



December 7, 1999

Hon. Judah Gribetz
Richards & O'Neil, Ltd.
885 Third Avenue
New York, NY 10022

Dear Mr. Gribetz:

Following you will find a proposal for the use of Swiss funds remaining after distribution to individual claimants. I hope that you will bring it to the Court's attention.

I am also enclosing, for your review, a copy of the 1998 Annual Report of the Russian Jewish Congress. I believe you will find it of interest.

If you have any questions or comments regarding these materials, I can be reached at 7-095-284-0338 or by telefax 7-095-284-5426.

We appreciate your consideration.

Sincerely,

Evgenii Satanovskiy
Chairman of the Board,
The Russian Jewish Congress

On the Question of Swiss Money A Russian Jewish Communal Perspective

Background

For the Jewish community of Russia, as for the entire world Jewish community, the question of \$1.25 billion -- to be distributed by a New York court -- calls forth significant interest. In Russia, this interest is particularly great in light of several factors:

- The Jews of Russia, as well as those in other republics of the former Soviet Union, become "double victims" over the course of a single decade. They suffered not only from fascism, but also from its twin -- the Stalinist regime. Holocaust survivors in the Soviet Union were considered potentially "unreliable" and under Stalin were sent to the GULAG as a "prophylactic measure".
- Until the beginning of the 1990s, Soviet survivors received no compensation (German reparations, etc.) -- and the fall of the Soviet Union, which finally allowed them to seek such reparations, at the same time led to economic conditions in the post-Soviet republics that were even worse than those of post-war Europe. Even before the crisis in 1998, Moscow was home to 12,000 extremely poor Jewish elderly -- and 24,000 "just poor". These numbers were (and are!) even higher in the provinces.
- On the territory of the former Soviet Union, a fight against anti-Semitism -- and other forms of xenophobia -- has practically never been conducted. In fact, government sanctioned anti-Semitism has traditionally flourished and at one time even mention of the Holocaust was prohibited. To this day, in Russia alone, over 100,000 Holocaust survivors have not been buried.
- The Jewish community of Russia is the second largest Diaspora community (after the United States). Russia is home to about three million people who are Jewish in accordance with Israel's Law of Return. About two million of these individuals constitute the active core of Russian Jewry. Russia is home to 60% of all Jews in the former Soviet Union -- and that percentage is increasing as (a) Jews from other post-Soviet republics are migrating to Russia and (b) emigration rates to Israel, the United States and Germany are significantly lower in Russia than they are in other republics.
- Despite continued aliyah and emigration, the Jewish community of Russia is actively rebuilding its institutions. Since the mid-1990's this process has been funded nearly exclusively by money raised internally. Over the past five years, the Russian Jewish community has raised about \$50 million dollars *internally* -- and that is despite the fact that charitable gifts are *not* tax exempt in Russia (note that about \$10 million of that total was raised in provincial towns and cities). These dollars are spent on charitable endeavors such as free soup kitchens for the elderly; medical assistance; repairing Jewish cemeteries; (re)constructing Jewish synagogues and cultural centers; revitalizing the Jewish school system and sports for Jewish youth (the Maccabee Games); support for the Jewish press; Jewish music groups, theaters and books; organization of anti-defamation activities; and strengthening our connection to Israel.
- In Russia, Jewish activities in the area of culture and science is growing -- particularly as colossal intellectual valuables, heretofore unknown to the world, are emerging: museum collections that

were never exhibited, unique libraries, archives, etc. Professor Menachem Ben-Sasson, the rector of Jerusalem University, estimates that the collection of Jewish paintings and incunabula in Moscow and St. Petersburg is the world's largest. The collection of Jewish Ethnographic expeditions funded by Baron Ginzburg has been lying untouched since 1911. It's clear that a significant portion of these valuables, which belong to the entire Jewish people, are in critical condition. At the same time, the government does not have adequate resources for financing libraries, museums and archives -- and there is close to no information on what has happened to Jewish rarities in the provinces to which collections were evacuated from fascist occupied territories during WWII.

- Russia is currently the only post-Soviet republic (with the exception of the Baltics where there are very few Jews) where -- despite the shortcomings of Yeltsin's government -- free economic, socio-political and communal activity is possible. It is for this reason that sociologists and political scientists (including professors Vladimir Shapiro and Zvi Gitelman) predict that most Russian Jews will continue living in Russia.
- The existence of openly anti-Semitic political powers stirring up xenophobia has united the Jewish community, compelling it to step up anti-defamation activities even as official anti-Semitism disappears.
- The specific character of Russian Jewry's national self consciousness, its mentality -- and the peculiarities of its national/historical development have resulted in a "post-assimilation" community. In Russia today, the overwhelming tendency among mixed couples is that it is the non-Jewish partner who assimilates into the Jewish community, not the opposite.
- Russian Jewry, on the eve of the 21st century, views itself as the most dynamic and developing group among world Jewry. Reconstruction of the Russian Jewish community is vital not only for the community itself -- but for all of Diaspora Jewry. In Russia today, Jews are seeking, and finding, answers to long unsolved questions on the nature of Jewish Diaspora in an ever changing world.

All of the above points to a tension between the colossal nature of the task before Russian Jewry and the limited resources available to us (including time, first and foremost). We propose that a portion of the Swiss money, that which is left after individual payments to survivors, be used to address this tension.

Revisiting the Current System

\$1.25 billion dollars is a great deal of money. It seems fitting, then, that we pause to evaluate how the world Jewish community has been financing activities in the post-Soviet republics -- and whether or not we might be working more efficiently.

Under the current system, most Western philanthropic dollars are channeled through the Joint Distribution Committee and the Jewish Agency. Though these programs have certainly done a great deal of good in the area, it is imperative that local organizations begin taking a significantly more active role in the planning and implementation of communal projects:

- Charitable and educational programs which are created and implemented according to Western models are not always appropriate for local conditions. Often the programs are less about serving the actual needs of Russian Jews and more about reporting back to management in Israel or North America.
- It is extremely expensive to do business from afar -- as an enormous amount of money gets spent on overhead and travel costs (in some cases leaving only 20-30% of monies raised for actual programming). In contrast, the Russian Jewish Congress spends 7-10% annually on overhead/administrative costs.
- Results have often been transient as funds have been directed toward many one-time programs rather than the development of long-term projects and infrastructure. In order to be most effective over the long run, we need to support local organizations that will foster local resources and local expertise.

At the same time, Western organizations have been weary of using the Russian Jewish communal infrastructure for planning and implementation. Alongside the widespread, yet unspoken theory that "Russians" cannot be trusted, there have also been legitimate concerns: There has been, and continues to be, a risk that money deposited in Russian banks may get lost or misappropriated. It is also difficult to audit Russian organizations as the country's economy is significantly less "transparent" than in the West.

In order to distribute the Swiss money most effectively (minimizing unjustified expenses while at the same time providing maximum guarantee against "dissolution" on the Russian financial expanse), we propose the creation of a "Russia Fund" with a carefully selected oversight committee, appointed by the Court. The committee ought be made up of impartial individuals with no connection to the organizations in Russia nor to the Western organizations that have traditionally worked in the area. Public figures such as Alan Hevesi, Judge Weinstein and Alfonse D'Amato may be appropriate. The court would also name professional management for the fund which would be responsible to the oversight committee -- and a proposed Russian Advisory Board is attached to this proposal. In the meantime, all funds would remain in Western banks until they were spent -- and audits would be carried out by one of the Big Five. Administration costs for the fund may not exceed 5% and the cost of any one project may not exceed 10% of the total fund amount. For any given project, overhead costs of the subcontractor may not exceed 15%.

The Programs

The programming opportunities in Russia can be divided into five categories:

- Social and human services programs -- including support for Holocaust survivors
- Educational Programs
- Intellectual Culture Programs
- Anti-Defamation Efforts
- Capital Projects

It's important to note that in modern Russia, Jewish programs are designed to serve the entire community -- not just Jews. When Russian Jewish leadership decided to evacuate all Jewish orphans

from the front regions (Chechnya, Dagestan and Ingusheti) for medical and psychological treatment, it also paid for the evacuation and treatment of all non-Jewish orphans in the area.

Practically speaking, this means that Jewish kindergartens, schools -- and most of all universities -- are open to everyone. This is also true of Jewish soup kitchens and other social service programs. Over the past ten years they have provided support not only to the Jewish needy -- but also to the most needy among other ethnic groups (though the food is kosher and the staff is trained to take a specifically Jewish approach). We believe that there is moral value in this approach and it also serves an anti-defamation function.

Possible Social/Human Service Projects

- Direct restitution payments for property lost during WWII. Approximate direct costs: \$5 million.
- Creating a network of consultation bureaus in each of the Russian Federation's 89 regions (with a central office in Moscow) where professional attorneys would assist Jews seeking compensation for material losses during WWII. Other legal services would also be available. Approximate direct costs: \$1 million for year one. \$700K for each year thereafter.
- Payment of a \$50 monthly allowance to all Holocaust survivors (experts estimate the number to be no more than three thousand). Approximate direct costs: \$1.8 million for year one. Costs to decrease annually.
- Payment of a differential (\$30-\$50) monthly allowance to all poor Jewish elderly -- with the opportunity to receive additional payments for medical treatment, including dentures. Approximate direct costs: \$10-15 million for year one. Costs to decrease annually.
- "The Memory of 6 Million" Program: payment of a differential quarterly allowance to impoverished former prisoners of fascism who faced political repression during the Soviet period -- as well as to veterans of the second World War. \$50 allowances would go to those who do not fit into one of the other allowance categories. \$30 would go to those who do. Approximate direct costs: \$10-12 million for year one. Costs to decrease annually.
- "Helping Hand" Program: provision of ongoing or one-time assistance to survivors of terrorist acts and ethnic conflicts -- as well as to refugees on Russian territory. Approximate direct costs: \$12-15 million per year.
- Creation of specialized medical centers, Jewish hospitals, with equipment and medicines not currently available in fifty of Russia's main cities. The program would also include support for an ambulance network. Approximate direct costs: \$20 million.
- Creation of soup kitchens on site at community centers so that they can serve a social function in addition to feeding the hungry. The network would be set up based on the CHAMA model currently working in Moscow. Approximate direct costs: \$4-5 million per year.

- Support for a network of children's sport centers (Maccabee is currently the only free children's sports club in the country). Approximate direct costs: \$1.5 million per year.
- Summer camp scholarships for poor children. Approximate direct costs: \$3 million per year.

Possible Educational Projects

- A network of Jewish "spets-shkoly" (school offering high level, specialized study in areas such as language, physics, mathematics, biology, etc.) in cities with large Jewish communities. Each school would be equipped to serve 200-300 students based upon the ORT model in Moscow and Samara. Approximate costs: \$0.5-1 million per building plus \$1K per student. Approximate direct costs for programming (all 25 schools): \$12.5-25 million for start up and \$5-7.5 million per year thereafter.
- A Jewish studies program within the public school system -- particularly at competitive schools where a high percentage of the students are Jewish. The program would be modeled on the Moscow Lycee. Approximate direct costs for one school: \$10K per year. Approximate direct costs for 100 schools: \$1 million per year.
- A national system of higher Jewish education, based upon the Jewish University of Moscow model. The program would be designed to train Jewish communal service professionals, Jewish studies teachers, Jewish journalists, librarians etc. -- at the same time providing them with a high level standard university education. Approximate direct costs include \$15 million to build a central campus in Moscow without dormitories or \$25 million dollars to build a central campus in Moscow (1,000 students) with dormitories; \$2.5-3 million per year for ongoing activities at the central campus; \$1 million dollars per year to run an affiliate campus in St. Petersburg for 300 students; \$1.3 million dollars per year to run affiliate campuses in Povolzhe, the Urals and Central Siberia, as well as two specialized programs in the South and Far East. Capital costs, then, total \$15-25 million and ongoing costs total \$4.8-5.3 million per year.
- Research centers for Judaic studies/Jewish civilization and related field. These centers would be housed at Jewish institutions of higher learning -- as well as at public universities and institutes of the Russian Academy of Sciences. The centers would publish journals, papers and text books for schools and universities. Approximate direct costs: \$2 million per year.

Possible Intellectual Culture Projects

- Archival development. The overwhelming majority of Jewish archived materials in Russia are unknown -- not only to the general public, *but to specialists as well*. Many of these materials were removed from Germany after the second World War and, if organized and analyzed, might present a more complete picture of the Holocaust. The possibilities are beyond imagination but a minimum of 100 professionals (divided into specialized groups) are needed to even begin such an enormous job. Approximate direct costs: \$0.5-1 million per year.

- Museum research and creation of a Jewish museum. This program would include large scale research to identify Jewish collections in Russian museums. Ideally, a Jewish museum would then be constructed in Moscow which would first and foremost serve as a memory of the material and spiritual Ashkenazi civilization of Eastern Europe which was first wrecked by WW I and the October revolution -- and then completely destroyed by the Holocaust. Approximate capital costs: \$15-25 million. Approximate ongoing costs: \$1-3 million per year.
- Support for Jewish publications in Russian. The program would make grants for the writing and/or translation -- as well as publication -- of books on all aspects of Jewish life. Approximate direct costs: \$500K per year.
- Support for Jewish music, theater, animation and cinematography -- as well as creation of television programs dedicated to Jewish culture. The program would make special grants to institutions and individuals engaged in artistic endeavors around "Jewish" themes. It would also make grants to Jewish theaters, festival, music collectives, etc. Approximate direct costs: \$1-3 million per year.

Possible Anti-Defamation Projects

- Educational program to fight xenophobia and nationalism. The program would include special courses, at all educational levels, on national/religious tolerance. It would also conduct a check of all text books currently used by the system in order to identify those which stir up nationalism, xenophobia and anti-Semitism. It would seek to identify teachers and methods currently contributing to the rise of nationalism in the system and would conduct seminars for the individuals involved. If the seminars were not successful, the program would use legal means to seek removing them from the system. Approximate costs: \$2 million per year.
- Creation of a national anti-defamation bureau. Creation of anti-defamation bureaus in each of Russia's 89 regions with a central office in Moscow. Attorneys and civil rights activists would provide consultation services to victims of aggressive nationalism, xenophobia and antisemitism. Approximate costs: \$1 million for the first year and \$0.7 million for each year thereafter, though some money could be saved if this program were to share space with the consultation bureaus listed under "Social and Human Service Projects" (2nd bullet point).

Possible Capital Projects

- Burial of Holocaust victims and perpetuating their memory. The project proposes to to bury approximately 100,000 Holocaust victims destroyed on Russian territory and still not properly buried (some of the ditches and ravines in which they were buried are still being washed away by floods or vandalized by those looking for "Jewish treasures"). Memorial signs will be posted at the sites of shooting, concentration camps and ghettos -- and security will be provided. Approximate costs: \$2-3 million.
- Jewish Community Centers. The project proposes to create a network of Jewish Community Centers based on the Tatarstan model. Each center will include a synagouge as well as space for communal services providers and organizations. Approximate cost for communities of 5-10

thousand individuals: \$1-1.5 million. Approximate cost for communities of 1-5 thousand individuals: \$0.5-1 million. Approximate cost for communities of under 1000 individuals: \$100-500K. The expected need is for 25 large centers, 30 mid-sized centers and 35 small centers.

ESTIMATED BUDGET

| Type of Expense | Monthly (\$) | Year 1 (\$) |
|--|--------------|------------------|
| <u>1. General Expenses</u> | | |
| Office space/rent | | 60,000 |
| Utilities | 1000 | 12,000 |
| Communications Expenses | 700 | 8,400 |
| Office Equipment | | 45,000 |
| Furniture | | 18,000 |
| Office Supplies | 300 | 3600 |
| Travel and Per Diem | 2000 | 24,000 |
| Informational/Advertising Activities | 1000 | 12,000 |
| Legal Support | 5000 | 60,000 |
| | | |
| Subtotal General Expense | | \$243,000 |
| <u>2. Salaries</u> | | |
| Director/Coordinator | 2500 | 30,000 |
| Financial Director | 1000 | 12,000 |
| Office Manager | 700 | 8400 |
| Public Relations Manager | 700 | 8400 |
| Programmers (2) | 800 | 19,200 |
| Technical Personell (2) | 500 | 12,000 |
| Secretarties (2) | 400 | 9600 |
| Project Group Leader | 1500 | 18,000 |
| Experts (2) | 1000 | 24,000 |
| Archivists (5) | 600 | 36,000 |
| Consultanats (5) | 600 | 36,000 |
| Income Tax (38.5%) | | 82,236 |
| | | |
| Subtotal Salaries | | \$295,836 |
| | | |
| Reserve for Unexpected Costs | 500 | \$6000 |
| | | |
| TOTAL (ROUNDED TO THE THOUSAND) | | \$545,000 |

Please note that office expenses are based upon the assumption that the Fund will be based in an existing Jewish communal office space, probably the Russian Jewish Congress. The Year 1 costs would increase by about \$45,000 if the Fund were to require a completely separate space. **This budget is for Fund operations only and does not include costs for individual projects.**