

A W T

AUDIT WIRTSCHAFTS - TREUHAND AG

SWISS BANKS SETTLEMENT  
SLAVE LABOR CLASS 1 PROGRAM

COMPLIANCE AUDIT

A W T  
AUDIT WIRTSCHAFTS - TREUHAND AG

COMPLIANCE AUDIT REPORT

SWISS BANKS SETTLEMENT  
SLAVE LABOR CLASS 1 PROGRAM  
(THE PROGRAM)

COVERING THE PERIOD OF JUNE 2001 TO JULY 2009

CONFERENCE ON JEWISH MATERIAL CLAIMS AGAINST GERMANY, INC.  
(CLAIMS CONFERENCE)

MANDATED BY  
THE SPECIAL MASTER  
HOLOCAUST VICTIM ASSETS LITIGATION

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ATTACHMENTS

- Attachment I     Contract between A W T and the Special Master of the Holocaust Victim Assets Litigation dated July 02, 2009, including all attachments thereto
- Attachment II    General Engagement Terms for German Public Auditors and Public Auditing Firms as of January 1, 2002



**AWT**  
**AUDIT WIRTSCHAFTS-TREUHAND AG**  
WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT  
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**A. THE MANDATE**

On the basis of an agreement dated July 02, 2009, we have been mandated by the Special Master of the Holocaust Victim Assets Litigation, to undertake a compliance audit of the Swiss Banks Settlement Slave Labor Class 1 Program with respect to the receipt, maintenance and disbursement of funds by the Claims Conference.

The general scope of our audit is set forth in the following documents, all of which are attached to and form an integral part of this report:

1. Contract dated July 02, 2009, between A W T Audit Wirtschafts-Treuhand AG (A W T) and the Special Master of the Holocaust Victim Assets Litigation, and as authorized by Judge Edward Korman on July 08, 2009.
2. Letter of the Special Master to Greg Schneider, Chief Operating Officer of the Claims Conference, dated June 03, 2009, with attachments thereto.

Specifically, we were requested to

1. examine whether for each Court Order the amounts ordered to be distributed by the Claims Conference have been received and properly recorded by the Claims Conference,
2. examine whether the Claims Conference has disbursed all amounts to individuals as approved and ordered by the Court,
3. examine whether funds received by the Claims Conference from the Settlement Fund were used solely for the purpose intended and to ascertain whether interest earned on balances not yet disbursed has been added to the pool of available funds,
4. reconcile sources and uses of funds from inception of the Program to its conclusion and agree any residual non-disbursed balance to the Claims Conference's banking reconciliation records as well as actual bank statements.

**B. AUDIT STEPS UNDERTAKEN**

Our audit was undertaken at the offices of the Claims Conference, New York, during the period of August 10, 2009, to August 14, 2009. We have conducted the audit in accordance with the International Standards on Auditing applicable to Compliance Auditing. Those standards require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance as to whether records and documents made available to us are free of material misstatements, whether caused by error or fraud. Accordingly, a material misstatement, whether caused by error or fraud, may remain undetected.

An audit also includes obtaining an understanding of internal controls sufficient to plan the audit and to determine the nature, timing and extent of audit procedures to be performed. However, an audit is not designed to provide assurance with respect to internal controls or to identify reportable conditions.

We have familiarized ourselves with the relevant Court documents with respect to scope, rules and regulations of the Program as well as with the Claims Conference's operating procedures for administering the Program and for making payments thereunder on behalf of the Court.

I. Court Orders Reconciliation

We have selected 15 Court Orders for examination and verification as to whether or not the ordered amounts have indeed been received by the Claims Conference and properly recognized in the dedicated account No. 3046-5896 with Citibank, NA.

Court Order No.	Date	Amount Ordered US\$	Date Credited to A/C 3046-5896
1a	06/28/01	35,000,000	07/02/01
1b	07/30/01	809,000	08/07/01
2	10/19/01	23,877,000	10/29/01
3	12/17/01	12,278,000	12/24/01
5	03/13/02	5,197,000	03/22/02
10	03/12/03	8,855,150	03/21/03
11	06/13/03	6,567,050	06/18/03
12	07/28/03	6,849,800	07/30/03
13	09/23/03	3,433,600	09/30/03
19	11/30/04	7,119,500	12/15/04
20	01/12/05	1,296,300	01/25/05
21	05/04/05	2,066,250	05/11/05
22	07/15/05	2,321,450	07/20/05
27	01/10/07	356,700	No funds flow - paid out of available balance
28	03/27/07	1,983,600	04/26/07

The ordered amounts indicated in the 15 Court Orders selected have indeed been received by the Claims Conference. The amounts and dates have been agreed to the respective bank statements.

II. Examination related to Financial Data, Documents and Information

1. Funds Reconciliation

	US\$
a) Funds received from Settlement Fund	250,335,250
b) Interest earned on balances from inception of the Program to July 31, 2009	612,540
c) Funds resulting from foreign exchange gains in connection with return items, interest earned on balances in Israel and Germany, net of banking and miscellaneous fees	108,268
Total funds available for disbursement	251,056,058
d) Total original disbursements	254,114,730
e1) Less return items	(11,998,419)
e2) Plus re-issued items	7,410,408
f) Total disbursements	249,526,719
g) Residual non-disbursed balance	1,529,339

2. Elaboration on Funds Reconciliation

a) Funds received from Settlement Fund

Our examination of 15 Court Orders out of a total of 33 Court Orders revealed that the amounts ordered by the Court to be paid by the Settlement Fund to the Claims Conference were indeed received and credited to the dedicated account for this Program at Citibank, NA, account No. 3046-5896. This extensive sampling allows us to conclude that the total amount transferred by the Settlement Fund of US\$ 250,335,250 was received and properly recorded by the Claims Conference.

b) Interest earned on non-disbursed Balances

Our extensive review of bank statements, and more specifically the monthly statements pertaining to the above-described 15 Court Orders and related payments, revealed that interest earned on balances via Nassau sweep arrangements for both the original disbursement account No. 3046-5896 (US\$ 392,876) and account No. 3050-4816 established for the handling of return items (US\$ 219,664) totaling US\$ 612,540 was credited on a monthly basis to the afore-mentioned accounts and added to available balances. This extensive review of bank statements allows us to conclude that all interest earned on bank balances was properly recorded and applied solely to court-approved disbursements under this Program.

c) Miscellaneous Additional Funds

The depreciation of the US Dollar versus the EURO and the Shekel during the duration of this Program has resulted in foreign exchange gains in connection with return items. Moreover, interest was earned on balances awaiting disbursement in both Germany and Israel. On the other hand, banking and miscellaneous fees influenced available balances in a negative way. On a net basis, however, the above-described effects resulted in a US\$ 108,268 addition to the pool of available funds.

d) Total Original Disbursements

Original disbursements totaling US\$ 254,114,730 represent court-approved payments in connection with Court Orders 1-33, including payments to heirs from funds originally disbursed to deceased claimants.

On a spot check basis, disbursements were agreed between bank statements and the Claims Conference's Central Payment System (CPS). More specifically, 15 individual cases were selected at random and were audited by reviewing documentation with respect to eligibility of claimants and the approval process employed by the Claims Conference leading to submission of claimants to the Court; moreover, we ascertained that the individual claimants were included in the respective Court Orders, that payments to these individuals had been entered into the CPS and that corresponding debit entries have been located on bank statements.

Of the 15 cases examined, 14 payments were successful and had been properly executed in line what is described in the preceding paragraph. One payment failed and was eventually revoked due to the death of the original beneficiary and the failure by potential heirs to establish their legal inheritance status.



e) Return Items and re-issued Items

Return items can take the form of checks returned to the Claims Conference or electronic wire transfers re-credited to the dedicated account that had been set up for return items - Citibank, NA account No. 3050-4816. Return items total US\$ 11,998,419 of which US\$ 7,410,408 were re-issued, with the balance of US\$ 4,588,011 made available for payments to heirs as mentioned above.

All return items are captured by the CPS and investigated as to reason of payment failure. The major reasons are death of beneficiaries, wrong addresses and incorrect banking details. In the event of death of the original beneficiary, the Claims Conference will establish the identity and propriety of heirs, and, if satisfied, will submit its recommendations to the Court for payments to heirs. If updated banking details are obtained or the current correct addresses of beneficiaries are learned, payments are re-issued. In the event that the investigation does not allow re-issuance of payments, such payments are revoked and related funds are added to the available balance for additional original disbursements.

In the area of return items, we have familiarized ourselves with both the claimants data base and the CPS (and the interaction of both) and have, on a spot-check basis, satisfied ourselves that both systems as well as systems operators provide for the efficient and proper handling of all items. Specifically, we have assured ourselves that funds arising from return items are either used for re-issuance of payments or for making additional original disbursements, including payments to heirs. We have seen no evidence that funds from return items have been used for purposes other than payments to court-approved claimants.

All relevant entries in the CPS and bank statements have been reconciled and no discrepancies have been revealed.

f) Total disbursements

Successful disbursements total US\$ 249,526,719 to 172,087 claimants as per data contained in the CPS as well as bank reconciliation records.

g) Residual non-disbursed Balances

Steps a) thru f), as described above, produce a residual balance of US\$ 1,529,339.82 as per July 31, 2009. This amount has been reconciled to the two respective bank accounts:

	<u>US\$</u>
In the "Returned-Items" account No 3050-4816.	1,100,861.14
In the "Original Disbursement" account No. 3046-5896	<u>428,478.68</u>
	<u><u>1,529,339.82</u></u>

3. Subsequent Events

On August 11, 2009, an amount of US\$ 40,517.44 was returned by Citibank, NA, representing checks issued previously, but not negotiated within the required 6-months period from date of issuance. Such checks become "stale" and invalid.

Consequently, the residual non-disbursed balance in the "Return Item" account increases to US\$ 1,141,378.58 as of August 11, 2009. The total non-disbursed balance of the two accounts amounts to US\$ 1,569,857.26 as of August 11, 2009, and has been reconciled to bank statements.

C. GENERAL PROGRAM OVERSIGHT

We have familiarized ourselves with the Claims Conference's payment procedures and systems and are of the opinion that these are structured in accordance with what is generally accepted and expected in terms of transparency as well as security features and controls. We are of the opinion that the claimants' data base and the CPS offer the capability of capturing and recording a great variety of data and documents, enabling the Claims Conference to discharge all tasks in connection with this Program with great efficiency, speed and transparency. Particularly impressive is the easily accessible and highly transparent audit trail of each individual case.

We have interviewed Claims Conference staff regarding the general administration of and oversight over the Program. Overall, we noted a high degree of involvement by Claims Conference staff in the Program administration and oversight. We were impressed by the high levels of commitment and professionalism of staff in their effort to make sure that the Program is implemented in conformity with all applicable agreements and directives.

D. INVESTMENT POLICIES

All funds awaiting disbursement are maintained in demand deposit accounts for ready availability, with balances invested overnight in an interest-bearing Nassau sweep account.

E. MISCELLANEOUS ITEMS

A Letter of Representation signed by Messrs. Schneider and Berger has been received, attesting that all relevant records and supporting documentation have been made available to us. Furthermore, full and accurate information to all inquiries made by us during the course of our audit have been provided.

The audit performed is based on the General Engagement Terms for German Public Auditors and Public Auditing Firms as of January 1, 2002, a copy of which is attached to this report.

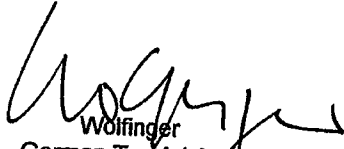
This report is intended solely for the use of the Special Master of the Holocaust Victim Assets Litigation, the United States District Court for the Eastern District of New York, and the Claims Conference. Other parties to whom the report may be provided should be advised that the audit procedures were performed only for the purposes of the specified users.

F. CONCLUSION

The overall goal of the audit is to be able to represent that all funds received from the Settlement Fund have been properly accounted for, have been bearing interest while awaiting disbursement and have been disbursed in accordance with all underlying agreements and directives. We can state that in the course of our audit, we have not identified any questionable practices, infractions, discrepancies or weaknesses in systems, procedures and controls.

A W T  
AUDIT WIRTSCHAFTS - TREUHAND AG  
WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT

  
Hahn  
German Certified Public Accountant

  
Wolfinger  
German Tax Advisor

September 02, 2009



**AWT**  
**AUDIT WIRTSCHAFTS-TREUHAND AG**  
 WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT  
 HAMBURG • BERLIN • MÜNCHEN • NÜRNBERG • STUTTGART

Mr. Judah Gribetz  
 Special Master  
 Holocaust Victim Assets Litigation  
 399 Park Avenue  
 New York, New York 10022  
 USA

Routed via the offices of

Conference on Jewish Material Claims  
 Against Germany, Inc.  
 1359 Broadway, Suite 2020  
 New York, New York 10018  
 USA

Dear Mr. Gribetz,

As requested in your letter to Greg Schneider of June 09, 2009, we are pleased to set forth below our proposal with respect to an audit of the procedures the Claims Conference has followed in connection with its administration and disbursement of funds of the Swiss Banks Settlement Slave Labor Class 1 and Refugee-Class programs.

The general scope of such audit is set forth in two documents attached to the above-referenced letter - both these documents form an integral part of this proposal.

Specifically, for the Slave Labor Class 1 program, we are prepared to:

1. Examine whether for each Court Order the amounts ordered to be distributed by the Claims Conference have been received and properly recorded by the Claims Conference. We will familiarize ourselves with the relevant Court documents with respect to scope, rules and regulations of the program as well as with the Claims Conference's operating procedures for administering the program and making payments thereunder on behalf of the Court.

On the basis of the foregoing, we will review all Court Orders for payment groups 1 - 33, trace amounts ordered to be paid to the relevant bank statements and reconcile these to the Claims Conference's General Ledger accounts.

2. Examine whether the Claims Conference has disbursed all amounts to the individuals as approved and ordered by the Court. This examination will involve selecting samples of Court Orders and, in turn, selecting samples of individuals contained in each Court Order. The objective is to ascertain whether or not the Claims Conference has in place internal procedures designed to assure the proper execution of payments as ordered by the Court and to prevent disbursements that are not properly authorized and/or approved.

HASENBERGSTRASSE 16  
 70178 STUTTGART  
 TELEFON (07 14) 365 369 0  
 TELEFAX (07 14) 365 369 22  
 stuttgart@awt.ag • www.awt.ag

Contact  
 Hans F. Woffinger

June 18, 2009

NONNENDORFCKE 12  
 66047 HAMBURG  
 TELEFON (09 51) 98 69 85  
 TELEFAX (09 51) 98 69 87.1  
 hamburg@awt.ag

DROYSENSTRASSE 18  
 10629 BERLIN  
 TELEFON (030) 32 77 69 50  
 TELEFAX (030) 32 77 69 50  
 berlin@awt.ag

HENSENSTRASSE 4  
 81674 MÜNCHEN  
 TELEFON (089) 89 72 63 50  
 TELEFAX (089) 89 72 63 55  
 munchen@awt.ag

SPITTLERSTRASSE 3  
 90429 NÜRNBERG  
 TELEFON (09 11) 92 66 60  
 TELEFAX (09 11) 92 66 619  
 nuernberg@awt.ag

Vorsitzender der Aufsichtsrats  
 Prof. Dr. Walter Eggw

Vorstand  
 Dipl.-Kfm. Herbert G. Strasser, WFS/StB  
 Dipl.-Kfm. Christof Bartscher, StB  
 Dipl.-Kfm. Detlev G. Möhn, WFS/StB  
 Dipl.-Volkswirt Bernd L. Huber, WFS/StB  
 Adalbert Schmid, StB  
 Dipl.-Kfm. Kurt Wagner, WFS/StB  
 Dipl.-Kfm. Hans F. Woffinger, StB

Sitz der Gesellschaft:  
 Sitzort HRB 25850

Niederlassungen:  
 Hamburg • Berlin • München • Nürnberg

A W T  
AUDIT WIRTSCHAFTS-TREUHAND AG  
WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT

- 3 -

Our fees are based on the time required by our staff assigned to this engagement, plus direct expenses. We estimate that the audit can be performed within a time-frame of 32 - 40 hours; as we have experience with the internal organization, staff and procedures of the Claims Conference, we commit to a cap of maximum 40 hours.

Our hourly rate is US\$ 250.00.

Direct expenses for flight, hotel accommodations, per diem allowance and miscellaneous out-of-pocket expenses are estimated to be US\$ 2,000.00 and will be evidenced by an expenses report with proper receipts attached.

In the event that we are requested or authorized by the Court or are required by government regulations, subpoena or other legal processes to produce our documents or our personnel as witness with respect to our engagement for the Court, the Court will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses as well as the fees and expenses of our counsel, if any.

This letter constitutes the complete and exclusive statement of agreement between

AWT Audit Wirtschafts-Treuhand AG and the Court,

superseding all proposals oral or written and all other communications with respect to the terms of the engagement between the two parties.

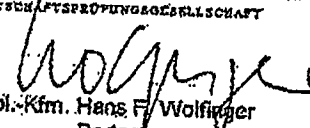
We also include the General Engagement Terms for German Public Auditors and Public Auditing Firms as of January 01, 2002, being an integral part of this agreement.

If this letter defines the arrangements as you require and understand them, please sign and date the enclosed copy and return same to us.

We appreciate the opportunity for being of service to you. Should you favor us with a mandate as outlined in this letter, we are prepared to commence our audit on August 10, 2009.

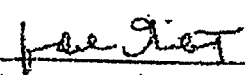
Sincerely yours,

A W T  
AUDIT WIRTSCHAFTS-TREUHAND AG  
WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT

  
Dipl.-Kfm. Hans F. Wolfinger  
Partner

Enclosure

Confirmed and agreed

  
Judah Gribetz, Special Master  
Holocaust Victim Assets Litigation

Date

7/2/09

*center year  
SP Karan  
7/8/09*

Judah Gribetz  
Special Master  
**Holocaust Victim Assets Litigation**  
Case No. CV 96-4849  
399 Park Avenue  
New York, New York 10022  
Phone: (212) 705-7000

June 3, 2009

Greg Schneider  
Chief Operating Officer  
Conference on Jewish Material Claims  
Against Germany, Inc.  
1359 Broadway - Room 2000  
New York, NY 10018

Dear Greg:

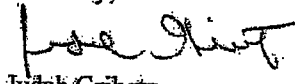
As you are aware, on behalf of the Court, which supervises the settlement in the matter *In re Holocaust Victim Assets Litigation (Swiss Banks Settlement)*, we seek to arrange an audit of certain programs that have been administered on the Court's behalf by the Conference on Jewish Material Claims Against Germany (Claims Conference). Specifically, the audit will analyze the procedures that the Claims Conference has followed in connection with its administration of the Slave Labor Class I and Refugee Class programs on behalf of Jewish victims or targets of Nazi persecution, both of which programs have been concluded.

We enclose the following documents: (1) Proposed Audit Procedures for the Swiss Banks Settlement Slave Labor Class I Program Payment Process; (2) Proposed Audit Procedures for the Swiss Banks Settlement Refugee Class Program Payment Process; and (3) several pages from the Internet site in this matter, [www.swissbankclaims.com](http://www.swissbankclaims.com), which we believe provide an overview of the Swiss Banks Settlement as well as the two specific programs described above. We understand that the German audit firm AWT (Audit Wirtschafts-Treuhand AG) performed an audit of Claims Conference programs for Holocaust victims and heirs operated on behalf of the International Commission on Holocaust-Era Insurance Claims (ICHEIC). Because of AWT's familiarity with these programs, which in certain respects are similar to those the Claims Conference has administered on the Court's behalf in the Swiss Banks Settlement, we request that you forward the enclosed documents to AWT so that we may obtain from AWT an audit proposal.

Greg Schneider  
June 3, 2009  
Page 2

Should you or AWT have any questions, please do not hesitate to contact us.

Sincerely,



Judah Grabetz

Enclosures:



June 3, 2009

*In re Holocaust Victim Assets Litigation (Swiss Banks), United States District Court  
for the Eastern District of New York (Hon. Edward R. Kornan, presiding)*

**Proposed Audit Procedures for the Swiss Banks Settlement Slave Labor Class I  
Program Payment Process**

The audit objectives with respect to the Swiss Banks Settlement Slave Labor Class I program payment process administered by the Conference on Jewish Material Claims Against Germany, Inc. (Claims Conference) on behalf of the Court are to provide assurance that transactions are recorded properly in the accounting records and assets are used only as mandated by the Court. The suggested audit objectives and steps are as follows:

- 1) Objective: For each Court Order, assure that the amount ordered by the Court to be distributed to the Claims Conference from the Settlement Fund has been received and properly recorded by the Claims Conference.

**Audit Steps:**

Review the Court documents setting forth the scope, rules and regulations of the program, as well as the Claims Conference's formal and informal operating procedures for administering program payments on behalf of the Court.

Review each signed Court Order for payment groups one through thirty-three and compare amount ordered to be paid from the Settlement Fund to the Claims Conference's monthly bank statements and bank reconciliations which are used to support the formal accounting records.

- 2) Objective: Assure that the individuals and amounts approved for payment by the Court have been paid by the Claims Conference.

**Audit Steps:**

Select a sample of signed Court Orders and for each Court Order chosen, select a sample of individuals approved by the Court for payment related to each of the selected Court Orders. Determine each amount the Court approved for payment with respect to the individuals selected in the sample.

From the sample, trace the names of the individuals and the related amounts approved for payment by the Court to the Claims Conference's statistical data base, to determine that the program applications of the individuals in the sample have been approved by the responsible official of the Claims Conference.

Trace the names of the above-mentioned sampled individuals and the respective amounts approved for payment to the names and amounts recorded in the Claims Conference's payment records as having been paid, i.e., the Claims Conference central payment processing system, or to data evidencing that payment was attempted but not consummated for a specific reason (e.g., the payee was not able to be located or the payee declined to accept the payment, etc.).

Trace the total amount of sampled payments recorded by the Claims Conference for each payment group in its Central Payment Processing System to the related monthly bank statements.

From the central payment system, select a sample of re-issued payments and determine that the related stopped checks were credited to the bank statements and that the subsequent re-issued payments were re-issued to the proper individuals.

- 3) Objective: Assure that funds received by the Claims Conference from the Settlement Fund are used for the purpose intended by the Court.

Audit Steps:

Review each monthly bank statement and the related monthly bank reconciliation for any unusual activity and/or irregularities. Record unusual findings, discuss with management and record management's explanation.

Assure that interest shown on the monthly bank statements is recorded in the monthly bank reconciliations.

- 4) Objective: To document the composition of un-disbursed Swiss Banks Settlement Slave Labor Class I funds at the end of the program.

Audit Steps:

Obtain from the Claims Conference a schedule by month of the sources and uses of Slave Labor Class I funds from the inception of the program to the end of the program. Sources of funds include awards paid by the Settlement Fund and interest income earned on invested funds. Uses include payments to beneficiaries and other authorized payments, if any.

Document the composition of the balance of the Settlement Fund at the end of the program as the sum of:

- (i) Unpaid awards by set (the total of which should equal total unpaid awards per the Claims Conference records).
- (ii) Unspent interest income.

5) Objective: Summarize Findings of the internal audit.

**Audit Steps:**

Meet and discuss audit findings with Claims Conference management.

Prepare the draft audit report for discussion with Claims Conference management. Discuss with management its response(s) to the draft audit report findings.

Finalize the audit report including Claims Conference management's responses.

Issue the final report to the interested parties.

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# General Engagement Terms

for  
**Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften**  
[German Public Auditors and Public Audit Firms]  
as of January 1, 2002

This is an English translation of the German text, which is the sole authoritative version

## 1. Scope

(1) These engagement terms are applicable to contracts between Wirtschaftsprüfer [German Public Auditors] or Wirtschaftsprüfungsgesellschaften [German Public Audit Firms] (hereinafter collectively referred to as the "Wirtschaftsprüfer") and their clients for audits, consulting and other engagements to the extent that something else has not been expressly agreed to in writing or is not compulsory due to legal requirements.

(2) If, in an individual case, as an exception contractual relations have also been established between the Wirtschaftsprüfer and persons other than the client, the provisions of No. 9 below also apply to such third parties.

## 2. Scope and performance of the engagement

(1) Subject of the Wirtschaftsprüfer's engagement is the performance of agreed services – not a particular economic result. The engagement is performed in accordance with the Grundsätze ordnungsmäßiger Berufsausübung [Standards of Proper Professional Conduct]. The Wirtschaftsprüfer is entitled to use qualified persons to conduct the engagement.

(2) The application of foreign law requires – except for financial attestation engagements – an express written agreement.

(3) The engagement does not extend – to the extent it is not directed thereto – to an examination of the issue of whether the requirements of tax law or special regulations, such as, for example, laws on price controls, laws limiting competition and Bewirtschaftungsrecht [laws controlling certain aspects of specific business operations] were observed; the same applies to the determination as to whether subsidies, allowances or other benefits may be claimed. The performance of an engagement encompasses auditing procedures aimed at the detection of the defalcation of books and records and other irregularities only if during the conduct of audits grounds therefor arise or if this has been expressly agreed to in writing.

(4) If the legal position changes subsequent to the issuance of the final professional statement, the Wirtschaftsprüfer is not obliged to inform the client of changes or any consequences resulting therefrom.

## 3. The client's duty to inform

(1) The client must ensure that the Wirtschaftsprüfer – even without his special request – is provided, on a timely basis, with all supporting documents and records required for and is informed of all events and circumstances which may be significant to the performance of the engagement. This also applies to those supporting documents and records, events and circumstances which first become known during the Wirtschaftsprüfer's work.

(2) Upon the Wirtschaftsprüfer's request, the client must confirm in a written statement drafted by the Wirtschaftsprüfer that the supporting documents and records and the information and explanations provided are complete.

## 4. Ensuring independence

The client guarantees to refrain from everything which may endanger the independence of the Wirtschaftsprüfer's staff. This particularly applies to offers of employment and offers to undertake engagements on one's own account.

## 5. Reporting and verbal information

If the Wirtschaftsprüfer is required to present the results of his work in writing, only that written presentation is authoritative. For audit engagements the long-form report should be submitted in writing to the extent that nothing else has been agreed to. Verbal statements and information provided by the Wirtschaftsprüfer's staff beyond the engagement agreed to are never binding.

## 6. Protection of the Wirtschaftsprüfer's intellectual property

The client guarantees that expert opinions, organizational charts, drafts, sketches, schedules and calculations – especially quantity and cost computations – prepared by the Wirtschaftsprüfer within the scope of the engagement will be used only for his own purposes.

## 7. Transmission of the Wirtschaftsprüfer's professional statement

(1) The transmission of a Wirtschaftsprüfer's professional statements (long-form reports, expert opinions and the like) to a third party requires the Wirtschaftsprüfer's written consent to the extent that the permission to transmit to a certain third party does not result from the engagement terms.

The Wirtschaftsprüfer is liable (within the limits of No. 9) towards third parties only if the prerequisites of the first sentence are given.

(2) The use of the Wirtschaftsprüfer's professional statements for promotional purposes is not permitted; an infringement entitles the Wirtschaftsprüfer to immediately cancel all engagements not yet conducted for the client.

## 8. Correction of deficiencies

(1) Where there are deficiencies, the client is entitled to subsequent fulfillment [of the contract]. The client may demand a reduction in fees or the cancellation of the contract only for the failure to subsequently fulfill [the contract]; if the engagement was awarded by a person carrying on a commercial business as part of that commercial business, a government-owned legal person under public law or a special government-owned fund under public law, the client may demand the cancellation of the contract only if the services rendered are of no interest to him due to the failure to subsequently fulfill [the contract]. No. 9 applies to the extent that claims for damages exist beyond this.

(2) The client must assert his claim for the correction of deficiencies in writing without delay. Claims pursuant to the first paragraph not arising from an intentional tort cease to be enforceable one year after the commencement of the statutory time limit for enforcement.

(3) Obvious deficiencies, such as typing and arithmetical errors and formelle Mängel [deficiencies associated with technicalities] contained in a Wirtschaftsprüfer's professional statements (long-form reports, expert opinions and the like) may be corrected – and also be applicable versus third parties – by the Wirtschaftsprüfer at any time. Errors which may call into question the conclusions contained in the Wirtschaftsprüfer's professional statements entitle the Wirtschaftsprüfer to withdraw – also versus third parties – such statements. In the cases noted the Wirtschaftsprüfer should first hear the client, if possible.

## 9. Liability

(1) The liability limitation of § ["Article"] 323 (2) ["paragraph 2"] HGB ["Handelsgesetzbuch": German Commercial Code] applies to statutory audits required by law.

(2) Liability for negligence; An individual case of damages

If neither No. 1 is applicable nor a regulation exists in an individual case, pursuant to § 54a (1) no. 2 WPO ["Wirtschaftsprüferordnung": Law regulating the Profession of Wirtschaftsprüfer] the liability of the Wirtschaftsprüfer for claims of compensatory damages of any kind – except for damages resulting from injury to life, body or health – for an individual case of damages resulting from negligence is limited to € 4 million; this also applies if liability to a person other than the client should be established. An individual case of damages also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty without taking into account whether the damages occurred in one year or in a number of successive years. In this case multiple acts or omissions of acts based on a similar source of error or on a source of error of an equivalent nature are deemed to be a uniform breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the Wirtschaftsprüfer is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(3) Preclusive deadlines

A compensatory damages claim may only be lodged within a preclusive deadline of one year of the rightful claimant having become aware of the damage and of the event giving rise to the claim – at the very latest, however, within 5 years subsequent to the event giving rise to the claim. The claim expires if legal action is not taken within a six month deadline subsequent to the written refusal of acceptance of the indemnity and the client was informed of this consequence.

The right to assert the bar of the preclusive deadline remains unaffected. Sentences 1 to 3 also apply to legally required audits with statutory liability limits.

#### 10. Supplementary provisions for audit engagements

- (1) A subsequent amendment or abridgement of the financial statements or management report audited by a Wirtschaftsprüfer and accompanied by an auditor's report requires the written consent of the Wirtschaftsprüfer even if these documents are not published. If the Wirtschaftsprüfer has not issued an auditor's report, a reference to the audit conducted by the Wirtschaftsprüfer in the management report or elsewhere specified for the general public is permitted only with the Wirtschaftsprüfer's written consent and using the wording authorized by him.
- (2) If the Wirtschaftsprüfer revokes the auditor's report, it may no longer be used. If the client has already made use of the auditor's report, he must announce its revocation upon the Wirtschaftsprüfer's request.
- (3) The client has a right to 5 copies of the long-form report. Additional copies will be charged for separately.

#### 11. Supplementary provisions for assistance with tax matters

- (1) When advising on an individual tax issue as well as when furnishing continuous tax advice, the Wirtschaftsprüfer is entitled to assume that the facts provided by the client – especially numerical disclosures – are correct and complete; this also applies to bookkeeping engagements. Nevertheless, he is obliged to inform the client of any errors he has discovered.
- (2) The tax consulting engagement does not encompass procedures required to meet deadlines, unless the Wirtschaftsprüfer has explicitly accepted the engagement for this. In this event the client must provide the Wirtschaftsprüfer, on a timely basis, all supporting documents and records – especially tax assessments – material to meeting the deadlines, so that the Wirtschaftsprüfer has an appropriate time period available to work therewith.
- (3) In the absence of other written agreements, continuous tax advice encompasses the following work during the contract period:
  - a) preparation of annual tax returns for income tax, corporation tax and business tax, as well as net worth tax returns on the basis of the annual financial statements and other schedules and evidence required for tax purposes to be submitted by the client
  - b) examination of tax assessments in relation to the taxes mentioned in (a)
  - c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
  - d) participation in tax audits and evaluation of the results of tax audits with respect to the taxes mentioned in (a)
  - e) participation in Einspruchs- und Beschwerdeverfahren [appeals and complaint procedures] with respect to the taxes mentioned in (a).

In the afore-mentioned work the Wirtschaftsprüfer takes material published legal decisions and administrative interpretations into account.

- (4) If the Wirtschaftsprüfer receives a fixed fee for continuous tax advice, in the absence of other written agreements the work mentioned under paragraph 3 (d) and (e) will be charged separately.
- (5) Services with respect to special individual issues for income tax, corporate tax, business tax, valuation procedures for property and net worth taxation, and net worth tax as well as all issues in relation to sales tax, wages tax, other taxes and dues require a special engagement. This also applies to:
  - a) the treatment of nonrecurring tax matters, e. g. in the field of estate tax, capital transactions tax, real estate acquisition tax
  - b) participation and representation in proceedings before tax and administrative courts and in criminal proceedings with respect to taxes, and
  - c) the granting of advice and work with respect to expert opinions in connection with conversions of legal form, mergers, capital increases and reductions, financial reorganizations, admission and retirement of partners or shareholders, sale of a business, liquidations and the like.

(6) To the extent that the annual sales tax return is accepted as additional work, this does not include the review of any special accounting prerequisites nor of the issue as to whether all potential legal sales tax reductions have been claimed. No guarantee is assumed for the completeness of the supporting documents and records to validate the deduction of the input tax credit.

#### 12. Confidentiality towards third parties and data security

- (1) Pursuant to the law the Wirtschaftsprüfer is obliged to treat all facts that he comes to know in connection with his work as confidential, irrespective of whether these concern the client himself or his business associations, unless the client releases him from this obligation.
- (2) The Wirtschaftsprüfer may only release long-form reports, expert opinions and other written statements on the results of his work to third parties with the consent of his client.
- (3) The Wirtschaftsprüfer is entitled – within the purposes stipulated by the client – to process personal data entrusted to him or allow them to be processed by third parties.

#### 13. Default of acceptance and lack of cooperation on the part of the client

If the client defaults in accepting the services offered by the Wirtschaftsprüfer or if the client does not provide the assistance incumbent on him pursuant to No. 3 or otherwise, the Wirtschaftsprüfer is entitled to cancel the contract immediately. The Wirtschaftsprüfer's right to compensation for additional expenses as well as for damages caused by the default or the lack of assistance is not affected, even if the Wirtschaftsprüfer does not exercise his right to cancel.

#### 14. Remuneration

- (1) In addition to his claims for fees or remuneration, the Wirtschaftsprüfer is entitled to reimbursement of his outlays: sales tax will be billed separately. He may claim appropriate advances for remuneration and reimbursement of outlays and make the rendering of his services dependent upon the complete satisfaction of his claims. Multiple clients awarding engagements are jointly and severally liable.
- (2) Any set off against the Wirtschaftsprüfer's claims for remuneration and reimbursement of outlays is permitted only for undisputed claims or claims determined to be legally valid.

#### 15. Retention and return of supporting documentation and records

- (1) The Wirtschaftsprüfer retains, for ten years, the supporting documents and records in connection with the completion of the engagement – that had been provided to him and that he has prepared himself – as well as the correspondence with respect to the engagement.
- (2) After the settlement of his claims arising from the engagement, the Wirtschaftsprüfer, upon the request of the client, must return all supporting documents and records obtained from him or for him by reason of his work on the engagement. This does not, however, apply to correspondence exchanged between the Wirtschaftsprüfer and his client and to any documents of which the client already has the original or a copy. The Wirtschaftsprüfer may prepare and retain copies or photocopies of supporting documents and records which he returns to the client.

#### 16. Applicable law

Only German law applies to the engagement, its conduct and any claims arising therefrom.

A W T

AUDIT WIRTSCHAFTS - TREUHAND AG

SWISS BANKS SETTLEMENT

REFUGEE CLASS PROGRAM

COMPLIANCE AUDIT

A W T  
AUDIT WIRTSCHAFTS - TREUHAND AG

COMPLIANCE AUDIT REPORT

SWISS BANKS SETTLEMENT  
REFUGEE CLASS PROGRAM  
(THE PROGRAM)

COVERING THE PERIOD OF JUNE 2001 TO JULY 2009

CONFERENCE ON JEWISH MATERIAL CLAIMS AGAINST GERMANY, INC.  
(CLAIMS CONFERENCE)

MANDATED BY  
THE SPECIAL MASTER  
HOLOCAUST VICTIM ASSETS LITIGATION

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ATTACHMENTS

- Attachment I Contract between A W T and the Special Master of the Holocaust Victim Assets Litigation dated July 02, 2009, including all attachments thereto
- Attachment II General Engagement Terms for German Public Auditors and Public Auditing Firms as of January 1, 2002





**AWT**  
**AUDIT WIRTSCHAFTS-TREUHAND AG**  
WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT  
BAMBERG • BERLIN • MÜNCHEN • NÜRNBERG • STUTTGART

**A. THE MANDATE**

On the basis of an agreement dated July 02, 2009, we have been mandated by the Special Master of the Holocaust Victim Assets Litigation, to undertake a compliance audit of the Swiss Banks Settlement Refugee Class Program with respect to the receipt, maintenance and disbursement of funds by the Claims Conference.

The general scope of our audit is set forth in the following documents, all of which are attached to and form an integral part of this report:

1. Contract dated July 02, 2009, between A W T Audit Wirtschafts-Treuhand AG (A W T) and the Special Master of the Holocaust Victim Assets Litigation, and as authorized by Judge Edward Korman on July 08, 2009.
2. Letter of the Special Master to Greg Schneider, Chief Operating Officer of the Claims Conference, dated June 03, 2009, with attachments thereto.

Specifically, we were requested to

1. examine whether for each Court Order the amounts ordered to be distributed by the Claims Conference have been received and properly recorded by the Claims Conference,
2. examine whether the Claims Conference has disbursed all amounts to individuals as approved and ordered by the Court,
3. examine whether funds received by the Claims Conference from the Settlement Fund were used solely for the purpose intended and to ascertain whether interest earned on balances not yet disbursed has been added to the pool of available funds,
4. reconcile sources and uses of funds from inception of the Program to its conclusion and agree any residual non-disbursed balance to the Claims Conference's banking reconciliation records as well as actual bank statements.

**B. AUDIT STEPS UNDERTAKEN**

Our audit was undertaken at the offices of the Claims Conference, New York, during the period of August 10, 2009, to August 14, 2009. We have conducted the audit in accordance with the International Standards on Auditing applicable to Compliance Auditing. Those standards require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance as to whether records and documents made available to us are free of material misstatements, whether caused by error or fraud. Accordingly, a material misstatement, whether caused by error or fraud, may remain undetected.

An audit also includes obtaining an understanding of internal controls sufficient to plan the audit and to determine the nature, timing and extent of audit procedures to be performed. However, an audit is not designed to provide assurance with respect to internal controls or to identify reportable conditions.

We have familiarized ourselves with the relevant Court documents with respect to scope, rules and regulations of the Program as well as with the Claims Conference's operating procedures for administering the Program and for making payments thereunder on behalf of the Court.

I. Court Orders Reconciliation

We have selected 17 Court Orders out of a total of 34 Court Orders for examination and verification as to whether or not the ordered amounts have indeed been received by the Claims Conference and properly recognized in the dedicated account No. 3047-1153 with Citibank, NA.

Court Order No.	Date	Amount Ordered US\$	Date Credited to A/C 3047-1153
3	07/16/02	141,000	See Note 1) below
5	06/28/01	77,500	
8	04/14/03	181,250	
12	06/09/03	206,625	
13	06/10/03	381,250	
15	08/31/03	386,425	
16	09/09/03	384,250	
19	11/19/03	501,700	
20	12/03/03	380,625	
23	02/19/04	532,875	
24	03/10/04	277,675	
25	06/09/04	324,075	
26	08/08/04	366,125	
29	10/19/04	374,100	
31	12/21/04	355,250	
32	01/06/05	350,175	
34	07/12/06	132,675	

Note 1)

Unlike for the Slave Labor Class 1 Program, receipts from the Settlement Fund for the Refugee Class Program do not match the amounts of each individual Court Order. Therefore, all receipts during the period of July 12, 2001 to July 19, 2006, were tabulated and agreed to bank statements. A total of US\$ 10,770,322 was received and duly recognized in account No. 3047-1153 with Citibank, NA.

Our examination of the 17 Court Orders stated above revealed that the ordered amounts have been disbursed by reconciling ordered amounts with corresponding debit entries in bank statements.

II. Examination related to Financial Data, Documents and Information

1. Funds Reconciliation

	<u>US\$</u>
a) Funds received from Settlement Fund	10,770,322
b) Interest earned on balances from inception of the Program to July 31, 2009	13,599
c) Funds resulting from foreign exchange gains in connection with return items, net of banking fees	<u>582</u>
Total funds available for distribution	<u><u>10,784,503</u></u>
d) Total original disbursements	10,782,934
e1) Less return items	(280,647)
e2) Plus re-issued items	<u>241,138</u>
f) Total disbursements	<u><u>10,743,425</u></u>
g) Residual non-disbursed balance	<u><u>41,078</u></u>

2. Elaboration on Funds Reconciliation

a) Funds received from Settlement Fund

Unlike for the Slave Labor Class 1 Program, funds received from the Settlement Fund for the Refugee Class Program do not match the amount of each individual Court Order. Consequently, we have examined all bank statements from the inception of the Program to July 31, 2006, and have ascertained that funds were received as follows and credited to the dedicated account No. 3047-1153 with Citibank, NA:

<u>Date of Credit Entry</u>	<u>Amount US\$</u>
07/12/01	100,000
03/22/02	130,000
07/19/02	500,000
10/24/02	164,700
02/05/03	750,000
04/16/03	750,000
06/11/03	750,000
08/05/03	1,000,000
09/30/03	1,500,000
12/09/03	1,500,000
02/26/04	1,000,000
08/18/04	1,000,000
12/10/04	1,400,000
01/14/05	106,275
07/19/06	119,347
Total receipts	<u><u>10,770,322</u></u>

The total amount received from the Settlement Fund has been agreed to respective entries in accounting records and bank statements.

b) Interest earned on non-disbursed Balances

Our extensive review of bank statements, and more specifically the monthly statements pertaining to the months during which the above-mentioned 17 Court Orders and consequent payments were effected, revealed that interest earned on balances via a Nassau sweep arrangement totaling US\$ 13,599 was credited on a monthly basis to the afore-mentioned account for additional court-approved disbursements.

This extensive review of bank statements allows us to conclude that all interest earned on bank balances was properly recorded and applied solely to court-approved disbursements under this Program.

c) Miscellaneous Additional Funds

The depreciation of the US Dollar versus the EURO and the Shekel during the duration of this Program has resulted in foreign exchange gains in connection with return items. On the other hand, banking fees influenced available balances in a negative way.

On a net basis, however, the above-described effects resulted in a US\$ 582 addition to the pool of available funds.

d) Total Original Disbursements

Original disbursements totaling US\$ 10,782,934 represent court-approved payments in connection with Court Orders 1-34, including payments to heirs from funds originally disbursed to deceased claimants.

On a spot check basis, disbursements were agreed between bank statements and the Claims Conference's Central Payment System (CPS). More specifically, 10 individual cases were selected at random and were audited by reviewing documentation with respect to eligibility of claimants and the approval process employed by the Claims Conference leading to submission of claimants to the Court; moreover, we ascertained that the individual claimants were included in the respective Court Orders, that payments to these individuals had been entered into the CPS and that corresponding debit entries have been located on bank statements.

Of the 10 cases examined, 9 payments were successful and had been properly executed in line with what is described in the preceding paragraph. One payment failed and was eventually revoked due to the death of the claimant.

e) Return Items and re-issued Items

Return items can take the form of checks returned to the Claims Conference or electronic wire transfers re-credited to the disbursement account. Return items total US\$ 280,647 of which US\$ 241,138 were re-issued, with the balance of US\$ 39,509 made available for payments to heirs as mentioned above.

All return items are captured by the CPS and investigated as to reason of payment failure. The major reasons are death of beneficiaries, wrong addresses and incorrect banking details. In the event of death of the original beneficiary, the Claims Conference will establish the identity and propriety of heirs, and, if satisfied, will submit its recommendations to the Court for payments to heirs. If updated banking details are obtained or the current correct addresses of beneficiaries are learned, payments are re-issued. In the event that the investigation does not allow re-issuance of payments or no rightful heirs give rise to recommendations to the Court for payments, such payments are revoked and related funds are added to the available balance for additional original disbursements.

In the area of return items, we have familiarized ourselves with both the claimants data base and the CPS (and the interaction of both) and have, on a spot-check basis, satisfied ourselves that both systems as well as systems operators provide for the efficient and proper handling of all items. Specifically, we have assured ourselves that funds arising from return items are either used for re-issuance of payments or for making additional original disbursements, including court-approved payments to heirs. We have seen no evidence that funds from return items have been used for purposes other than payments to court-approved claimants.

All relevant entries in the CPS and bank statements have been reconciled and no discrepancies have been revealed.

f) Total Disbursements

Successful disbursements total US\$ 10,743,425 as per data contained in the CPS as well as bank reconciliation records.

g) Residual non-disbursed Balances

Steps a) thru f), as described above, produce a residual balance of US\$ 41,078 as per July 31, 2009. This amount has been reconciled to the respective bank account.

C. GENERAL PROGRAM OVERSIGHT

We have familiarized ourselves with the Claims Conference's payment procedures and systems and are of the opinion that these are structured in accordance with what is generally accepted and expected in terms of transparency as well as security features and controls. We are of the opinion that the claimants' data base and the CPS offer the capability of capturing and recording a great variety of data and documents, enabling the Claims Conference to discharge all tasks in connection with this Program with great efficiency, speed and transparency. Particularly impressive is the easily accessible and highly transparent audit trail of each individual case.

We have interviewed Claims Conference staff regarding the general administration of and oversight over the Program. Overall, we noted a high degree of involvement by Claims Conference staff in the Program administration and oversight. We were impressed by the high levels of commitment and professionalism of staff in their effort to make sure that the Program is implemented in conformity with all applicable agreements and directives.

D. INVESTMENT POLICIES

All funds awaiting disbursement are maintained in demand deposit accounts for ready availability, with balances invested overnight in an interest-bearing Nassau sweep account.

E. MISCELLANEOUS ITEMS

A Letter of Representation signed by Messrs. Schneider and Berger has been received, attesting that all relevant records and supporting documentation have been made available to us. Furthermore, full and accurate information to all inquiries made by us during the course of our audit have been provided.

The audit performed is based on the General Engagement Terms for German Public Auditors and Public Auditing Firms as of January 1, 2002, a copy of which is attached to this report.

This report is intended solely for the use of the Special Master of the Holocaust Victim Assets Litigation, the United States District Court for the Eastern District of New York, and the Claims Conference. Other parties to whom the report may be provided should be advised that the audit procedures were performed only for the purposes of the specified users.



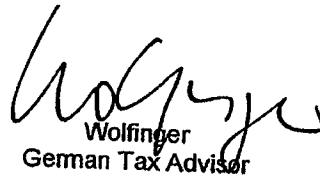
F. CONCLUSION

The overall goal of the audit is to be able to represent that all funds received from the Settlement Fund have been properly accounted for, have been bearing interest while awaiting disbursement and have been disbursed in accordance with all underlying agreements and directives. We are pleased to state that in the course of our audit, we have not identified any questionable practices, infractions, discrepancies or weaknesses in systems, procedures and controls.

A W T  
AUDIT WIRTSCHAFTS - TREUHAND AG  
WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT



Hahn  
German Certified Public Accountant



Wolfinger  
German Tax Advisor

September 02, 2009



**AWT**  
**AUDIT WIRTSCHAFTS-TREUHAND AG**  
 WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT  
 HAMBURG • BERLIN • MÜNCHEN • NÜRNBERG • STUTTGART

Mr. Judah Gribetz  
 Special Master  
 Holocaust Victim Assets Litigation  
 399 Park Avenue  
 New York, New York 10022  
 USA

Routed via the offices of

Conference on Jewish Material Claims  
 Against Germany, Inc.  
 1359 Broadway, Suite 2020  
 New York, New York 10018  
 USA

Dear Mr. Gribetz,

As requested in your letter to Greg Schneider of June 09, 2009, we are pleased to set forth below our proposal with respect to an audit of the procedures the Claims Conference has followed in connection with its administration and disbursement of funds of the Swiss Banks Settlement Slave Labor Class 1 and Refugee-Class programs.

The general scope of such audit is set forth in two documents attached to the above-referenced letter - both these documents form an integral part of this proposal.

Specifically, for the Slave Labor Class 1 program, we are prepared to:

1. Examine whether for each Court Order the amounts ordered to be distributed by the Claims Conference have been received and properly recorded by the Claims Conference. We will familiarize ourselves with the relevant Court documents with respect to scope, rules and regulations of the program as well as with the Claims Conference's operating procedures for administering the program and making payments thereunder on behalf of the Court.

On the basis of the foregoing, we will review all Court Orders for payment groups 1 - 33, trace amounts ordered to be paid to the relevant bank statements and reconcile these to the Claims Conference's General Ledger accounts.

2. Examine whether the Claims Conference has disbursed all amounts to the individuals as approved and ordered by the Court. This examination will involve selecting samples of Court Orders and, in turn, selecting samples of individuals contained in each Court Order. The objective is to ascertain whether or not the Claims Conference has in place internal procedures designed to assure the proper execution of payments as ordered by the Court and to prevent disbursements that are not properly authorized and/or approved.

HAUSENBERGSTRASSE 14  
 70178 STUTTGART  
 TELEFON (07 14) 585 349 0  
 TELEFAX (07 14) 583 349 22  
 stuttgart@awt.ag + www.awt.ag

Contact  
 Hans F. Woffinger

June 18, 2009

NONNENDRÖCKE 12  
 94047 BAMBERG  
 TELEFON (09 21) 98 09 25  
 TELEFAX (09 21) 98 09 47.3  
 bamberg@awt.ag

PROYENSTRASSE 18  
 10629 BERLIN  
 TELEFON (030) 32 77 89 50  
 TELEFAX (030) 32 77 89 20  
 berlin@awt.ag

HENSENSTRASSE 4  
 81679 MÜNCHEN  
 TELEFON (089) 99 72 93 50  
 TELEFAX (089) 99 72 93 55  
 muenchen@awt.ag

SPITZLEUTSCHENSTRASSE 3  
 90428 NÜRNBERG  
 TELEFON (09 11) 72 66 80  
 TELEFAX (09 11) 72 66 87 0  
 nuernberg@awt.ag

Vorsitzender des Aufsichtsrats  
 Prof. Dr. Wilfried Eggert

Vorstand  
 Dipl.-Kfm. Herbert G. Bräuner, WPK/StB  
 Dipl.-Kfm. Christof Böhmer, StB  
 Dipl.-Kfm. Dietmar G. Hahn, WPK/StB  
 Dipl.-Volkswirt Franz L. Huber, WPK/StB  
 Adalbert Schmidt, StB  
 Dipl.-Kfm. Kurt Wegner, WPK/StB  
 Dipl.-Kfm. Hans P. Woffinger, StB

Sitz der Gesellschaft:  
 Stuttgart HRB 25350

Niederlassungen:  
 Bamberg • Berlin • München • Nürnberg

A W T  
AUDIT WIRTSCHAFTS-TREUHAND AG  
WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT

Our fees are based on the time required by our staff assigned to this engagement, plus direct expenses. We estimate that the audit can be performed within a time frame of 32 - 40 hours; as we have experience with the internal organization, staff and procedures of the Claims Conference, we commit to a cap of maximum 40 hours.

Our hourly rate is US\$ 250.00.

Direct expenses for flight, hotel accommodations, per diem allowance and miscellaneous out-of-pocket expenses are estimated to be US\$ 2,000.00 and will be evidenced by an expenses report with proper receipts attached.

In the event that we are requested or authorized by the Court or are required by government regulations, subpoena or other legal processes to produce our documents or our personnel as witness with respect to our engagement for the Court, the Court will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses as well as the fees and expenses of our counsel, if any.

This letter constitutes the complete and exclusive statement of agreement between

AWT Audit Wirtschafts-Treuhand AG and the Court,

superseding all proposals oral or written and all other communications with respect to the terms of the engagement between the two parties.

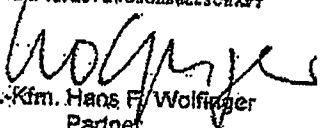
We also include the General Engagement Terms for German Public Auditors and Public Auditing Firms as of January 01, 2002, being an integral part of this agreement.

If this letter defines the arrangements as you require and understand them, please sign and date the enclosed copy and return same to us.

We appreciate the opportunity for being of service to you. Should you favor us with a mandate as outlined in this letter, we are prepared to commence our audit on August 10, 2009.

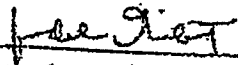
Sincerely yours,

A W T  
AUDIT WIRTSCHAFTS-TREUHAND AG  
WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT

  
Dipl.-Kfm. Hans F. Wolfinger  
Partner

Enclosure

Confirmed and agreed

  
Judah Gribetz, Special Master  
Holocaust Victim Assets Litigation

*cent law ycaol*  
*ER Karm*  
*7/18/09*

Date

7/2/09

Judah Gribetz  
Special Master  
**Holocaust Victim Assets Litigation**

Case No. CV 96-4849  
399 Park Avenue  
New York, New York 10022  
Phone: (212) 705-7000

June 3, 2009

Greg Schneider  
Chief Operating Officer  
Conference on Jewish Material Claims  
Against Germany, Inc.  
1359 Broadway - Room 2000  
New York, NY 10018

Dear Greg:


As you are aware, on behalf of the Court, which supervises the settlement in the matter *In re Holocaust Victim Assets Litigation (Swiss Banks Settlement)*, we seek to arrange an audit of certain programs that have been administered on the Court's behalf by the Conference on Jewish Material Claims Against Germany (Claims Conference). Specifically, the audit will analyze the procedures that the Claims Conference has followed in connection with its administration of the Slave Labor Class I and Refugee Class programs on behalf of Jewish victims or targets of Nazi persecution, both of which programs have been concluded.

We enclose the following documents: (1) Proposed Audit Procedures for the Swiss Banks Settlement Slave Labor Class I Program Payment Process; (2) Proposed Audit Procedures for the Swiss Banks Settlement Refugee Class Program Payment Process; and (3) several pages from the Internet site in this matter, [www.swissbankclaims.com](http://www.swissbankclaims.com), which we believe provide an overview of the Swiss Banks Settlement as well as the two specific programs described above. We understand that the German audit firm AWT (Audit Wirtschafts-Treuhand AG) performed an audit of Claims Conference programs for Holocaust victims and heirs operated on behalf of the International Commission on Holocaust-Era Insurance Claims (ICHEIC). Because of AWT's familiarity with these programs, which in certain respects are similar to those the Claims Conference has administered on the Court's behalf in the Swiss Banks Settlement, we request that you forward the enclosed documents to AWT so that we may obtain from AWT an audit proposal.

Greg Schneider  
June 3, 2009  
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Should you or AWT have any questions, please do not hesitate to contact us.

Sincerely,



Judah Gribetz

Enclosures

June 3, 2009

*In re Holocaust Victim Assets Litigation (Swiss Banks), United States District Court  
for the Eastern District of New York (Hon. Edward R. Korman, presiding)*

**Proposed Audit Procedures for the Swiss Banks Settlement Refugee Class Program  
Payment Process**

The audit objectives with respect to the Swiss Banks Settlement Refugee Class Program payment process administered by the Conference on Jewish Material Claims Against Germany, Inc. (Claims Conference) on behalf of the Court are to provide assurance that transactions are recorded properly in the accounting records and assets are used only as mandated by the Court. The suggested audit objectives and steps proposed by the Claims Conference follow:

- 1) Objective: For each Court Order, assure that the amount ordered by the Court to be distributed to the Claims Conference from the Settlement Fund has been received and properly recorded by the Claims Conference.

**Audit Steps:**

Review the Court documents setting forth the scope, rules and regulations of the program, as well as the Claims Conference's formal and informal operating procedures for administering program payments on behalf of the Court.

Review each signed Court Order for payment groups one through thirty-four and compare amount ordered to be paid from the Settlement Fund to the Claims Conference's monthly bank statements and bank reconciliations which are used to support the formal accounting records.

- 2) Objective: Assure that the individuals and amounts approved for payment by the Court have been paid by the Claims Conference.

**Audit Steps:**

Select a sample of signed Court Orders and for each Court Order chosen, select a sample of individuals approved by the Court for payment related to each of the selected Court Orders. Determine each amount the Court approved for payment with respect to the individuals selected in the sample.

From the sample, trace the names of the individuals and the related amounts approved for payment by the Court to the Claims Conference's statistical data base, to determine that the program applications of the individuals in the sample have been approved by the responsible official of the Claims Conference.

Trace the names of the above-mentioned sampled individuals and the respective amounts approved for payment to the names and amounts recorded in the Claims Conference's payment records as having been paid, i.e., the Claims Conference central payment processing system, or to data evidencing that payment was attempted but not consummated for a specific reason (e.g., the payee was not able to be located or the payee declined to accept the payment, etc.).

Trace the total amount of sampled payments recorded by the Claims Conference for each payment group in its Central Payment Processing System to the related monthly bank statements.

From the central payment system, select a sample of re-issued payments and determine that the related stopped checks were credited to the bank statements and that the subsequent re-issued payments were re-issued to the proper individuals.

- 3) Objective: Assure that funds received by the Claims Conference from the Settlement Fund are used for the purpose intended by the Court.

**Audit Steps:**

Review each monthly bank statement and the related monthly bank reconciliation for any unusual activity and/or irregularities. Record unusual findings, discuss with management and record management's explanation.

Assure that interest shown on the monthly bank statements is recorded in the monthly bank reconciliations.

- 4) Objective: To document the composition of un-disbursed Swiss Banks Settlement Refugee Class funds at the end of the program.

**Audit Steps:**

Obtain from the Claims Conference a schedule by month of the sources and uses of Swiss Banks Settlement Refugee Class funds from the inception of the program to the end of the program. Sources of funds include awards paid by the Settlement Fund and interest income earned on invested funds. Uses include payments to beneficiaries and other authorized payments, if any.

Document the composition of the balance of the Settlement Fund at the end of the program as the sum of:

- (i) Unpaid awards by set (the total of which should equal total unpaid awards per the Claims Conference records).

(ii) Unspent interest income.

5) Objective: Summarize Findings of the internal audit.

Audit Steps:

Meet and discuss audit findings with Claims Conference management.

Prepare the draft audit report for discussion with Claims Conference management. Discuss with management its response(s) to the draft audit report findings.

Finalize the audit report including Claims Conference management's responses.

Issue the final report to the interested parties.

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# General Engagement Terms

for

## Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften

[German Public Auditors and Public Audit Firms]  
as of January 1, 2002

This is an English translation of the German text, which is the sole authoritative version

### 1. Scope

(1) These engagement terms are applicable to contracts between Wirtschaftsprüfer [German Public Auditors] or Wirtschaftsprüfungsgesellschaften [German Public Audit Firms] (hereinafter collectively referred to as the "Wirtschaftsprüfer") and their clients for audits, consulting and other engagements to the extent that something else has not been expressly agreed to in writing or is not compulsory due to legal requirements.

(2) If, in an individual case, as an exception contractual relations have also been established between the Wirtschaftsprüfer and persons other than the client, the provisions of No. 9 below also apply to such third parties.

### 2. Scope and performance of the engagement

(1) Subject of the Wirtschaftsprüfer's engagement is the performance of agreed services – not a particular economic result. The engagement is performed in accordance with the Grundsätze ordnungsmäßiger Berufsausübung [Standards of Proper Professional Conduct]. The Wirtschaftsprüfer is entitled to use qualified persons to conduct the engagement.

(2) The application of foreign law requires – except for financial attestation engagements – an express written agreement.

(3) The engagement does not extend – to the extent it is not directed thereto – to an examination of the issue of whether the requirements of tax law or special regulations, such as, for example, laws on price controls, laws limiting competition and Bewirtschaftungsrecht [laws controlling certain aspects of specific business operations] were observed; the same applies to the determination as to whether subsidies, allowances or other benefits may be claimed. The performance of an engagement encompasses auditing procedures aimed at the detection of the defalcation of books and records and other irregularities only if during the conduct of audits grounds therefor arise or if this has been expressly agreed to in writing.

(4) If the legal position changes subsequent to the issuance of the final professional statement, the Wirtschaftsprüfer is not obliged to inform the client of changes or any consequences resulting therefrom.

### 3. The client's duty to inform

(1) The client must ensure that the Wirtschaftsprüfer – even without his special request – is provided, on a timely basis, with all supporting documents and records required for and is informed of all events and circumstances which may be significant to the performance of the engagement. This also applies to those supporting documents and records, events and circumstances which first become known during the Wirtschaftsprüfer's work.

(2) Upon the Wirtschaftsprüfer's request, the client must confirm in a written statement drafted by the Wirtschaftsprüfer that the supporting documents and records and the information and explanations provided are complete.

### 4. Ensuring independence

The client guarantees to refrain from everything which may endanger the independence of the Wirtschaftsprüfer's staff. This particularly applies to offers of employment and offers to undertake engagements on one's own account.

### 5. Reporting and verbal information

If the Wirtschaftsprüfer is required to present the results of his work in writing, only that written presentation is authoritative. For audit engagements the long-form report should be submitted in writing to the extent that nothing else has been agreed to. Verbal statements and information provided by the Wirtschaftsprüfer's staff beyond the engagement agreed to are never binding.

### 6. Protection of the Wirtschaftsprüfer's intellectual property

The client guarantees that expert opinions, organizational charts, drafts, sketches, schedules and calculations – especially quantity and cost computations – prepared by the Wirtschaftsprüfer within the scope of the engagement will be used only for his own purposes.

### 7. Transmission of the Wirtschaftsprüfer's professional statement

(1) The transmission of a Wirtschaftsprüfer's professional statements (long-form reports, expert opinions and the like) to a third party requires the Wirtschaftsprüfer's written consent to the extent that the permission to transmit to a certain third party does not result from the engagement terms.

The Wirtschaftsprüfer is liable (within the limits of No. 9) towards third parties only if the prerequisites of the first sentence are given.

(2) The use of the Wirtschaftsprüfer's professional statements for promotional purposes is not permitted; an infringement entitles the Wirtschaftsprüfer to immediately cancel all engagements not yet conducted for the client.

### 8. Correction of deficiencies

(1) Where there are deficiencies, the client is entitled to subsequent fulfillment [of the contract]. The client may demand a reduction in fees or the cancellation of the contract only for the failure to subsequently fulfill [the contract]; if the engagement was awarded by a person carrying on a commercial business as part of that commercial business, a government-owned legal person under public law or a special government-owned fund under public law, the client may demand the cancellation of the contract only if the services rendered are of no interest to him due to the failure to subsequently fulfill [the contract]. No. 9 applies to the extent that claims for damages exist beyond this.

(2) The client must assert his claim for the correction of deficiencies in writing without delay. Claims pursuant to the first paragraph not arising from an intentional tort cease to be enforceable one year after the commencement of the statutory time limit for enforcement.

(3) Obvious deficiencies, such as typing and arithmetical errors and formelle Mängel [deficiencies associated with technicalities] contained in a Wirtschaftsprüfer's professional statements (long-form reports, expert opinions and the like) may be corrected – and also be applicable versus third parties – by the Wirtschaftsprüfer at any time. Errors which may call into question the conclusions contained in the Wirtschaftsprüfer's professional statements entitle the Wirtschaftsprüfer to withdraw – also versus third parties – such statements. In the cases noted the Wirtschaftsprüfer should first hear the client, if possible.

### 9. Liability

(1) The liability limitation of § ["Article"] 323 (2) ["paragraph 2"] HGB ["Handelsgesetzbuch"; German Commercial Code] applies to statutory audits required by law.

(2) Liability for negligence; An individual case of damages

If neither No. 1 is applicable nor a regulation exists in an individual case, pursuant to § 54a (1) no. 2 WPO ["Wirtschaftsprüferordnung"; Law regulating the Profession of Wirtschaftsprüfer] the liability of the Wirtschaftsprüfer for claims of compensatory damages of any kind – except for damages resulting from injury to life, body or health – for an individual case of damages resulting from negligence is limited to € 4 million; this also applies if liability to a person other than the client should be established. An individual case of damages also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty without taking into account whether the damages occurred in one year or in a number of successive years. In this case multiple acts or omissions of acts based on a similar source of error or on a source of error of an equivalent nature are deemed to be a uniform breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the Wirtschaftsprüfer is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(3) Preclusive deadlines

A compensatory damages claim may only be lodged within a preclusive deadline of one year of the rightful claimant having become aware of the damage and of the event giving rise to the claim – at the very latest, however, within 5 years subsequent to the event giving rise to the claim. The claim expires if legal action is not taken within a six month deadline subsequent to the written refusal of acceptance of the indemnity and the client was informed of this consequence.

The right to assert the bar of the preclusive deadline remains unaffected. Sentences 1 to 3 also apply to legally required audits with statutory liability limits.

#### 10. Supplementary provisions for audit engagements

(1) A subsequent amendment or abridgement of the financial statements or management report audited by a Wirtschaftsprüfer and accompanied by an auditor's report requires the written consent of the Wirtschaftsprüfer even if these documents are not published. If the Wirtschaftsprüfer has not issued an auditor's report, a reference to the audit conducted by the Wirtschaftsprüfer in the management report or elsewhere specified for the general public is permitted only with the Wirtschaftsprüfer's written consent and using the wording authorized by him.

(2) If the Wirtschaftsprüfer revokes the auditor's report, it may no longer be used. If the client has already made use of the auditor's report, he must announce its revocation upon the Wirtschaftsprüfer's request.

(3) The client has a right to 5 copies of the long-form report. Additional copies will be charged for separately.

#### 11. Supplementary provisions for assistance with tax matters

(1) When advising on an individual tax issue as well as when furnishing continuous tax advice, the Wirtschaftsprüfer is entitled to assume that the facts provided by the client – especially numerical disclosures – are correct and complete; this also applies to bookkeeping engagements. Nevertheless, he is obliged to inform the client of any errors he has discovered.

(2) The tax consulting engagement does not encompass procedures required to meet deadlines, unless the Wirtschaftsprüfer has explicitly accepted the engagement for this. In this event the client must provide the Wirtschaftsprüfer, on a timely basis, all supporting documents and records – especially tax assessments – material to meeting the deadlines, so that the Wirtschaftsprüfer has an appropriate time period available to work therewith.

(3) In the absence of other written agreements, continuous tax advice encompasses the following work during the contract period:

a) preparation of annual tax returns for income tax, corporation tax and business tax, as well as net worth tax returns on the basis of the annual financial statements and other schedules and evidence required for tax purposes to be submitted by the client

b) examination of tax assessments in relation to the taxes mentioned in (a)

c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)

d) participation in tax audits and evaluation of the results of tax audits with respect to the taxes mentioned in (a)

e) participation in Einspruchs- und Beschwerdeverfahren [appeals and complaint procedures] with respect to the taxes mentioned in (a).

In the afore-mentioned work the Wirtschaftsprüfer takes material published legal decisions and administrative interpretations into account.

(4) If the Wirtschaftsprüfer receives a fixed fee for continuous tax advice, in the absence of other written agreements the work mentioned under paragraph 3 (d) and (e) will be charged separately.

(5) Services with respect to special individual issues for income tax, corporate tax, business tax, valuation procedures for property and net worth taxation, and net worth tax as well as all issues in relation to sales tax, wages tax, other taxes and dues require a special engagement. This also applies to:

a) the treatment of nonrecurring tax matters, e. g. in the field of estate tax, capital transactions tax, real estate acquisition tax

b) participation and representation in proceedings before tax and administrative courts and in criminal proceedings with respect to taxes, and

c) the granting of advice and work with respect to expert opinions in connection with conversions of legal form, mergers, capital increases and reductions, financial reorganizations, admission and retirement of partners or shareholders, sale of a business, liquidations and the like.

(6) To the extent that the annual sales tax return is accepted as additional work, this does not include the review of any special accounting prerequisites nor of the issue as to whether all potential legal sales tax reductions have been claimed. No guarantee is assumed for the completeness of the supporting documents and records to validate the deduction of the input tax credit.

#### 12. Confidentiality towards third parties and data security

(1) Pursuant to the law the Wirtschaftsprüfer is obliged to treat all facts that he comes to know in connection with his work as confidential, irrespective of whether these concern the client himself or his business associations, unless the client releases him from this obligation.

(2) The Wirtschaftsprüfer may only release long-form reports, expert opinions and other written statements on the results of his work to third parties with the consent of his client.

(3) The Wirtschaftsprüfer is entitled – within the purposes stipulated by the client – to process personal data entrusted to him or allow them to be processed by third parties.

#### 13. Default of acceptance and lack of cooperation on the part of the client

If the client defaults in accepting the services offered by the Wirtschaftsprüfer or if the client does not provide the assistance incumbent on him pursuant to No. 3 or otherwise, the Wirtschaftsprüfer is entitled to cancel the contract immediately. The Wirtschaftsprüfer's right to compensation for additional expenses as well as for damages caused by the default or the lack of assistance is not affected, even if the Wirtschaftsprüfer does not exercise his right to cancel.

#### 14. Remuneration

(1) In addition to his claims for fees or remuneration, the Wirtschaftsprüfer is entitled to reimbursement of his outlays: sales tax will be billed separately. He may claim appropriate advances for remuneration and reimbursement of outlays and make the rendering of his services dependent upon the complete satisfaction of his claims. Multiple clients awarding engagements are jointly and severally liable.

(2) Any set off against the Wirtschaftsprüfer's claims for remuneration and reimbursement of outlays is permitted only for undisputed claims or claims determined to be legally valid.

#### 15. Retention and return of supporting documentation and records

(1) The Wirtschaftsprüfer retains, for ten years, the supporting documents and records in connection with the completion of the engagement – that had been provided to him and that he has prepared himself – as well as the correspondence with respect to the engagement.

(2) After the settlement of his claims arising from the engagement, the Wirtschaftsprüfer, upon the request of the client, must return all supporting documents and records obtained from him or for him by reason of his work on the engagement. This does not, however, apply to correspondence exchanged between the Wirtschaftsprüfer and his client and to any documents of which the client already has the original or a copy. The Wirtschaftsprüfer may prepare and retain copies or photocopies of supporting documents and records which he returns to the client.

#### 16. Applicable law

Only German law applies to the engagement, its conduct and any claims arising therefrom.