



English translation

EMBARGO: Monday, 6 December 1999, 12 noon, MET

**Swiss Federal Banking Commission: The Volcker Report \_ comprehensive and substantive**

In its initial response to the final report of the Independent Committee of Eminent Persons (ICEP) on the search for unclaimed assets of Holocaust victims in Swiss banks, the Swiss Federal Banking Commission (SFBC) notes that the Swiss banks have basically received positive marks. The SFBC is responsible for further publications of accounts and other steps to be taken. It will make its decisions after analyzing the ICEP recommendations and ordering follow-up inquiries in the first quarter of 2000.

The ICEP final report marks the end of a internationally unique banking investigation concerning unclaimed assets of Holocaust victims dating back to the World War II era. At times during the past two years or more, up to several hundred auditors have taken part in the inquiries. In addition, the banks involved made available substantial amounts of their own resources to enable and support the investigations. The SFBC appreciates the great effort and services of all involved in the inquiries. Under the leadership of Paul A. Volcker, the ICEP, working with the auditors and banks, has developed important fundamentals.

**High Costs of the ICEP Investigation**

The SFBC has always considered the inquiries to be important and necessary. At the same time, it never overlooked the problems connected with it. Thus, the different inter-



est among individual banking groups revealed itself at a very early stage, especially in an international context. The unfamiliar working methods of auditors coming largely from foreign countries also created sensitive problems from time to time. Total costs in connection with these investigations amounted to about Sfr. 800 million. These costs were borne almost completely by the Swiss banks. Moreover, the two major banks committed themselves already in summer 1998 to a separate payment of \$1.25 billion as part of the settlement with Jewish class-action suit plaintiffs. In connection with the costs, the issue of proportionality was raised by various banks. The principle of proportionality is part of the basic pillars of the Swiss legal system. Yet the very high cost in this context was necessary for the ICEP to carry out and finalize its task. The ICEP and the Swiss banks, however, have made pioneering efforts with these inquiries that, over all, merits respect.

#### **SFBC: Supervision and mediation**

The SFBC designated these inquiries in 1997 as special audits according to Swiss banking law that empowered the ICEP auditors unlimited access to all relevant documents of the banks involved. The SFBC perceived its function mainly as supervising the entire process. Hence, it respected the independence of the ICEP, as well as the role of the Swiss Bankers Association (SBA) which had co-mandated the inquiries. Nonetheless it proved useful in specific cases for the SFBC to work out solutions with the parties involved that were both viable and mutually acceptable.

#### **Identified Accounts and Valuations: Assumptions, not Evidence**

The ICEP identified almost 54,000 accounts with a "probable or possible relationship with victims of Nazi persecution". This presumed relationship relates solely to special circumstances, it is not based on evidence. As the ICEP itself stresses, there is no proof that the holders of these accounts were actually Holocaust victims. There is equally no



evidence that these accounts were deliberately, or otherwise, withheld from Holocaust victims. This statement also applies to the roughly 25,000 accounts which the ICEP is recommending to the SFBC for publication. Moreover, all ICEP indications on possible current values of accounts identified are essentially based on assumptions and projections. Finally, there is no evidence that accounts closed by unknown persons have been paid out to unauthorized parties. Only in the case of about 1,200 accounts the ICEP investigation has actual evidence be found, supported by contemporary in-house banking sources, that the account owners were actually victims of the Holocaust.

#### **With Few Exceptions, Positive Marks for Swiss Banks**

The SFBC notes that the ICEP basically gives positive marks to the Swiss banks for their handling of Holocaust victims' unclaimed assets. The ICEP auditors were unable to identify any discriminatory treatment of Holocaust victims by Swiss banks. The following specifics were determined regarding the banks' conduct:

- no deliberate discrimination against unclaimed assets of Holocaust victims;
- no misappropriation of funds of Holocaust victims;
- compliance by Swiss banks with their legal duties to keep files in safe custody, in many cases beyond the legal time requirements;
- no systematic destruction of files to foil claims of assets belonging to Holocaust victims or to conceal earlier misconduct;
- with few exceptions, good cooperation by Swiss banks with the ICEP and the auditors.

The SFBC regrets the few cases in which banks did not conduct themselves properly in the past according to ICEP. The SFBC thus shares the ICEP view that these problems can be traced in part to an insufficient framework of statutory regulation for handling cases of unclaimed assets and in part to individual shortcomings of individuals. Therefore, the SFBC is committed to support a federal law on unclaimed assets. It also wel-



comes the revised SBA guidelines on handling unclaimed accounts, custody accounts, and safe-deposit boxes which are to take effect next year.

#### **SFBC: Prompt Decisions on Follow-up Steps**

The ICEP recommendations in this final report are mainly directed to the SFBC, which is solely responsible for decisions on publishing further lists of accounts. The SFBC will analyze individual ICEP recommendations on archiving data, further publication of unclaimed assets, and handling of claims. It will decide on the ICEP recommendations in the first quarter of 2000 after consulting other parties concerned.

In case of questions, the chairman of the Swiss Federal Banking Commission, Dr. Kurt Hauri, will make himself available (tel. +4131 322 69 11 or on Monday from 8:30 a.m. +4179 687 11 10). Dr. Hauri will attend the press conference of ICEP at the Kongresshaus Zurich at 12 noon MET

This news release is embargoed until Monday, 6 December 1999, 12 noon MET and can be reviewed on the SFBC home page ([www.ebk.admin.ch](http://www.ebk.admin.ch)).