We refer to you Press Release of October 17, 2003 requesting suggestions on distribution of unclaimed funds from interested members of the Jewish community.

In 1997 the Hungarian Government established the Jewish Heritage of Hungary Public Endowment (MAZSOK) to fulfill its obligations under the Paris Peace Treaty.

Under its Articles of Incorporation, MAZSÖK is an open public foundation, and it is allowed to accept donations. Members to its Board of Trustees are eminent persons, and leaders of Hungarian Jewish organizations, and of international Jewish organizations (WJRO, JOINT, World Jewish Congress etc.), and also representatives of Hungarian Government. Hungarian members of the Board include representatives of both the Neolog and Orthodox communities, together with delegates of civic Hungarian Jewish organizations.

The operation of MAZSÖK is open and transparent. Claim processing and consultation by MAZSÖK are free of charges. Information collected by MAZSÖK is protected by the Hungarian Act on Protection of Information.

In the past five years, MAZSÖK's accomplishments are extraordinary. The funds (approximately EUR 50 million) received

(i) from the Hungarian government to operate an pension supplement scheme;
(ii) from the Swiss Bankers Association Fund; and
(iii) from German Parliament,
(iv) from the Austrian Reconciliation Fund

were efficiently distributed to more than 21 thousands Hungarian survivors. MAZSÖK zealously represented the interests of Hungarian Jewry at the negotiations with representatives of the Swiss Hardship Fund. MAZSÖK also took the initiative to participate in the Holocaust Victim Assets Litigation, and in the negotiations with German firms responsible for slave labor, by assisting Hungarian Jews to retain appropriate legal representation. MAZSÖK successfully administered several application processes, and assisted anyone who had turned to it for help in pursuing his or her claim. Through its hard work, MAZSÖK was able to improve the quality of life of many Holocaust survivors.
MAZSŐK would be more than happy to be involved in the distribution of any amount dedicated to the improvement of the standard of living of Holocaust survivors.

As an experienced grant organization with good past record of transparent operation, and detailed data base of survivors, including social and economic data on the needy survivors suggests for consideration:

- Distribution through MAZSOK of one time grants to all Holocaust survivors (approx. 15 000 person in 2003) in Hungary.

- Distribution of monthly allowance to the most needy survivors.

- Financing the Wallenberg Project (Please refer to the attachment summarizing the creation of a Jewish Medical and Social Care Center).

- Utilization of funds for the provision of clothing, medicine, shelter etc. to the poorest survivors.

We look forward your early suggestions regarding the settlement of the matter communicated in your Press Release in favor of survivors in Hungary.

Best Regards

George Valyi
Secretary of the Board

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WALLENBERG Project (stage I.)
(Executive Summary)

The number of Holocaust survivors living in Hungary exceeds 16,500. More than 65% of them were born before 1930 (10,700 people are over 72). Of these people, almost 2,000 need in-patient care. Based on the 2001 survey of the Jewish Heritage of Hungary Public Endowment and other sources, it can be stated that due to the age and health status of the survivors, the construction and operation of a Jewish Medical and Social Care Center – offering the full service range of health and social care – became, in the framework of the development of the existing institutional and service-providing system, necessary in an extraordinary manner.

The establishment of the proposed complex is justified by:

- Most of these people, who had been crippled both physically and mentally and are, having lost their beloved ones, mostly lonely, can accept institutional accommodation, treatment and care becoming necessary in the final phase of their lives in the environment of their fellow sufferers. These people, whose mental and physical status is extremely poor, are exposed and defenseless. As a result of the decisive experience of their lives, which was persecution, they are mistrustful and in this exposed state of theirs, are longing for maximum safety.

- In Hungary, there is a general shortage of in-patient health and social care institutions. The average waiting period in Budapest is 5 years. Under such circumstances, one cannot expect the creation of communities able to foster Jewish culture and traditions in institutions maintained by the municipality or other bodies.

The preliminary concept of the Jewish Medical and Social Care Center was elaborated on the basis of the proposals made by the experts of the Jewish Heritage of Hungary Public Endowment, the Hungarian Jewish Social Support Foundation, the Jewish Community (MAZSIHISZ) and the largest private social service providing network in Hungary called Golden Sunset Public Utility Co. (“Arany Alkony Kht.”, 1,100 patients, 5 social-care institutions, 7 years of successful operation). When elaborating the concept, we took into consideration the services offered by the existing institutional system today, and the plans aimed at the development of these, implemented, among others, by the Jewish Family Assistance Service and the tradition-rich Jewish Charity Hospital in Budapest. The new complex will, by expanding the infrastructure, increase the range and efficiency of the already existing services. The number of people, whose problems can be alleviated by the institutional system, can be dramatically increased through integration and capacity expansion. In case the resources are available, the detailed professional program can be elaborated in a similar way. In the course of this, we wish to rely in a significant manner to the Austrian experiences both in the area of financing and the establishment of the organization controlling the operations.
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Legislative environment

The Hungarian constitution has a general clause stipulating the right of every Hungarian citizen to enjoy social care, and makes a reference to the system of social institutions. The basis of the legal regulation relating to non-pecuniary social care is the Social Act (Act III of 1993, amended several times). Receiving authorization from this law, a separate Government Decree deals with the authorization of social institutions to operate (Government Decree No. 188 of 1999, amended several times), and the fees that social institutions can charge for their services (Government Decree No. 29 of 1993, amended several times). Also receiving authorization from the Social Act, a ministerial Decree deals with the minimum requirements of the operation of social institutions (Decree No. 1 of 2000 of the Ministry of Social and Family Affairs (SzCsM), amended several times). As to the institutions that offer social care, their activity – including the implementation of their business, catering, labor or maintenance tasks – is regulated by several other decrees. The business entity operating the institutions is also regulated in detail, and the Civil Code contains provisions in connection with the legal relationship between the operator of the institution and the in-patient. Similarly to the rules of social care, the Health Care Act (Act CLIV of 1997, amended several times), and the decrees promulgated for its implementation, contains provisions affecting almost all areas of operation and health care. Of these decrees, the most important one is Decree No. 21 of 1998 of NM regulating the minimum asset and staff requirements of health care institutions.

As a summary, we can state that in Hungary the establishment, operation, financing and control of social and health institutions are regulated by a well-defined set of laws and rules and have a functioning system in place. There are no legal obstacles in the way of the establishment, construction, operation and government support of the planned complex. The financing of the execution and operation is transparent and controllable.

The structure of the planned institution

Health is defined by the WHO – and this definition is accepted internationally – as the full physical and social well-being of the individual. The professional program of the planned complex might be elaborated along this definition. Our objective is that the new complex should provide the highest standard of service in Hungary of its kind, meeting the requirements prevailing in the EU. As to the number of beds in the institution, the size and outfitting of the residential park units and the infrastructure of the communal facilities, our goal is full implementation.

These objectives can be met by making the complex meet the following conditions:

1. Providing care to several groups, each with a different need. These groups are the following:
   - **Home care and assistance.** (The aged live in their own apartments, assisted by visiting social workers, and supervised by means of an alarm system. We suggest that as a part of the investment, a residential park for approximately 200 persons should be built around the institution for people who need this type of care. The infrastructure of the institution would provide the bulk of home care, and serve as a cultural, religious and security center for the inhabitants of...
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- **Day Care Club.** (The aged live in their own apartments, visit a "club", where they receive meals, cultural programs, health care and supervision from doctors and nurses.) In average 50-60 people per day.
- **Social Care Center.** (The classical institutional function, where the aged can carry on with their independent lives in their own residential units, while enjoying full physical, mental, health care, supervision and services. For 150 person.)
- **Medical Center** (An in-patient institute for the aged whose health state does not permit home care, temporary or final accommodation is provided in the hospital unit of the institution. Accommodates about 80 person.)
- **Hospice** (An institution where the peaceful final days are provided for incurable patients.)

2. Providing the asset and staff conditions in order to accomplish the functions described above, and in addition, ensuring a presence of Jewish religion and culture in the entire complex.

3. Acting as a center for the Jewish elderly, the complex would receive and provide care to all needy persons whose religion is Jewish.

**The outlines of the complex**

Concerning the institutions providing lifelong treatment and care, the Hungarian statutory rules stipulate a maximum number of **150 beds.** It is advised that this maximum number should be achieved from economic reasons. The ratio between the lonely persons and couples is 4:1 according to our experiences. The average residence area is 40 square meters for lonely persons and 60 square meters for couples. The average ratio between the residence areas and communal areas (corridor, office, communal facilities, club, day-care club, dining room, medical facilities, etc.) is 10:6. Based on these figures, it is advised that **100 one-bed and 25 twin-bed residence** units should be built, which means that the complex should comprise a total area of 8,800 square meters.

The Medical Center, providing for the medical care for the patients of the complex, should be built as an organic part of the building. The necessary number of beds should be 10-15% of the entire complex, in line with our experiences. The Medical Center would also accommodate the beds for patients who are unable to tend for themselves and thus need chronic hospital care, and the beds of the Hospice. Accordingly, the Medical Center – to be registered with the authorities as an [independent health-care institution] – should have a **bed number of 70-80.** In an ideal case, the area per patient is 8 square meters in single rooms and double rooms. The Hospice would constitute a part of the Medical Center. In this case, the ratio between the treatment areas and the communal areas is, according to our calculations, 10:8. Assuming a total bed number of 80, the proposed built-in area of the Medical Center would be approximately 1,200 square meters.

Based on the above, the total complex should have a built-in area of roughly 10,000 square meters, costing at current prices approximately HUF 1,600 million (gross). The costs of outfitting the Social Care Center, the Medical Center and the Day Care Club (kitchen,
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restaurant, laundry facility, offices, physical exercise facilities, physiotherapy facilities, etc.) are estimated at HUF 250 million.

The planned complex is only complete if it also provides services for people, whose religion is Jewish and do not need in-patient care, but do need surveillance and assistance, and would be happy to benefit from the advantages and security of the religious and cultural community.

In the framework of residential park we assumed the construction of 150 small apartments (with an area of 65 square meters each), with 18 % communal areas, plus the mandatory parking places. The construction of a residential area of 11,500 square meters and a – possibly underground – parking area of 7,000 square meters would entail a total investment of HUF 2,300 million.

According to the estimates, the total cost of the project is HUF 5,000 million (approximately 20 million Euros), including the plot of land and the utility connections. The estimated cost of the complex proposed as the first phase (without apartments) is HUF 2,500 million. The suitable plots of land can be purchased within a short time either Budapest, or in its surroundings. (Most of the survivors are the inhabitants of Budapest.) The design, the necessary authorizations and the execution would take 16-18 months.

The operation of the complex

Assuming all laws are complied with, the Government must make a normative financial contribution to the costs of the operation of the Social Care Center. This contribution, together with the charges – to be fixed in a statutory manner as a percentage of the pension and to be paid by the inmates – would safely provide for the coverage of the costs of the operation. As to the Medical Center, its operation would be financed from the Social Security Fund. The condition of financing is the individual authorization of the institution. The complex described above would be, following the completion of its construction and outfitting, self-financing. The complex would be operated by a contractual partner possessing the appropriate references in Hungary, to be selected in accordance with professional criteria. The operation would be supervised by the financing entity and the Public Endowment.

Summary

The plans outlined above mean a totally new concept in the support of Holocaust survivors. In addition to the advantages for the future inmates described above, it is extremely important, that – in accordance with the Statutes of the Public Endowment – eventual earnings generated by the operation of the complex may be spent on aid, the expansion of the complex, or alternatively, to the construction of further complexes.
Holocaust Victims Assets Litigation

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