneys or similar entities/persons) and refer to the probable/rumored/"known" owners. Such regulatory comments may again provide a lead to Jewish financial interests in an insurance entity.

We have previously noted that the major shareholders in an insurance company were also likely to utilize it to carry insurance on their corporate and private assets, as well as on their lives and those of their families, and that therefore such listings may provide further leads to Jewish financial interests in an insurance entity. In this context, the Returned German Archive, which

22 January '04

lists, *inter alia*, the provenance of other Jewish assets, including art and collectibles looted by the Nazis, may be useful as another way of identifying Jewish insurance-related assets. As noted, privately carried insurance on a person's/family's/company's assets may show with which insurance firms a Jewish group was affiliated or had ownership interests in. Where there are non-insurance assets whose Jewish ownership is known, one may be able to trace back the insurance company which carried the insurance on those assets before the Nazi looting, and then seek other insurance policies related to those assets, and also seek holdings in the insurance company which were owned by that Jewish family. For similar reasons, listings in regulatory reports of membership of an insurance company's board of directors, as well of advisory boards, of merchant bankers, stock/bond brokers, law firms, and other advisers, as well as of the names, family background and corporate affiliations of major executives, may provide clues as to the Jewish ownership and/or policyholder interest in various insurance entities. Again, the regulatory reports, over a period of years, are likely to be more detailed than the industry reports and corporate histories previously referred to. Also, such information may facilitate cross-checking information to determine if information provided or obtained via research is complete and internally consistent. Further, it is not unusual for industrial companies to have one or more insurance subsidiaries, in order to meet regulatory requirements or to obtain tax, foreign-exchange or other benefits. The records of such insurance subsidiaries of industrial groups may also be useful in determining the extent to which Jewish interests in insurance-related assets were stolen, since Jewish persons may have placed a portion of their direct insurance business with an insurance firm which was held by an industrial company which they owned, and such direct insurance may have been reinsured with another carrier.

We had previously noted that in respect of obtaining information useful in determining the extent to which Jewish interests in insurance-related assets were stolen, as well as verifying information obtained, finding out what an insurance company's re-insurance arrangements were can be highly significant and useful. An example may show why. A German insurance company may have had a re-insurance treaty with a US or UK re-insurer covering its insurance liabilities with respect to all its life insureds above a per life sum of \$10,000. The re-insurance treaty may also have provided re-insurance coverage for any loss with respect to all its life policies, irrespective of the sum on a single life, if the total exceeded \$5,000,000 in any one year. (In the context of the economies in the 1920's and 1930's, such sums were of greater import than today.) A change related to a large block of such policies in a relatively short period, wherein the beneficiaries were changed to entirely new and apparently unrelated parties (*e.g.*, from Cohn to Schweinfurt), may be an indication of the looting of such policies. Similarly, if property and casualty insurance policies with respect to a group of assets was originally shown on the books of a re-insurer for one group of beneficiaries and subsequently those are shown as being insured for the benefit of one of the known or suspected looters of Jewish assets (*e.g.*, Krupp, Thyssen, Flick) those policies may represent insurance-related Jewish property. To the extent that such asset transfer

22 January '04

combines with dropping life-insurance coverage or with suspicious changing of the beneficiary, the information regarding such Jewish owned assets, insurance-related and non-insurance related, may be further confirmed.

The question may well be raised, Since most of such information is in the regulatory records of the German, Swiss etc. insurance companies, why bother with the work of reviewing insurance (A.M. Best)/ investment (Moody's and Standard & Poor's) manuals, company histories, and US and UK re-insurance company regulatory reports? The answer is that where the insurance carrier denies that availability of such reports, and where Government officials have to be shamed into providing their files, one has to be able to show a basis for the investigation and belief that such files existed, and to show that if the data is not forthcoming readily from one source, it will be from another. Also, from the research expenditure viewpoint, it is considerably cheaper to have researchers reviewing information in English than translating it from other languages for the benefit of US judges. Further, even when information is only available in a language other than English and needs to be translated, it is cheaper to obtain information readily available in New York, Washington, D.C., London or Amsterdam, than to hire counsel to force the disgorgement/ divulging of such information. Moreover, juries are human, and are more likely to lend credence to material with which they have some familiarity or whose sources are known and credible to them, then to try to persuade them of the truth of obscure records and files whose originals are overseas and whose veracity is challenged by an overseas counsel.

There is a further reason for obtaining information from re-insurance firms. It is highly probable that some person, perhaps an older employee, perhaps a retiree, or perhaps someone who just happened to run across a file cabinet full of old insurance policies or other information, will turn up, and point the researchers in a new and fruitful direction. One cannot rely on luck, but there is nothing wrong with making it easy for good luck to happen. It is for a similar reason we believe it useful to at least review the Returned German files in the US National Archives and RIOD. Many breakthroughs in investigations occur because of judicious expenditure of shoe-leather and developing good personal relationships with informants.

22 January '04

## HOLOCAUST INSURANCE CLAIMS RESEARCH PROJECT

### RESEARCH TEAM AND PROCESS

We anticipate that the Holocaust Insurance Claims Research Project will be run under the auspices of Yeshiva University's Sy Syms School of Business and will utilize its professorial staff as researchers and translators, as well as its students as research assistants. Particularly noteworthy is that institution's expansion of its education focus to the area of Business and Financial History. Its activities in that area include a chair in Financial History which was endowed by the acclaimed economist Dr. Henry Kaufman. Its student body and faculty would be committed, with zeal and fervor, to significantly advance the objectives of the project. Where appropriate, the Business School would enlist the support and assistance of other Schools of the University, including, but not limited to, the Law School.

Dr. Charles J. Snow—Team leader. Dean, Sy Syms School of Business, Yeshiva University. Previously held Philip H. Cohen Professorial Chair in Accounting. B.A., Yeshiva University; M. Phil., Ph. D., New York University. Has consulted to Wachovia/Offut Bank and to Morgan Stanley, among other firms. Prior career experience has included public accounting and international investment banking.

Robert J. Greenberg, Assistant Professor of Business Law, Sy Syms School of Business, Yeshiva University. B.A., J.D., LL.M., Yeshiva University. Admitted to the Bar in the States of New York, New Jersey, Connecticut and Wyoming; in the District of Columbia; to several district courts, to US Court of Appeals for the Second Circuit, to the US Court of Appeals for the Federal Circuit and to the US Supreme Court. He is listed in Who's Who in America; Who's Who in Finance and Industry, Who's Who in Education, Who's Who in American Law, Who's Who in the World; and other reference works. Numerous other awards and recognitions, including published papers, conferences and refereed proceedings.

Dr. Joshua Krausz, Gershon and Merle Stern Professor of Banking & Finance. B.A., Brooklyn College of CUNY; M.B.A., Baruch College of City University of New York; Ph.D., Polytechnic University. Taught, *inter alia*, courses in basic and advanced corporate finance, in finance, and in investment analysis, including advanced application of computers to such subjects. Co-authored a book, "Corporate Responsibility and Financial Performance: the Paradox of Social Cost" with M. Pava; numerous articles regarding business' social responsibility, accounting, and finance; numerous conferences and refereed proceedings regarding corporate social responsibility; editor and reviewer for scholarly journals.

Dr. Joseph Tovey, Adjunct Associate Professor of Finance, Sy Syms School of Business, Yeshiva University, lecturing on Financial History of the United States and on Worldwide

22 January '04

History of Private Banking, Merchant Banking and Investment Banking. B.S. (Accounting) Brooklyn College of CUNY; M.B.A., Ph.D., New York University Graduate School of Business. CEO of Tovey & Company, LLC, an investment banking firm. Insurance-related experience includes assisting in tax and financial aspects of organizing life insurance companies, supervising such aspects for nine insurance companies for five years, and advising on insurance-related investments. Career included several years as a tax specialist in Lybrand Ross Brothers & Montgomery and Mobil Oil Corporation, then partner in several Wall Street firms as a petroleum industry specialist before starting Tovey & Company on January 1, 1977. Advised on financial aspects of more than 100 proposed oil, gas and chemical acquisitions; advised on more than 20 joint ventures with asset values exceeding \$5 billion; advised on financial, accounting and tax aspects of alternative means of financing petroleum production, midstream, pipelines, tankers, refineries and marketing facilities; and advised US and foreign government agencies on the financial (including financial reporting) and commercial aspects of the petroleum industry. He has also provided litigation and negotiation support in matters involving intertwined corporate, taxation, anti-trust and finance issues. Dr. Tovey has testified before US Senate Antitrust and Monopoly Subcommittee regarding financial, commercial and anti-trust issues of the petroleum industry; has addressed American Management Association groups on "Mergers and Acquisitions"; and has appeared on television, radio and in numerous articles in the Wall Street Journal, The New York Times, Forbes, Oil & Gas Investor and other media. He is or has been listed in Who's Who in America; Who's Who in Finance and Industry, Who's Who in the East; Who's Who in the World; and other reference works.

22 January '04

## HOLOCAUST INSURANCE CLAIMS RESEARCH PROJECT

### ADVISORY COMMITTEE

We anticipate that the Holocaust Insurance Claims Research Project will regularly review its progress and results with its advisory committee, which will include businesspersons with extensive international and financial background and experience. All these persons also have demonstrated long-term commitments to not-for-profit organizations and are sensitive to the human and ethical issues, as well as the technical, legal and administrative issues, which the project involves.

Dr. Thomas Weiss, a practicing Ophthalmologist, is a cum laude graduate of Yeshiva University and received his medical degree from the Downstate Medical Center. He has served as Chairman of the Division of Ophthalmology at St. Francis Hospital, The Miami Heart Institute and South Shore Hospital, Miami Beach, Florida, as well as Chairman of the Hospital Institutional Review Board and Chairman of the Credentials Committee. He served as Chief Resident in Ophthalmology in the Kings County Hospital Center under the tutelage of Dr. R. Troutman, the father of Ophthalmic Microsurgery. Dr. Weiss completed his Fellowship in Retina/Vitreous surgery at the Cleveland Clinic Foundation in Cleveland, Ohio under the direction of Department Chairman Froncie A. Gutman, former President, American Academy of Ophthalmology and the American Board of Ophthalmology. Dr. Weiss has performed more than 7,000 major Ophthalmic and laser surgeries to date. He is a member of the American Academy of Ophthalmology, and the American Society of Cataract and Refractive Surgery. His interest in Holocaust-related insurance claims was stimulated after his father (a Holocaust survivor) informed Dr. Weiss in 1984 of his uncompensated interest under an insurance policy. During the ensuing twenty-year period, Dr. Weiss has conducted intensive, original and path-finding research into Holocaust-related insurance claims and has dedicated considerable time and effort in bringing the issue to the attention of insurance commissioners, Congress and the Courts. In recognition of his expertise and experience in this field, Dr. Weiss will serve as Chairman of the Advisory Committee.

Mr. Hal H. Beretz, President, Tandler Beretz Associates, Ltd., former president and COO of Phibro-Salomon, founder of Long Island Jewish Hospital and Shaare Zedek Hospital in Jerusalem, was born 1935 in Frankfurt-am-Main, Germany, and graduated Baruch College of CUNY in 1957.

Dr. Henry Kaufman, President of Henry Kaufman & Company, Inc., a firm specializing in investment management and economic and financial consulting, established in April 1988.



## HOLOCAUST INSURANCE CLAIMS RESEARCH PROJECT

### ADVISORY COMMITTEE (continued)

During the previous 26 years, Dr Kaufman was Vice Chairman of Salomon Inc., Managing Director of Salomon Brothers, Inc., Member of that firm's Executive Committee, and in charge of its four research departments. Before joining Salomon, Dr. Kaufman was in commercial banking and also served as an economist of the Federal Reserve Bank of New York. Dr. Kaufman was born in Germany in 1927, came to the US in 1938, received a B.A. in Economics from New York University in 1948, a M.S. in Finance from Columbia University in 1949, and a Ph.D. in banking and finance from New York University Graduate School in Business Administration in 1958. He also has received several honorary degrees in recognition of his impact on financial and economic thought and of his activities in not-for-profit organizations. His publications include the books *On Money and Markets*, *A Wall Street Memoir* (published 2000) and *Interest Rates, the Markets, and the New Financial World* (published 1987 and winner of the George S. Eccles Prize for Excellence in economic writing). In addition to his private business activities, Dr. Kaufman is active in several public organizations, including those listed below, in the following capacities:

- Chairman of the Board of Trustees, Institute of International Education
- Member of the Board of Directors, W.R. Berkley Corporation
- Member of the Board of Directors, Federal Home Loan Mortgage Corporation
- Member of the Board of Directors, Lehman brothers Holdings Inc
- Member of the Board of Trustees, New York University
- Member of the Board of Trustees, Whitney Museum of American Art
- Member of the Board of Governors, Tel-Aviv University

William Schwartz, Esq., who is of counsel to Cadwalader, Wickersham & Taft, the nation's oldest law firm, was formerly the Dean of Boston University School of Law and the Vice-President for Academic Affairs (Chief Academic Officer) of Yeshiva University. He has served as University Professor of Law at the Cardozo Law School since 1991. He is the author of 18 legal books and treatises and more than 50 law review articles. Professor Schwartz is a member of the Board of Directors of Viacom, Inc., a member of Viacom's Governance and Compensation committees and Chairman of Viacom's Nominating committee. He is a member of Phi Beta Kappa and is an Honorary member of the National College of Probate judges. Professor Schwartz is listed in *Who's Who in America*; *Who's Who in Finance and Industry*; *Who's Who in the Law*; *Who's Who in the World*; and other reference works.

Mr. Josh S. Weston, former chairman, CEO and COO, Automatic Data Processing; currently board of directors member of five major business corporations (Automatic Data Processing Inc., Russ Berrie & Co., Inc., J. Crew, Olsten Corporation, Shared Medical systems, Inc.), advisory boards of three public corporations and eight non-profits; and 12 pro bono boards, including

22 January '04

**HOLOCAUST INSURANCE CLAIMS RESEARCH PROJECT**

**ADVISORY COMMITTEE (continued)**

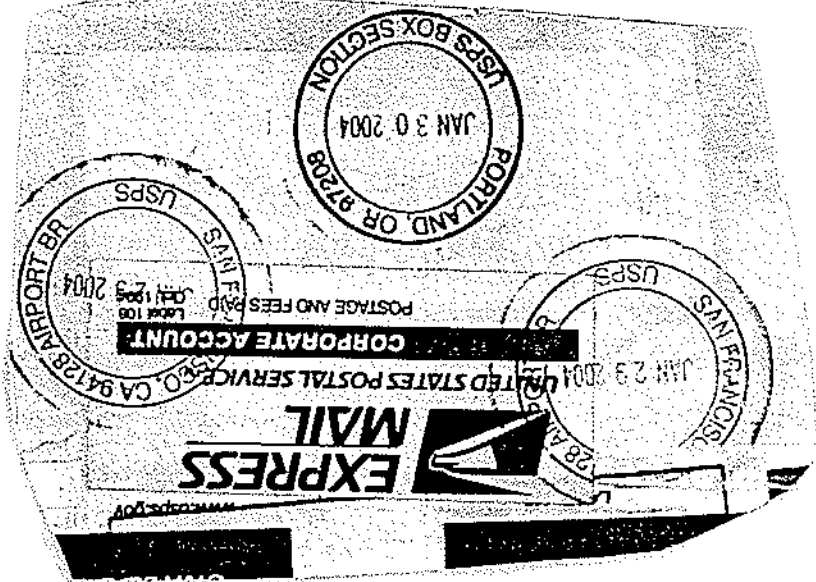
the Committee for Economic Development (Research Chairman); Business Executives for National Security (Vice Chair), Boys Town of Jerusalem (chairman), National Bureau of Economic Research, and Yeshiva University, Sy Syms School of Business (Chairman). BS in Economics CCNY; MS in Economics, University of New Zealand (Fulbright Scholar). Four honorary doctorate degrees.

22 January '04

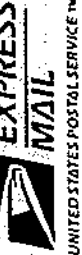
## RESEARCH RESOURCES AND BUDGET

### Research Budget.

Counsel (US, UK, German, Swiss, French, Italian, Swedish, etc. about 4,100 hours)	\$ 1,750,000
Senior researchers (including forensic accountants (about 8000 hours)	3,750,000
Research associates (10 students)	250,000
Translators	650,000
Database acquisition, computer programming, copying, communications,	1,050,000
Travel (including air travel, hotels, meals, local transportation)	300,000
Secretarial, support staff, courtesy entertainment, supplies	<u>400,000</u>
Total	<u>\$8,150,000</u>



**EXPRESS MAIL**



\* CD 16231414 KUS \*

CD 16231414 KUS

FROM:  
 POORMAN DUGLAS  
 PO BOX 8039  
 SAN FRANCISCO CA 94128-8039

Claim at:  AMF  PO  
 or  Deliver to:

HOLD FOR POORMAN DUGLAS  
 AT MAIN POST OFFICE  
 715 NW HOYT ST  
 PORTLAND OR 97208-9999

Time Due  
 01/30

Agreement No. X970812005

Weight 4 lbs. / ozs. Pouch 1 of 1

Pick-up Charge \$ 99.25

Basic Rate \$ 24.35

Delivery Charge (Domestic Only) \$ 0

Return Receipt Service

Show to whom and date delivered

Show to whom, date and address of delivery

Total Postage + Fees \$ 36.85

Customer Receipt - Copy 3

Detach here to remove copies

**PRESS HARD** You are making 4 copies.

Received from Customer

Date 1-29-04 Time 15:00

By [Signature]

Received by Delivery Unit

Date \_\_\_\_\_ Time \_\_\_\_\_

By \_\_\_\_\_

Received by Addressee

Date \_\_\_\_\_ Time \_\_\_\_\_

By \_\_\_\_\_

PS Form 5025-C August 1995