

PAUL A. VOLCKER  
610 FIFTH AVENUE  
NEW YORK, NEW YORK 10020  
PHONE: (212) 218-7070  
FACSIMILE: (212) 218-7076

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Dr. Kurt Hauri  
Chairman  
Swiss Federal Banking Commission  
Marktgasse 37  
CH-3001 Bern  
Switzerland

Dear Kurt:

I have been traveling since the day I received your helpful explanation of the decisions of the Banking Commission, and thus handicapped in consulting with others and responding. I do believe, however, there are very large questions bearing on the ability of the Claims Resolution Tribunal to proceed expeditiously, or indeed to proceed at all. Under the circumstances, I am unable at this point to recommend to Judge Korman that he finalize the tentative settlement of the class action suit in the U.S. District Court.

I naturally welcome your decision on publication of the 26,000 accounts recommended for publication by ICEP, by order or "voluntarily". I would like to see that process proceed as promptly as feasible, including the matching and resolution of the remaining 46,000 "probable or possible" accounts that will not be published. However, there are a number of operational questions left open by the decisions that need to be resolved in the interest of productivity, speed and economy as well as equity. I have asked that these points of varying significance be reviewed with you or your staff. I understand your reluctance to become involved in many of these questions, but I do not think they can or should be left entirely to negotiations with the banks.

The most important area that does not appear to have been dealt with by your Commission is the possible matching and resolution of accounts beyond the 46,000 identified "probable or possible" accounts. The relevance of this area is underscored by the test matching of all of the New York State Holocaust Commission's claimants list undertaken at one of the big Swiss banks with its full knowledge and approval and with a complete briefing on the results (without, of course, any outside disclosure of account names). I have asked Mr. Bradfield to fully inform your staff on the results of this test, which are highly relevant.

Essentially, the point is that, inevitably, there will be some limited but significant number of Holocaust related accounts to be found among the millions of savings and Swiss address accounts that we arbitrarily excluded from our research. I fully recognize, however, that as you have emphasized to me the banks do not want to accept a "new ICEP" investigation. Neither do I. The question remains nevertheless, whether matching of claimant and account names from New York State, the class action suit, and otherwise - names that have been vetted for plausibility - is necessary to equitable respond to claimants. By "equity" I mean excluding false claims as well as including the reverse.

In all of this, I recognize there has been semantic confusion -- some

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genuine and some, I suspect, artificial -- about "relevant" and "irrelevant" accounts as well as "probable or possible" Holocaust relationships. These convenient shorthand descriptions, perhaps too cryptic in light of lawyers' determination to split hairs, cannot contradict the uncontestable fact that the exclusion of millions of small savings accounts and Swiss address accounts from the ICEP analysis in the interest of speedy and manageable results does not, and cannot, mean that none of those accounts were Holocaust related. To the extent that such accounts can be practically and expeditiously identified, which is what the test experiment suggests is entirely feasible, the effort should be done to put this matter to rest. This is what ICEP members had in mind in their unanimous recommendation in paragraph 76 of their final Report. It is an intent I described publicly on several occasions in press conferences.

To meet your and the banks' concerns, I keep asking whether this task can be done in a manner that would not be intrusive or challenge essential elements of bank secrecy. The answer that seems reasonable for all sides is to solve this problem with a voluntary commitment by at least the big banks to "access by the CRT to the auditors' existing electronic and paper files on all accounts, and the same for as many other banks as possible, with the full endorsement of the SFBC.

No one knows better than we two, starting from different perspectives, how difficult, tedious and contentious this process has been. I would like to see it come to an end in a fully satisfactory way. I would like to think that it also, in a very basic way, is in the interest of Swiss banks and Swiss society, not to leave this unresolved between us.

I have not yet had the opportunity to review all this with members of the CRT, but I am well aware of the emphasis they have placed on this matter. In the end, the decisions seem to me up to you and your associates and the processes of the District Court.

However, I am also sure the CRT will want an opportunity to express its own judgment. I am personally prepared to recommend modified procedures consistent with the concerns I express here, and which I believe would best provide justice and serve the Swiss and the international interest in putting this matter to rest. For that reason I am sharing this letter with Judge Korman.

I have repeatedly stated my deep respect for the efforts of your Commission, and you personally, in facilitating our investigation. Based on that respect, I hope that I could convince Judge Korman and all the parties that the approach outlined here makes practical sense in resolving an emotional and moral problem. And I trust this final step makes sense to you as well.

Sincerely,



Paul A. Volcker

*Paul*

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cc: Judge Korman  
Members of the CRT