

United States

S. HRG. 104-582

**SWISS BANKS AND THE STATUS OF ASSETS  
OF HOLOCAUST SURVIVORS OR HEIRS**

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HEARING

BEFORE THE

COMMITTEE ON

BANKING, HOUSING, AND URBAN AFFAIRS

UNITED STATES SENATE

ONE HUNDRED FOURTH CONGRESS

SECOND SESSION

ON

THE CIRCUMSTANCES SURROUNDING THE DEPOSIT OF ASSETS INTO SWISS BANKS BY EUROPEAN JEWS AND OTHERS, THE METHODOLOGY UTILIZED BY THE FINANCIAL INSTITUTIONS IN RECORDING AND MAINTAINING THESE ACCOUNTS, AND THE RESPONSE BY SWISS BANKS TO CLAIMS AND INQUIRIES MADE BY HOLOCAUST SURVIVORS OR HEIRS REGARDING THESE ACCOUNTS

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## SWISS BANKS AND THE STATUS OF ASSETS OF HOLOCAUST SURVIVORS OR HEIRS

TUESDAY, APRIL 23, 1996

U.S. SENATE,  
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS,  
*Washington, DC.*

The Committee met at 10:05 a.m., in room SD-538 of the Dirksen Senate Office Building, Senator Alfonse M. D'Amato (Chairman of the Committee) presiding.

### OPENING STATEMENT OF CHAIRMAN ALFONSE M. D'AMATO

The CHAIRMAN. Good morning.

This morning the Committee meets to take up an important matter that has implications that go back to World War II, the Holocaust, and involves more than money, more than millions and tens of millions, maybe hundreds of millions and maybe more than that.

It involves the systematic victimization of people. It involves not just this one person that we will hear of and from.

Greta Beer, who is a Long Islander from Queens, Long Island, Jackson Heights, New York, will tell of her fight and that of her mom to attempt to deal with a victimization that started with oppression of the Nazis, with the shroud of secrecy which was initially intended to give protection to the Jews of Europe who sought refuge in Switzerland. This banking system was set up to protect assets from seizure.

She and her mother went from city to city and from bank to bank, back in the 1960's in Switzerland, looking for accounts that her father had placed in trust with the Swiss banks. That trust was broken.

Because of that broken trust, she and her family have been forced to deal with the evasions and excuses for over 50 years. That's a trust that was not only broken as it relates to the Beer family, but countless others.

We are here in an effort, working together with Ambassador Stuart Eizenstat, Edgar Bronfman and others who are concerned, to say that these families and their heirs and indeed the Holocaust victims are entitled to an accounting.

The Swiss banks are not entitled to \$32 million, an offer put forth without a proper accounting. This should not have been a matter of them saying "believe us, this is all we have." This is a matter of saying that for too many years, Greta Beer and all the others have been denied justice.

We've just begun this inquiry, but I am very much troubled by just some of the facts that we have uncovered so far. Relying on

bank secrecy laws, the Swiss banks have refused to publish the names of owners of accounts that they've identified.

It's rather ironic that these secrecy laws, originally enacted to shield assets of the Holocaust victims from the Nazis, are now being used as a sword against those victims and their families.

We have, in our possession, recently declassified documents that shed new light on this issue. These documents were generated in Operation Safe Haven, a U.S. Government operation conducted after the war to search for Nazi assets.

One of these documents, dated July 12, 1945, shows 182 accounts, totaling \$2 million. Adjusted for inflation, these accounts today would be worth in the area of \$20 million, two-thirds of the amount which was found by the Swiss after their search in 1995. It just doesn't add up.

The problem is complicated, and I think we would all do well to get the facts, get a proper accounting, and the proper methodology for doing so, without having families, as you will hear some describe, go through twisted contortions which are aimed at, if anything, protecting assets now on deposit at Swiss banks as opposed to identifying their rightful heirs.

I'm going to ask that the balance of my statement be placed in the record as if read in its entirety and now turn to my colleagues for their opening statements before we turn to our panel.

Senator Boxer.

#### OPENING STATEMENT OF SENATOR BARBARA BOXER

Senator BOXER. Thank you so much, Mr. Chairman.

Mr. Chairman, last week I spoke at the Simon Wiesenthal Center Museum of Tolerance in Los Angeles. It was a commemoration of one of the most unspeakable tragedies to occur, the Holocaust.

When we say never again, I think it means that we must expose the truth in all of the issues surrounding that unbelievable part of human history.

There's no question that what you are raising with us today, and I really greatly appreciate the witnesses here today, is searching for justice. It's another avenue that we must pursue.

I am very appreciative to the panel and I'm anxious to hear from Mr. Eizenstat as to the progress he is making, as he has been assigned to examine the issue of the Swiss bank accounts that belonged to Holocaust victims and their heirs. The proper identification of these accounts by Swiss bank authorities should be done as thoroughly and expeditiously as possible.

I am concerned that previous efforts to identify and quantify these assets have not been sufficiently thorough or transparent, and what I mean by that is open or independent.

It is generally agreed, Mr. Chairman, as I'm sure you know, that the 1962 record search procedure was inadequate. The search was limited to owners of accounts with "Jewish-sounding" names who died prior to the war. There was no additional search undertaken to look behind the numbered accounts or to enlist the help of persons or organizations who may have been able to assist in identifying the victims of the heinous Nazi atrocities who had secreted their assets away in these institutions. Clearly a search that only entailed the checking of surnames was woefully inadequate.

In addition, although the Swiss legislature passed a law ordering a review of unclaimed bank accounts from the Nazi era, there was no enforcement mechanism to ensure that banks complied with the law. Without a meaningful enforcement mechanism, the law was virtually useless, and thus the laws implemented did far too little.

I have to say that from what I can find out, the Swiss Bankers Association was not very proactive, that's, I think, a nice way to put it, in these efforts.

Since the initial search in 1962, relatives of survivors have continued to search for these assets of their loved ones held by Swiss banks. Unfortunately, however, the relatives of these victims have too often been kept out of the process.

Moreover, some Swiss banks have charged relatives of victims fees of as much as \$860 to conduct account searches which turn up nothing. If and when accounts were identified, the documentation required by the banks to prove rightful ownership was often destroyed during the war or unavailable or unobtainable by the victim's family due to the passage of time.

It appears that the Swiss bank secrecy laws may have been used as a shield by some Swiss institutions to prevent the rightful owners of these accounts from claiming them.

Moreover, the banks have been less than cooperative in working with the victims relatives, with the World Jewish Congress and other Jewish organizations, the Israeli government and the United States Government.

It was not until quite recently that the Swiss Bankers Association agreed to conduct another search of Holocaust assets in Swiss banks.

Not surprisingly, the search identified 775 dormant accounts in 36 Swiss bank institutions that were opened prior to the end of World War II. It is likely that some of these accounts could have and should have been identified earlier if the victims relatives had received a greater degree of cooperation.

Now I understand the Swiss Bankers Association has recently set up an independent office and a Banking Ombudsman to assist in the identification of accounts held by Holocaust victims. While this is a first step forward, more needs to be done.

Mr. Chairman, I would ask that the rest of my statement be placed into the record.

I really want to thank you because, again, we pledge every year, never again, and to pledge that means we need to get these answers, and I'm just very grateful for your leadership in this.

Thank you very much.

The CHAIRMAN. Senator Dodd.

#### **OPENING COMMENTS OF SENATOR CHRISTOPHER J. DODD**

Senator DODD. Thank you, Mr. Chairman.

Let me begin as well by thanking you for holding these hearings, and thanking our witnesses who are here this morning, particularly you, Mrs. Beer, for your presence here this morning. It's not a pleasant experience to have to go back and visit some of these issues.

Mr. Chairman, I also want to commend the Administration in this area. This has been a top priority, as demonstrated, I think,

clearly by the presence of Stuart Eizenstat here and the fact that he has been named to this post of Special Envoy for Property Claims of Eastern and Central Europe.

Today's hearing is on a very important subject but should not obscure the excellent efforts made by the United States to address the far larger and more complex issues of returning communal property as well, which is very, very important, such as synagogues, hospitals, schools, and the like. The Administration, along with you, Mr. Chairman, deserve to be commended for your work.

We are working with 11 other nations and I think Mr. Eizenstat will go into this, so it isn't just a unilateral approach but a cooperative effort, which is very, very important as well. Certainly by us holding these hearings and reaching out to other nations, such as Poland, where some of the greatest massacres of the war took place, to involve them in a reparations activity as well is critically important.

It's deplorable, Mr. Chairman, that this issue has not been resolved along with the fact that we find more and more information and the attitude of Swiss banks to date appears, at the very best, to be mostly insensitive and, at worst, deliberate, a deliberate coverup. I think these hearings will help shed some light on that.

One would think that this is an issue which the Swiss banks would treat with the greatest of sensitivity instead of apparent callousness.

Mr. Chairman, a week or less ago, we had a ceremony in the Rotunda of the Capitol at which Justice Breier spoke, along with members of the Supreme Court. In fact, I saw Mr. Eizenstat in the audience that day, and I was asked to address the gathering as well.

This year's Days of Remembrance focused on the Nuremberg trials, the first trials, which began in the fall of 1945 and concluded in the fall of 1946.

As the Chairman knows, and my colleague from California knows, there's a special significance for me in that my father was the Executive Trial Counsel at Nuremberg under Robert Jackson, part of that team, and was there for those initial trials, leaving home in the summer of 1945 and coming back in the late fall of 1946.

I mentioned that day that he wrote my mother every single day without exception, and the letters were no less than 5-, 6-, 10-page letters describing the events as he saw them in the summer of 1945 and the fall of 1946.

One of the men that was prosecuted by my father at those trials was a man by the name of Walter Funk, and those in the audience who are familiar with the Nuremberg trials will remember that name. He was not only the Minister of Labor for the Third Reich but he was also President of the Reichsbank.

One of the key pieces of evidence that convicted Funk was the testimony that he had overseen the use of the Reichsbank as a repository for the assets taken from concentration camp victims by the SS. The high-ranking SS officials used these assets to enrich themselves.

One of the things that Mr. Bronfman is going to talk about is examining the Swiss bank accounts in the context that SS officers

and others brutally took valuables from the victims of the Holocaust and then deposited those assets in Swiss accounts.

I don't think a thorough examination has been made of that. We are talking here today about deposits made by Holocaust victims in Swiss accounts prior to the Holocaust, but here we're talking about, and I think we ought to examine as well, the question of whether Nazis used Swiss accounts to deposit resources.

I thought it might be worthwhile, Mr. Chairman, just briefly here, my father read the following affidavit from a Reichsbank official at the Nuremberg trials, and I'll end on this particular note. I quote from this affidavit read at Nuremberg 50 years ago from a Reichsbank official:

The material deposited by the SS includes jewelry, watches, eyeglass frames, dental gold and other gold articles in great abundance, taken by the SS from Jews, concentration camp victims and other persons. This was brought to our knowledge by SS personnel who attempted to convert this material into cash and were helped in this by the Reichsbank personnel with Funk's approval and knowledge.

There's even a remote possibility, Mr. Chairman, that accounts still exist that derived from this type of ghastly source. I would think that the Swiss bankers would have done everything in their power to return those assets to whomever the rightful heirs may be.

I look forward to hearing the testimony.

The CHAIRMAN. I thank the Senator. I don't know how many are aware of his deep and obviously abiding concern going back to the days of his dad and the work that his father has done.

I have to tell you that this is not only limited to those deposits that may have been made by people, by the Jewish community in particular, attempting to protect their assets, but also, as you will hear from Mr. Bronfman, as it relates to what we believe may be hundreds of millions of dollars of assets that were deposited 50 plus years ago in these institutions that we are aware was transported to Switzerland and of a proper accounting of these funds.

In those cases, that was moneys under the direction of the Nazis being hidden away in Switzerland, and we'll get to that. Certainly we are deeply indebted to Edgar Bronfman, the World Jewish Congress and the work that they have done in bringing just some of these facts forward.

I'm now going to call on Greta Beer, from Jackson Heights, Long Island, Queens, so that she can relate to us. I must say that yesterday afternoon, I had a conversation with Greta. She was here. She started speaking Italian to me, so I had to put my mother on the phone.

[Laughter.]

Greta and mom had an exchange. She speaks beautiful Italian and she is a magnificent person who I think you'll all be interested in hearing speak about just some of the things that she and her family have gone through. She represents the plight and the tragedy that has taken place to countless others, I say countless others.

Edgar, I want to thank you for the great work and the commitment that you have made in attempting to shed some light and get some justice on this situation.

Greta.



**OPENING STATEMENT OF MRS. GRETA GEORGIA BEER  
FLUSHING, NEW YORK, CLAIMANT TO FUNDS**

Mrs. BEER. Thank you, Chairman D'Amato.

Ladies and gentlemen, Members of the Committee, my name is Greta Georgia Beer, born Deligdisch. My father, Siegfried Deligdisch, had studied pharmacy. I am a very, very proud American citizen since 1956.

I was born in northern Romania. The city name is Cermauti. It was Romanian when I was born. It belonged to Austria-Hungary before my time.

My father spread out, he built factories. The first one was a nail and metal company. The second one was Hercules S.A. which became the biggest textile mill in Romania with over 1,400 employees and workers and about 38, 40 branches all over Romania.

My father used to travel in the fall and go from fair to fair, Germany, Leipzig, Munich, Berlin. There was a big factory, textile factory in Czechoslovakia. He used to travel there, too, and go to the various fairs, bring samples and so on.

At the end of his trips, he would invariably go to Switzerland and deposit money. Why? We looked toward Switzerland like a bastion, a citadel.

Conflagrations, the sky over my city so close to the Russian border, communism and the danger of the Nazis coming from the north, and this was the only safe haven. My father used to open a so-called, we called it chiffre account, numbered account. My father used to talk to us children, my brother, Otto Deligdisch, who now resides in Boston, Massachusetts, and he used to say, don't worry, kids. You have nothing to worry about. You are provided for. The money is safely deposited in Switzerland.

I left Romania when my father, at the beginning of the war in 1940, fell ill and went to Budapest, Hungary to consult doctors. Vienna had a very good name but had already fallen to the Germans, the Anschluss, so he went to Budapest, along with my mother, and they took me along just to have me on their side. I was still a young person. My brother was about 12 or 13 years old.

My father became very, very sick. He deteriorated. He had a kidney condition, and it deteriorated into uremia.

What happened was I approached my father in the hospital. We never wanted to tell him, father, you're going to die, but we knew it was dangerous, and I approached my father. I have a document here, a paper which I can show you afterward, where my father once, when I approached him with the greatest delicacy and asked him to give the power to his wife, at the time, Roza Deligdisch, signed.

My father signed. I wrote down, it's in my handwriting in German, I give the power to my wife. I said, father, the numbered account, the accounts. He was too sick to remember and died a few days later.

What happened was, at the time when my father was sick, the city where I was born, Cermauti, was taken by the Russians. Then came the Germans and then, in the end, Churchill said, let's go, even FDR, let's go ahead, don't allow it. Russians, the Communists cut up Eastern Europe, and the city fell to the Russians with the factory and all.

My father used to say repeatedly, if this city, if my city is taken by the Communists, I don't want to be alive. It happened. My father died afterwards.

Under unbelievable circumstances, we returned to Romania and later on from Bucharest went during the war to Brashov, Kronstadt up in the mountains. Later, on Kronstadt in the mountains, we stayed in Romania.

After the war, we thought "America" would come, "England." We were bombarded daily. What happened was we stayed in the house of a friend of ours, Colonel Muck. Romania fought alongside the Germans, so there were no Nuremberg laws. There were pogroms in Bucharest but there were pockets all over where lots of Jews were safe—like in the concentration camps, some survived, some didn't.

When southern Romania was under Russian supremacy, my brother first left illegally, then I left alone with a peasant crossing two borders. That's a story per se, and I know so many others.

I just want to emphasize I don't speak only for myself. I speak for my brother, Otto Deligdisch, and I speak for all those who have suffered, more or less all those who are in the same boat.

First I fled to Budapest, then to Vienna, where I spent time in the American sector and became a so-called DP, displaced person. As such, and then with my fiancée, who later became my husband, Dr. Simon Beer, I went to Italy to live in Italy, Bologna and Milan.

All of a sudden, we heard there was a possibility for me, as a displaced person, to get a visa to the United States, to become an immigrant, and I caught on the possibility, the opportunity. I came on the General Muir under the Joint Committee to the United States and became an American citizen in 1956.

I've worked here and my brother, who had studied in Bologna, mechanical engineering, had a high position with International Harvester. He lived in Europe.

My mother did not feel too well in Jackson Heights, the air and so on, and my brother took her to Montreux, Switzerland.

Whenever I had time, I traveled to Montreux, and at the time, in the 1960's, the banks somehow said they would open up accounts and research them.

I went with her from bank to bank. I have a list of banks here, issued by the Swiss banks. We went from bank to bank. They didn't allow me to go in, only my mother, who was the widow of Siegfried Deligdisch. At one point, one gentleman or one woman, I say it advisedly, from one of the banks asked her, Mrs. Deligdisch, were you hit over the head by a German soldier with the butt of a gun?

My mother, who went to one of the oldest universities in the world, the same university where the Pope went, Jagiellonian in Cracow, who had 3 or 4 years of philosophy there, said, no. She was a very honest person and said no.

When I was interviewed by Peter Gumbel for the Wall Street Journal, you may have read it, he also picked up on it and said, what does it mean, had she been hit over the head by a German soldier, would she have had easier access to her own money?

We went from bank to bank. Then came the so-called statute of limitations, the accounts closed up. I gave up hope. It was reopened

again, and Peter Gumbel called us, and there was the article in the Wall Street Journal.

We do hope, after so many years, the wrongs will be righted.

May I just say something?

I'm very proud, Senator D'Amato, it's here in the Senate. I've worked for 18 years as a tour guide, licensed by the city of New York, and since I'm a linguist, I've done it, guiding in French, German, Italian, also now for newspapers and TV, all over.

I just want to say it is my city, Washington, which I adore, and I'm so proud that it is happening here. Why did we send money, why did my father open a numbered account? Because this was a safe haven. The place where we were was under horrible danger. It was a safe haven and we were constantly told the money's there.

Today, I would like to say I'm often asked, what do you think of Swiss banks, what do you think of Switzerland? The person I look up highest to is Thomas Jefferson, our third President. He was friends with Monsieur Gallatin who was later Secretary of the Treasury.

When he wrote the Declaration of Independence, and here I speak as a tour guide, he looked toward the Magna Carta, but he also discussed it with Gallatin, maybe he has listened to Switzerland, it was an old democracy, it had the system of cantons.

Here, too, we emulated it seems. How come that such a Switzerland, where my father sent me for 2 years in Lausanne, in a school, a boarding school—my father loved me, it was the highest thing for him to do to send me to Switzerland—how come Swiss banks, I don't say Switzerland, but the Swiss banks perpetuate the same things we thought were "tempi passati," a thing of the past?

Now the Swiss banks perpetuate the same things toward people who have suffered in one way or another and who have believed and are left with a broken trust.

The only thing I can say is I do hope, Senator D'Amato, that the Swiss banks will see the light and, so many people have died in the mean time, that they will correct what has been done so wrong.

I'm sorry I don't read. I just speak from my heart, albeit a very heavy heart.

Thank you.

The CHAIRMAN. Let me say that your statement is far more eloquent than any prepared remarks and the sincerity and the history which you give to it, in terms of attempting to bring forth in some way what not only you and your family but countless others obviously endured, is outstanding. You have had to endure the cruelest of fates, the very trust that your father had to trade in such a manner, the fact that he had prepared and wanted to be able to take care of his family, and to have those doors shut, the secrecy shut down and applied in a manner that was never intended because the application was to shield and to protect, as opposed to keep people from assets that were rightfully theirs.

We thank you, Greta.

Mrs. BEER. May I just say in that unbelievable hell around us, this was a safe haven. This was a bastion you looked to, it was a star in the sky, Switzerland, and today the fact that I find myself here is deplorable.

The CHAIRMAN. We are looking for an honest accounting and that's what we're determined to get.

Secretary Eizenstat, I'm going to ask if I might go to Mr. Bronfman, only for the reason that he can set things in a certain context, and I'm certain he's going to touch on things that you in your prepared remarks and your extemporaneous remarks might want to comment on.

So if you would bear with us, I will then turn to Mr. Bronfman, Edgar Bronfman.

I'm not going to say what a great debt we owe to you and to your organization. That goes without saying, and I just commend you for your remarkable, inspirational work.

**OPENING STATEMENT OF EDGAR M. BRONFMAN  
PRESIDENT, WORLD JEWISH CONGRESS, AND  
PRESIDENT, WORLD JEWISH RESTITUTION ORGANIZATION**

Mr. BRONFMAN. Thank you, Mr. Chairman.

Mr. Chairman, if I may, I would like the entire statement which I have submitted to be part of the record, and I'll drop a few lines here and there in the interest of time.

Mr. Chairman, I want to commend you for holding these hearings and for the outstanding job your staff has been doing in ferreting out information long lost or concealed. That which you are doing is of great historic significance. Our collective mission here is nothing short of bringing about justice. We are here to help write the last chapter of the bitter legacy of the Second World War and the Holocaust.

The World Jewish Restitution Organization, of which I have the honor of being President, was created in 1992 by the leading international Jewish organizations and the survivor's groups to coordinate claims for the return of Jewish community property and the transfer to the Jewish people of heirless holdings. We also worked to secure for individual Jews no longer resident in the countries in question the same rights that would obtain for local Jews who remain.

With your permission, Mr. Chairman, I would like to submit as part of my formal testimony, the list of the international organizations that make up the WJRO.

We have been designated by two successive Prime Ministers to represent the State of Israel in these matters. We have also concluded agreements with Jewish communities in several countries in order to coordinate restitution efforts.

I hope it will not sound presumptuous, Mr. Chairman, but I speak to you today on behalf of the Jewish people. With reverence, I also speak on behalf of the 6 million, those who cannot speak for themselves.

The issue before us today, the one I want to talk to you about, can be summed up in a single word: Justice.

Fifty years after the Holocaust, as Germany and the collaborationist countries have sought to face their responsibilities and make restitution, there remains the glaring void in the behavior of the banks of Switzerland.

Both Congress and the Administration have publicly declared their interest to secure that justice and make sure it be done.

Mr. Chairman, I wish to personally commend Ambassador Stuart Eizenstat for his contribution to this effort. President Clinton assigned him a special mission to assist in this task while he was the U.S. Representative to the European Union, and although he returned to Washington earlier this month to become Under Secretary of Commerce for International Trade, he will continue his efforts as Special Envoy on Property Claims in Central Europe. He has been doing an outstanding job serving the interests of all Americans, not only Jews.

I would also like to take this opportunity to add that the European Parliament unanimously added its voice to that of the United States, expressing the same view and declaring that restitution is a matter of justice which must be fulfilled.

As the Congressional letter made clear, what today's hearing is about is respect for human rights and the rule of law, nothing less.

I am not here to talk about whether there's only \$32 million remaining in Swiss banks belonging to Holocaust victims and survivors or, as may be closer to the truth, several billion. Nor am I ready to endorse those who say the records were purposely destroyed and the money confiscated.

When I met with the Swiss Bankers Association September 12, 1995, in Bern, I was struck by one comment they made to me. "Mr. Bronfman," they said, "we do not wish to hold on to one Swiss franc that is not ours."

I told them that I certainly agreed with that sentiment and I explained to them that the World Jewish Congress initiated activity aimed at the recovery of Jewish property even before the war in Europe ended. In November 1944, Dr. Nahum Goldmann, the co-founder of the World Jewish Congress, raised the issue at the War Emergency Conference in Atlantic City. He declared then:

The principle that Jewish assets must be given back to their legitimate holders wherever possible must be regarded as inviolable.

Now that the Swiss bankers have told me they accept this universal principle, Mr. Chairman, I ask that you, your Committee, this Congress and our Government help the Swiss bankers fulfill their own wish not to hold on to a single Swiss franc that is not their own.

A word of concern, Mr. Chairman. Time is running out for those who will be the primary recipients of this restitution. Knowing you as I do, I'm confident that your investigation will be thorough and result in the full exposure of all the facts.

At the aforesaid meeting in Bern September last, I did not discuss dollar amounts. What I sought was an impartial audit. I came away thinking that we had agreed on that. In February, the Swiss Bankers Association unilaterally announced that they had done their own survey and had found only \$32 million, an amount that defies credibility.

"Trust us," they told the victims of the Holocaust, "we looked into our records and our own vaults and that's all we could find."

One of the documents already uncovered and released by your own investigators, Mr. Chairman, suggests that at a single Swiss financial institution, the present value of deposits may be nearly that much alone.

As a businessman, I often deal with bankers. I know that the most important asset any banker can have is his reputation, the trust of his customers. If we cannot have faith in the integrity and trustworthiness, in the honor of the banker to protect our deposits, to give a faithful and accurate accounting, then we must go elsewhere.

Dealing with the Jewish people must be for the Swiss bankers an issue of trust.

What is urgently needed is a transparent mechanism to conduct a verifiable audit of all Nazi-era assets, those deposited by Jews and those assets stolen from Jews by the Nazis and also deposited in Switzerland and their disposition so that all the parties involved can be satisfied justice has been served.

Swiss institutions cannot be permitted to come back and say, once again, that they will create such a process, but that they want to be one of the ones who appoint the auditors. Their repeated failure of integrity over 50 years has forfeited for them such a privilege. There must be an arm's-length process that is credible to the entire world.

There is already much to learn from the very beginning of the documents uncovered by your Committee and by others working elsewhere. They demonstrate that during the Nazi era the Swiss were far from neutral. Their assistance to the Nazi war machine, through the clandestine conversion of looted gold into Swiss francs, enabled the Germans to buy fuel and other raw materials they needed to prolong the war. Some estimates in testimony before the U.S. Senate hearings following the war suggest the cost may have been staggering in the lives of American soldiers, Allied soldiers, Jews and other civilians across the continent.

The Germans were looting synagogues, schools, museums and the bodies they were about to toss into the ovens. They snatched works of art. They took wedding rings and gold teeth and melted them down. They cast ingots that were falsely marked to appear as if they were pre-war gold and, as records are showing, they took it to bankers who were only too willing to look the other way.

Mr. Chairman, many Jews in Central Europe, and many others in those countries, saw the Nazis coming and made the trip to Switzerland because they thought their assets could be held safely there. They put their faith and their trust in Swiss neutrality and the integrity of that nation's banking system. It appears they were betrayed.

Only through a full, fair and impartial audit can we uncover the truth. I would hope the Swiss bankers will cooperate fully in this endeavor as it appears to be the only way to deal with this crisis in confidence they have created and to restore the reputation of the Swiss banking community that is being called into question by so many.

Mr. Chairman, I do not propose here a discussion of specific amounts of money. Yet, I believe that each dollar recovered represents a little piece of dignity, not just for the survivors who will benefit, but for all mankind who will have demonstrated that it remains morally unacceptable for anyone to profit from the ashes of man's greatest inhumanity to man.

Thank you, Mr. Chairman and Members of the Committee, and God grant you the strength and determination to finish this historic mission of serving justice for the victims of the Holocaust, the survivors and their heirs.

The CHAIRMAN. Thank you.  
Secretary Eizenstat, it's good to see you.

**OPENING STATEMENT OF STUART E. EIZENSTAT  
UNDER SECRETARY OF COMMERCE  
FOR INTERNATIONAL TRADE**

Mr. EIZENSTAT. Mr. Chairman, I'd like to thank the Committee for the opportunity to testify today and ask that my complete statement be made a part of the record.

I want to personally, personally thank you, Mr. Chairman, for your leadership and the leadership of your staff in bringing this important issue to the attention of the public and Congress.

I've been the State Department's Special Envoy for Property Claims in Central and Eastern Europe for over a year under the guidance of Secretary Christopher. My task has been to promote the non-discriminatory, transparent and just resolution of claims arising out of properties confiscated during and after the Second World War by the Nazis and their sympathizers or by the Communist governments in post-war Central and Eastern Europe.

I would like to take this opportunity to briefly tell you about my work and observations as Special Envoy and some of the problems I've encountered because it's important to put the Swiss institution issue in this context.

Since being named as Special Envoy last year, while I was U.S. Ambassador to the European Union, I've made fact-finding missions to 11 countries in Central Europe, the Baltics and the former Soviet Union. I've also traveled to Germany to discuss Holocaust survivor compensation. With the strong support of our embassies in each country, I've been able to meet with senior officials of all of the governments involved. I've highlighted the significance that the Clinton Administration and Congress attaches to this painful and complex issue and have stressed the importance of resolving property claims in ways that are just, fair and non-discriminatory.

We have urged all of the governments to address the question of promoting restitution and compensation of both communal and private properties in ways that meet the expectations of local Jewish communities, other communities, and are credible to international organizations, such as the World Jewish Restitution Organization, and which are fair to U.S. citizens who have claims to property confiscated during the Nazi and Communist eras. The efforts I have made as representative of the Administration and of this Government are beginning to show results.

Our initial focus has been on communal property, that owned by the entire Jewish community. The hope was that success with communal property could then be used to build momentum for private property claims.

Many of the countries I've visited have started the process of returning communal property. I especially want to congratulate and commend, for example, Hungary, which only recently agreed, pending expected approval by the Parliament, to create a foundation to

pay compensation perhaps in the form of pensions to Hungarian survivors who reside in that country.

This is only one positive example, but I have to say, Mr. Chairman and Members of the Committee, that a host of other problems and other issues, each country with its own twist, remains and has impeded not only the Jewish community, but other religious groups like the Catholic church and the Orthodox church from receiving back their communal property which was confiscated either by the Nazis or the Communists.

We will continue in this Administration to dedicate ourselves to paying attention to this issue until it is resolved.

Regarding private property, the most common problem is the inclusion of citizenship and sometimes residency requirements in legislation and decrees. Such requirements exist or are contemplated in one form or another in almost all the countries I've visited. This poses enormous hurdles for claimants, including U.S. citizens. Those who emigrated to the West, Israel and to the United States who own property themselves or whose relatives had property confiscated either by the Nazis or the Communists, have encountered enormous difficulties as a result of these limitations.

Turning to the Swiss bank institution issue, this could prove a source of assistance for an aging, destitute population in Central and Eastern Europe and perhaps their heirs. These survivors have been largely uncompensated since the end of World War II. To provide a possible source of assistance for these persons, as well as to ensure that moneys are returned to rightful owners, it is important that the U.S. Government facilitate the development of a just, transparent and non-discriminatory process for their resolution.

The Clinton Administration is committed to do just this.

While the Embassy of the United States in Bern is the primary focal point for action, I have been personally involved since reading an article in the Wall Street Journal about this issue last year, and beginning in July, engaged the energies of our embassy in Bern. In several followup conversations with Embassy Bern by me and my staff, then at the U.S. Mission to the European Union, officials have told me about their efforts to urge openness and transparency in the review of dormant Holocaust-era accounts. I've also been in regular contact with Edgar Bronfman of the World Jewish Congress and his top officials, Israel Singer and Elan Steinberg, who have been the driving force behind this process and who are owed our debt of gratitude.

A number of steps have been taken by our State Department. For example, Embassy Bern Charge d'Affairs, Michael Polt, urged the Swiss Bankers Association to create an open and transparent process to expeditiously complete the researching of remaining accounts. He also expressed, Mr. Chairman and Members of the Committee, special concern about the fee, more than \$250, U.S. dollars, charged for account searches. Charge Polt also indicated that Embassy Bern would continue to follow the issue with vigor.

Embassy Bern reported the Swiss Bankers Association's defense of its findings of a total of \$32 million in dormant accounts opened by persons living outside Switzerland prior to May 8, 1945, when the war ended.



SBA officials also strongly defended the survey's integrity to our embassy personnel. They noted the independence of the Ombudsman's Office that studied the dormant accounts and the completeness of their survey.

In response to inquiries from the World Jewish Congress, the Swiss Parliament's Legal Committee has also become involved. The Committee has consulted the Swiss Bankers Association, the World Jewish Congress, and the Swiss Federation of Jewish Communities. They have divided their initial consultations into two areas, individual accounts and unclaimed assets. With regard to individual claims, the Committee of the Swiss Parliament noted that the Ombudsman's Office, in concert with Jewish organizations, would have a private firm oversee its research activities.

With respect to the more general issue of unclaimed assets, the Committee recommended a closer examination of what happened to assets deposited between 1933 and 1945 that remained ownerless, including the effectiveness, or lack thereof, of the 1962 Federal Decree of the treatment by Switzerland of assets belonging to foreigners or stateless persons persecuted on racial, religious, or political grounds. It also pointed to a need to clarify what constitutes appropriate action with respect to such assets. A meeting has been scheduled, Mr. Chairman and Members of the Committee, for May 2 between Charge Polt and the Chairperson of the Parliamentary group in charge of this issue.

Charge Polt also pointed out the need for a central process of investigation which would have a broad mandate to look into all possible remaining Holocaust victim assets and whatever Swiss institutions might hold them.

Differences in definition and interpretation underscore the urgent need for overall coordination of a complete review of any possible Holocaust-era assets in Switzerland, whatever the holding entity may be, whether a bank or other institution.

I might add, Mr. Chairman, when you hear testimony from our witness from the Swiss Bankers Association, it's important to remember there are other non-bank institutions that do not belong to that institution that also must be investigated.

The goal of an unbiased accounting of the situation is shared, I believe, by the United States Government and the Government of Switzerland. Embassy Bern continues to press the Government of Switzerland, most recently in an official demarche delivered on April 12, on the need for a thorough airing and resolution, once and for all, of this issue. We will continue our efforts with Swiss government representatives to encourage a fair and equitable resolution.

On April 9, there was a positive step taken by the Swiss Bankers Association. In a letter to Israel Singer of the World Jewish Congress, their representative made several suggestions including the establishment of an independent commission to include distinguished members of the Jewish community and authorization for the commission to retain an independent accounting firm and other experts to issue a final report on these assets. We hope these will be positive steps toward resolution of the matter and will include a review of previous requests for information, such as Mrs. Beer's, on these accounts and the appointment by the Jewish community

of their own members to this commission. We encourage all interested parties to work toward making this commission function in an effective manner to ensure a fair and just result.

I urge that we continue this initiative on three fronts; government-to-government discussions, government facilitation with international and local organizations, and the rapid resolution of the issue of distribution of those accounts which have been discovered to date, and then the prompt distribution of assets while continuing the ongoing investigation.

I want to conclude with one matter, Mr. Chairman and Members of the Committee. The Swiss Bankers Association has identified, they say, approximately 775 accounts which they define as dormant and which they estimate at being worth \$32 million opened by persons living outside of Switzerland prior to the end of the war. It would only be just to establish expeditiously an open process to identify the owners and heirs of such accounts. As they are identified, distribution should be immediately made without waiting for identification of the entire universe of claims albeit while the entire investigation goes forward. In addition, after all claimants have been identified, if there are excess funds that cannot be matched up, and I would like to stress this particularly, they should be distributed, in my opinion, to Holocaust survivors in Central and Eastern Europe who have largely been uncompensated for the last 50 years.

Each day, this elderly population, many of whom I have met personally on my trips to Central Europe and to the Baltics and to the former Soviet Union, live in the most meager and heartrending manner. They have already suffered unspeakable horrors and they hope to live and, yes, to die in dignity. While there is no need to cease any activity in investigating further possibilities, let us quickly and efficiently assist this vulnerable population lest our delay deny them, in the last years of their lives, some dignity in a life already filled with suffering.

In closing, I would like to underscore that this Administration, working with you and your Committee, will make every effort to ensure the fullest and fairest accounting and complete transparency to be certain that all funds which can be traced to victims of the Holocaust or survivors of Nazi persecution, including funds looted by the Nazis and deposited in Swiss financial institutions, are returned to their rightful owners and that any excess funds, where no claims are made, are distributed in the fairest way possible to benefit those who suffered the most during World War II.

Again, I look forward to working with you personally, your staff and your Committee and commend you again for the fantastic leadership that you have brought to bringing this attention. We share your goals and objectives and I look forward to working with you to achieve them.

The CHAIRMAN. Mr. Secretary, we're going to hold to the 5-minute rule so we can go around.

Mr. Secretary, let me first say to you that generally, regardless of what Administration, I have found while they promise that they are going to work on something, the promises and the performance don't match up.

In this case, given your efforts, your work in this area and your promise, I have every confidence that you and the Administration will be committed to the process of justice and seeking a clear methodology of reporting an audit in the manner which gives credibility because we can go back, whether it was the audit back in the 1960's which left so many things unresolved or even the present proffer of \$32 million on 700 plus accounts, and find absolutely inadequate reporting in terms of the database and the manner in which the data was collected. So I have to tell you I have every confidence that we will have a full court press led by you on behalf of the Administration.

I think it is absolutely imperative that the Swiss Bankers Association become involved in a very real way in not only protecting the credibility of their banking system but, as you also point out, the other institutions, the non-banks.

There is also, it seems to me, a glaring deficiency in looking at the question as it relates to those accounts that were opened up between 1933 and 1945 by non-Swiss citizens. I'm going to turn to Mr. Bronfman and ask him of his concerns because I want to get his concerns out here on the record. He's had a history of dealing in this area, of Swiss citizens, on behalf of others, or those who were acting as agents.

I don't know how Mrs. Beer's father opened that account, nor does she. He may have had a good friend. That friend may have been a Swiss national.

I want to make sure that we have an accounting system that says if we basically have an unclaimed account or one that we suspect has been opened up on behalf of other people, how we ascertain that, if we get access to that.

Indeed, there may have been, and I would suspect there were, a number of Swiss agents who earned their livelihood, who made part of their livelihood by acting as representatives for foreign depositors throughout the world. I venture to say it's probably going on at the present time; maybe not, but we need, and I think it goes back to something Mr. Bronfman said, an effort to ascertain this through an impartial auditing process, one that is so credible that we can say we are really meeting our responsibilities as it respects justice.

Mr. Bronfman, do you have any observations as to how you would like to see or what your thoughts are in how that process can and should be established?

Mr. BRONFMAN. Thank you, Mr. Chairman.

I don't want to go into the specifics, the details, but generally speaking, it's exactly as you phrase it. We have to have a very independent, impartial auditing firm who first of all has to sit down with the historians and understand exactly what we're talking about here because we're not talking just about banks, we're talking about all sorts of financial institutions, so that the search can be thorough. Also it has to be transparent. Everybody has to realize that when the day is done, when it's all over, the whole truth is out there, not something still lagging in the background.

That's our concern, sir.

The CHAIRMAN. Mr. Eizenstat.

Mr. EIZENSTAT. In reading the testimony of Mr. Baer, he indicates that the accounting firm retained by this independent commission should review the methodology.

I think it's important, Mr. Chairman, that the accounting firm not only review the methodology but have the opportunity to go on an institution-to-institution basis to do their audit.

I would hope that this would be the fullest and most searching audit, not only verifying the overall methodology which has been used, but also trying to verify on an institution-by-institution basis what may exist.

The CHAIRMAN. Greta, you've been on that battle line. Are there any observations you would like to make?

Mrs. BEER. I would just like to say that when I'm asked by newspaper men from all over what can be done, what do you think of the Swiss banks, I must say how can I believe in the Swiss banks. They said one thing so many years ago, another thing later on, open, closed, they found 700 I don't know 50 new accounts, then it's not so. What can I say? It has to be. How can they ask us to remember things when the Swiss banks have at their command computers, machinery, everything? Here it's just small human beings against such an unbelievable giant.

I do hope, Senator, and thank you so much, that the Committee will do their best to institute something that is more thorough and really get to the bottom of it.

The CHAIRMAN. I would note, and I'm going to indicate for the record, that I have a document that until recently was declassified, but was classified as secret back in 1946.

Our Justice Department was concerned with Swiss lawyers said to be hiding German assets, and there was a reference to them, and it has a list of those lawyers and the amount of money, German assets that they were reputed to be hiding. This goes back to 1946.

I think that underscores the concern Secretary Eizenstat has, as well as Mr. Bronfman, that we want a total and full accounting.

Now, if I were the Swiss Bankers Association, I'd say well, what can we do to aid, as it relates to the totality.

I think they can probably do a lot. We would like for them to involve their good efforts as it relates to seeing to it that we do what is necessary to have this total and full accounting because, indeed, if you had a number of Swiss lawyers who were involved, what did they do, what accounts did they open, did they open them under their own name, in trust, et cetera, and then if we have these other, as you say, non-banking facilities, it leads us to believe we're going to have to do a lot more.

I'm going to ask that this be placed in the record at this time, and turn to Senator Boxer.

Senator BOXER. Thank you, Mr. Chairman.

Mrs. Beer, you testified that your mom and you went to the Swiss banks and she talked with them trying to trace where this money could be.

How was she treated, what was she told?

Do you have any stories to share on that with us?

Mrs. BEER. Yes, Mrs. Boxer.

My mother was treated very politely, cold, but politely. They said they were going to do their best, they were going to investigate. We have your address in New York City, New York, the bankers said to my mother, we have your address in Montreux, where she was residing at the time, and we'll inform you.

We never heard from them. I went repeatedly again, I asked. Nothing. Then came the statute of limitations, and nothing could have been done. That was the end of it.

I had a whole file of documents relating to the discussions and things, and then I just let go. It was of no use.

Senator BOXER. I don't blame you because it doesn't sound like you were getting much cooperation.

Mrs. BEER. No, not too much.

Senator BOXER. Now, Mr. Eizenstat, you talked to us and told us that the Swiss Bankers Association has estimated that they can trace \$32 million to the Holocaust victims.

Now are they claiming, is that correct?

Mr. EIZENSTAT. Yes, that's correct.

Senator BOXER. OK, because some are shaking their heads no there. I guess we'll hear from them later.

Is it your understanding that that is their last best estimate, or is it an ongoing situation and they've just been able to track \$32 million at this point?

Mr. EIZENSTAT. First, they did distribute some amounts in 1962.

Senator BOXER. OK. How much did they distribute?

Mr. EIZENSTAT. I believe that it was around \$9 million, around \$9 million I think at that point.

They have indicated they have identified 775 accounts which they estimate to be worth \$32 million. They have indicated in their testimony that they believe this represents a relatively complete accounting based on the results they have gotten from their banks.

However, they have further indicated in response to the concerns the Administration has suggested, the concern that has been suggested by the World Jewish Congress and this Committee, that they are going to try to go further and do a more detailed accounting, but they have expressed doubt, at least in their testimony, that there would be a considerable amount above and beyond that. Now that's their testimony.

I think, by the way, the amount distributed in 1960 was actually \$4 million.

Senator BOXER. Four million dollars distributed in 1962?

Mr. EIZENSTAT. Yes.

Senator BOXER. Now they're saying they've tracked \$32 million. It's your understanding that they don't think there's much more than that.

Mr. Bronfman, could you comment.

Mr. EIZENSTAT. This is what they have indicated in their testimony.

Senator BOXER. That's what I just said.

Mr. EIZENSTAT. This is, of course, where the independent audit will help.

Senator BOXER. Yes.

Mr. Bronfman, what's your sense of the \$32 million? What's your sense of what that represents if your organization has a sense of that?

Mr. BRONFMAN. Without any factual backup, my instinctive judgment is that they said it in 1962, here's some money, now go away, and they are trying to do that again in 1995. Here's a lot more money, now please go away and leave us alone.

Senator BOXER. You believe the only way to get to it is to have a very independent, a very well respected independent audit that's transparent, in other words, quite open so people can see how they are tracing this money?

Mr. BRONFMAN. Absolutely, yes, Senator Boxer.

Senator BOXER. Mr. Eizenstat, what do you think we can do here? I mean, the Chairman has shown his great interest in this, and I applaud that. This is the kind of thing I'd like to see us do more of, but that's another story. What do you think we could be doing more here, if anything, to support that idea of an independent audit besides holding these hearings?

Could we give you any more help?

Mr. EIZENSTAT. I think it's important to assure that the commission the Swiss Bankers Association sets up is truly independent. That, for example, the members from the Jewish community can be appointed by the community itself to assure that the auditing firm is totally independent, to assure they have complete access to all the records.

Here I think there may be an additional issue for the Committee. One of the questions that will have to be confronted, Senator Boxer, is the extent to which current Swiss banking laws on secrecy will limit even an independent audit from doing a thorough search.

That's something we won't know until the auditors go in, but it is something the Committee ought to be aware of, and if that is an issue, I think that it's something the Committee, as well as the Administration, will have to address at that time.

So I think continuing to pay attention to this issue as it goes forward, assuring that the commission is independent and that the auditing firm is doing the most searching examination, and then again confronting any legal obstacles in Switzerland that may exist will be an important continuing role for the Chairman and the Committee.

Senator BOXER. Mr. Bronfman, we've been told that there are charges being levied on the families to get the Swiss Bankers Association to conduct these searches. Is that your understanding?

Are they excessively high?

Do you have any feeling on that?

Mr. BRONFMAN. They initially proposed that there should not only be a charge of some \$250, U.S. dollars, but also a death certificate involved. I think they've dropped probably both those requirements.

I would just like to, if I may, Senator, respond also to the question you asked Secretary Eizenstat.

Senator BOXER. Please.

Mr. BRONFMAN. The reason that it's taken 50 years for any action to take place on this is because files have become suddenly opened after 50 years which were classified secret.

Your own Committee has indeed dug up many files on Safe Haven, and there are 14 crates and they've just started to look at them.

There are not only files in the United States, there are files in Germany and there are files elsewhere.

What we really need to do is look into those files as part of this investigation. Unfortunately, it's terribly time consuming and the survivors don't have all that much time left to them. Nevertheless, to do this thoroughly, the way that the Committee has been terribly helpful so far and will continue to be, is to see that these documents in this country are declassified and for the auditors to look elsewhere also to duplicates of those master files.

Senator BOXER. Thank you. Mr. Chairman, I see my time is up. May I ask one quick question?

Thank you.

Mr. Eizenstat, in your testimony, you recommend that that \$32 million that has been identified be distributed without delay.

What is your understanding of how that \$32 million is being handled at this time?

Mr. EIZENSTAT. I think at this point, there is not a system for distribution because the claimants have not yet come forward and there's not a systematic way except through the Ombudsman that this necessarily can be done. So a process has to be done.

My point is that as soon as a claimant can be matched up with an account, there ought to be an immediate distribution and that the excess at the end of the entire process should be distributed.

I also want to mention, with respect to the \$32 million—

Senator BOXER. Let me just make sure I understand. What you're suggesting by that is that some of the claimants have come forward and they're not getting the restitution until the whole \$32 million is—

Mr. EIZENSTAT. There are claimants over decades, such as Mrs. Beer, who have made claims that are still outstanding. Efforts should be made to go back, try to reconstitute those claims and match them up, as well as to take future claimants who may now come forward.

Senator BOXER. No, let me just repeat. Are there people who have come forward to claim part of that \$32 million? If they have, are they getting part of that?

Mr. EIZENSTAT. Not so far as we are aware. There are not such people at this point.

I just want to mention again, in fairness to the Swiss Bankers Association, that what they are saying is that, as of January 31 of this year, they have identified in 36 banks 775 dormant accounts. They have far more members of the Association than 36. They simply haven't had a chance to get all the other banks to report. So it may be much more available.

Senator BOXER. Thank you, Mr. Chairman.

The CHAIRMAN. There are a couple of things that I am very much concerned about. I'm going to pose this both to Ambassador Eizenstat and Mr. Bronfman.

The question pertains to assets deposited in safe deposit boxes, jewels, gold, and other valuables. The potential value has been estimated in some cases to go into the billions of dollars. The Swiss banks have not included this.

How do we propose examining this aspect as it relates to the dollars that potentially are being withheld?

Mr. EIZENSTAT. This is a very difficult issue, and it's the point that Mr. Bronfman has emphasized.

There really are two separate types of accounts. One are those numbered accounts that would have been established, either directly or indirectly, by Jews or others who were persecuted prior to, or even during, the war.

The second are those accounts from looted property the Nazis would have taken that you pointed out, and Mr. Bronfman has properly emphasized.

That presents an even more daunting challenge. It seems to me that one way at least to get at that is to try to look at all dormant accounts, not to try to match up last names or anything like that, but look at all dormant accounts.

That, in and of itself, still will not do real justice because, for example, Mr. Chairman, many of the looted properties that would have been put into accounts may well now have been flushed out. There's no reason why they would have been left for 50 years. The beneficiaries would have taken that money and used it.

So to reconstitute that would be extremely difficult. I think it's something that the accounting firm and the Commission should be charged with trying to track, but tracing that kind of trail would be and will be a real daunting task. It's one that should be done, but it will be very difficult to do.

The CHAIRMAN. Mr. Bronfman.

Mr. BRONFMAN. Mr. Chairman, there are a lot of paper trails. Your own Committee has uncovered 14 crates, as you know.

The CHAIRMAN. Just within the last several months.

Mr. BRONFMAN. There's also a great deal of the paper trail in Hamburg and other parts of the world. As Secretary Eizenstat said, it's a daunting task.

Our ambition, I think, is to clear up this last chapter in the sorry tale of the Holocaust, and it just has to be done. I think that's the way we're going to get at the information we're looking for.

Are we going to recover it all? No, I don't think so because, as the Secretary said, some has been spent or disbursed. But I think that this is the only way we're going to be able to satisfy ourselves that we finally know the whole truth.

The CHAIRMAN. Mr. Ambassador, just one final question. After the war, Switzerland had a number of treaties with countries such as Poland and Germany, and they returned assets in a block sum.

What about those other countries where they did not have these treaties, Holland, France, Czechoslovakia, et cetera? Do we have any appendices to those treaties? Is there any way in which we can find out?

Mr. EIZENSTAT. We certainly can check on that, Mr. Chairman. I think it's a good point. I would say for accounts that would have been left in those countries, by and large in Western Europe, that



processes have been set up whereby survivors or others could make claims, could determine if assets were available in those accounts.

Now, if they had been transferred to Switzerland again, that would present the paper trail problem that we've described, but we will try to investigate any treaties that might enable us to determine that.

The CHAIRMAN. Wonderful.

Before I bring up the second panel, we have been joined by the distinguished Chairman of the Foreign Relations Committee from the House of Representatives, who has been chairing a very important hearing on the House side, Benjamin Gilman of New York.

Congressman, we are pleased that you could take time from your busy schedule to show your concern in this area as well. We would be very pleased to receive your testimony.

**OPENING STATEMENT OF BENJAMIN A. GILMAN  
U.S. REPRESENTATIVE IN CONGRESS  
FROM THE STATE OF NEW YORK, AND  
CHAIRMAN, COMMITTEE ON INTERNATIONAL RELATIONS**

Congressman GILMAN. Thank you, Mr. Chairman. I want to take this opportunity to commend you for holding today's hearings on the status of Jewish assets from the Holocaust era that are in Swiss banks, and for your leadership on an all-important issue.

Last week's commemoration of the Days of Remembrance for the victims of the Holocaust reminds us just how important it is that related issues such as this be thoroughly scrutinized and resolved.

The panels you assemble today can shed much needed light on this issue which has been neglected for so long while the remnants of Europe's Jewish community rebuilt their shattered lives and gave birth to a new generation, a generation which also saw the creation of the modern State of Israel.

A hearing such as this one cannot be held without acknowledging the tireless leadership and search for justice that's been steadfastly maintained by Edgar Bronfman, President of the World Jewish Congress, whose dedication and unswerving commitment deserve our unstinting praise.

Mr. Bronfman's care and compassion for his co-religionists, and indeed for all of those who lost their assets during those dark years, is just beginning to bear fruit.

His coordination of efforts by the World Jewish Restitution Organization with Avraham Burg, Chairman of the Jewish Agency of Israel, a partner of the World Jewish Restitution Organization, along with the Jewish communities throughout the world, is a testament to the biblical provision, "Justice, justice, shalt thou pursue."

That pursuit has also been doggedly undertaken by Under Secretary Stuart Eizenstat, who I'm pleased is here today as part of this panel. In the area of recovering Jewish communal property that is without any heirs, Secretary Eizenstat is also to be commended for the yeoman's job he's doing to obtain agreements with Eastern European nations about the recovery of fixed assets.

With such a dedicated team of professionals in our own Government, in the American Jewish community, and in Israel, I'm certain that our collective efforts will ultimately succeed. Again, we commend you for leading that effort.

However, if the issues of dormant accounts and appropriated property are not resolved to the satisfaction of our Government and the World Jewish Restitution Organization, our House International Relations Committee, which I chair, will not hesitate to hold further hearings if necessary.

Mr. Chairman, last week the House adopted legislation I introduced along with our colleagues which deplored the efforts by some persons in our country and abroad to deny the historical reality of the Holocaust.

My resolution also commended our National Holocaust Museum for its vital work in speaking the truth against those who would attempt to negate what we know about the Jewish experience in Europe between 1933 and 1945.

Although I do not believe that anyone involved in the issue of Jewish assets held by Swiss banks denied that the Holocaust occurred, or that its main targets were the Jews in Europe, it's clear that since this issue was raised a year ago, the level of cooperation has been less than desired.

While estimates of Jewish assets in Swiss banks have ranged from tens of millions of dollars to as high as \$7 billion, I understand you have requested additional studies to narrow that range. Again, we commend you for that inquiry.

Indeed, a recent press report notes your calculation that, based upon 1946 archival material from our intelligence sources, one Swiss financial institution alone had deposits from primarily Jewish sources that are worth \$29 million today—one account.

Therefore, the whole cooperation of the Swiss government and all its financial institutions must be obtained so that a full and impartial accounting, by a neutral, non-Swiss third party, can be realized at the earliest opportunity. Those who perished in the Holocaust and their descendants are certainly entitled to nothing less.

Mr. Chairman, it's also necessary to locate and identify Jewish assets that were confiscated by the Nazis and stored in Swiss vaults, whether they be gold ingots, jewelry, or art work.

We cannot rest while unnamed individuals profit from the deaths of the 6 million. That would be unconscionable, immoral, and unjust.

Those whose cooperation is sought as we pursue efforts to resolve this issue must be made to understand that their response is seen as a measure of their commitment to basic human rights and to justice, and is taken into consideration as we assess our bilateral relations.

Mr. Chairman, having worked with the World Jewish Congress and the World Jewish Restitution Organization since these efforts began over a year ago, it has been particularly distressing to learn that the Swiss Bankers Association have imposed a fee of \$250 for inquiries about an account, and that the questionnaire requested the date of death and place of death of the account's holders.

Such onerous requirements are clearly not in consonance with the spirit of our endeavors. Moreover, it displays a distinct lack of compassion and understanding for the descendants of all those who perished.

Chairman D'Amato, the worldwide Jewish community and the heirs of the more than 6 million Jews who perished have the moral

and legal right to reclaim their property. A scrupulously neutral third party must be established to provide a mechanism for an audit of Nazi-era assets, whether they be Jewish or not.

Accordingly, we must press ahead for a full and impartial accounting of Holocaust-era assets held in Swiss banks. Hopefully, today's hearings can move the issue forward to a swift and complete resolution. I want to assure you of my cooperation with you in that endeavor.

Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Chairman, thank you for your presentation. It's obvious you encapsulated in your short presentation the totality of the discussion and the testimony from Greta Beer in terms of just how impossible the situation was, as she and her mother went to bank after bank, institution after institution, and met a rather callous kind of wall, instead of one of cooperation, instead of one saying, "Well, let's reach out. Maybe we don't have anything here, but we know others. Let's call them. Let's take a survey. Let's find out."

Obviously, that was not the intent, and obviously there have been others, countless others who have faced this situation.

Your summary of the question of those assets, the gold ingots and others that may have been secreted away in various vaults, was again something just testified. I think you must have been listening in the back. It's drawn this all together.

Once again, you so cogently went to the issues, the work of Under Secretary Eizenstat, the importance, and how we will continue.

So whether it's the individual, whether it's the totality of the community that has been deprived, whether it's the manner of accounting, which has not been to date acceptable, you have captured it. We are deeply grateful to you and look forward to having your added support.

We appreciate the fact that you are ready to use the resources of your committee, as you have indicated, to join with us in getting a thorough, fair, full accounting as expeditiously as we can. This is not a matter that can wait indefinitely. This is a matter where speed is of concern to us. It has languished far too long.

We are indebted to you, Mr. Chairman.

Congressman GILMAN. Thank you, Mr. Chairman.

The CHAIRMAN. We've been joined by Senator Domenici who is chairing another committee hearing.

Senator Domenici.

#### OPENING COMMENTS OF SENATOR PETE V. DOMENICI

Senator DOMENICI. Mr. Chairman, I came just because I want to lend my support for the effort which started here. Obviously, I don't think we're asking for anything unreasonable.

Frequently around this place, when you really get down to the bottom line, some people end up saying, what's right is right.

I recall on my amendment last week which passed, on covering the mentally ill in the country with insurance, a lot of Senators came up, when they voted overwhelmingly against the requests of the Floor, and said, "You know, the time has come. It's just the right thing to do."

For those who seem to want to stonewall this or have some excuses, I think we've got to know whether you're willing to in some way do what's right. Doing what's right means that you have to convince somebody you're doing it right.

You can't just stand up and ceremoniously say, "We're doing what's right." We have to find some way to make sure it's right.

Nobody's trying to destroy the banking system or do anything untoward. This just reeks of an information gap that is very, very serious. What happens when the information is supplied? Who knows? It depends on what the information is, right, Mr. Chairman? Who's entitled to it? Who knows?

Until somebody is given the right facts, nobody knows the answer to these questions. I don't think we're trying to prejudice those. We're just trying to say that we have to get there.

Again, I thank you for your leadership in this regard. I'm hopeful, before the day is out, you'll get the kind of testimony that we need to proceed with dispatch, as you indicated.

Thank you very much.

The CHAIRMAN. Senator Boxer, if you don't have anything we're going to call our next panel.

Mr. Bronfman, again, you have our thanks. We look forward to continuing to work with you.

Secretary Eizenstat, thank you.

Greta Beer, thank you for coming here in such a personal and inspirational way, sharing with us the anguish and all those things that you've done. You epitomize, I think, in so many ways so many who have suffered. You have served as an inspiration. We thank you for coming in.

Mrs. BEER. Thank you, Chairman D'Amato.

As a tour guide, I stood for 18 years. I was standing outside the Capitol. We came inside, too. It is so beautiful to see that our Senate, that you, Chairman D'Amato, are holding the banner high for the poor, us who never had a home, who lost whatever we had.

The country has given it back, just like Mrs. Lazarus on our Statue of Liberty said.

Thank you so much.

The CHAIRMAN. Thank you.

Our next panelist is Mr. Hans Baer, Chairman of the Bank Julius Baer and Baer Holding, and a member of the Swiss Bankers Association's Executive Board.

Mr. Baer, you're joined by Mr. Mayers who represents the Swiss Bankers Association, just for the record.

Mr. MAYERS. That's correct, Senator. Thank you.

The CHAIRMAN. Mr. Baer, we're pleased to have you join with us today. We thank you. We look forward to your testimony.

**OPENING STATEMENT OF HANS J. BAER, CHAIRMAN  
BANK JULIUS BAER AND BAER HOLDING LTD., AND  
MEMBER, SWISS BANKERS ASSOCIATION EXECUTIVE BOARD  
ACCOMPANIED BY DANIEL K. MAYERS**

Mr. BAER. Thank you, Mr. Chairman. Good morning.

Good morning to the other Members of the Committee. I'm very honored and privileged to be with you today in order to help to clear up the unfortunate circumstances to the present situation.

Mr. Chairman, I am Hans J. Baer. I am the Chairman of Bank Julius Baer, one of the larger private banks in Switzerland, and its holding company, Baer Holding Ltd., in Zurich.

I appear before you today on behalf of the Swiss Bankers Association on whose Executive Board I serve. I'm accompanied by my counsel, Daniel Mayers, of Wilmer, Cutler, and Pickering.

On behalf of the SBA, I have been personally involved in discussions with the World Jewish Congress to put in place a process that will get to the bottom of all questions concerning the treatment of assets held by Swiss banks that may have belonged to Holocaust victims.

On a personal note, I am grateful for the opportunity to address you today because I owe a debt of gratitude to the United States. It was your great country, and indeed your great State of New York, that provided refuge for my widowed mother and her children when our native Switzerland was threatened by Nazi invasion.

I will not forget the time I spent and the things I learned here at your schools and universities.

The SBA appreciates the opportunity to appear before you today to discuss openly the status of this important issue. The SBA has been pained by accusations that have appeared recently in the press that suggest that the SBA is not sensitive to the interests of Holocaust victims or their heirs who believe they have claims to funds still remaining in Swiss banks.

Mr. Chairman, the Holocaust, as we all know, was the darkest chapter in the history of human civilization. During this terrible period, the World Jewish Congress worked through the Swiss banks to benefit Jews persecuted by the Nazis.

Despite being Jewish, my uncles took the risk of remaining in Switzerland to continue running our family bank, which the WJC in 1943 commended for "generously supporting Jewish relief."

While the atrocities of the Holocaust can never be, of course, erased from our collective memory, nor should they be, the last thing that the SBA would ever want is to prolong the suffering of those victimized by the Holocaust.

The SBA and its members share your deep concern and that of the World Jewish Congress about this all-important issue. We are committed to resolving all outstanding questions about assets that may have belonged to victims of the Holocaust in a sensitive, equitable, open, accurate, and professional manner.

In a moment, I will describe our plans for addressing questions surrounding these assets.

Before I do, however, I want to emphasize in the strongest terms possible our determination that, at the end of the current process, any dormant assets in Swiss banks that may have belonged to victims of the Holocaust will have been distributed to the rightful heirs of the victims, or otherwise to worthy charitable causes.

In my prepared statement, which is in the record, I describe what the SBA does, the role of the Swiss banks in the United States, and the background of the dormant accounts issue.

I also provide the answers to some of the more frequently-asked questions.

What I would like to discuss with you now is the most important point, what steps the SBA is currently taking to resolve the issue.

First, an independent commission of distinguished individuals whose experience and integrity are well known is being established. The SBA and the World Jewish Restitution Organization will each nominate half the members. The members of the commission thus selected will then select another person as chairman.

The panel of the names of the Swiss candidates for this commission are available. They have been chosen, and we are waiting for the nomination of the candidates by the World Jewish Congress.

The independent commission will be authorized to retain an internationally recognized independent accounting firm and other experts, as necessary, to assist it. The accounting firm retained by the commission will review the methodology for identifying funds and property held by Swiss banks that belonged to Holocaust victims and, upon approval of the methodology, the independent commission, with the help of the accounting firm and our own banking supervisors, will verify that the banks have properly implemented this methodology.

After it completes its work, the commission will prepare a final report on the assets held by the Swiss banks that belonged to Holocaust victims. It will be the job of the commission to provide the answers to questions concerning the treatment of funds that were deposited by Jews before and during the war in Swiss banks.

We are confident that it will do so. We certainly intend to make the report's findings public.

Second, Jewish groups will be invited to participate with the Swiss Banking Ombudsman, who acts under the auspices of an independent private, nonprofit organization headed by a former President of Switzerland, in the process of preparing and determining claims on behalf of Holocaust victims and their heirs.

The Ombudsman has been charged with helping potential claimants, many of whom are of course elderly and are not in possession of much information, to prepare their claims, and with transmitting claims to the banks.

The standard for submitting a claim is significantly more permissive than the legal standard applicable in Switzerland, or the United States. We encourage anyone who believes that he or she may be entitled to these accounts to contact the Banking Ombudsman in Zurich whose fax number I would like to read into the record: 281-1083 in Zurich, Switzerland.

Third, all identified funds that could have belonged to Holocaust victims that remain undistributed after the claim process is completed will be distributed to charitable organizations. After consultations with the independent commission and various Jewish groups, it will be determined which charitable organizations should most appropriately receive every last dollar.

In conclusion, Mr. Chairman, let me reiterate the desire of the SBA and its members to resolve this matter thoroughly and expeditiously in accordance with the highest standards of the Swiss banks and the Jewish community.

Our single purpose is to put in place a plan that will sensitively, openly, and effectively resolve this matter once and for all.

We believe we have done this with the plan I've outlined. We hope that all sides will let the process work, and will withhold judgment until the results are in. We are deeply concerned, for example, that speculation in the media that the amounts involved vastly exceed what has been identified to date, may only serve to disappoint and harm those whom this process is meant to benefit.

We look forward to working with you, Mr. Chairman, with Under Secretary Eizenstat, the WJC, the Swiss Jewish community, and other Jewish groups in the United States and in Israel and, of course, the Swiss government, to achieve this mutual objective.

If you think it will be appropriate, the SBA will be happy to furnish you with periodic progress reports, and I will be happy to return here to report on the conclusion of the commission's efforts and the claims process.

Thank you again, Mr. Chairman, Members of the Committee, for giving me the opportunity to address you today. I will be pleased to answer any questions you may have.

If you will permit me, on a personal note, I would like to say that I was very moved by the eloquent statement of Mrs. Greta Beer, and that it would be my honor and privilege to have her as my personal guest in Switzerland, to accompany her to wherever she would like to go in order to clear up her own unfortunate situation.

The CHAIRMAN. Mr. Baer, you're a very incisive person because I was going to raise a point as it relates to Greta Beer. Not that even the successful resolve of the situation that she outlined would answer obviously all of the questions her case brings to the surface, but I would be deeply appreciative if you were to try to resolve that. I will see that the information she has as it relates to that which her father gave her is provided to you.

We would ask you to undertake that mission, to make that kind of search, because obviously in the case of her family, she was made aware of the fact that this was an account. This wasn't a question of it being other assets, but that an account was opened, that it was a numbered account.

Whether it was opened by an agent on behalf of her father or her father himself, that's another question. But certainly, that task—it would be undaunting for Mrs. Beer to undertake by herself, or in years gone by, with her aged mom going from one institution to another and, as she testified, to even having herself excluded because they said, "No, we're just going to talk to your mother."

I think that would be something that would be very helpful, and we would be deeply appreciative. We accept on behalf of Mrs. Beer. I accept. I want you to know that. I'm sorry she's not here right now, but I think that's an important indicator of good will.

Let me just try to touch on a number of questions very quickly. Can you understand, given the limited information and time that we have had, and have developed, for example, one account that may have almost as much as the \$32 million accounted for, why it is that people would believe that there is substantially more than \$32 million? Can you understand that?

Mr. BAER. Mr. Chairman, I think that the matter is very complicated, and people have, of course, forgotten all the things that happened. The answer is, yes, I can understand it.

But I would like to draw your attention, as regards the very confused situation during the war, to what was the so-called Washington Agreement in 1946, which took account of the very difficult question of gold and so on.

The Swiss government, together with the United States Government, concluded this Washington Agreement, which then resulted in the unblocking of billions of dollars of Swiss assets which were held in the United States, and also the unblocking of very large amounts of Nazi assets, which the Swiss government blocked.

The CHAIRMAN. I have here two documents dated April 9, 1945 and July 12, 1945, respectively, a two-part report which explains account balances held as reported by the SGS of European Jews from Romania, Bulgaria, Hungary, Croatia, Slovakia, et cetera. All together there are 182 accounts totaling \$20 million in 1995 dollars adjusted for inflation.

That's the kind of thing that brings very real doubt to the accounting of \$32 million.

I think, as you've said, what we need to do is to set up a process where we will have an impartial audit and an accounting that can really stand the test and the scrutiny of everyone.

One of the problems as I see it is the fact—and I know that you're going to have problems with this—is the fact that the Association will be appointing half of the members, five out of the 10, and I guess then you have a process to pick one other, that both parties will come together.

Do you see that as a problem?

Mr. BAER. I don't see that as a problem from my own side. We have already signaled that we are ready to go ahead. Our names are ready, and we're waiting really for the slate of names from the World Jewish Congress.

The CHAIRMAN. Then let me say—and I won't speak for anyone, not even this Committee, and certainly not the World Jewish Congress—I believe you will have some concerns. I think I'm safe in saying this.

Some concerns will be expressed as it relates to the composition of the independent committee. I'm just suggesting that you keep yourself open to a manner that will provide the kind of independence that is needed here. Obviously, you should have representation. That is important.

Again, we're talking about an auditing process and a methodology to be established. I believe that it becomes very important to the credibility of your effort, of this Committee's effort, that it not be seen as one that is dominated, or has such substantial representation that it causes concern.

It's a problem, and I think you ought to attempt to resolve that as quickly as possible. I understand that you believe this is the best way of proceeding, but I'm just suggesting that it is a problem.

In your written testimony, you note that your Association is establishing an independent commission. Again, Mr. Baer, you have also stated that in 1962 the process did not identify absolutely all assets of Holocaust victims.

Given the results of the latest search, isn't it a certainty, not just a possibility, that the Holocaust victims' assets were missed in the 1962 process? Won't you have to concede that?



Mr. BAER. It is my understanding, Mr. Chairman, that that is a possibility because the wording of our law, as you know, was difficult because the law refers not to people with Jewish names. The law refers to people who were, for religious or racial reasons, persecuted.

That is obviously not an easy thing to identify.

The CHAIRMAN. The red light is on, and I want to try to adhere to that as much as possible, but let me ask you this. The most recent search only identified accounts opened by non-Swiss.

You have heard me raise the question, but I did not want to disadvantage you, and I wanted you to be given an opportunity to think about this.

Isn't that a real question, as it relates to the possibility or probability of accounts being opened by agents in Switzerland, non-banking, and Swiss citizens, corporations, entities that would not be covered as a result of the methodology employed?

Mr. BAER. That is absolutely true, and I suppose that is an issue that should be addressed by the commission.

But even if Swiss agents or intermediaries were involved, that does not mean the accounts would then be dormant. The accounts could be absolutely active, and you would have to think about that.

I would like to draw your attention to the fact that the law of 1962 required everyone, not only banks, but also lawyers, trustees, and any other intermediaries, to register such assets. So no one was excepted in 1962.

The CHAIRMAN. One of the concerns that I believe a number of people have is the need for a transparent mechanism to conduct this audit of all Nazi assets seized, those deposited by Jews and those assets stolen from Jews by the Nazis and also deposited in Swiss depositories.

You raise a question. It may be that you cannot determine this if you are looking at this just on the basis of these being dormant accounts.

Mr. BAER. With respect, we had a law that Nazi assets had to be registered. They were blocked, and in fact they had to be paid over to the Swiss government. Then there was the final accounting in the Washington Agreement which, as I explained before, resulted in the unblocking of the billions of assets the Swiss had in the United States.

The CHAIRMAN. Do you contemplate that the independent commission that you're speaking of would look at the disposition of both types of assets?

Mr. BAER. There is no reason why they should not. They will certainly be in a position, although by the prestige of the personalities involved, basically to do whatever they like.

The CHAIRMAN. Senator Boxer.

Senator BOXER. Thank you, Mr. Chairman, for raising that issue. I have a question on that.

Let me just say, to echo something Senator Domenici said, we have to make sure justice is done, and wherever the path leads us, so be it, we must follow the path.

What's interesting to me is, I was interested to hear your personal story, Mr. Baer, because my memories as a child is that Switzerland really acted as a haven for many Jews who escaped. I had

a cousin there, who I visited, and he and his wife actually used Switzerland as a base from which they got many Jews out of Germany and other parts of Europe.

It is ironic that we've run into this situation, and I want to probe it a little further.

I am very delighted that you're going to help Mrs. Beer. I think it is a great gesture of the spirit in which we are conducting this hearing that you will do that.

I would merely point out that she is one face of thousands and thousands, and one story of millions, and that there are so many Mrs. Beers all over this country and other places. That's why the work you're going to do is so important.

Mr. Chairman, I think you make a good point when you bring up the issue of the Nazis themselves, who hid money. I want to quote from an editorial that appeared in December, when it reported on Mr. Bronfman's trip to Switzerland.

I'm going to quote from, not Mr. Bronfman, but someone who was close to that trip. Bronfman says independent studies he commissioned indicate huge sums were stashed in neutral Swiss banks between 1935 and 1945. These deposits, the studies say, included Jewish assets for safekeeping from the invading Germans, as well as large amounts of money, gold, jewelry, and art stolen by Nazis from Jews shipped to extermination camps.

This is a quote from an observer:

'There was an SS money line to Sweden,' says another person familiar with the story. 'And the Swedish banks cooperated.'

What do you know about that chapter of history? What has been done about the money, the goods stolen from those who were sent to the concentration camps, that landed in Sweden thus far? What, if anything, has been done on that score?

Mr. BAER. I'm afraid I don't know. I hear this for the first time and, I must tell you, I do not know what to answer.

Senator BOXER. You hear it for the first time?

Mr. BAER. The Swedish connection.

Senator BOXER. I think it's very important. I think that one contemplates the situation then, where the Nazis wanted to make sure they got the money out of the country and into a secret bank account, that it may well have landed in Switzerland.

Let me just say this. I am concerned with your testimony. In your prepared statement you say:

The accounting firm retained by the commission will review the methodology for identifying funds and property held by Swiss banks that may have belonged to Holocaust victims and, upon approval of the methodology, the independent commission, with the help of the accounting firm and the bank supervisors, will verify that the banks have properly implemented the methodology.

That language has been flagged by the staff here and also by Mr. Eizenstat. There is some concern that it is the banks that will control this rather than the independent commission.

I think this is the heart of the problem, and it may be the reason why you're not getting this list of people from the Jewish community. I have some concerns about this.

Let me ask you a question, Mr. Baer. Are you willing to work on this particular issue? Are you willing to sit down and negotiate with the World Jewish Congress and the others on this idea, to

bring it to a point where there can be more confidence placed in the independence of this review?

Mr. BAER. Let me say, first of all, that I do not quite understand the concern, because what you're looking at is in large banks who have millions of accounts that have to be looked at. In other words, you really need a methodology.

A bank in Switzerland is controlled, not only by its internal auditors, but also by outside, independent auditors, and by the Swiss Banking Commission on top. So you already today have various layers of control that look at this, and I would like to point out quite clearly and distinctly that the Chairman of the Swiss Banking Commission has declared repeatedly that the process of auditing dormant accounts is for him an element of being fit and proper.

Every auditor must confirm that a bank management is fit and proper. Otherwise, we lose our license.

Senator BOXER. Let me just make a point. I'm not going to belabor it, but if we're going to move forward on this, it seems to me that we've identified the problem in your proposal.

It may not seem like a problem to you, but it is a problem to the other side that is trying to get this accomplished. I would strongly suggest that you sit down with these good people because I'm sure they will respect the issues that are important to you, but yet have a methodology, as you call it, that they are involved in creating.

Our problem is that if you're going to have this move forward and people don't trust it, you're back to square one, as we say in America, which means you haven't accomplished anything, and people still don't have the confidence.

One last question, if I might, Mr. Chairman.

When I asked the question to Mr. Eizenstat about the \$32 or \$33 million that the Swiss banks have in fact connected to victims, he said that he was told by the Swiss banks that this was the number they felt was the final number.

You shook your head vociferously no, and then in your testimony in response to the Chairman, you said you didn't want to hold out the hope that there was a lot more because it would disappoint people.

We hear from Mr. Gilman numbers ranging into the billions. Mr. Bronfman doesn't put a number out there because he's not prejudging it, but he says you know enough about that period in history that \$32 million just doesn't seem anywhere near what it is.

Could you say for the record, again, how you view that \$32 or \$33 million?

Mr. BAER. I would like to repeat that the total we've established at this point includes accounts of non-Holocaust victims. In other words, it includes all dormant accounts, and it has simply not been taken apart yet.

That is why I shook my head. The \$32 million is not all Holocaust money, if that were the problem.

Senator BOXER. So what you're saying is, even the \$32 or \$33 million is dormant accounts that may have nothing to do whatsoever with the Holocaust money.

Mr. BAER. That is correct.

Senator BOXER. So it may be less than \$32 million. Whereas others are saying \$32 million, if it was, in fact, all related to that, it

may be vastly undercounted. There seems to be a real disconnect here.

I think it's important to put that on the record. There are some people talking about billions. You're saying even the \$32 million isn't all the Holocaust victim's funds.

I think we have a long way to go, Mr. Chairman. Again, I just want to thank you for bringing this up.

We're in a disconnect here. I think that that sentence of your prepared statement, Mr. Baer—I absolutely believe you are a very decent, caring human being—I'm telling you, I think you've got to look at that. I think this whole issue of what the Nazis took and put into Swiss bank accounts is an issue that's got to be addressed.

I look forward to working with my Chairman as we try to get to the bottom of this. But the first step is, I hope you'll sit down with these good people because we're not going to get anywhere if they don't believe in the methodology that you have outlined.

Thank you very much.

The CHAIRMAN. Let me turn to something, not numbered accounts, but it goes to the question of assets. It goes to the question of how much money may or may not have been involved.

In the 1946 Washington Agreement, I believe approximately \$250 million in gold was turned over to the Allies.

Mr. BAER. That's right.

The CHAIRMAN. This raises some very real questions. My staffers have given me this question to propose to you. I'm not going to do it, but I will tell you what they wrote. I don't want you to answer it because it is really one aimed at hooking you, you know?

[Laughter.]

Do you believe that this is the true amount? Don't answer it because, you see, I want to tell you why they have that question, why the question comes up.

We have, again, just received a document that was just recently declassified. I guess we got this a couple of days ago. It was declassified this year, and it says, basically, this document dated June 19, 1942, from the U.S. Treasury Department, details the transfer of German gold to the Swiss National Bank, and was then sold to the Bank of Portugal.

The origin of the German gold is in dispute. Much of it was said to have been looted from Nazi-occupied countries in Europe. This is just obviously one transfer. It involves 21 tons of German gold.

So I think that is why you have—and I'm going to ask that this be placed in the record—this one document, and there are others. We've got I don't know how many crates of these documents that we have just begun to go through.

Here is one shipment that involves 21 tons of gold. Now, there are anecdotal stories. In addition, some may or may not be verified. Some may or may not be correct.

That's why I did not want to have you say, "Oh, yes. I think this may be." Obviously, you weren't there, I don't think, at the time, in terms of the carrying out of this transaction. You weren't a representative, and you did not go through the accounting process. This was done back in 1946.

I think that's why historians and those who have been involved in attempting to put together the facts have some very legitimate

doubts as it relates to how much money was transferred, what in terms of assets, et cetera, whether it was the total.

So let me share with you, instead of asking you, do you believe that was sufficient? Do you understand how questions then arise as it relates to whether or not we've ever had a true accounting?

Mr. BAER. Absolutely. But I would like to say that the United States Government, as well as the Swiss government, participated in negotiations leading up to the agreement.

The CHAIRMAN. Look, I understand that, Mr. Baer. We've done some incredible things. Sometimes maybe it's hindsight that says why did you do or not do.

I'm not suggesting that they may not have signed off on this. I am suggesting to you, just as the most recent search identified the 775 accounts, I point out that non-Swiss people were covered, those who were not of Swiss origin, but those who were Swiss, who could have been opening up accounts, weren't accounted for.

It would seem to me that particularly sophisticated people would have had these accounts opened up by others. Indeed, I wouldn't be a bit surprised if in the case of Greta Beer—and I had to look again because I'm looking at the similarity of the names, Mr. Baer and Greta Beer, one spelled with an A, one with an E—but in the case of Greta Beer, that it may indeed have been a friend, a colleague, a Swiss colleague, who opened the account.

Given the fact that she had spent time and her mother had spent time in Switzerland—she went to school there for 2 years—her dad may have relied upon a Swiss agent, et cetera, to undertake this. Therefore, her account would have been missed under the procedure established.

I think that's why it is so important that this collaborative effort in attempting to identify the assets, those opened up by Jewish families, those that may have been opened up by others, by Swiss and non-Swiss, and those that were seized by the Nazis or other governments, that in this collaborative effort we establish a process by which we can do the best we can as to determining what assets may still be available.

I will note one last thing, and this again raises concerns and certainly has raised concern with my staffers. As they point out, the banking laws would provide that, where you have a dormant account that has not been acted upon in a certain period of time with no claimants, et cetera, that those assets then inure to the benefit of that institution, of the bank that is holding them.

If that's not the case, then I would like to hear that. Is that the case?

Mr. BAER. That is absolutely not the case.

The CHAIRMAN. In other words, if there is an account that is a dormant account that's been dormant for 50 years, those assets are not folded at some point in time into the bank? Are they carried by the bank?

Mr. BAER. Absolutely no way; it just goes on.

The CHAIRMAN. But they are carried by the bank.

Mr. BAER. If I may say, we may not be talking only about money. We may also be talking about securities, where you have the deposit law, and there is absolutely no way in which anybody can take that.

The CHAIRMAN. So that then stays with the institution?

Mr. BAER. That's right.

The CHAIRMAN. That should give us a fairly good opportunity. It may be painstaking to identify all of those accounts then, and it probably will be, but that will give us a better way of operating.

I know in the banks in New York, after a period of time, those dormant accounts are closed out and they go to the State, as distinguished.

Mr. BAER. We do not have an escheatment law, but it stays. One saw how good that can also be in connection with the Russian people, who obviously did not and could not register before sometime after 1990, and they now have access to their assets.

The CHAIRMAN. Again, let me leave you with this thought. I know that you cannot speak for the Association, but certainly they have their counsel and representatives here as well as yourself.

Let's resolve the methodology. I say let us resolve it because we are determined—and I have spoken to Ambassador Eizenstat, I also know the Administration feels very strongly, and I know that all of the Members of this Committee will feel very strongly—as Senator Domenici said, to do the right thing because it is the right thing to do.

So let's establish the methodology and the committee that will provide an impartial, fair audit, an audit that is thorough and comprehensive. In order to establish credibility, I'm going to suggest that you consider altering the composition. The manner in which you come to select the auditors, et cetera, can still be done.

If it is not conducted in a proper way, you are not going to accept the results. If there is any question about there being an over-balance, the results will never be accepted by one side or the other.

If we are going to resolve this, then I think you've got to take that composition into account. So I would hope that you would do that so this committee and this commission can get on with the review of what the outstanding assets might be, and who the bona fide claimants are.

Mr. BAER. Mr. Chairman, with respect, may I ask you where your concern about the composition of the commission comes from? We obviously could not release any names prior to the consent. Do you know anything I don't know?

The CHAIRMAN. Yes, obviously. I've been advised that the World Jewish Congress is concerned about the composition, not of the individuals, but as it relates to the percentage that will be chosen.

So I would think that you would work with them in attempting to come up with a methodology, a percentage of members who will serve on this committee, so that we can get it going.

Mr. BAER. I was under the impression that we had reached an agreement, but I'll be happy to sit down with them again because we must resolve this.

The CHAIRMAN. If you'll try to resolve that speedily, I think we can get to work to get that commission going. We look forward to participating with you and working as best we can to assure, so to speak, that the results of that commission in the final analysis will be ones that are accepted. That's the key. That is really the key.

It is not good enough to take \$32 million on the basis of an examination that has admitted, I think, deficiencies and areas that were not accounted for. That's what I believe the Committee is looking for, a methodology of establishing a legitimate, bona fide accounting.

You have the thanks of the Committee. Thank you for appearing. We stand in recess.

[Whereupon, the hearing was adjourned at 12:20 p.m., subject to the call of the Chair.]

[Prepared statements and additional material supplied for the record follow:]

**PREPARED STATEMENT OF CHAIRMAN ALFONSE M. D'AMATO**

This morning the Committee meets to talk about an important matter that has implications on the Holocaust, World War II, and it involves millions of dollars. But that's not what I'm here to talk about. I am here to talk about Greta Beer. Hers is a story that we've heard over and over again. It is one that we must continue to hear about over and over again so that future generations learn the lessons of this terrible past.

Millions of dollars were put aside for Greta, but she never got a penny. She never got what was rightfully hers. There are others, many others who are in the same position. We can't turn our back on Greta, and we can't turn our back on the thousands like her who have been deprived of the funds that belong to them—not the Swiss banks.

Greta is a constituent of mine from Jackson Heights, Queens. She is a victim not only of the Nazis, but of the Swiss banking system that refuses to make amends and give back to her assets that she is entitled to. She and her mother went from city to city and from bank to bank in Switzerland during the 1960's, looking for accounts that her father had placed in trust with the Swiss banks. The Swiss banks broke that trust. Because of that broken trust, she and her family have been forced to deal with the evasions and excuses of the Swiss banks for 50 years now. It isn't enough for the Swiss banks to say they only have \$32 million available to settle this dispute and not provide an accounting. There is more, there has to be. It is simply wrong to punish the victims of the Holocaust and their families by withholding the funds that rightfully belong to them. Many others have not had the endurance that Greta and her mother have shown now for over 50 years. This is why we are here. For all those who have tried for so long and failed, we are seeking justice. We are seeking the truth after so many years.

We have only just begun our inquiry. But I am troubled by what we have learned so far, including that the Swiss, relying on bank secrecy laws, have refused to publish the names of owners of accounts they have identified. It is ironic that the bank secrecy laws originally enacted to shield assets of Holocaust victims from the Nazis are now being used as a sword against those same victims and their families.

We have in our possession recently declassified documents that shed new light on this issue. These documents were generated in Operation Safe Haven—a U.S. Government operation conducted after the war to search for Nazi assets. One of these documents, dated July 12, 1945, shows 182 accounts totaling \$2 million. Adjusted for inflation, these accounts today would be worth \$20 million—two-thirds of the amount found by the Swiss banks in the 1995 search. Were these accounts identified in the 1995 search? This is just one document.

These questions are among many that we will seek to answer. This problem is complicated, and we will do all that we can to uncover the facts. We will not be deterred by any more stonewalling, hiding behind arcane laws and technicalities. After so many years of injustice for the survivors and families of the victims alike, we must discover the truth. That is the least that we can do.

This Committee will try to determine if the procedures by which Swiss banks calculated the amount of assets in their possession were accurate and comprehensive enough to catch all of the accounts. Each post-war search used different criteria to conduct their examinations. What we must have is a fair accounting. So each must be examined separately.

What we want is simple justice—for the families, the survivors, and for the victims who cannot speak for themselves. The Swiss banks must understand that 50 years of stonewalling must end. The United States cannot allow these injustices to continue. It may be time for our Government to represent the interests of those who cannot represent themselves.

**PREPARED STATEMENT OF SENATOR BARBARA BOXER**

Thank you, Mr. Chairman. Good morning, Secretary Eizenstat, Congressman Gilman, Mr. Bronfman, Mr. Burg, Mr. Baer and Mrs. Beer. I appreciate each of you being here today to discuss this very important issue. I am particularly interested in hearing from Secretary Eizenstat given his status as Special Envoy for Property Claims in Central and Eastern Europe.

As many of you may know, about a year ago Mr. Eizenstat was charged by Secretary Christopher with assisting in achieving a non-discriminatory, transparent and just process of identifying and resolving the question of properties confiscated by the Nazis and their sympathizers during and after the Second World War. As



part of this charge, Secretary Eizenstat has also examined the issue of Swiss bank accounts belonging to Holocaust victims or their heirs.

The proper identification of these dormant accounts by Swiss bank authorities and the distribution of the funds in those accounts to the rightful owners should be done as thoroughly and as expeditiously as possible. I am concerned, however, that previous efforts to identify and quantify these assets have not been sufficiently thorough, transparent or independent.

It is generally agreed that the 1962 records search procedure was inadequate. First, the search was limited to owners of accounts with "Jewish sounding" names who died prior to the war. There was no additional search undertaken to look behind numbered accounts or to enlist the help of persons or organizations who may have been able to assist in identifying the victims of the heinous Nazi atrocities who had secreted their assets away in Swiss banking institutions. Clearly, a search that only entailed the checking of surnames was woefully insufficient.

In addition, although the Swiss legislature passed a law ordering a review of unclaimed bank accounts from the Nazi era, there was no enforcement mechanism to ensure that banks complied with the law. Without a meaningful enforcement mechanism, the law was virtually useless. And thus, the law as implemented did far too little to truly ferret out all of the potential accounts owned by Holocaust victims. I would also note that the Swiss Bankers Association was not very proactive in these efforts.

Since the initial search in 1962, relatives of Holocaust survivors have continued to search for the assets of loved ones held by Swiss banks. Unfortunately, however, the relatives of these victims have too often been kept out of the process of initially identifying these assets. Moreover, some Swiss banks have charged relatives of victims fees as much as \$860 to conduct an account search which turns up nothing. If and when accounts were identified, the documentation required by Swiss banks to prove rightful ownership was often unavailable to or unobtainable by the victim's family due to the passage of time.

It appears, unfortunately, that the bank secrecy laws that exist in Switzerland may have been used as a shield by some Swiss institutions to prevent the rightful owners of these accounts from claiming them. Moreover, some Swiss banks have been less than cooperative in working with the victims' relatives, the World Jewish Congress and other Jewish organizations, the Israeli government and the United States Government to try and resolve this issue.

It was not until quite recently that the Swiss Bankers Association agreed to conduct another search of Holocaust assets in Swiss banks. Not surprisingly, the search identified 775 dormant accounts, in 36 Swiss bank institutions, opened prior to the end of World War II. It is likely that at least some of these accounts could have and should have been identified earlier if the victims' relatives had received a greater degree of cooperation by the Swiss Bankers Association early on in the process.

I understand that the Swiss Bankers Association has recently set up an independent office and a Banking Ombudsman to assist in the identification of accounts held by Holocaust victims. While this is a first step forward it is not enough.

I appreciate the necessity of ensuring that these accounts are turned over to the appropriate persons; nonetheless, I do believe that more can and should be done to work with the relatives of these victims to streamline the process and to come up with alternative standards of proving ownership. The persons seeking to identify these accounts and establish ownership should be extended every benefit in that endeavor. They are, after all, the rightful owners of the assets held in those accounts.

I look forward to hearing from our witnesses as to how this can best be achieved and hope that the Swiss Bankers Association will take immediate steps to implement some of these suggestions and to work with the World Jewish Congress to achieve this end.

Finally, I would ask the World Jewish Congress to keep me informed as to the progress which is being made and of any stumbling blocks which you may encounter. I would hope that the Swiss bankers will make every effort to quickly and efficiently deal with any remaining road blocks.

#### PREPARED STATEMENT OF SENATOR ROBERT F. BENNETT

I would like to commend the Chairman, Senator D'Amato, for calling this important hearing today.

It is critical that we commit ourselves, here and now, to doing everything within our power to produce a full accounting of the assets which were improperly mis-

appropriated from precisely those who have already suffered far too much, the survivors of the Holocaust. This Committee is appropriately conducting today's hearing to determine the amount of assets remaining in Swiss Banks which were placed there by Jews fleeing the Nazi scourge both before and during World War II. Because more than 6 million Jews perished in concentration camps, it is very difficult for many of their heirs to identify and claim assets that rightfully belong to them.

I am hopeful that these hearings will provide insight into the amount and quality of assets still being held by Swiss banks; and that it will facilitate a more accurate and open process whereby the rightful owners can identify accounts and safe deposit boxes opened by their relatives.

Until now, the process has been frustrating and costly to heirs, many of whom lost their entire family to the Holocaust and who left concentration camps with little more than the clothes on their back. The documentation guidelines required to claim an account have been nearly impossible to comply with, mostly because many accounts were numbered and opened anonymously. The war destroyed many of the records that could have been used to meet these demanding requirements, and alternative methods of identifying the rightful owners of these assets must be found.

To complicate matters even further, instead of being completely forthcoming with information about the assets they continue to hold, many of these banks have added insult to injury by charging victim's heirs hefty fees for asset searches, which usually yield no results.

Swiss banks operating in the United States need to recognize that nothing less than a full and accurate accounting of all assets is acceptable. I am encouraged that Swiss banks will heed the message of this hearing and will remedy this situation in order to provide the necessary closure for millions of survivors and descendants of survivors of the worst tragedy of the 20th Century.

Thank you, Mr. Chairman. Please be assured that you can continue to count on my full support in doing whatever we can to ensure that justice is finally served in this instance.

#### PREPARED STATEMENT OF MRS. GRETA GEORGIA BEER

CLAIMANT TO FUNDS

APRIL 23, 1996

I was born in northern Romania, the city was called Cermauti, and my father had the biggest textile mill in Romania, called Hercules, S.A. There were about 1,400 employees, with 38-40 stores. The factory grew and grew, and my father used to make the rounds for fairs in Europe to places like Berlin, Leipzig, Munich, Czechoslovakia, and in the end he usually went on to Switzerland to deposit money there.

The factory was very prosperous and I was often asked why did we send money to Switzerland? In this cruel world around us, on the one hand Nazi Germany, on the other, the Russian Communists, we looked to Switzerland as if it was a citadel, a safe haven in this turbulent world around us. There was nothing safer than a small neutral country, with its very powerful banks. We looked to it like a distant star, something safe, with bankers who promised their utmost in numbered accounts. This was an extremely important thing to persecuted people who were afraid to deposit money in their own banks, with only the bank managers and their assistants knowing the true identity. They were loyal, trustworthy, and humane, that's why my father, Siegfried Deligdisch, deposited his money there.

In 1940, my father fell ill, with a kidney complication. And we wanted to consult with better doctors in Budapest, Hungary. So my mother, my father, and I went along with him. My brother, of 12, remained in Cermauti. We went from Bucharest to Budapest. In Budapest, my father became even sicker and at the same time, my home town was invaded and taken over by the Nazis. I did not tell my father, he would have died on the spot. Yet, my father became worse and worse and finally died in Budapest.

We came back to Romania, to Brashov, close to Cermauti. We stayed there, and remained safe throughout the war because Romania fought alongside Germany in the war and we weren't touched.

After the war, I escaped, away from the Russian lines. I went through Hungary to Vienna, and then to Bologna, Italy and finally settled in the United States in New York. In the 1960's, my brother put my mother in a small hotel in Montreaux, Switzerland, because she was ill. Then I went to Switzerland to visit her, and I heard that the banks were opening up the accounts to investigate whether there was Jewish money in the accounts. So I went with my mother from bank to bank—

in Montreaux, in Geneva, in Zurich, and in Lausanne. They told her that they were investigating and they would get back to her either in New York or in Montreaux.

Later they said that there was no money in the bank under the name of Deligdisch. We tried a bit more later, but we found nothing, nothing.

I was asked what I should say about the Swiss bankers. My father had the greatest trust in the Swiss banks. And they broke that trust. I am very disappointed. They change constantly, the amount of accounts has gone up and gone down. What is the true number? Can they not find more? I heard that they destroyed documents. What can I say?

### PREPARED STATEMENT OF EDGAR M. BRONFMAN

PRESIDENT, WORLD JEWISH CONGRESS, AND  
PRESIDENT, WORLD JEWISH RESTITUTION ORGANIZATION

APRIL 23, 1996

Mr. Chairman, I want to commend you for holding these hearings and for the outstanding job your staff has been doing in ferreting out information long lost or concealed. That which you are doing is of great historic significance. Our collective mission here is nothing short of bringing about justice. We are here to help write the last chapter of the bitter legacy of the Second World War and the Holocaust.

Today, Mr. Chairman, I am acting in my capacities as President of the World Jewish Congress and as President of the World Jewish Restitution Organization. I am also testifying on behalf of my Co-chairman, Mr. Avraham Burg, the Chairman of the Jewish Agency.

The WJRO was created in 1992 by the leading international Jewish organizations and the survivor's groups to coordinate claims for the return of Jewish community property and the transfer to the Jewish people of heirless holdings. We also work to secure for individual Jews no longer resident in the countries in question the same rights that would obtain for local Jews who remain. With your permission, Mr. Chairman, I would like to submit as part of my formal testimony, the list of the international organizations that make up the WJRO. (List to be appended.)

The WJRO has also been designated by two successive Prime Ministers to represent the State of Israel in these matters. It has also concluded agreements with Jewish communities in several countries in order to coordinate restitution efforts.

I hope it will not sound presumptuous, Mr. Chairman, but I speak to you today on behalf of the Jewish people. With reverence, I also speak on behalf of the 6 million, those who cannot speak for themselves.

The issue before us today, the one I want to talk to you about, can be summed up in a single word: Justice.

Fifty years after the Holocaust, as Germany and the collaborationist countries have sought to face their responsibilities and make restitution, there remains the glaring void in the behavior of the banks of Switzerland.

Just a year ago today, the bipartisan leaders of the U.S. Congress declared in a letter to the Secretary of State, and I quote:

It should be made clear to the countries involved that their response on this [restitution] matter will be seen as a test of their respect for basic human rights and the rule of law, and could have practical consequences on their relations with our country. It is the clear policy of the United States that each should expeditiously enact appropriate legislation for the prompt restitution and/or compensation for property and assets seized by the former Nazi and/or Communist regimes. We believe it is a matter of both law and justice.

President Clinton has declared:

We must confront and, as best we can, right the terrible injustices of the past. I thus support the efforts of the World Jewish Restitution Organization and the World Jewish Congress to help resolve the question of Jewish properties confiscated during and after the Second World War.

Mr. Chairman, I wish to personally commend Ambassador Stuart Eizenstat for his contribution to this effort. President Clinton assigned him a special mission to assist in this task while he was the U.S. Representative to the European Union, and although he returned to Washington earlier this month to become Under Secretary of Commerce for International Trade, he will continue his efforts as Special Envoy on Property Claims in Central Europe. He has been doing an outstanding job serving the interests of all Americans, not only Jews.

I would also like to take this opportunity of adding that the European Parliament unanimously added its voice to that of the United States, expressing the same view and declaring that restitution is a matter of justice which must be fulfilled.

Mr. Chairman, as the Congressional letter made clear, what today's hearing is about is "respect for basic human rights and the rule of law." Nothing less.

I am not here to talk about whether there is only \$32 million remaining in Swiss banks belonging to Holocaust victims and survivors or, as may be closer to the truth, several billion. Nor am I ready to endorse those who say the records were purposely destroyed and the money confiscated.

When I met with the Swiss Bankers Association on September 12, 1995, in Bern, I was struck by one comment they made to me. "Mr. Bronfman," they said, "we do not wish to hold on to one Swiss franc that is not ours."

I told them I certainly agreed with that sentiment. I explained to them that the World Jewish Congress initiated activity aimed at the recovery of Jewish property even before the war in Europe ended. In November 1944, Dr. Nahum Goldmann, the co-founder of the World Jewish Congress, raised the issue at the War Emergency Conference in Atlantic City. He declared then:

The principle that Jewish assets must be given back to their legitimate holders wherever possible must be regarded as inviolable.

Now that the Swiss bankers have told me they accept this universal principle, Mr. Chairman, I ask that you, your Committee, this Congress and our Government help the Swiss bankers fulfill their own wish not to hold on to a single Swiss franc that is not their own.

A word of concern, Mr. Chairman: Time is running out for those who will be the primary recipients of this restitution. Knowing you as I do, I am confident that your investigation will be thorough and will result in the full exposure of the facts.

At the aforesaid meeting in Bern September last, I did not discuss dollar amounts. What I sought was an impartial audit. I came away thinking that we had agreed on that, but in February, the Swiss Bankers Association unilaterally announced they had done their own survey and had found only \$32 million—an amount that defies credibility.

"Trust us," they told the victims of the Holocaust, "we looked into our records and our own vaults and that's all we could find."

One of the documents already uncovered and released by your own investigators, Mr. Chairman, suggests that at a single Swiss financial institution, the present value of deposits may be nearly that much alone.

Mr. Chairman, as you may know, heading these two organizations is not my only job. I am also a businessman.

As a businessman, I often deal with bankers. I know that the most important asset any banker can have is his reputation, the trust of his customers. If we cannot have faith in the integrity and trustworthiness, in the honor of the banker to protect our deposits, to give a faithful and accurate accounting, then we must go elsewhere.

Dealing with the Jewish people must be for the Swiss bankers an issue of trust. What is urgently needed, Mr. Chairman, is a transparent mechanism to conduct a verifiable audit of all Nazi-era assets, those deposited by Jews and those assets stolen from the Jews by the Nazis and also deposited in Switzerland and their disposition so that all the parties involved can be satisfied justice has been served.

The Swiss bankers cannot be permitted to come back and say, once again, that they will create such a process, but that they want to be the ones who appoint the auditors. Their repeated failure of integrity over 50 years has forfeited for them such a privilege. There must be an arm's-length process that is credible to the entire world.

There is already much to learn from the very beginning of the documents uncovered by your Committee and by others working elsewhere. They demonstrate that during the Nazi era the Swiss were far from neutral. Their assistance to the Nazi war machine, through the clandestine conversion of looted gold into Swiss francs, enabled the Germans to buy fuel and other raw materials they needed to prolong the war. Some estimates in testimony before the U.S. Senate hearings following the war suggest the cost may have been staggering in the lives of American soldiers, Allied soldiers, Jews and other civilians across that continent.

The Germans were looting synagogues, schools, museums and the bodies they were about to toss into the ovens. They snatched works of art. They took wedding rings and gold teeth and melted them down. They cast ingots that were falsely marked to appear as if they were pre-war gold and, as records are showing, they took it to bankers who were only too willing to look the other way.

Mr. Chairman, many Jews in Central Europe, and many others in those countries, saw the Nazis coming and made the trip to Switzerland because they thought

their assets could be held safely there. They put their faith in Swiss neutrality and the integrity of that nation's banking system. It appears they were betrayed.

Only through a full, fair and impartial audit can we uncover the truth. I would hope the Swiss bankers will cooperate fully in this endeavor as it appears to be the only way to deal with this crisis in confidence they have created and to restore the reputation of the Swiss banking community that has been called into question by so many.

Mr. Chairman, I do not propose here a discussion of specific amounts of money. Yet, I believe that each dollar recovered represents a little piece of dignity, not just for the survivors who will benefit, but for all mankind who will have demonstrated that it remains morally unacceptable for anyone to profit from the ashes of man's greatest inhumanity to man.

Thank you, Mr. Chairman and Members of the Committee, and God grant you the strength and determination to finish this historic mission of serving justice for the victims of the Holocaust, the survivors and their heirs.

#### Memorandum From the World Jewish Congress

Referencing Edgar M. Bronfman's testimony, the following organizations comprise the WJRO:

- Agudas Israel World Organization
- American Gathering/Federation of Jewish Holocaust Survivors
- American Jewish Joint Distribution Committee
- B'nai B'rith International
- Center of Organizations of Holocaust Survivors in Israel
- Conference of Jewish Material Claims Against Germany
- Jewish Agency for Israel
- World Jewish Congress
- World Zionist Organization

#### PREPARED STATEMENT OF STUART E. EIZENSTAT UNDER SECRETARY OF COMMERCE FOR INTERNATIONAL TRADE

APRIL 23, 1996

I would like to thank the Committee for the opportunity to testify today as part of its inquiry on the "status of assets deposited by European Jews and others into Swiss banks in the years preceding the Holocaust." I appreciate the leadership of Chairman D'Amato in bringing this important issue to the attention of the public and the Congress. The locus of activity on the Swiss institutions matters is with U.S. Embassy Bern, but I am happy to have this opportunity to inform you of Administration activity.

I have been the Department of State's Special Envoy for Property Claims in Central and Eastern Europe for over a year. I will continue to lead this effort under the guidance of the Secretary of State even in my new position as the Under Secretary for International Trade at the Department of Commerce. As Special Envoy, my task has been to promote the non-discriminatory, transparent, and just resolution of claims arising out of properties confiscated during and after the Second World War by the Nazis and their sympathizers or by the Communist governments in post-war Central and Eastern Europe. While the issue of possible accounts in Swiss institutions belonging to Holocaust victims has not been the primary focus of this mission, my office and other State Department officials have expended many hours on this matter.

First, I would like to take this opportunity to tell you about my work as Special Envoy generally, my observations, and some of the problems I have encountered in this process. It is important to do this to set a context for the Swiss institution issue. I will address the matter of assets in Swiss institutions and then offer suggestions for the next steps which might be taken for a successful resolution of some of these matters. The Swiss Bankers Association has identified \$32 million in dormant accounts opened by persons living outside Switzerland prior to May 8, 1945. While investigations continue, simultaneously we must strongly encourage efforts to identify the owners/heirs and to expeditiously distribute remaining sums so that those who are elderly and poor can live their last years with dignity.

Since being named as Special Envoy last year, I have made "fact-finding" missions to 11 countries: Belarus, Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, the Slovak Republic, and Ukraine. I also traveled to

Germany to discuss Holocaust survivor compensation. With the strong support of our embassies in each country, I have been able to meet with senior officials of the governments involved, including Presidents, Prime Ministers, Foreign Ministers and other high-ranking officials. In these trips, I have highlighted the significance that the U.S. Government—both the executive and legislative branches—attaches to this painful and complex issue and have stressed the importance of resolving property claims in ways that are just, fair and non-discriminatory.

We recognize that the governments in the region face financial constraints as they struggle to reform their economies. We do not seek to dictate solutions or negotiating partners. Rather, we urge that governments address the question of promoting restitution and compensation of communal and private properties in ways that meet the expectations of local communities and are credible to international organizations, such as the World Jewish Restitution Organization (WJRO), which act on behalf of or in partnership with local groups, and which are fair to U.S. citizens with claims for property confiscated during the Nazi and Communist eras. The efforts I have made as a representative of the United States are beginning to show results.

### Property Claims

In general, property claims can be divided into three categories: (1) communal (e.g., synagogues, schools, community centers, hospitals—some countries divide this category into “religious” and “secular” property); (2) private property with heirs; and (3) the most difficult, private property without heirs.

Our initial focus has been communal property—the most promising category in the near term. The hope is that success with communal property can be used to build momentum in all categories, even though private property claims are quite different and often more difficult. I believe that international organizations including the WJRO and local Jewish communities share this priority.

Let me review some of my general findings in the area of property claims.

Many of the countries I have visited have started the process of returning communal property. For example, five already have some legislation in place, and three others have governmental decrees. Of the three with neither legislation nor decrees, two have promulgated draft legislation. In Poland, which had the largest Jewish community in pre-war Europe, there still is no law on communal property restitution. However, the Polish Council of Ministers recently agreed on proposed legislation that is pending in the Polish Parliament. Still, a host of issues—each country with its own twist—remains and has impeded not only the Jewish community, but other religious groups like the Catholic Church and the Orthodox Church, from receiving their property. Hungary and Romania are developing promising frameworks for action but follow-through will be critical.

For instance, in the Czech Republic, the restitution of communal properties under the control of the State is proceeding pursuant to decree by the Prime Minister. However, the restitution of communal property controlled by municipalities has proceeded much more slowly. The municipalities have been most reluctant to return income-producing properties and these would help the Jewish community rebuild its institutions and assist survivors. In a number of other countries, implementation of restitution decrees is left to local authorities with little central government oversight. Slovakia has an excellent restitution law but restitution is very slow due to bureaucratic delays.

Additionally, in some countries, e.g., Latvia, Lithuania, and Ukraine, the law or decree provides only for return of “religious” communal property. We have urged a liberal interpretation of the term, pointing to the difficulty of drawing a line between the “religious” and the “secular” in terms of Jewish communal property. Many properties had “mixed” uses. While Lithuania appears to have followed this in its recent return of several hospitals and schools, implementation will need continued monitoring.

A variety of other problems have arisen in the return of properties. For example, in some countries, when persons or communities have attempted to reclaim properties, they have been asked (sometimes required): (1) to compensate current “owners” for significant improvements; (2) to contribute to the relocation of persons displaced by the return; and/or (3) to allow current tenants to remain for a lengthy period of time at rent-controlled rates.

Thus, while this category shows the most movement, it is far from complete. Continued U.S. Government attention is important. On a positive note, I would add that we now are not alone in our efforts. In December 1995, the European Parliament of the European Union passed a resolution calling for Central and Eastern European states to adopt appropriate legislation regarding the return of plundered property so that the property of Jewish communities and others may be returned. In addition, in a speech in January, Sir Leon Brittan, the Vice President of the Eu-

ropean Commission, noted the importance of Central and Eastern European countries "tackling" property restitution issues in the context of minority rights issues as they progress toward membership in the European Union.

Regarding private property, the most common problem is inclusion of citizenship and sometimes residency requirements in legislation/decrees. Such requirements exist—or are contemplated—in one form or another in many countries I have visited (e.g., the Czech Republic, Lithuania, Romania, and the Slovak Republic). Depending on the country's citizenship laws and whether claims by non-resident dual citizens are allowed, the citizenship requirement poses huge hurdles for claimants. Claimants who emigrated to the West and Israel, including American citizens who owned property themselves or whose relatives had property confiscated by either the Nazis or the Communists, have encountered great difficulties. Even where these requirements do not exist, there have been complications. For example, in Estonia and Latvia, foreigners cannot *own* land, but can receive title to residences. While these laws may change, this will take time.

#### **Outreach Efforts to International Organizations and Local Communities**

Working with local and international communities has been another important component of this initiative. Local Jewish communities and international Jewish organizations often have somewhat differing approaches. We believe that any settlements made must meet the expectations of local Jewish communities, be credible to international Jewish organizations acting on their behalf or in partnership with local communities, and meet the needs of other claimants. International organizations can offer small local communities support in identifying property to be claimed and the maintenance of restituted property. International organizations also are important in that they represent the larger Jewish community's interest in resolving these difficult issues. Organizations which have been helpful in this regard include the WJRO through, for example, its assistance in identifying properties to be claimed and the Joint Distribution Committee and the Jewish Agency in assistance in social and educational services.

At the same time, local Jewish communities have a deep, historical understanding of their communities and their countries and wish to rebuild their lives and to provide a future for their families. In my discussions with all parties, I have emphasized the advantages—and the need—for cooperation between the local and international communities and will continue to seek to facilitate such cooperation. Divisions only complicate the restitution effort and make it difficult for governments to place their trust in the process.

#### **Assets in Swiss Institutions**

Turning to possible Holocaust-era assets in Swiss institutions, to the extent such assets exist, they could prove to be a source of assistance for an aging, destitute population in Central and Eastern Europe and perhaps their heirs. These survivors have been largely uncompensated, unlike survivors in the West and in Israel, since the end of World War II. To provide a possible source of assistance for these persons, as well as to ensure that monies are returned to rightful owners, it is important that the U.S. Government facilitate the development of just, transparent, and non-discriminatory processes for resolutions.

While the U.S. Embassy in Bern is the primary point of action on this issue, I have been involved in this matter since a conversation last summer with then-Ambassador M. Larry Lawrence. In several followup conversations with Embassy Bern by me and my staff in the U.S. Mission to the European Union, officials have told me about their efforts to urge openness and transparency in the review of dormant Holocaust-era accounts. I also have been in regular contact with Edgar Bronfman of the World Jewish Congress (WJC) and his top officials Israel Singer and Elan Steinberg, who have been the driving force behind this process.

A number of steps have been taken recently by the State Department and other interested organizations. First, after the February 7 release by the Swiss Bankers Association (SBA) of its survey results, Embassy Bern Charge d'Affaires, Michael C. Polt, met with Heinrich Schneider and Andreas Hubschmid, the Deputy Secretary General and the First Secretary in Charge of U.S. Relations of the SBA, respectively. Charge Polt urged the SBA to create an open and transparent process to expeditiously complete the researching of remaining accounts. Charge Polt had also expressed special concern about the fee (300 Swiss Francs—more than \$250 USD) charged for account searches, which the SBA defended as necessary to distinguish inappropriate requests and significantly lower than the 2000 Swiss Francs (\$1,600) that a bank can charge. Charge Polt indicated that Embassy Bern would continue to follow the issue with vigor.

Embassy Bern reported SBA's defense of its findings of a total of 38.7 million Swiss Francs or \$32 million (value calculated based on last date of activity in account) in dormant accounts opened by persons living outside Switzerland prior to May 8, 1945. SBA representatives stated that Switzerland was not nearly the important financial center prior to World War II that it is now. The SBA also pointed to earlier efforts undertaken to identify Holocaust victim accounts, including the return between 1945 and 1952 of 16 million Swiss Francs or \$4 million (current value) to persons from German or German-occupied areas and, following a 1962 Federal Decree, the return of an additional 9.5 million Swiss Francs or \$2 million (the 1962 value) to owners/heirs or—where none existed—to Jewish organizations.

SBA officials also strongly defended the survey's integrity to Embassy Bern representatives. They noted the independence of the Ombudsman's Office that studied the dormant accounts and the completeness of the survey—nearly all member banks in existence in 1945 responded.

Second, senior State Department officials met with Messrs. Schneider and Hub-schmid of the SBA, and on several occasions with Swiss Embassy officials in Wash-ington, to stress the need for transparency.

Third, in response to inquiries from the WJC, the Swiss Parliament's Legal Com-mittee has become involved. The Committee has consulted the SBA, the WJC, and the Swiss Federation of Jewish Communities. After consultations, the "Unclaimed Assets" working group of the Legal Committee recommended dividing consideration of individual claims from the more general issues raised by unclaimed assets. With regard to individual claims, the Committee noted that the SBA Ombudsman's Of-fice, in concert with Jewish organizations, would have a private firm oversee its re-search activities. The Committee concluded that this arrangement would adequately safeguard the interests of individual claimants. The Committee stated, however, that it would revisit the activities of the Ombudsman's Office at a future date.

With respect to the more general issue of unclaimed assets, the Committee rec-ommended a closer examination of what has happened to assets deposited between 1933 and 1945 that remain ownerless, including the effectiveness of the 1962 Fed-eral Decree on the treatment in Switzerland of assets belonging to foreigners or stateless persons persecuted on racial, religious, or political grounds. It also pointed to a need to clarify what constitutes appropriate action with regard to such assets. A meeting has been tentatively scheduled for May 2 between Charge Polt and the Chairperson of the Parliamentary group in charge of the working group to discuss the issue further.

Fourth, more recently, Embassy Bern reported that some of the misunderstanding regarding unclaimed assets from the World War II era may emanate from differing uses of the term, "Swiss bank." For example, recent press reports pointed to doc-uments allegedly evidencing deposits of some \$2.4 million by Romanian Jews in the Geneva-based Societe Generale de Surveillance (SGS). The SGS responded with a press release stating that it is not/was not a "bank." Therefore, it is not a SBA mem-ber or subject to SBA regulations. SGS officials subsequently told Embassy Bern that the Chief Executive Officer of the SGS during World War II was a prominent Jewish citizen who "may" have allowed Jews to maintain commercial accounts. Fol-lowing the SGS revelations, Charge Polt met with Ambassador Anton Greber, who is in charge of the Swiss government's inter-agency group addressing the issue. Charge Polt pointed out that the SGS affair confirmed the need for a central process of investigation which would have a broad mandate to look into all possible remain-ing Holocaust victim assets, in whatever Swiss institutions might hold them.

Regardless of the outcome in the SGS case, this kind of difference in definition and interpretation underscores the need for overall coordination of a complete re-view of any possible Holocaust-era assets in Switzerland—whatever the holding en-tity. The goal of an unbiased accounting of the situation is shared, I believe, by the U.S. Government and the government of Switzerland. Embassy Bern continues to press the government of Switzerland, most recently in an official demarche delivered on April 12, on the need for a thorough airing and resolution—once and for all—of this issue. We will continue our efforts with Swiss government representatives to encourage a fair and equitable resolution.

There was a positive step taken by the SBA on April 9 which I would like to note and for which I express our encouragement. In a letter to Israel Singer of the WJC, Mr. J.P. Chapuis, Secretary General of the SBA, and Mr. H. Schneider made several suggestions including the establishment of an independent commission to include distinguished members of the Jewish community and authorization for the commis-sion to retain an independent accounting firm and other experts as necessary to issue a final report on assets held by Swiss banks. We hope these will be positive steps toward resolution of the matter before us. We encourage all interested parties



to work together to make this commission function in an effective manner that will ensure a fair and just result.

I urge that we continue our initiative on three fronts—government-to-government discussions, government facilitation with international and local organizations, and the rapid resolution of the issue of distribution of those accounts which have been discovered to date and then the prompt distribution of assets, while continuing the ongoing investigations.

On this final point, I believe that although the investigations should continue into property claims—communal and private—in Central and Eastern Europe, at this time the SBA has identified approximately \$32 million in dormant accounts opened by persons living outside Switzerland prior to May 8, 1945. It would be only just to establish expeditiously an open process to identify the owners/heirs of such accounts. As they are identified, distribution should be made immediately without waiting for identification of the entire universe of claims. In addition, after all claimants have been identified, if excess funds exist, we should consider distributing these funds to Holocaust survivors in Central and Eastern Europe. We understand that the SBA is already considering distribution of this excess to charity, one of which would be Holocaust survivors. Perhaps prototypes can be gleaned from earlier restitution systems. Each day, some elderly populations live in the most meager and heartrending manner, hoping to live and to die with dignity, without what the elderly often describe as “being a burden” to their families. While there is no need to cease any activity in investigating further possibilities, let us quickly and efficiently assist this vulnerable population lest our delay deny them their deserved dignity in a life already filled with suffering.

In closing, I would like to underscore that the U.S. Government and this Administration will make every effort to ensure a full accounting and full transparency to be certain that all funds which can be traced to victims of the Holocaust or survivors of Nazi persecution are rightfully returned to their owners and that any excess funds where no claims are made are distributed in the fairest way possible to benefit those who suffered the most during World War II.

I look forward to working with this Committee toward achieving our shared goals and objectives.

#### PREPARED STATEMENT OF BENJAMIN A. GILMAN

U.S. REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK, AND  
CHAIRMAN, COMMITTEE ON INTERNATIONAL RELATIONS

APRIL 23, 1996

Mr. Chairman, I want to commend you for holding today's hearing on the status of Jewish Holocaust assets that are still in Swiss banks, and for your leadership on this important issue.

Last week's commemoration of the Days of Remembrance for victims of the Holocaust reminds us how important it is that related issues, such as this, be thoroughly scrutinized and resolved.

The panels you assembled today hopefully will shed much needed light on this issue, which has been neglected these many decades while the remnants of Europe's Jewish community rebuilt their shattered lives and gave birth to a new generation which also saw the creation of the modern State of Israel.

A hearing such as this cannot be held without acknowledging the tireless leadership role and search for justice that has been steadfastly maintained by Edgar Bronfman, the President of the World Jewish Congress, whose dedication and unswerving commitment deserve our unstinting praise.

President Bronfman's care and compassion for his co-religionists, and indeed, for all those who lost their assets during those dark years, is beginning to bear fruit.

The coordination of efforts by the World Jewish Restitution Organization, with Avraham Burg, Chairman of the Jewish Agency of Israel, which is a partner in the WJRO, along with Jewish communities throughout the world, is a testament to the biblical provision, “Justice, justice, shalt thou pursue.” (Deuteronomy 16,20)

That pursuit has also been doggedly undertaken by Under Secretary Stuart Eizenstat in seeking to recover heirless Jewish communal property. Secretary Eizenstat is also to be commended for the yeoman's job he is doing to obtain agreements with Eastern European nations about the recovery of fixed assets.

With such a dedicated team of professionals in our own Government, in the American Jewish community, and in Israel, I am certain that our collective efforts will ultimately succeed.

However, if the issues of dormant accounts and appropriated property are not resolved to the satisfaction of the U.S. Government and the World Jewish Restitution Organization, the House International Relations Committee, which I chair, will not hesitate to hold any additional hearings which may be necessary.

Mr. Chairman, last week the House of Representatives adopted legislation I introduced, H. Res. 316, which deplored the efforts by some persons in this country and abroad to deny the historical reality of the Holocaust.

My resolution also commended our National Holocaust Museum for its vital work in speaking the truth against those who would attempt to negate what we know about the Jewish experience in Europe from 1933 to 1945.

Though I do not believe anyone involved in seeking to recover Jewish assets held by Swiss banks denies that the Holocaust took place, or that its main targets were the Jews of Europe, it is obvious that since this issue was raised a year ago, the level of cooperation has been less than desired.

While estimates of Jewish assets in Swiss banks have ranged from tens of millions of dollars to as high as \$7 billion, I understand you have requested additional studies to narrow that range.

Indeed, a recent press report notes the CRS calculation that, based upon 1946 archival material from U.S. intelligence sources, one Swiss financial institution alone had deposits from primarily Jewish sources that are today worth \$29 million.

Therefore, the full cooperation of the Swiss government and all its financial institutions must be obtained, so that a full and impartial accounting, by a neutral, non-Swiss third party, can be realized at the earliest opportunity. Those who perished in the Holocaust, and their descendants, are entitled to nothing less.

Mr. Chairman, it is also necessary to locate and identify Jewish assets that were confiscated by the Nazis and stored in Swiss vaults, whether they be gold ingots, jewelry or artwork.

We cannot rest while unnamed individuals profit from the deaths of the 6 million. It is unconscionable, immoral, and unjust.

Those whose cooperation is sought as we pursue efforts to resolve this issue must be made to understand that their response is seen as a measure of their commitment to basic human rights and justice, and is taken into consideration as we assess our bilateral relations.

Having worked with the World Jewish Congress and the World Jewish Restitution Organization since these efforts began over a year ago, it was particularly distressing to learn that the Swiss Bankers Association assessed a fee of \$250 for inquiries about an account, and that the questionnaire requested the "date of death" and "place of death" of the account's holders.

Such onerous requirements are clearly not in consonance with the spirit of the endeavor, and moreover, displays a distinct lack of compassion and understanding for the descendants of those who perished.

Mr. Chairman, the worldwide Jewish community, and the heirs of the more than 6 million Jews who perished, have the moral and legal right to reclaim their property. A scrupulously neutral third party must be the established mechanism for an audit of Nazi-era assets, whether Jewish owned or not.

Accordingly, we must press ahead for a full and impartial accounting of Holocaust-era assets held in Swiss banks. Hopefully, today's hearing can move the issue forward to a swift and complete resolution. Thank you.

#### PREPARED STATEMENT OF HANS J. BAER

CHAIRMAN, BANK JULIUS BAER AND BAER HOLDING LTD., AND  
MEMBER, SWISS BANKERS ASSOCIATION EXECUTIVE BOARD

APRIL 23, 1996

Good morning, Mr. Chairman and Members of the Committee.

Mr. Chairman, I am Hans J. Baer. I am the Chairman of Bank Julius Baer, one of the large Swiss private banks, and its holding company, Baer Holding Ltd. I appear before you today on behalf of the Swiss Bankers Association on whose Executive Board I serve.

The Swiss Bankers Association (the "SBA") appreciates the opportunity to testify today concerning dormant accounts in Swiss banks that may have belonged to victims of the Holocaust. Mr. Chairman, the SBA and its members share your deep concern about this important issue. I have been personally involved in discussions aimed at favorably resolving this matter.

The SBA is committed to resolving all outstanding questions about these accounts in a sensitive, equitable, open, accurate, and professional manner. In a moment, I will describe our plans for addressing questions surrounding these funds. However, before I do, I want to emphasize, in the strongest terms possible, our determination that, at the end of the current process, any dormant assets in Swiss banks that may have belonged to victims of the Holocaust will have been distributed to the rightful heirs of the victims or to worthy charitable organizations.

We are concerned that recent media coverage has tended to portray Swiss banks as resistant to identifying and dealing with the funds of Jewish people under threat of Nazi persecution that were deposited in our institutions before and during World War II. To the contrary, Swiss banks are moving to identify any remaining funds that might have originated under those circumstances. As we go forward, we see the process of resolving questions about the status of funds of Holocaust victims as a collaborative effort among the Swiss banks, the World Jewish Congress, the Swiss Jewish community and other Jewish groups in the United States and Israel, and the Swiss government. We also look forward to continuing to work with you, Mr. Chairman, and Under Secretary Eizenstat to achieve a solution that all will agree is fair and equitable.

Before I discuss the current status of the dormant accounts issue, I would like to describe the role played by the SBA and the activities of Swiss banks in the United States, and to provide some background to the current situation.

#### **The SBA**

The SBA is a voluntary association of Switzerland's banks. It currently has 405 bank members, approximately 170 of which are subsidiaries or branches in Switzerland and approximately 20 U.S. financial institutions have offices in Switzerland and are members of the SBA. They enjoy all of the powers of Swiss banks, subject only to restrictions imposed by U.S. law. About 30 Swiss banks are not members of the SBA. In terms of banking assets, these banks are quite small.

The SBA plays two significant roles for Swiss banks—that of a traditional trade association and that of a self-regulatory organization. In its capacity as a trade association, the SBA advises its members on significant legal and regulatory developments in Switzerland and abroad, administers testing programs, and functions as the domestic and international spokesperson for its members. In its capacity as a self-regulatory organization, the SBA cooperates closely with the Swiss Federal Banking Commission and the Swiss National Bank in implementing specific policies and procedures for its members to follow. For example, in cooperation with the Swiss government, the SBA has taken strong measures, including implementing rigorous "know your customer" standards, to put Switzerland at the forefront of the war against money laundering and international financial crime. As I will explain, the SBA recently also has taken initiatives concerning dormant accounts in Swiss banks, including those accounts that may have belonged to victims of the Holocaust.

#### **Swiss Banks in the United States**

Six Swiss banks have a total of 13 branches and agencies, and a number of representative offices in six States (New York, California, Florida, Georgia, Illinois, and Texas). (One of the big three Swiss banks plans to establish a branch and a substantial presence in Connecticut.) My bank has a federally-chartered branch in New York and representative offices in Los Angeles, San Francisco, and Palm Beach. Only one Swiss bank, Swiss Bank Corporation, had U.S. operations before 1940.

Swiss banks in the United States engage only in a wholesale banking business. We don't engage in a retail banking business and we can't accept insured deposits.

Swiss banks are net providers of credit to the U.S. economy; U.S. loans significantly exceed U.S. source deposits. In 1994, loans to large U.S. businesses exceeded \$9 billion and loan commitments were over \$29 billion. Swiss banks actively participate in the fields of corporate banking, private banking, treasury activities, project finance and public finance. We are proud of our significant contribution to communities and businesses throughout the United States.

Swiss banks employ 6,000 people in the United States and occupy more than 2.4 million square feet of office space. In 1994, they paid more than \$100 million in Federal, State and local income taxes. On behalf of their clients whose funds they manage, Swiss banks invest hundreds of billions of dollars in U.S. stocks and bonds.

#### **Historical Background**

Before discussing the specifics of the dormant accounts issue, I would like to provide some historical perspective about the Swiss banking system and to describe the situation that existed in the 1930's and 1940's.

It is important to remember that 50 years ago the banking business in Switzerland and elsewhere was quite different than today. In 1944, the Swiss banking system had deposits and other liabilities of only Sfr 17.5 billion—only one-sixtieth of the current figure. Commission income, an important measure for private banking, was Sfr 49 million in 1944, only one-third of one percent of the current figure. (Most of the growth has occurred in the last two decades.)

The provision of banking services was far less sophisticated 50 years ago than it is today. It is perhaps easy to forget that in the 1930's and 1940's, cross-border transfers of assets and funds, especially by individuals, were not nearly as easy to accomplish—in most instances they were subject to exchange controls, violation of which was criminally punishable.

However, some things have not changed in Swiss banking since the 1930's. Then, as now, Swiss banks have placed a premium on maintaining and protecting our clients' assets. Then, as now, to protect our clients' privacy, Swiss banking law generally prevented us from disclosing their names without their consent. It was this very protection instituted in the 1930's that safeguarded from the Nazi authorities the identities and assets of the Jews who were able to shelter their funds in Swiss institutions.

Then, as now, Swiss banks had to maintain accurate records of their clients' accounts. Specifically, the most important account records, including the identity of the customer and the documents establishing an account, are maintained indefinitely for existing accounts, including dormant accounts, and for at least 10 years after an account is closed—a period, I am told, that is longer than that required in the United States.

Switzerland, like other countries, but unlike the United States, has never had escheat laws that require inactive accounts to be transferred to the State. Therefore, Swiss banks maintain "dormant accounts" indefinitely. (Some Swiss cantons have procedures that permit banks to donate amounts in long-dormant accounts to charitable organizations. However, this in no way relieves a bank of its obligation to pay the dormant assets to its client if he presents himself after the donation was made.) This certainly has benefited many of our clients in the former Soviet bloc who could not (and dared not) seek access to their funds from the late 1940's until 1990. Of course, if one Swiss financial institution is acquired by another, its assets, including dormant assets and records concerning such assets, pass to the new bank which is obligated to maintain them.

#### The War and Its Aftermath

As we all know, with the rise of Nazi Germany in the 1930's, Europe became an unstable place. During this period, some Germans and others in Central and Eastern Europe, including Jews facing increasing persecution by the Nazis and risking criminal penalties, smuggled assets out of their countries to other countries, including Switzerland. However, even before the advent of the Second World War, Switzerland found itself nearly surrounded by hostile Fascist states. As a result, by the late 1930's, Switzerland was not regarded as a safe place for people to maintain their assets compared to more remote and safer locations such as the United Kingdom, Canada, and, of course, the United States. Between 1938 and 1940, in response to fears concerning the safety of Switzerland, an uninterrupted flow of capital fled Switzerland to the safest haven, the United States. Indeed, not only did clients have their assets sent here, the Swiss banks themselves transferred much of their own assets to the United States. With the fall of France to the Germans in 1940, Switzerland's isolation became complete, and the Swiss lived in constant fear of a German invasion that would have crushed our democracy.

During the war, the U.S. Government seized the assets of all nationals of Germany, Italy or countries occupied by them. The seizures applied equally to Nazis and those persecuted by them. Assets in and belonging to Swiss companies, including Swiss banks, and individuals in the United States were frozen. None of these assets could be used without the specific approval of the U.S. Government. I remember well how my widowed mother had to apply for a license each time she needed our family's funds to support us, even though we were Swiss Jews who had come to the United States because we feared that the Nazis would overrun our country.

In early 1945, in response to the Allies' request, Switzerland froze German assets. In 1946, Switzerland and the Allies signed the "Washington Agreement," which provided for the distribution of Swiss assets frozen in the United States and German assets blocked in Switzerland. In exchange, the United States released to Switzerland assets it had frozen that did not belong to Nazis or Nazi collaborators. Based on this procedure, the Allies subsequently retained about \$100 million of the assets frozen by the United States. Pursuant to the Washington Agreement, Switzerland transferred approximately Sfr 180 million of the assets it had frozen to the Allies

and returned the rest to their non-Nazi owners, including Sfr 16 million to people who were persecuted by the Nazis.

After the war, survivors of Nazi persecution and the heirs of its victims were able to claim frozen assets belonging to them in the United States and Switzerland and many did so. The United States made a provision to distribute up to \$3,000,000 of frozen funds to Jewish charitable organizations if it could be shown that there were funds in that amount that belonged to heirless victims of the Holocaust. Because the organizations could not supply the level of proof required by the U.S. Government with respect to any such funds, Congress in 1962 directed the payment of only \$500,000 of the original \$3,000,000. This demonstrates that, even more than 30 years ago, it was extremely difficult to identify funds as belonging to Holocaust victims.

#### **The 1962 Law**

In 1962, the Swiss legislature enacted a law to address the question of assets held in Switzerland that belonged to Holocaust victims. The law required that, 6 months after its effective date, all individuals and legal entities register with the Swiss government any assets held by them that satisfied the following three criteria: (1) the last-known owners of the assets were not Swiss nationals; (2) there had been no information received from the owners since the end of World War II in Europe (May 9, 1945); and (3) the owners were known or presumed to have been victims of racial, religious or political persecution. The law required the registrant to provide all facts concerning the assets and their owners to the Swiss government. Any doubts about whether an asset had to be registered were to be referred to the government. The 1962 law lifted any professional or bank secrecy obligation that otherwise would have interfered with providing the government with information about assets that met the specified criteria. In addition, the law imposed criminal penalties for noncompliance with its provisions.

Assets worth approximately Sfr 9.5 million were registered under the 1962 law. Swiss banks registered approximately Sfr 6.1 million or 64 percent of the total. Pursuant to the law, my bank registered 27 accounts with a total of Sfr 37,000. Pursuant to the 1962 law, the Swiss government, with the help of Jewish organizations, undertook to locate the owners of registered assets. The law required that any assets that were not distributed to the owners (or their heirs) were to be distributed to charitable organizations.

By 1973, at the end of the 10-year period during which claims were collected and processed, roughly three-quarters of the total amount registered had been returned to the rightful owners. The remaining one-quarter was divided between the Organization of Swiss Jewish Communities which received two-thirds and the Swiss Refugee Aid Society which received one-third. The Organization of Swiss Jewish Communities, in turn, placed the funds allocated to it at the disposal of the American-Jewish Joint Distribution Committee.

#### **Recent Developments**

In 1994 the SBA, at the request of the Swiss Federal Banking Commission, embarked upon a study of the general issue of accounts that had been dormant for more than 10 years. The SBA adopted and implemented a special directive to identify and distribute such assets. The directive was to be accomplished in two steps. First, the directive required that SBA members identify and mark assets that had been dormant at least 10 years. Second, the SBA designated the Banking Ombudsman, who acts under the auspices of an independent private non-profit organization headed by a former President of Switzerland, to act as a clearinghouse between potential claimants of the identified accounts and the banks.

In 1995, in response to concerns of the World Jewish Congress and others that there might still be assets in Swiss banks that belonged to Holocaust victims, the SBA specifically launched an inquiry at Swiss banks to identify all dormant accounts opened before the end of World War II. This process was intended to be as inclusive as possible so that any assets of Holocaust victims that might still be held in Swiss banks and that might have escaped identification pursuant to the 1962 law would be identified. First, the SBA required that its members identify all assets that were deposited by non-Swiss nationals before the end of World War II (May 9, 1945), unless the banks had evidence of activity since that time. Unlike the identification criteria used pursuant to the 1962 law, in 1995 there was no requirement that there be any determination that the owner of the assets was a victim of Nazi persecution. We recognize that it would be very difficult to prove or disprove whether an account identified today belonged or did not belong to a victim of the Holocaust.

Second, the SBA also asked the Banking Ombudsman to act as a clearinghouse between heirs of Holocaust victims and the banks. Specifically, the Ombudsman has been charged with helping potential claimants (many of whom are elderly and who are not in possession of much information) prepare their claims and with transmitting claims to the banks. The standard for submitting a claim is significantly more permissive than the general legal standard applicable in Switzerland or the United States. If a claim can be matched with assets identified by a bank, the bank has the obligation to contact the claimant either directly or through the Ombudsman.

Implementation of the SBA directive is proceeding well. As of January 31 of this year, a total of Sfr 38.74 million in 775 dormant accounts in 36 banks had been identified as being opened before the end of the war by non-Swiss depositors. A geographical distribution of such accounts is attached as Exhibit A. Of this total, Sfr 31.64 million (82 percent) originated from Germany, countries occupied by Germany, and Italy. Approximately 85 percent of the identified assets are held by the three big Swiss banks, which engage in banking activities in the United States. My bank reported two accounts totaling approximately Sfr 10,000, one from Eastern Europe and one from Latin America. The combination of the subtotal for the big three Swiss banks with that of the six big cantonal banks (which have no U.S. operations) comprises 94 percent of the total amount of identified assets. Although the SBA expects that these totals will change somewhat as its members have a chance to double-check and refine their figures, it is highly unlikely that they will dramatically decrease or increase.

Up to mid-April, the Ombudsman has received 807 information requests from potential claimants and has sent each of them an information sheet and a questionnaire. More than 200 completed questionnaires already have been returned, two-thirds of which are ready to be included in the search process without necessitating further inquiries. Presently, the office of the Ombudsman is working with the remaining one-third to obtain such further information as is necessary to submit their claims. Next week, the Ombudsman will submit to the banks the first list with the names of potential claimants. I understand that the Ombudsman also plans to send followup letters to people who did not respond to his initial mailing, encouraging them to submit forms with as much information as they have. We would be pleased if a substantial number of identified accounts can be matched with claimants. We encourage anyone who believes that he or she may be entitled to these accounts to contact the Banking Ombudsman, Seetrasse 7, Postfach, CH-8027 Zurich. His fax number is 41-1-281-1083. The SBA would be happy to report to you on the progress of these efforts.

Given questions raised concerning the amount of funds identified in response to the SBA directive and the likelihood that not all of these funds will be claimed under the process that is being overseen by the Ombudsman, the SBA recently has announced several further steps to resolve issues concerning the identification and ultimate disposition of unclaimed funds. These steps are responsive to requests and concerns expressed by the World Jewish Congress and other interested persons, including you, Mr. Chairman.

First, an independent commission of distinguished individuals whose experience and integrity are well known is being established. The SBA will nominate half of the members of the commission. We expect that the World Jewish Restitution Organization will nominate half of the members of the commission. The members of the commission will select another person as chairman.

The independent commission will be authorized to retain an internationally recognized independent accounting firm and other experts, as necessary, to assist it. The accounting firm retained by the commission will review the methodology for identifying funds and property held by Swiss banks that may have belonged to Holocaust victims and, upon approval of the methodology, the independent commission, with the help of the accounting firm and the bank supervisors, will verify that the banks have properly implemented the methodology. After it completes its work, the commission will prepare a final report on the assets held by Swiss banks that belonged to Holocaust victims. The commission will operate in a sensitive, open and professional manner, and will obtain and disclose the truth about this complicated matter. If you think it would be appropriate, the SBA would be happy to furnish you with periodic progress reports and I would be happy to return to report on the conclusion of the commission's efforts.

In addition to the appointment of the independent commission, Jewish groups will be invited to participate with the Banking Ombudsman in the process of preparing and determining claims on behalf of Holocaust victims and their heirs. All identified funds that could have belonged to Holocaust victims that remain undistributed after the claim process is completed will be distributed to charitable organizations se-

lected in consultation with the independent commission in consultation with Jewish groups.

The Swiss legislature is also examining what should be done about the dormant accounts issues. In fact, next week a Subcommittee of the Legal Committee of our National Council (our House of Representatives) is holding a hearing on this matter at which representatives of the SBA and others will testify. Last December, our Senate also considered this matter.

Before I conclude, I would like to answer several questions that have been posed in recent weeks.

Some have asked why does this issue still exist if it was addressed in 1962? In other words, why are there any funds left? It is important to remember that the 1962 law required a determination that an asset belonged to a victim of Nazi persecution. In my personal opinion, that process was successful in identifying a large percentage of Holocaust victim accounts. However, it is possible that the 1962 process did not identify absolutely all assets of Holocaust victims. For example, a Jewish person could have placed assets under an assumed non-Jewish name that would have given no clue to the owner's true ethnicity. In contrast, the current process does not require a determination concerning the owners of the assets; it identifies all dormant accounts opened by any non-Swiss before the end of the war. Of course, this will result in identifying a number of accounts that may not have belonged to victims of the Holocaust. As I explained earlier, all identified funds that remain unclaimed and that could have belonged to Holocaust victims will be distributed to suitable charitable organizations.

Many of the same people have asked why the amount identified is so small? This is the exact opposite of the previous question; on the one hand, we are being asked to explain why there are any assets left at all and, on the other hand, we are being asked why there are so little assets left. In any event, we do not believe that, when considered in the appropriate context, the amount identified is small or should come as any surprise because: (1) as I explained before, the initial amount of assets transferred to Switzerland was probably not as large as some have suggested; (2) many of these assets were transferred out of Switzerland to other countries especially the United States; (3) a substantial amount of the remaining assets were claimed and distributed between 1945 and 1962; and (4) a large part of whatever was left was identified and distributed pursuant to the 1962 law.

Some also have asked why claims have been turned down? I can tell you from personal experience that, unfortunately, many claims are supported by almost no information. It is crucially important to treat all potential claims seriously and sensitively and to work with claimants to substantiate their claims, as the Ombudsman is doing. However, a responsible institution cannot simply pay someone an indeterminate amount based on little more than a hope that there is an account somewhere in Switzerland belonging to some relative. You may have seen the press accounts last year accusing my bank of improperly turning down a claim of heirs of a Holocaust victim. However, when we looked into that claim, we discovered that the account in question had been opened *after* the war and had been closed subsequently by the owners.

Some also have asked whether the Swiss banks could hold any funds that may have belonged to Holocaust victims that could not be identified by the recent search process? First, as I just explained, the current methodology is designed to be inclusive and comprehensive. Second, the methodology and its implementation will be reviewed by the accounting firm retained by the independent commission. Third, the independent commission will be free to consider if there are other funds that could have belonged to Holocaust victims that are being held by the Swiss banks and to refer matters to the Swiss banking supervisor.

In conclusion, let me reiterate the desire of the SBA and its members to resolve this matter fairly and expeditiously in accordance with the highest standards of the Swiss banks and the Jewish community. Let me assure you, Mr. Chairman, that at the end of the day, not one penny that could have belonged to victims of the Holocaust will be held by Swiss banks. We have no reason to delay putting in place a plan that will effectively resolve this matter for once and for all. However, while the commission and the Ombudsman are completing their work, we must be careful not to suggest that assets currently held by Swiss banks that may have belonged to victims of the Holocaust significantly exceed the amounts that already have been identified. We are deeply concerned that speculation in the media may only disappoint and harm those whom this process is meant to benefit.

We look forward to working with you, Under Secretary Eizenstat, the WJC, the Swiss Jewish community, other Jewish groups in the United States and Israel, and the Swiss government to achieve this mutual objective.

Accounts, deposits, etc. opened by foreign customers before 8th May 1945 and dormant since at least 1985

Results of a survey taken on 2nd February 1996 by the SBA and involving all Swiss banks

Customers Domicile	Number of dormant accounts, deposits and safes.	Value of dormant accounts, deposits and safes in SFR
Germany and Austria	169	5'756'612.00
Former Eastern bloc countries (including USSR and the Balkans)	119	10'623'228.00
German-occupied countries in World War II (F, BeNeLux, N, DK, SF, GR)	228	12'185'630.00
Italy	46	3'081'290.00
Rest of Europe (S, GB, IRL, E, P)	62	1'654'238.00
North America (USA and Canada)	36	866'199.00
Central and South America	21	369'507.00
Other countries	94	1'687'921.00
<b>Total</b>	<b>775</b>	<b>38'741'910.00</b>

Basle, 2nd February 1996



LEVEL 1 - 1 OF 1 STORY

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Business Week

May 29, 1995

SECTION: FINANCE; RESTITUTION; Number 3426; Pg. 80

LENGTH: 1213 words

HEADLINE: SWITZERLAND'S MORAL DILEMMA

BYLINE: By Neal Sandler in Jerusalem, with John Parry in Geneva and Gary Weiss in New York

HIGHLIGHT:  
How should banks disburse Holocaust victims' funds?

## BODY:

For the Jews of Nazi-occupied Europe, Switzerland might as well have been on the far side of the moon. Time after time, fleeing Jews were turned back at the border -- in what the Swiss recently revealed was a secret agreement with Nazi Germany. The President of Switzerland, Kasper Villiger, admitted on May 7 that his country "bears a considerable burden of guilt for the treatment of Jews by our country." But in his speech before parliament, Villiger did not address an issue that continues to haunt the Swiss: Their banks may still hold on their balance sheets -- as assets, not as liabilities -- uncounted millions of dollars deposited by Jews slaughtered in the Holocaust.

The Swiss banking community maintains that it returned most unclaimed Jewish funds years ago. But Jewish organizations and critics in Israel and elsewhere believe otherwise and have persuaded the Swiss to take another look at the issue. The central question is a touchy one: Do banks have a moral responsibility not to profit from deposits of persecuted people when the heirs cannot be found? The banks contend that this is a nonissue, saying that most of the money was disbursed and that they've properly responded to claims. But critics are dubious. "I have no doubt that some of the missing funds found their way into the banks' profits, and shareholders received dividends from funds which don't belong to them," says Akiva Levinsky, ex-treasurer of Israel's quasi-official Jewish Agency, which has dealt with the matter over the years. BURDEN OF PROOF. How much abandoned money may remain in Swiss bank vaults -- and balance sheets? No one knows for sure, but estimates range from tens of millions to hundreds of millions of Swiss francs. One probably overgenerous Israeli newspaper estimate puts the figure at \$ 6.7 billion. But whatever the amount, it is a sensitive subject in Switzerland for a simple reason: Swiss banks get to keep abandoned funds.

Switzerland treats inactive accounts far differently than the U.S., where banks must turn over abandoned accounts to the state if the owners or heirs cannot be found. Swiss law holds that if an account is inactive for 10 years, the bank must post a notice in the branch where the account is handled. Ten years after the notice is posted, the bank is allowed to take possession of the unclaimed funds. If the rightful owners, or heirs, turn up later, they can claim

Business Week, May 29, 1995

the funds -- if they can furnish satisfactory proof. And that is a big "if" in Switzerland.

Even before the deposits were considered abandoned and taken by the banks, critics charge, only rarely were refugees or their descendants able to pry the funds from the Swiss. The banks required documentation, including the account number, branch, and proof of inheritance. "The Swiss made it difficult for the original depositors to get their money, let alone for the heirs who often came out of Auschwitz without as much as a scrap of paper," says Amram Blum, former Israeli administrator general in charge of absentee property.

In thousands of cases, the heirs received brief written responses that nothing had been found. In each instance, the banks charged a hefty fee to conduct the search. However, the Swiss maintain that they were simply following usual procedures. "This is a normal practice. It has nothing to do with Jewish money particularly. We would charge a search fee for anyone looking for missing money in our bank," says Franz Raggenbass, a spokesman for Union Bank of Switzerland. DEAD LETTER. It wasn't until 1962 that the Swiss government required banks to report funds held by them on behalf of foreigners or refugees from the war. According to reports in Israel -- the Swiss never released any figures -- the banks reported 9.5 million Swiss francs in unclaimed funds. At that time, the Swiss government asked all claimants to register. About 7,000 did so -- though Levinsky says only a few of these claims were accepted. They received about 7.5 million francs when the Swiss disbursed the funds in 1972. Jewish communities in Switzerland and a Swiss refugee organization got the remaining 2 million francs. The 1962 ordinance did not apply to those living in Eastern Europe, as the Swiss feared that the funds would be confiscated by the Communists.

The 9.5 million-franc figure did not include numbered accounts, safe-deposit boxes, or holdings of Jewish-owned companies. "From the Swiss point of view, companies did not perish at Auschwitz" -- even if their owners did -- Levinsky notes. To the Swiss, the issue was a dead letter after 1972, when the funds were disbursed. Swiss banks did agree to carry out searches for missing funds -- for a price -- and to turn over abandoned money to the owners or heirs. But Levinsky knows of no one who has had any success. Swiss banking officials wouldn't comment.

Part of the problem in tracing Swiss bank accounts is the tight secrecy of Swiss banking laws. Banks must keep account records open indefinitely -- but that is not always enough. Since 1934, when the Swiss tightened their secrecy laws, banks could open accounts with numbers, and the banks often had no record of who owned the account. Swiss law permits banks to destroy correspondence related to accounts after 20 years. That could help shroud the origins of the numbered accounts.

Critics maintain that the Swiss have approached the issue in a particularly heartless manner. During his five years as Israeli economic consul in Zurich in the early '80s, dozens of Jews asked Noah Flug for assistance in tracking down funds deposited in Swiss banks by relatives prior to and during World War II. In nearly all cases, the trail went cold. "The Swiss banks took a legalistic approach to the problem and were very inflexible," says Flug, now general secretary of the World Jewish Restitution Organization, formed to deal with Jewish claims in Eastern Europe. Swiss banking officials declined to comment. LUMP SUM? As recently as March, Jean-Paul Chapuis, secretary general of the

Business Week, May 29, 1995

Swiss Bankers Assn., was saying that the problem of Jewish money had been solved. But in April, not long before Villiger's revelation of the secret pact with the Nazis, the bankers caved in. At the behest of the Swiss government, the association began an inquiry into the issue and has promised a report on the subject by yearend. "The money remains the property of the depositors and their legal heirs," says Kurt Hauri, director of the Swiss Federal Banking Commission.

Levinsky says the Swiss willingness to reopen the matter could lead to an overall settlement in which a lump sum would be paid to settle the claims once and for all. But the Swiss will have the last word. Will they insist upon paying only legal heirs who can furnish documentation -- even though entire families perished during the war, leaving no heirs and no records? In fact, it isn't even clear if they will conduct any searches. Bankers Assn. spokeswoman Silvia Matile says the inquiry "is aimed at proving, among other things, whether the search for this money is feasible or not." The answer, for 50 years, has been no -- and as long as it remains so, this sour episode from World War II will continue to cast a pall over the Swiss banking world.

GRAPHIC: Photograph: CHAPUIS: Bankers may soften their stance ; Photograph: JEWISH REFUGEES, 1947: SWISS BANKS REQUIRE LONG-VANISHED DOCUMENTATION FROM HEIRS ; Photograph: The President of Switzerland, Kasper Villiger, admitted on May 7 that his country "bears a considerable burden of guilt for the treatment of Jews by our country"

LANGUAGE: ENGLISH

LOAD-DATE: May 25, 1995

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1995 WL-WSJ 8730522			

The Wall Street Journal  
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Wednesday, June 21, 1995

**Secret Legacies: Heirs of Nazis' Victims Challenge Swiss Banks On Wartime Deposits**

Do Vaults Still Hold Jewelry Or Cash in Accounts Dating to the Holocaust?

Pressure for Full Disclosure

By Peter Gumbel

Staff Reporter of The Wall Street Journal

ZURICH -- When the widow of Moses Blum died in 1987, her will contained an intriguing clue. "On death," it said simply, "notify Julius Baer & Co., Bahnhofstrasse, Zurich."

For the Blums' three daughters, who live in Israel and England, it was confirmation of what they had always suspected: that their father had smuggled money out of Nazi Germany into a Swiss bank before he was interned at the Dachau concentration camp in 1938.

The family's search for that money quickly came to a rude end, however, here in Zurich. After first demanding a fee of 100 Swiss francs, about \$86, for the administrative work, the Julius Baer bank wrote back icily. Neither Mr. nor Mrs. Blum appeared to have been clients during the previous 10 years, the letter said. "Under Swiss law, banks are obliged to keep their records for a period of 10 years only," it added, "and therefore our search can not go any further."

Julius Baer, citing banking secrecy, refuses to comment on details of the Blum case. But its reaction to the family's request symbolizes Switzerland's biggest -- and, critics say, most ignominious -- banking enigma. For 50 years, since the end of the war, banks here have cast a dismissive blanket of silence over the question of what they did with accounts opened by Jews and others who were then persecuted, and often murdered, by the Nazis.

Just once, in the 1960s, after the Swiss Parliament passed a special law, did the banks reluctantly acknowledge holding unclaimed assets belonging to Holocaust victims. But the amount they declared and handed over to charity -- about \$5.2 million -- was far less than even the Swiss government had expected when it passed the law. Ever since, the banks have turned away people who are convinced their dead relatives had Swiss accounts. Their arguments range from banking secrecy to, as in the Blum case, a statute of limitations, which turns out to be legally questionable. And the banks invariably demand a fee, ranging from about \$86 to \$860, for their efforts.

By adopting this hard-line stance, the banks themselves have kept alive speculation that they have something to hide. Nobody knows how much cash, securities, jewelry and other assets were deposited in Swiss banks by people facing Nazi persecution -- many of whom used anonymous numbered accounts or intermediaries. But, says Akiva Levinsky, a former treasurer of the Jewish Agency in Israel who has spent the past seven years investigating the issue, "I'm convinced there's more than the amount the banks declared."

That view is now gaining widespread attention in Switzerland itself. In a commemoration year when all of Europe is looking back at its wartime past, pressure is mounting on the banking community to come clean. And there are some signs that, this time, the banks may not be able to resist completely.

Two leading banks, Union Bank of Switzerland and Swiss Bank Corp., now cautiously acknowledge they "can't rule out" that they are still in possession of unclaimed assets of Nazi victims. And shifting from its earlier position that nothing more can be done, the Swiss Bankers' Association, to which all banks belong, has set up a working group to re-examine the issue of unclaimed assets.

Heinrich Schneider, the association's deputy secretary, says the working group should report its findings and recommendations later this year. But he firmly denies suggestions that the banks may have behaved improperly. "It's not that we have suddenly discovered huge sums that had disappeared," Mr. Schneider says.

Still, the pressure is coming from several fronts. The 1962 legislation essentially left out those who might have claims but who were living in then-Communist Eastern Europe. With the fall of the Berlin Wall, Switzerland's small Jewish community is urging new legislation to deal with them. Meanwhile, the Federal Banking Commission, the official regulator, is urging a simplification of the claims procedure for all account holders, not just relatives of Nazi victims, as a general improvement to customer service.

And in the Swiss Parliament in Bern, deputy Otto Piller introduced a motion this month that aims to clear up the matter once and for all. He proposes the establishment of a centralized agency that would take over all accounts where there hasn't been movement for years and that would help the heirs of Nazi victims in their searches. "For me, it's a question of Switzerland's standing," says Mr. Piller, a Social Democrat. "We can't be indifferent to our reputation abroad."

Such talk is a sign of the times. For much of the postwar period, secrecy was more important than other considerations to bankers and others in the Swiss establishment. Today, however, Swiss banks are in the throes of change as they seek to expand and become world players. Just last month Swiss Bank Corp. acquired Britain's S.G. Warburg & Co. As the new generation of managers leading this expansion acknowledges, the banks must conform to international standards of behavior -- and can ill afford to keep wartime skeletons in their vaults.

The bankers' association is "increasingly ready to bite into the bitter apple. Their readiness to do something has grown," says Rolf Bloch, president of the 18,000-strong Swiss Jewish Community.

Jacques Picard, a Swiss historian who has written about Switzerland's wartime treatment of the Jews, says: "The difference between the 1950s and now is that there has been a massive internationalization of capital. Big banks realize that there are consequences for their reputation."

Still, this issue has become problematic for at least one reason common to banks, survivors and critics alike: a lack of concrete evidence. "You'll never be able to prove 100% that there's nothing left," says Mr. Bloch. "It's like the Loch Ness monster."

For Jews to smuggle possessions out of Nazi Germany was both illegal and extremely dangerous. Those who did often gave the banks false names, used numbered accounts to disguise their identities or found others to deposit the money for them. At the time, Switzerland played along with every loose practice: In 1934, it introduced legislation on banking secrecy to protect depositors with something to hide from the Nazi regime. Today, sifting through their incomplete files, bankers say it is very hard to figure out which anonymous accounts may have belonged to Holocaust victims. Indeed, some may have belonged to their Nazi killers.

Anyone turning up at a bank with documentary evidence should have no trouble claiming the money, providing that person can prove he or she is the rightful heir. But frequently there simply is no documentation. Some of the unclaimed money falls under the category of "heirless assets," because it belonged to people whose entire families were wiped out. But even when relatives survived, they often don't know which bank was used. They may only have sketchy anecdotal evidence that there is an account at all. As Mr. Levinsky, the Jewish activist, says bitterly: "You didn't take your bank details to Auschwitz and out again."

As a result, some of those petitioning the banks have little to go by, their letters providing at most sad personal testimony to the atrocities of the age. Sonia Preminger is the only survivor of her entire family. Now living in Israel and suffering from heart problems, she has written to several Swiss banks about an account she believes belonged to her late uncle, Ahron Cerny, who died in Dachau in January 1945. "According to a witness who was with him in the last hours of his life, my uncle said he had opened a safe-deposit box and an account in Switzerland in 1939-1940," she writes in broken German. But she provides no details other than a single number: 85283. It was her uncle's concentration-camp number.

The family of Siegfried Deligdisch has more to go on. Before the war, Mr. Deligdisch owned a Romanian knitwear factory, Hercules SA, that in its heyday employed 1,200 workers. According to his family, Mr. Deligdisch frequently visited Switzerland, where he had both a personal numbered account and a business one. He died of a kidney ailment in 1940 in a Budapest hospital. His

wife, son and daughter later fled Romania to Austria and then Italy, eventually making their way to the U.S. After the war, they began their fruitless hunt for the money.

While she was alive, Mr. Deligdisch's widow spent several years in Switzerland in the 1970s, trekking from bank to bank in Zurich, Geneva and Montreux. "We came out with nothing," says her daughter, Greta G. Beer, who often accompanied her and now lives in New York. Both she and her brother Otto are convinced they have been cheated out of their inheritance, and are furious about it. The behavior of the Swiss banks is "absolutely criminal," Mrs. Beer says. "What they have done is highway robbery."

The Deligdisch and the Blum families both have run into a similar stumbling block in their search: Among other reasons for not helping, the banks have invoked a 10-year statute of limitations for accounts that haven't shown any movement. But this argument is dubious, according to no less an authority than the Swiss government.

In a written answer to a question by Mr. Piller earlier this year, the government expressly stated that "the relationship between banks and their customers is governed by contracts that, as a rule, are of unlimited duration." It added: "As long as no other agreement exists and the contract hasn't been canceled, the banks must fulfill their contractual obligations and hold the deposited assets in readiness to repay the customers or their heirs."

The question of what should happen to heirless assets was raised immediately after the war. In May 1946, the Swiss government promised the U.S. in an exchange of notes that it would "examine with good will any necessary measures."

But after informally surveying members, the bankers' association claimed there were almost no such assets still deposited in Swiss banks. As late as 1956, it continued to say that the total was less than one million francs -- of which only 36,850 francs were definitely known to have belonged to Holocaust victims.

Switzerland's Jewish community, by contrast, estimated in a 1947 report that heirless assets in Switzerland "total a considerable number of millions of Swiss francs" and that "numerous cases have become known." The report cites two: a Swiss shoe company that still had prewar accounts to settle with 75 firms and representatives, and a Zurich bank that was still administering a piece of real estate valued at around two million francs because the owner had disappeared without trace.

Other pieces of anecdotal evidence came to light later. In 1959, an anonymous banker sent a postcard to the Jewish community. It identified an employee of the American Express Bank in Zurich as the trustee for a wealthy Viennese Jew who disappeared during the war. Wondering whether the bank had reported this fact, the anonymous writer asked how a man "who comes from a simple background has been able to acquire some feudal and very expensive furniture in the

6/21/95 WSJ A1

PAGE 5

meantime." American Express has since sold its Zurich bank and says it no longer has any records of that period.

Armed with such suspicions, the Jewish community pressed for a law to deal with the question of unclaimed assets -- one that would enable Swiss banking secrecy to be lifted to establish a central administrator who would handle both the money and the claims.

Banks reacted furiously. According to minutes of two meetings in the 1950s between the government, the banks and Jewish representatives, Max Oetterli, then secretary of the bankers' association, ruled out any such move. "The importance of the whole problem is exaggerated," he said, insinuating that many petitioners were just "trying their luck." A centralized office to deal with the claims would be "a legal monster," he added, warning that if such a solution were imposed, "my willingness to cooperate would suffer as a result."

Mr. Oetterli retired from the bankers' association post in 1976, but as recently as last year, the group issued a two-page memo that was supposed to help people looking for lost accounts in Swiss banks. The document refers briefly to the issue of unclaimed assets of Nazi victims, stating only that the banks "have been freed of their obligations."

But as the government officially explained to Parliament when it presented its 1962 law, "Switzerland must not allow the suspicion to arise that it wants to enrich itself with the assets of the victims of abominable events."

The law set up a registration office inside the Justice Ministry and ordered banks, insurance companies, lawyers, trustees and others to report and hand over all heirless assets to it within six months. People had 10 years to make claims. In the event, just 9.5 million francs were handed over, with banks accounting for a tad over six million of that. The office was besieged by 7,000 claims from Holocaust survivors. Almost all were rejected.

In hindsight, the entire procedure was filled with loopholes. The registration office never produced a final report, and Mr. Picard, the Swiss historian, discovered that the official in charge actually died during the course of the 10-year period in which it operated. There were apparently no attempts to check that banks were being completely forthcoming. And the rules were loose, effectively exempting company accounts and deposits of those who had died after the end of the war, for example, or cases in which intermediaries were used.

Some claimants were even asked to prove that they had been victims of persecution. Mrs. Beer, for example, remembers that her mother "was asked whether she had ever been hit on the head with a rifle-butt" -- something she now presumes could have bolstered her family's claim.

As Mr. Levinsky, the Jewish Agency official, sums up, "There's an unhappy feeling in Switzerland now that they didn't do their duty."



LEVEL 1 - 3 OF 3 STORIES

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September 13, 1995, Wednesday, Late Edition - Final

SECTION: Section A; Page 7; Column 1; Foreign Desk

LENGTH: 591 words

HEADLINE: Swiss Banks Find \$34 Million Perhaps Owned by Wartime Jews

BYLINE: By NATHANIEL C. NASH

DATELINE: FRANKFURT, Sept. 12

## BODY:

After denying for years that there was any money left in their coffers belonging to descendants of Nazi Holocaust victims, the Swiss banking community announced today that its members had discovered at least \$34 million in dormant bank accounts opened before the end of World War II that might have belonged to Jews.

The bankers said they would set up an independent office, a banking ombudsman, so that relatives of Holocaust victims could be helped in looking for suspected lost accounts.

The about-face by the Swiss banks came after a summer of intense pressure from Jewish groups, the Israeli Government and scores of Jewish survivors of World War II living in Eastern Europe.

For decades Jews in Eastern Europe were unable to contact Swiss banks concerning accounts their relatives may have opened, but since the fall of Communism, many are now able to travel freely for the first time and seek to recover wealth they believe to be in Switzerland.

In the years leading up to the war and during much of the war, Jews from Germany and Eastern Europe often crossed the Swiss border with large sums of money at the risk of being shot, or they sent emissaries to deposit funds in secret numbered accounts to keep them out of the reach of the Nazis.

After the war, many relatives of those who did not survive the concentration camps tried to recover the funds, but found that Swiss bank secrecy laws and the high cost of lawyer's fees for the search made recovering money almost impossible.

Between 1962 and 1973, the Swiss banking community tried to clear its name by repaying more than a thousand individuals and some Jewish charities \$9 million, saying that was all that existed of dormant World War II accounts. But many Jewish groups and lawyers in Switzerland discounted such efforts as inadequate, particularly since the banks did not search for accounts perhaps set up under company names.

The New York Times, September 13, 1995

Such apparently halfhearted attempts have marred the reputation of the Swiss banking community, and many interpreted today's actions as an attempt to regain some of that lost credibility.

Also on the 50th anniversary of the end of World War II, Switzerland has tried to come to grips with its past over how it treated Jews during the war, particularly cooperating with Germany on identifying those Jews trying to flee across the border.

Today the Association of Swiss Bankers announced that a preliminary search by its members had uncovered 893 pre-1945 accounts with a total value of \$34.1 million.

The association said that the search was not finished and that more accounts with more assets may yet turn up. But it said the amounts its members had found was a far cry from the billions of dollars that some Jewish groups have estimated exist. Saying the amounts had been exaggerated, the bankers said the groups had created unrealistic expectations.

Jewish groups reacted cautiously today to the news.

"We are attempting to close the final chapter of the bitter legacy of the Holocaust," The Associated Press quoted Elan Steinberg, executive director of the World Jewish Congress, as saying at a meeting in Brussels to discuss the problem.

According to the Swiss banking group, the independent ombudsman's office will open on Jan. 1, 1996, and heirs of Holocaust victims will be able to submit search requests at that time.

The association, however, decided that it will charge for searches of bank records, rather than performing such services free of charge as some Jewish groups had demanded.

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Daily News (New York)  
December 14, 1995, Thursday

SECTION: Editorial; Pg. 53  
LENGTH: 670 words

HEADLINE: U.S. MUST HELP JEWS GET WWII FUNDS

BYLINE: BY RICHARD Z. CHESNOFF

BODY:

THERE'S AN amazing search for treasure and justice under way this week in Europe. And it deserves the determined help of the United States government.

Officials of the World Jewish Restitution Organization, the international body charged with finding billions of dollars plundered from European Jews during World War II, say they now have evidence that banks and governments throughout Europe still hold vast amounts of money and property belonging to Holocaust victims and pre-war Jewish communities. That's in addition to the fortune now known to be hidden in Swiss vaults!

Edgar Bronfman, the business mogul/philanthropist who's president of both the Jerusalem-based restitution group and the World Jewish Congress, sent his negotiators to Switzerland this week for a new round of talks with the Swiss Bankers Association.

In an exclusive interview, Bronfman pointed to Scandinavia as a prime example of other repositories of funds belonging to Holocaust victims. Bronfman says independent studies he commissioned indicate that huge sums were stashed in neutral Sweden's banks between 1935 and 1945.

These deposits, the studies say, included Jewish assets sent for safekeeping from the invading Germans, as well as large amounts of money, gold, jewelry and art stolen by Nazis from Jews shipped to extermination camps. "There was an SS money line to Sweden," says another person familiar with the story "and the Swedish banks cooperated."

Bronfman says that as in Switzerland, money unclaimed at the end of World War II, was simply held by the Swedish banks. The organization's chairman, Israel Singer, says other Western European countries continue to "control fortunes in misappropriated Jewish assets."

In Norway, for example, where only half the country's tiny pre-war Jewish community of 1,600 survived Nazi deportations, property belonging to the 800 who didn't return was auctioned off

in 1946; the profits were kept by Norway, whose parliament only recently appointed a commission to investigate this wrong.

Similar situations apparently exist in France, Belgium, Holland, Luxembourg and Italy, where collaborationist governments and Nazi occupation authorities seized Jewish property, both private and communal. Much of it was never returned. Ironically, says Singer, rightful owners and their heirs often can be traced because of the Germans' obsession with keeping records, many of which only became available after the collapse of the Soviet bloc.

Eastern Europe is a different ball of wax. Jewish property stolen by the Nazis was then grabbed by the Communists when they took over after the war. A few governments have begun returning stolen assets; Slovakia, for example, already has given back a score of old synagogues seized and used during 40 years for grain storage.

Now, the organization is trying to negotiate the fate of hundreds of thousands of buildings and plots of land that belonged to Poland's pre-war Jewish community of 3.25 million, 90% of whom perished. "No one demands immediate repayment from the economically strapped East Europeans," says Bronfman. "But principles must be established."

The Poles, unfortunately, are dragging their heels. The White House has appointed Stuart Eizenstat, our ambassador to the European Union, as a special emissary to help speed things along with both Eastern and Western Europeans. Hopefully, Poland's new president, Aleksander Kwasniewski, will be more willing to take action than his predecessor, Lech Walesa, was.

Bronfman wants recouped assets to go to any surviving heirs and to the remnants of European Jewish communities that were all but destroyed by the Nazis. But he'd like the rest and that could be a fortune to go into a fund that would be distributed to help Holocaust survivors and finance worldwide Jewish communal needs, especially education. "It's a question of historic justice," he says.

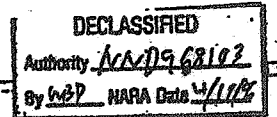
Through Ambassador Eizenstat, the U.S. must use its good offices to help justice along.

**The Transfer of more than 21 Tons of German Gold from  
Berlin, through Basle, Switzerland, to Portugal**

This document, dated January 19, 1942, from the U.S. Treasury Department details the transfer of German gold, to the Swiss National Bank and was then sold to the Bank of Portugal. The origin of German gold is in dispute, much of it was said to have been looted from Nazi-occupied countries in Europe.

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STRICTLY CONFIDENTIAL



By Safe Hand

W.T. 1075/FC/2/42

BRITISH EMBASSY,  
WASHINGTON, D.C.  
January 19, 1942.

SECRET

Dear Dietrich,

We have just received information from a most reliable source that over the period from the end of October to the beginning of December 1941, more than 21 tons of gold passed through Basle, Switzerland, en route from Berlin to Berne and escorted by Reichsbank officials. This movement supports the theory that it is German gold which is being sold from time to time by the Banque Nationale Suisse to the Banco de Portugal, the counter value usually being in Escudos credited to Banque Nationale Suisse, although sometimes the Banco de Portugal's Swiss franc account is debited.

An example of the former was contained in our memorandum W.T. 1075/BA/3/42 of January 10th, and of the latter in our W.T. 1075/BA/2/42 (A) of January 7th.

Your attention is also called to our memorandum W.T. 1075/BA/2/42 (B) of January 7th in which the Banque Nationale Suisse are noted as having informed the Banco de Portugal that they might be able to consign at least 1,000 kilos (one ton) twice monthly, presumably from Berne to Lisbon.

Yours sincerely,

(Signed) R.W. AUBURN

Mr. Frank Dietrich,  
U.S. Treasury Department,  
Stabilization Office, Room 279,  
Washington, D. C.

22 May 1946

**SECRET**

In reply refer to

L4-10,595-2

DECLASSIFIED
Authority NND 89717-1
By JTB NARA Date 11/1/96

MEMORANDUM

OSS

To: Mr. Herbert J. Cummings  
Department of State *J. Paige*

Subject: Swiss Lawyers Said to be Hiding German Assets

Reference: L4-10,595 of 30 April 1946

1. Attached is an additional list of Swiss lawyers said to be hiding German assets, which may be of interest to you.

*(8)*

Jason Paige, Jr.  
Liaison Officer

Copy to  
Mr. Walter S. Surrey

List of Swiss Lawyers in Lucerne Said  
to be Hiding German Assets

SECRET

<u>NAME</u>	<u>Address</u>	<u>Telephone</u>
BECK, Jul., Fr.	Pilatusstr. 34	2.75.31
CHRTI, Fr. Oskar	Steinhofstr. 55	2.71.92
*BECKER, Adolf	Weggisg. 14	2.55.14
*GYSIN, Fr. A.	Werschlaubong. 1	2.06.95
BLUCHSTRASSER, Fr. Candid	Hirschengraben 16	2.16.34
HOFFSTETER, Fritz	Sempacherstr. 6	2.74.33
*WIRSCHER, Fr. Jos.	Sempacherstr. 19	2.27.29
*WIRSCHER, Fr. Oscar	Pilatusstr. 3a	2.04.46
KENNELMANT, Fr. Max	Hertensteinstr. 56	2.09.05
MEYER, L. K.	Adligenswilerstr. 6	2.46.01
(see Hans STUDER)		
*BRUTTMANN, Fr. Leo	Wannenbrücke	2.50.05
STUDER, Fr. Hans	Adligenswilerstr. 6	2.46.01
STUDER, Fr. Paul	Centralstr. 18	2.32.62
STUDER, Fr. Josef	Hirschenplatz 12	2.04.06

List of Swiss Lawyers in Lucerne Said  
to be Hiding German Assets

<u>NAME</u>	<u>Address</u>	<u>Telephone</u>
BACHER, Adolfo	Brentino 5	2.37.33
BERNARDONI, Gastone, e.	Cortogna	2.44.45
IANFARI, G.	"	"
BOSSI, Rixio	Canova	2.32.43
DE-FILIPPIS, Alb., Prof. Dr.	Pretorio 11	2.22.21
LEPORI, Guido	Bossi 19	2.11.76
(e EUGENIA)		
POZZI, Fr.	Vegozzi 1	2.32.52
*RIVA, Alfonso	Albrizzi 1	2.13.44
RIVA, Emilio	Stazione 20	2.38.68
RIVA, Guido	Pretorio 7	2.42.05
BRACA, Natale Marie	Pretorio 14	2.33.08
SCHWIDMAUSER, Fr. Rodolfo	E. Bossi 7	2.45.31
(Home: Astano)		3.63.30

Supplementary List of Swiss Lawyers in  
Zurich Said to be Hiding German Assets

<u>NAME</u>	<u>Address</u>	<u>Telephone</u>
*PREI (-ZAMBONI), Fr. H.	Pahnhofstr. 89	23.37.66

\*Note: Names marked with this symbol are reliably reported  
to be Nazis.

ראש הממשלה  
Prime Minister

April 21, 1996

Dear Mr. Burg,

As the discussions on the subject of deposits in the European banking system by Jews who perished in the Holocaust are reaching a critical stage, I wish to reiterate the State of Israel's determined position on this issue.

The Jewish people lost its sons and daughters in the Holocaust at the hands of the Nazi regime and their accomplices, before the establishment of the State of Israel. One third of the Jewish people perished in the Holocaust. Like the Phoenix rising from the ashes, the survivors of the Jewish people in Europe rose and tried to rehabilitate themselves. The survivors became a proud and secure nation.

The State of Israel, as the State of the Jewish people, looks forward to a future of peace and security, but it also bears with dignity the memories of the past. The State of Israel will never renounce the trusteeship placed in its hands by those who can no longer speak for themselves to press their claims from the world and its peoples.

Those who perished cannot be brought back to life. However, justice must be sought for the survivors. The State of Israel is committed to perpetuating the memory of the Holocaust on a national level, to help the communities which were affected by the Holocaust, and help individuals whose dignity, lives and property were robbed by the Nazis and their allies.

For many years, the State of Israel, together with the world Jewish organizations, was the sole advocate crying out against the injustice that was done to the survivors. Now, the entire world is slowly beginning to recognize the injustice that was done to those who had lost their lives, and to their heirs who cannot inherit what is rightfully theirs.

Mr. Avraham Burg  
Chairman of the Jewish Agency for Israel  
Jerusalem

Jerusalem, Israel

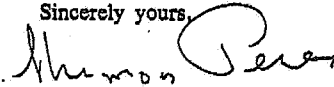


The State of Israel granted the Jewish Agency and the international Jewish organizations the authority to ensure justice be done, to ensure that not a single agora proved stolen will remain in the wrong hands. The State of Israel firmly stands behind every effort to bring justice and restitute the property to their legal owners; to locate the property of the communities and return it to their owners; to locate the property of individuals who were brought to their deaths in the furnaces of Europe, which was left without owners, and return it to their heirs who survived the inferno. To restitute all that was robbed in opposition to the natural laws of justice.

In these trying days which will lead Israel into a better future, we remember our obligation from the past. We will not remain silent and we will not rest until the account is settled. We do not have whom to turn to account for the souls. However, our soul-searching will not be complete if we neglect our duty to the heirs, the families, and those who succeeded in surviving the hell and rebuilt their lives.

With my best wishes for the success of your endeavor,

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Shimon Peres". The signature is written in dark ink and is positioned to the right of the typed name below it.

Shimon Peres



הסתדרות הציונית העולמית  
World Zionist Organization

הסוכנות היהודית לארץ ישראל  
The Jewish Agency for Israel



לשכת יו"ר תחנה  
Office of the Chairman of the Executive

Senator Alfonse M. D'Amato, Chairman  
United States Senate Committee on  
Banking, Housing, and Urban Affairs  
Washington, DC 20510-6075

Dear Senator D'Amato,

April 22, 1996

I apologize for not being able to attend the hearing in person. It coincides with Israel's Memorial Day for Fallen Soldiers, and I will be involved with a number of official ceremonies. In addition, with the situation in northern Israel being as it is, I believe my presence is needed here.

Senator, I admire your moral courage in assisting us with our cause. Because, as you know, the issue at hand is not money, nor is it property. It is justice, decency, and the moral power to do the right thing. On the eve of World War II, the Jews who made deposits in the banks of neutral countries believed that their deposits would not be misused, nor their trust would not be betrayed. None of them could have ever foreseen the systematic and brutal annihilation of the Jews of Eastern Europe - an unprecedented event in the history of mankind. Almost a third of the entire Jewish nation perished during the Holocaust. We have not forgotten about them, and not forgotten about their heirs and the deposits that were left behind.

I would like to take this opportunity to say that there are no dormant accounts, only a sleeping conscience. Fifty-five years after the deposits were made, the world's conscience woke up. Late, but not too late. We can still bring about fairness and do the right thing with the aid of men and women all over the world who are determined to see justice served. We do not have an easy task ahead of us. It will take time and effort to solve a set of complicated legal issues in order to reach a morally simple solution.

We know what we must do. We know we must return the deposited properties to those who suffered, and ascertain that such suffering is never inflicted again. To all of you who are helping us in achieving justice, I wish to thank you from the bottom of many hearts, which, to our great sorrow, are no longer beating.

Senator D'Amato, enclosed you will find a letter of support from Prime Minister Shimon Peres, who is also committed to finding a just solution to this issue. I am confident that if we continue to work together, our diligent efforts will result in justice being served.

Sincerely,

Avraham Burg, Chairman of the Executive

STATEMENT OF RABBI MARVIN HIER,  
DEAN OF THE SIMON WIESENTHAL CENTER

Mr. Chairman:

Thank you for giving me the opportunity to present the views of the Simon Wiesenthal Center.

On behalf of the 400,000 member families of our institution, I want to commend you, Mr. Chairman for your usual tenacity in pursuing this issue.

While for many in the dark days of the Holocaust Switzerland served as a beacon, for their survivors it has become a brackish swamp. What was thought to be refuge and safe haven has become a source of denial and deception. Until the Swiss authorities agree to an objective audit the truth will never be known. As you know Mr. Chairman, Swiss Banking laws have relaxed secrecy requirements when confronted with issues of narcotic drugs and other criminal behavior. Why then should the Swiss deny relief to the victims of the greatest crime in history?

The indigent survivors of the Holocaust should benefit from money unconscionably withheld for more than 50 years.

We look to you and this Committee to help all the victims and their survivors.

This year we commemorate is the fiftieth anniversary of the beginning of the Nuremberg War Crimes Tribunal. It was the civilized world's attempt to address the issue of culpability for the Nazi Holocaust. There are however, too many societies and

too many institutions which have failed to properly reflect on their responsibilities to the Jewish victims of genocide.

It is all too apparent that Switzerland's neutrality during World War II may have created an environment which encouraged some of its bankers to take full monetary advantage of Jews who were first systematically victimized by the Nazis and who later perished in the ghettos and gas chambers of German-occupied Europe. It is also clear at this stage that only the international outcry and the negative publicity associated with these deeds, and the concerns expressed by the American people through their Congress have finally forced Swedish banks to begin to admit to the fact that they stole the assets of too many of Hitler's victims.

The Wiesenthal Center is working with Geneva-based counsel to compile jurisprudential data on this issue which we hope will further contribute to the investigation currently underway by the U.S. Senate Banking Committee. We will forward to the Committee Chairman any and all information which reaches the Simon Wiesenthal Center.

At the same time we applaud the concept of an objective audit of the holdings of Swiss banks in order to finally determine the truth and magnitude of the ugly episode.

Thank you for the chance to make our views known to this Committee.

