FOCUS-U.S. sees progress on German Holocaust talks

By Joan Gralla

NEW YORK, July 14 - The top U.S. official negotiating with Germany to create a multibillion-dollar compensation fund for Holocaust victims on Wednesday said differences had been narrowed, which means it is possible a symbolically important September 1 deadline will be met.

"I think we still have a lot of progress to make, but it's still possible," said Stuart Eizenstat, the State Department undersecretary who on Wednesday was officially confirmed in his new position as deputy Treasury secretary.

Eizenstat spoke to reporters after meeting with Jewish restitution groups and German company officials shortly before he addressed the Claims Conference, the Jewish advocacy group leading compensation talks with Germany and Austria.

World Jewish Congress Executive Director Elan Steinberg said one breakthrough had been achieved: the 16 German firms that have agreed to contribute to the fund to settle claims from Holocaust survivors and heirs also will pick up the tab for companies that refuse to join or that no longer exist.

This put the onus on the German companies that belong to the fund to raise all the money that will be needed to pay compensation to slave and forced laborers, and people who were forced to sell valuables -- from artwork to businesses -- at big discounts, often while they were in Nazi custody.

In return, German firms want the planned fund to resolve billion-dollar class actions filed in U.S. courts by Holocaust victims, and a guarantee that no new claims will brought.

But one problem loomed large: Germany's lead negotiator, Chancellery Minister Bodo Hombach, a close aide of Chancellor Gerhard Schröder, was named the new European head of Balkan reconstruction aid, and it was not clear who will replace him.

Israel Singer, WJC secretary general, urged Hombach be allowed to continue as Germany's lead negotiator, saying the official had earned the trust not only of the chancellor but of Jewish restitution
groups. "German industry should go to him and say 'Please help us,'" Singer urged.

The U.S. State Department on Wednesday hosts a new round of talks, and Bonn will be represented by a German government legal adviser, Gerd Westdickenburg. Eastern European Holocaust victims will be represented by officials from their governments and U.S. class action attorneys also will participate.

A wide range of outstanding issues still has to be solved.

For example, there is the question of who will pay compensation for slave and forced laborers who toiled for companies owned by the Nazi elite guard, the Schutzstaffel (SS). Not all of those SS firms were taken over by the government or successor entities after World War Two ended.

Claims Conference Executive Vice President Gideon Taylor said Wednesday's informal talks focused on how the fund could be structured to make restitution to forced and slave laborers, while also paying compensation for Aryanization.

Aryanization, the plundering of Jewish assets, is the main issue facing German banks, while industrial companies face more claims centering on slave and forced labor.

There also is a clash over whether impoverished Holocaust victims should get more money than those who are better off, and whether people who live Eastern Europe, where living expenses are lower, should get less. The Claims Conference does not believe restitution should be based on those two factors.

Other unresolved issues included defining who will qualify for compensation and how to value the assets that were looted.

Whether negotiators meet the target date, the 60th anniversary of the start of World War Two, recently has been questioned. New York City Comptroller Alan Hevesi, whose 1998 threat to boycott Swiss banks helped push them into a $1.25 billion settlement with Holocaust victims, on Tuesday said he was very skeptical the deadline would be met.

Manfred Gentz, DaimlerChrysler's chief financial officer, said after Wednesday's informal talks, "I think we are in the middle of constructive discussions on how to fix the wording of the paper, but I am unable to say when we will be finished."

Category : European
Previous Story: FOCUS-Hijacker holds seven as Greece negotiates (Reuters)
Next Story: Snipers surround bus in Greek hostage standoff (Reuters)
NEW YORK (AP) - American negotiators claimed a key victory on Wednesday when 16 German corporations agreed to settle the claims of former Jewish slave laborers for Nazi-era industrial firms that no longer exist.

The chief U.S. negotiator, Under Secretary of State Stuart Eizenstat, disclosed the deal at a luncheon meeting of the Conference of Claims Against Germany.

"There is a tentative agreement that... the German industry foundation would cover both slave and forced laborers who worked for any private (Nazi era) enterprise, whether or not that enterprise exists today and whether or not that enterprise is contributing to the fund," Eizenstat said.

Elan Steinberg, executive director of the World Jewish Congress who also is a negotiator, called the agreement a "significant victory" on a difficult aspect of the compensation agreement - whether present-day German firms should take responsibility for acts of other corporations that ceased to exist after the war.

The Conference meets again Thursday in Washington to finalize issues of restitution to some 200,000 former slave laborers and several hundred thousand forced laborers.

Among issues still to be resolved is compensation for slave laborers of "SS companies," which were owned by the Nazi government, he said.

U.S. officials and negotiators have praised the German government and private industry for taking a moral rather than legalistic position on the question of Holocaust compensation.

Eizenstat said on Wednesday, however, that "very daunting challenges" lay ahead in trying to resolve the issues, particularly on slave and forced labor.
The involvement of many parties - the governments of the United States, Germany, Israel, Russia, Poland, several other Eastern European countries and government-organized "reconciliation foundations" is so complex as to "make the Swiss banks issue look like a tea party," he said.

Eizenstat said it was agreed among most parties that the German companies deserve freedom from future class action lawsuits by virtue of having participated in the foundation to compensate Holocaust victims. He said this was a "critical issue" in getting firms to take part.
NEW YORK, July 14 (Reuters) - Jewish advocacy groups will ask the international financial community not to do business with BankAustria to pressure the bank to increase a $40 million settlement of Holocaust-era claims, a Jewish leader said on Wednesday.

The international Jewish leader, who declined to be identified, said international and Austrian Jewish groups plan to take out advertisements in major financial newspapers. "The idea is to make it clear that this is an institution that people should not do business with," he said.

BankAustria's U.S.-based spokesman, Gerald McKelvey, said: "We will comment on the ads when we see them." He declined to comment further. 

The Jewish groups' more aggressive policy against BankAustria follows its refusal to renegotiate the $40 million class-action accord that aimed to settle charges it was partly to blame for the use of slave labor and the looting of Jewish assets during World War Two.

Elan Steinberg, World Jewish Congress executive director, confirmed that the WJC, Austrian Jewish leaders and the Claims Conference, a restitution group, plan to run ads this autumn in the Wall Street Journal and the Financial Times.

But he would not comment on whether the ads would ask banks to shun BankAustria.

Steinberg said the ads will explain why the groups opposed the $40 million accord that BankAustria reached this spring with class-action lawyers, who sued the bank in New York on behalf of Holocaust survivors. The WJC has previously threatened to sue BankAustria for $400 million.

The WJC is battling several European nations and their financial and industrial companies to win restitution for Holocaust victims and correct any errors in Nazi era history.

The Jewish groups' ads also will recommend that Holocaust survivors opt out of the class-action
settlement. If enough do so, the accord, which shareholders of BankAustria and its Creditanstalt unit already have approved, cannot take effect.

This was the second day in row that BankAustria came under the gun. New York City Comptroller Alan Hevesi on Tuesday said that on Sept. 16 his steering committee, which represents 900 U.S. public finance officers, will review how BankAustria has handled claims from Holocaust survivors and their heirs.

Last year, his group threatened to boycott Swiss banks unless they settled claims that they had blocked Holocaust victims from withdrawing bank accounts. That threat helped push the banks into a $1.25 billion pact.

The WJC began its new fight with BankAustria in mid-May by charging the $40 million pact was too small. It claimed the bank and its Creditanstalt unit failed to prove the German firms they ran were not responsible for profiting from Nazi atrocities, including facilitating the use of slave labor and taking part in Aryanization or the buying of Jewish assets at big discounts.

Creditanstalt contends Germany’s biggest commercial bank, Deutsche Bank (quote from Yahoo! UK & Ireland: DBKG.F), had effective control of BankAustria from 1938, when Nazi Germany annexed Austria, until World War Two ended in 1945. Deutsche Bank has denied using slave labor.

The international and Austrian Jewish groups also plan to intervene in the New York class action lawsuit against BankAustria as a plaintiff and as a representative of Holocaust victims as a class.

The WJC has said it will take aim at a new target -- Oesterrereichische Postsparkesse (PSK), the Austrian postal savings bank. The PSK was chosen because in the late 1940s it allegedly failed to hand over accounts that belonged to Jewish victims.

Related News Categories: politics, US Market News
Doubts over Nazi past of 133 pictures

By Jack O'Sullivan Scotland Correspondent

Researchers checking the National Galleries of Scotland for art looted by the Nazis are concerned about more than 130 works whose wartime provenance is doubtful.

Although the galleries have not established that any of the works were stolen, they are contacting dealers to discover more about the history of 133 items acquired since 1933.

The works under scrutiny include items from Scotland's National Gallery, its National Portrait Gallery and National Gallery of Modern Art.

"Nearly 50,000 works have been examined," said a spokeswoman for the galleries. "The number we are concerned about is a preliminary figure. The problems with them may merely reflect the fact that a file has been lost or that an owner died suddenly, breaking the provenance. It is far too early to say whether any were taken from their rightful owners by the Nazis." She added that since about 20 of the works are in the National Portrait Gallery - and most of whose works are of Scots - it was unlikely that they would turn out to have a Nazi past.

Responding to criticisms from the Holocaust Education Trust, the spokeswoman denied there had been any delay in publishing the list of works, and insisted the galleries were working as fast as possible. "The National Galleries of Scotland fully recognise the sensitivity and urgency of the issue of Nazi-looted art, which is precisely why this research
is being undertaken. It would cause unnecessary pain and anxiety if the wrong information were released prematurely."

Earlier this year, the National Gallery in London concluded that 120 of its 2,400 paintings were of doubtful provenance. Of these, there are strong suspicions over 10, including two Monets.

Sir Nicholas Serota, who chairs the working party on Nazi-looted art, will convene a meeting later this month of more than 20 museums and galleries to assess how many doubtful works of art are held in Britain. He said yesterday: "No other group of museums in the world has addressed this issue so seriously."
void $155m bond default

deal yesterday evening. The IMF had originally insisted that Ukraine restructure the $155m bond but Ukraine had resisted this and some investors had threatened to sue.

Under a compromise, investors will be repaid partly in cash and partly by new bonds in exchange for the ING-led bonds. Under the agreement, leading investors have also ensured the participation of new buyers in the forthcoming bond issue. "Rather than a forced restructuring, we got a refinancing package with willing participants" said David Curi, head of Regent Fund Management, the Hong Kong-based fund which is owed three-quarters of the ING Barings issue.

Investors in a Merrill Lynch-arranged bond issue, which had been restructured last September into a $50m bond issue falling due in nine months, had also approached the Ukrainian government with a request to swap into the D-Mark denominated bond, for fear that their bonds would be restructured again. The terms of the swap, like the treasury-bill swap that Russia offered last year, was under discussion last night. This could be opposed by current holders of the D-Mark bond.

The real test of the deal, and the one the IMF will likely be looking most closely at, is whether it brings new money into Ukraine. Many investors may prefer to buy Merrill Lynch bonds and swap them for the new bonds, rather than invest directly in new Ukrainian debt. The IMF and the World Bank this year have been virtually the only source of debt service for Ukraine, and have said repeatedly that they will not pick up the bill to repay speculators in emerging market debt.

forced shields'

nandos from Britain's elite Air Service (GAS) -- a claim denied by BA and another report that Skylink, the German airline, has been ordered by a Paris court to pay Fr600,000 to the passengers, the amount spent on the length of their flight.

In 1995 a Paris court ordered that BA pay Fr600,000 to each passenger, the amount spent on the length of their flight. A further Fr600,000 was ordered to be paid to 48 members of their families. The airline has already paid money into court.

French courts were among those finding British Airways liable. Cases elsewhere failed.

Progress in Nazi forced labour talks

By Richard Woff

in Washington

Officials at the US State Department said "significant progress" was made yesterday in talks to settle the compensation claims of war-time forced labourers against German companies. German negotiators appeared ready to compromise on their plans to pay victims in eastern Europe less than their counterparts in the US and Israel, based on the lower cost of living. The split-level payments had raised vocal opposition from victims, but no final agreement was reached at a meeting of around 80 representatives in Washington.

The talks also moved towards agreement on how to define which victims in concentration and detention camps would be eligible for payments. Stuart Eizenstat, the US undersecretary of state who chaired three days of talks which ended yesterday, estimated that up to 700,000 survivors, rather than the previous estimate of 200,000, would be eligible to claim under any final settlement.

Lawyers for the victims and German companies said they were not ready to make a deal on their declared deadline for settling the lawsuits by September. That marks the 50th anniversary of Adolf Hitler's invasion of Poland.

However, US officials said the September deadline remained a possibility, which all sides appeared to treat seriously at the talks.

Groves' have also questioned the commitment of the German government to the forced labour negotiations, following the departures of Bodo Hombach, the close adviser of Chancellor Gerhard Schröder, to a new post in the Balkans.

It remains unclear how much the German government is willing to pay towards the Holocaust fund to settle claims against the Nazi public sector.

German companies face the prospect of sanctions if they fail to meet the September deadline.

Alan Hevesi, the New York City comptroller, said on Wednesday that sanctions could not be allowed.
No deal yet with Germany on Holocaust claims, U.S.

By Carol Giacomo

WASHINGTON, July 15 - Talks with Germany on creating a multi-billion dollar compensation fund for an estimated one million surviving Holocaust victims failed to reach agreement on Thursday but negotiators said progress was made.

"We made progress in a number of areas (and) created a significant amount of momentum" toward full resolution of the complex issue of Jews and others forced into slave labor by the Nazis," Undersecretary of State Stuart Eizenstat said.

He said much hard work remains to be done but "I don’t foresee a breakdown" in negotiations and a deal may still be reached by a symbolically important September 1 deadline.

Gideon Taylor, executive vice president of the Conference on Jewish Material Claims Against Germany, which represents Jewish Holocaust victims, said, "There was some progress on technical issues but there is still a ways to go. Legal closure (on class action suits against German firms) was a big issue."

Another source close to the talks predicted the best that could be achieved by September -- the 60th anniversary of the start of World War II -- would be a "skeletal agreement."

The source, speaking anonymously, complained that the German government, which would have to pass legislation to establish a compensation foundation, is dragging its feet.

Briefing reporters after a negotiating session with the German government, representatives of German companies and the Claims Conference, Eizenstat cited "significant progress" in resolving the thorny problem of billion-dollar class actions filed in U.S. courts by Holocaust victims.

Sixteen German firms have agreed to contribute to the fund to settle claims from Holocaust survivors and their heirs.
They are also "willing to consider" picking up the tab for companies that refuse to join, no longer exist or were owned by the Nazi elite guard, the Schutzstaffel (SS), he said.

The firms want a guarantee that an agreement will put the class action suits to rest and ensure no more will be brought.

"There are several constructive and creative proposals put forward by both sides and...will be given further consideration," Eizenstat said.

He described these proposals as a "third way of settling the suits, somewhere between...the Iran claims tribunal concept and a traditional class-action settlement."

He said the German firms believe they can enlist other companies to contribute to the compensation fund "if they can indicate that legal peace has been brought."

It is expected a settlement will cost billions of dollars. Eizenstat refused to cite a specific amount "until we've decided on a method of getting legal closure or legal peace" and eligibility criteria for Holocaust victims are determined.

Negotiators "narrowed differences" on a plan to create two categories of former forced laborers, who roughly amount to about one million people, Eizenstat said.

Category A were inmates of concentration camps or similar facilities, while category B were "other" forced laborers.

The definition is still being worked on but those in category A will get more money than category B based on harshness of their treatment, not religion or nationality, Eizenstat said.

He said there was "general agreement" that the German compensation foundation should make one-time payments to survivors rather than pension payments and that payments would vary depending whether a victim was in Category A or B.

The German firms want the amount of the foundation capped, with the money directed toward those in need.

Eizenstat said participants agreed there will be a single flat rate of compensation as the only way to ensure prompt payment to aging victims.

But whether impoverished Holocaust victims should get more money than those who are better off and people living in Eastern Europe, where living expense are lower, should get less is still open to debate, he said.

He reported "complete agreement" that all payments made by German private enterprises to Holocaust victims after the war -- over 100 million Deutsche marks since 1950 -- should be deducted from whatever amount the victims might be owed under the settlement now in negotiation.

How to handle the cases of people who received prior government compensation payments is unresolved, however.
Another complicated outstanding issue involves how to compensate heirs of Holocaust victims.

"By and large, there is agreement that the payment should go only to surviving workers, not to heirs. At the same time, we are looking at creative ways in which the heirs can be handled because this is important in terms of legal closure" of class action suits, Eizenstat said. More talks are expected.
Legislature OKs Health Care and Job Security Bills

- Government: Another measure approved before summer break allows Holocaust survivors and their heirs to sue German firms and their successors.

*By DAN MORAIN, CARL INGRAM, Times Staff Writers*

**ACRAMENTO--**In a flurry of votes before its monthlong summer break, the Legislature on Thursday gave final approval to bills to aid working baby boomers and Holocaust victims, and to cap health care costs for poor people.

In a bid to reassure 40- and 50-somethings that their jobs are safe, the Senate approved a bill by Sen. Martha Escutia (D-Whittier) that bars employers from laying off workers age 40 and older simply to cut costs associated with their higher pay. The Assembly approved it earlier this week.

The bill was passed despite opposition from most Republicans and major business groups such as the California Chamber of Commerce. It is an attempt to negate a controversial 1997 appellate court decision that permitted companies to fire older workers and replace them with younger, lower-paid workers.

"We have to send a message that ageism shall not be treated differently than racism or sexism," Escutia said. "It impacts individuals who have . . . worked themselves up the ladder and are earning good money, and, all of sudden, management decides to get rid of higher-paid workers."

Lawmakers approved similar legislation twice before, only to have it vetoed by Republican Gov. Pete Wilson. Now that a Democrat is governor, backers of the bill hope it will be signed into law. Gov. Gray Davis' spokesman Michael Bustamante said the new governor has not decided whether to sign the bill, SB 26.

In a second measure, a nearly unanimous Senate and Assembly sent to Davis a bill by Sen. Tom Hayden (D-Los Angeles) to give Holocaust survivors and their heirs the right to sue Third Reich corporations and their successor companies that used slave labor during World War II. The suits could be brought in California state courts.
The vote came as representatives of Jewish organizations and German corporations met in Washington in ongoing talks overseen by the Clinton administration to settle claims over forced labor more than 50 years ago.

Hayden pressed for the vote Thursday knowing that the action here might help force the companies to settle the issue. "Threats of lawsuits and legislation is a major factor in driving people to the table," he said.

Last month, a dozen German-based corporations, including DaimlerChrysler and pharmaceutical giant Bayer, offered $1.7 billion in compensation to people who were forced to work in German factories in the years before and during World War II. In exchange, the companies are seeking protection against lawsuits.

Suits accusing German firms and their affiliates of using forced labor and seeking compensation are pending in state courts in New Jersey and in Los Angeles. The corporations are trying to convince judges to dismiss the suits, saying the actions are barred by statutes of limitations.

Hayden's bill would create a new basis for lawsuits in California, allowing Holocaust victims the right to recover compensation, plus interest, for forced labor performed between 1929 and 1945. The suits could be brought at any time through 2010.

Thursday's votes came amid assorted tantrums and fits as Assembly and Senate Republicans squabbled over $3 million worth of pork, and Democratic leaders warned Davis to stop meddling in their affairs.

Senate President Pro Tem John Burton of San Francisco and Assembly Speaker Antonio Villaraigosa of Los Angeles issued angry memos earlier in the week accusing unidentified Davis administration officials of interfering with the Legislature's business.

Davis aides reportedly had asked that hearings on bills aimed at reining in health care providers be postponed or actions be delayed.

"We do not, repeat do not, want any [legislative] committee chairs taking directions from any department heads or administration staff," the two leaders wrote.

Bustamante shrugged off the flap, saying: "The governor is going to continue to work to enact good public policy."

The Senate, meanwhile, gave final approval to Davis-backed legislation that would cap the number of disabled illegal immigrants who can stay in nursing homes at state expense at about 385. There currently are about 330 individuals in nursing homes. The bill, which passed with the bare minimum number of votes required, also would limit the expansion of health care coverage for some low-income Californians.

Senate Republicans had bottled up Davis administration-
backed health care legislation after the governor sliced about $3.3 million worth of their pork projects from the new state budget.

On Thursday, after Davis agreed to restore the money, Senate Republicans joined several Democrats to provide the votes necessary to approve the health care bill.

In a weird twist, Assembly Republicans voted down legislation authorizing the $3.3 million in pork sought by fellow Republicans in the Senate.

Assembly Republicans remain angry at their Senate counterparts for reaching a budget accord with Democrats, while some GOP lawmakers in the lower house wanted to hold out for deeper tax cuts.

Republicans in the two houses generally work together. But "that has not occurred at any time this year," Assemblyman Rod Pacheco (R-Riverside) said.
Eizenstat Is Confirmed For Post at Treasury

By a Wall Street Journal Staff Reporter
WASHINGTON — The Senate voted unanimously to confirm Stuart Eizenstat as deputy Treasury secretary. Mr. Eizenstat, who has been serving as undersecretary of state for economic affairs, will succeed Lawrence Summers in the post.

Mr. Summers was sworn in as the nation's 71st Treasury secretary July 2.

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The Washington Post

BUSINESS

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billion. Shares soared from $20 to close at $67.11 on the Nasdaq Stock Market.

Stuart Eizenstat was unanimously confirmed by the Senate as the Treasury Department's deputy secretary. Eizenstat was a top economic affairs official at the State Department when President Clinton nominated him to succeed Lawrence Summers at Treasury. Summers, a former Harvard economist, became Treasury secretary on July 2, when he was sworn in to replace Robert Rubin, who resigned.
U.S. Senate Confirms Eizenstat, Sachs for Treasury (Update1)
By Holly Rosenkrantz

U.S. Senate Confirms Eizenstat, Sachs for Treasury (Update1)
(Adds Eizenstat to be sworn in Monday.)

Washington, July 14 (Bloomberg) -- The U.S. Senate confirmed Stuart Eizenstat as deputy Treasury secretary last night. He replaces Lawrence Summers, who was confirmed July 1 as Treasury secretary.

Eizenstat -- expected to sworn in Monday at a private ceremony at the Treasury -- had an easy confirmation hearing last month, with Republicans and Democrats alike praising his career of public service, which stretches back to President Lyndon Johnson's White House in the mid-1960s.

Most recently, Eizenstat was undersecretary of state overseeing economic issues and trade.

The Senate also confirmed Lewis Sachs to be assistant secretary of the Treasury for financial markets. He is currently the deputy assistant Treasury secretary and is a former senior managing director in charge of debt capital markets at Bear Stearns & Co. Inc.

At his confirmation hearing, Eizenstat delivered a strong defense for free trade and said he would "function as a team player in the same productive" way he worked with former Treasury Secretary Robert Rubin.

Eizenstat, 56, is well-known in the banking industry. While a partner at the Atlanta-based Powell, Goldstein, Frazer and Murphy law firm, he lobbied in 1988 for a trade group called the Association of Bank Holding Companies to repeal the Glass-Steagall Act, the law that separates banks from insurance and securities firms.
WASHINGTON (AP) — The Senate voted unanimously Tuesday to confirm Stuart Eizenstat as the Treasury Department's deputy secretary.

Eizenstat was a top economic affairs official at the State Department when President Clinton nominated him to succeed Lawrence Summers at Treasury.

Summers, a former Harvard economist, became the nation's 71st treasury secretary on July 2, when he was sworn in to replace Robert Rubin, who resigned.

The Senate also by voice vote Tuesday night confirmed Clinton's nomination of T. John Ward to be a U.S. District Judge for the Eastern District of Texas.

WASHINGTON (Reuters) — The U.S. Senate has approved two top Treasury Department appointments -- Stuart Eizenstat as deputy Treasury secretary and Lewis Andrew Sachs to the post of assistant secretary for financial markets.

They were confirmed late Tuesday by voice vote without debate, Senate officials said.

Nominated by President Clinton, Eizenstat and Sachs will serve under Treasury Secretary Lawrence Summers. Summers won overwhelming Senate approval on July 1 to replace outgoing Treasury Secretary Robert Rubin.

Treasury said Eizenstat, previously the top economic official at the State Department, will be sworn in Monday.

"Stuart Eizenstat was confirmed by the Senate last evening as deputy secretary of the Treasury and we expect for him to be sworn in ... some time Monday at a private ceremony at Treasury," a Treasury spokeswoman said.
ASSOCIATED PRESS

OSLO, Norway (AP) -- Two watercolors and a pencil drawing by Adolf Hitler were sold for $80,400 at an auction in Norway to an anonymous collector from Austria.

The three pieces, all signed, were done more than 85 years ago after the future Nazi dictator failed to gain admission to art school in Vienna as a young man.

The four-minute auction Tuesday evening in the town of Toensberg, about 50 miles south of Oslo, marked the first time works by Hitler had been sold in Norway, according to auctioneer Einar Tore Ulving.

The watercolors, Die Felsenbucht from 1911 and Berglandschaft mi See from 1913, were of rocky landscapes. The pencil sketch of a house and garden, entitled Atles Haus mit Garten, was dated 1914.

They were owned by a Norwegian collector, whose name was also withheld, and the signatures had been verified by handwriting experts.

Including the auction house's commission and a mandatory fee to the government's art fund, the total cost of the three artworks was $92,340.
Tuesday July 13, 12:22 pm Eastern Time

NYC to review Austria Holocaust progress in Sept.

NEW YORK, July 13 (Reuters) - The New York City Comptroller on Tuesday said he would evaluate the progress Austria has made in resolving compensation claims by Holocaust survivors at a September 16 meeting in New York.

Alan Hevesi, the city’s comptroller, leads a network of 900 public finance officers. The steering committee for that group at first had planned only to examine progress in resolving 50-year-old Holocaust claims against Germany and France.

Saying that negotiations with Bank Austria seemed to have ground to a halt, Hevesi told reporters at a board meeting of the Claims Conference, a Jewish restitution group: “So, we will be focusing on Austria as well -- the role of the Austrian government and business.”

Hevesi, whose threat last year to boycott Swiss banks helped push them into a $1.25 billion settlement with Holocaust victims, also said German efforts to agree on how to make restitution to people who were forced to toil as slave forced laborers by the Nazis were not moving swiftly enough.

Germany is under pressure to meet a September 1 deadline for establishing a new compensation fund, as that is the 60th anniversary of the start of World War II. Hevesi declined to threaten sanctions against German financial and industrial companies, but a city official who declined to be named said the city planned to follow the Swiss model.

“We are making every effort to enter into a process that brings justice to Holocaust survivors and heirs and represents the existing good will between the German government and business and the Jewish world,” Hevesi said.
NEW YORK (AP) - The resolution of Holocaust-related claims with Germany by a Sept. 1 deadline is looking less likely for American Jewish negotiators, a key figure in the effort said.

New York City Comptroller Alan Hevesi, head of a committee monitoring millions of dollars in claims by victims of Nazi forced and slave labor, said Tuesday that talks with German officials and corporations have slowed recently, especially since a top German official was reassigned to Balkans aid relief.

Asked if the Sept. 1 deadline can still be met, Hevesi said, "It probably can be, or at last very close to it. But I'm very skeptical now, and I was not skeptical two months ago."

The symbolically weighted deadline marks the 60th anniversary of Nazi Germany's invasion of Poland, which led to World War II.

On the eve of an important Washington meeting on the issue, Hevesi told board members of a Jewish group seeking restitution for Nazi-era slave laborers that Germany had until recently displayed strong commitment to the issue.

He contrasted that with the Swiss government's attitude, which once pledged itself to a major settlement of Holocaust claims, then reversed itself days later, prompting a threat of economic sanctions. Switzerland eventually agreed to a settlement.

There is no evidence of an effort by the German government or businesses to sabotage the talks, Hevesi said. "There's no secret kind of conspiracy hidden away by somebody who is trying to mess this up," he said.

Hevesi said he wasn't trying to tell Germany how to act but added that Chancellor Gerhard Schroeder should quickly name a "very close" aide to succeed Bodo Hombach, the
main German official in the Holocaust talks until he was diverted to Balkans relief.

Hombach was valuable because "he cared, he knew the issues, and he had the ear of the chancellor," Hevesi said. Since he left, "the conversations have slowed down, there's no progress and now there's no extraordinarily competent and well-placed government official driving the conversations."

Hevesi said he had expressed his concerns in a July 2 letter to Schroeder but had received no answer.

The city's top financial officer heads a committee of state and municipal officials that monitors efforts to gain restitution for Holocaust survivors and heirs in the United States. He had a key role in the $1.25 billion settlement with Swiss banks.

He spoke to the Conference on Jewish Material Claims against Germany, Inc., a New York-based group of 23 Jewish organizations. It is seeking compensation for 200,000 slave laborers for the Nazis and several hundred thousand forced laborers.

Gideon Taylor, executive vice president of the conference, defined the difference between the two groups, saying forced laborers were meant to produce, while slave laborers were to be worked to death.

"They were meant to die," he said, and some did in as little as 90 days.

AP-ES-07-14-99 0127EDT<
NEW YORK (Reuters) - An international panel negotiating a way to resolve charges that some European insurers failed to honor policies bought by Holocaust victims will soon unveil a system for identifying claimants and matching them with policies, a Jewish group said Friday.

"Chairman Eagleburger has stressed that he will announce the implementation of the claims-handling process next week and we have full confidence in the chairman," said Elan Steinberg, executive director of the World Jewish Congress, in a telephone interview. Lawrence Eagleburger, a former Secretary of state, chairs the International Commission of Holocaust-Era Claims.

Eagleburger was not available to comment. His panel plans to meet Wednesday and Thursday in Washington when the new process will be unveiled, Steinberg said.

The WJC, a Jewish advocacy group with significant clout among U.S. policymakers, says it is pressing European nations and companies to obtain moral and economic justice for Holocaust victims.

In early July the insurance panel, with members including five European insurers that controlled about 40 percent of the prewar market, agreed to make quick interim payments to Holocaust survivors, which can later be increased by the commission if the companies were not sufficiently generous.

Under the new plan Holocaust survivors who bought life insurance to protect families and assets in the tumultuous prewar years will be able to file claims with the commission. Relaxed standards of proof will be used.

The commission will publish the names of policyholders and lists of policies to help identify claimants. "That part will be helpful to those who have only limited documentation or anecdotal evidence as well as those who may not even be aware that they are named as beneficiaries," Steinberg said.
The Czech Republic and Poland have begun to turn over lists of policies from their archives, he said.

Italian insurer Generali, which serves on the commission, has handed over a compact disk with 100,000 unpaid policies as of 1938. Israel's Holocaust museum, Yad Vashem, will check those names against a database of Holocaust victims. Steinberg said he did not know what percent of Generali's policies belonged to Holocaust victims.

The four other insurers on the commission are: Allianz AG AXA, Winterthur, and Zurich Allied.

Eagleburger has made it clear he wants more insurers to join his panel. In mid-June he said he believed more German firms, and possibly Austrian and Belgium insurers, should sign up. Insurers have a strong incentive to do so because panel members are shielded from punitive actions threatened by U.S. state insurance commissioners.

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The WJC singled out German insurer Allianz for disputing the way policies will be valued in Germany. "We are still having difficulties in only one place and that is in Germany, because of Allianz," Steinberg said.
MUNICH (Reuters) - German insurer Allianz AG said Saturday it had asked the World Jewish Congress to provide its own plans for the compensating of Holocaust victims.

An Allianz spokesman told Reuters that the WJC should take a position as insurance companies represented on an international panel had already done so.

The panel, the International Commission of Holocaust-era Claims, is negotiating a way to resolve charges that some European insurers failed to honor policies bought by Holocaust victims before World War Two.

Friday the WJC said the commission would unveil a system for identifying claimants and matching them with policies next week.

In early July the commission, which includes five European insurers, agreed to make quick interim payments to Holocaust survivors, which can later be increased by the commission if the companies were not sufficiently generous.

In May, European insurers agreed to pay out the real value of pre-war policies, taking into consideration currency fluctuations and inflation.

The WJC said Friday that Allianz had been disputing the way policies would be valued in Germany.

The five European insurers represented on the commission are: Allianz, Italy’s Generali, France’s AXA and Winterthur and Zurich Allied of Switzerland.
Precedent: German Cos Expected to Compensate SS-Employed Slave Labourers

By Itamar Levin

The German fund for compensating the victims of Nazi persecution is expected to pay compensation, for the first time, also to slave labourers engaged in the economic activities of the SS. It is assessed that the fund will amount to far more than the $1.17 billion to which the sixteen companies which have said they would join the fund have committed.

A further round of talks took place last week in Washington between representatives of the governments of Israel, the United States and Germany, the companies, the Jewish organisations and the lawyers who brought class actions on the matter. In these talks, the companies consented, for the first time, to compensate also slave labourers and slave labourers employed by other companies, even if they no longer exist or if they refuse to join the fund.

On the basis of this consent, leading elements in the Jewish organisations believe that former SS labourers too will be compensated. This is because most of the assets of the companies that were owned by the SS were transferred to private companies after World War II. At the same time, the German government intends to make payment of compensation to SS workers obligatory by law, but that will be a much lengthier process.
it was also decided that February 1, 1999, when the German companies announced their decision in principle to set up the fund, will be the determining date for the matter of eligibility for compensation. This means that if a survivor were eligible for compensation in accordance with the fund's rules (when formulated), and died subsequent to February 1, then his/her heirs will receive the compensation. This will be the first time heirs are being compensated in respect of personal suffering (as distinct from compensation in respect of property).

Two key issues, however, remain controversial:

The companies are prepared to compensate only those who were employed in slave labour at least six months. However, most slave and slave labourers did not survive that long. The restriction will also mean that no compensation will be paid to all Holocaust survivors from Hungary, whose term of slave labour commenced less than six months before that country was liberated. The Jewish organisations insist that all former slave and slave labourers be compensated, regardless of how long they were employed.

Definition of "needy" for the purpose of payment of compensation: in the past it was agreed that slave labourers in the concentration camps (mainly Jews), would receive higher compensation than other slave labourers (mainly non-Jews), having regard to their current economic position. Relevant criteria, however, have yet to be set.

The parties hope to announce at least the fund framework by September 1, the 60th anniversary of the outbreak of WW2. Under Secretary of State Stuart Eisenstat said there was still a great deal of work to be done but he hoped the deadline could be met. A similar hope was expressed by WJC director Ilan Steinberg.

Companies participating in the set-up of the fund include Volkswagen, BMW, Bayer, Daimler Benz, Deutsche Bank and Dresdner Bank. It is estimated that 200,000 Holocaust survivors will be entitled to a one-off compensation payment in the framework of the fund.

Published by Israel's Business Arena July 18, 1999
Jewish Organisations Call for Boycott of Bank of Austria

By Ilamar Levin

The Jewish organisations, headed by the World Jewish Congress, are planning an international publicity campaign, calling for a boycott to be imposed on the Bank of Austria, due to the position it is taking on the matter of compensation to its Holocaust era customers. This was reported last week by Reuters.

The Bank of Austria, today that country's largest bank, announced in May that it was prepared to pay $40 million to settle an action brought against it in the United States, regarding its handling of the accounts of Holocaust victims. One fourth of that amount is intended for claimants' counsel and for administrative expenses, and only $30 million will go to those proving that their relatives were customers of the bank.

A WJC source said last month that the organisation intends to sue the bank for $400 million, both for its handling of dormant accounts and for its alleged role in the "Aryanisation" of Jewish property following the Anschluss.

The investment bank of the Bank of Austria group is represented in Israel by Benny Gaon, who previously told "Globes" that the Jewish property issue had not arisen in his contacts with the bank.

Published by Israel's Business Arena July 18,
SACRAMENTO, Calif., July 16 (Reuters) - California's legislature has approved a bill that would allow Holocaust survivors to sue companies that profited from slave labor during World War II and are currently doing business in the state.

The measure would grant California Superior Courts jurisdiction over these cases and extends the statute of limitations for such suits until Dec. 31, 2010.

Both the state Assembly and Senate passed the measure nearly unanimously on Thursday and sent it to Gov. Gray Davis for his signature. The governor's office said Davis has supported the policy of allowing Holocaust victims to sue for restitution, but has not taken a position on the bill.

"This legislation is so vital because it is the triple threat of legislation, litigation and regulation that has allowed survivors to make this much progress over the last several years," Democratic state Sen. Tom Hayden, the bill's author, said in a statement.

There are about 20,000 Holocaust victims living in California out of about 860,000 people worldwide who survived Adolf Hitler's death camps. About six million Jews were killed by the Nazis during the Holocaust.

California officials have been aggressive in joining the fight against European companies to get restitution to which survivors and descendants of victims believe they are entitled for working as slave laborers for the Nazis both before and during World War II.

There are slave-labor suits pending against European firms in state courts in California and in courts elsewhere in the United States. One of the arguments by the European corporations is that the suits should be dismissed because applicable statutes of limitations have expired.

But the California bill would create a new basis for lawsuits in the most populous U.S. state, allowing Holocaust victims the right to recover compensation, plus interest, for forced labor performed between 1929 and 1945.

The California vote also came as Jewish organizations and German corporations negotiated on Thursday in Washington to create a multibillion-dollar compensation fund for Holocaust victims.

http://biz.yahoo.com/rf/990716/bda.html
evidence as well as those who may not even be aware that they are named as beneficiaries," Steinberg said.

The Czech Republic and Poland have begun to turn over lists of policies from their archives, he said.

Italian insurer Generali, which serves on the commission, has handed over a compact disk with 100,000 unpaid policies as of 1938. Israel's Holocaust museum, Yad Vashem, will check those names against a database of Holocaust victims. Steinberg said he did not know what percent of Generali's policies belonged to Holocaust victims.

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Related News Categories: US Market News
Jewish Group Applauds German Action

BERLIN (AP) -- An American Jewish organization today praised Germany for its role in Kosovo, saying it took responsibility in light of its history.

"The German people carry the scars of the Holocaust, which differ fundamentally from those of the Jewish people, but are scars nonetheless," said Eugene DuBow, director of the Berlin office of the American Jewish Committee.

"I believe their reaction to human grief here and now is largely a reaction to a terrible part of their history," he said.

DuBow also said his committee is working with a German aid group on helping Kosovo, a project organizers say is the first humanitarian cooperation between American-Jewish and German-Christian groups since World War II.

The AJC has been working with the Johanniter organization, a non-governmental German first aid and ambulance service linked to the Lutheran church. Out of $1.3 million the Jewish group is spending on aid to Kosovó refugees in the United States, it has designated $120,000 for Johanniter.

"The Germans should be proud of their army, of their aid organizations and their readiness to help," DuBow said.

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$1 MILLION FOR HOLOCAUST MUSEUMS

From Tribune News Services

July 19, 1999

WEST BLOOMFIELD TOWNSHIP, MICHIGAN The first major pledge in a campaign for the Holocaust Memorial Center came in the form of a $1 million donation from a local businessman.

Eugene Kraft gave the million-dollar gift for the Oakland County center’s planned pair of museums.

"I am aware of the tremendous number of children, of all faiths, 90 percent of whom are not Jewish, who tour the museum and the impact it has had on them," said Kraft, founder of the Serta-Restokraft Mattress Co. "This new complex will do much to ensure that the Holocaust is never forgotten."

The Jewish Federation and United Jewish Foundation of Metropolitan Detroit in February approved the plan for a Museum of European Jewish Heritage and an International Institute of the Righteous. The Museum of European Jewish Heritage will explain Jewish life before World War II.
HAUNTED
BY
SUHARTO
By Richard Lloyd
Parry

The Art Con of the Century
How a mastermind and his forger swindled the art establishment—and may have altered art history forever. By Peter Landesman

Hemingway’s Cuban Misadventure • Amy M. Spindler on Fashion’s New Folskiness • Other People’s Debt
Forging a Giacometti or a Braque was the easy part. The genius of the con rested in faking the provenance. The art world may never know how much damage was done. By Peter Landesman

Before John Myatt was sent to prison in February for his part as a forger in perhaps the most ingenious and damaging art con of the 20th century, he lived in a humble cottage on a narrow lane in the idyllic Staffordshire village of Sugnall, a three-hour drive northwest of London. To his neighbors, he appeared to be an unremarkable painter who had never established a style with which to spawn a career. He also wrote catchy pop tunes. If Myatt was known for anything, it was for a hit single, “Silly Games,” which made the British Top 40 in 1979.

But beginning in 1986, Myatt discovered that he could paint like the masters, and for the next nine years he led a secret and stunningly successful professional life as a painter. Braque, Matisse, Giacometti, Le Corbusier, all became part of his repertoire. He faked their styles with such virtuosity that his paintings passed for the real thing.

Then, one morning in September 1995, Myatt opened his front door to walk his young son to the school bus and found policemen in his yard. A plainclothes officer introduced himself as Jonathan Searle, a one-time painter, restorer and art historian, and now Detective Sergeant at Scotland Yard. Myatt, 50, sturdily built with the toughened hands of a laborer, nodded with resigned expectancy and invited the policemen inside for tea. Then he asked if he could walk his son to the bus. While he did, the officers ransacked the house. Upon returning, Myatt stood in the studio with Searle, surveying the chaos. “Do you like this one?” Myatt asked, pointing to a competent if undistinguished drawing of his son. Searle nodded sympathetically, but was amazed by what looked to be paintings by Giacometti, Chagall, Braque and Dubuffet hanging about the room. Drawing pads lying around showed sketched studies for works by Giacometti, Le Corbusier and Ben Nicholson.

Myatt confessed on the spot to having drawn and painted what the police later said were about 200 forgeries in the styles of nine modern masters and personally delivering them to London, one roughly every six weeks, to a man by the name of John Drewe. Scotland Yard already suspected Drewe of masterminding the sale of Myatt’s forgeries (and perhaps those of at least one other painter, still unidentified) through the auction houses Christie’s, Sotheby’s and Phillips, as well as reputable dealers in London, Paris and New York. Then Myatt told Searle something the police didn’t know: that he’d made most of the pictures out of an easily detectable household emulsion paint de-
Drewe's story says less about his own brilliance than about the readiness — if not the willingness — of the art world to be deceived.

the least of it. Drewe's real genius lay in his ability to authenticate Myatt's works through bogus provenances — the history of a work of art, from its creation through its purchases and exhibitions to its current ownership, crucial elements in the sale of any picture. It would turn out that over the previous 10 years, Drewe had systematically infiltrated some of the most security-conscious art archives in the world, altering the provenances of genuine paintings to establish a lineage making way for Myatt's mostly unexceptional forgeries, and then seeding the collections with false records that provided the pictures with instant heritage. The scale of the corruption is unprecedented. The method is too. Archivists may never know how methodical Drewe was, and how well he understood the process of validation. His manipulation of the system is as interesting and troubling as the forgeries themselves.

I FIRST MET JOHN DREWE THIS PAST MARCH IN THE GRIM CONFINES OF PENTONVILLE PRISON IN NORTHWEST LONDON, WHERE HE WAS SERVING A SIX-YEAR SENTENCE FOR CONSPIRACY TO DEFRAUD AND MULTIPLE COUNTS OF FORGERY. A MAN OF MEDIUM HEIGHT AND BUILT, WITH SLATE BLUE EYES AND BROWN HAIR, HE WORE GRAY INMATE'S CLOTHES, SMILED AGGRESSIVELY WHEN DISPLEASSED AND TALKED COMPULSIVELY. I WAS CAUTIONED BY JOHN BEAVAN, THE PROSECUTOR WHO BUILT THE CASE AGAINST DREWE, TO STAY ON MY GUARD WHILE IN DREWE'S PRESENCE. "I WAS VERY CAREFUL NOT TO SIGN ANYTHING DURING THE COURSE OF THE TRIAL AND LET IT ANYWHERE NEAR HIM," BEAVAN WARNED. "OVER HIS HISTORY, EVERYONE WHO DEALS WITH HIM IN ONE WAY OR ANOTHER TOOK A TURN FOR THE WORSE."

All that week Drewe had called me almost daily at my hotel, obsessively repeating the story of his innocence: "The art that is the subject of this case is purely a smoke screen for a story that is much more massive and sinister than the police are willing to investigate or the court is willing to hear. It might seem to be fiction," he admitted plaintively, "but I'm afraid it's not." Of course, it was.

Drewe had been creating fictions his entire life. He was born John Cockett in 1948 and grew up...
in an unremarkable lower-middle-class home in Sussex in southeast England. Even as a child, he made up stories about himself, bragging to friends that he was a direct descendant of the Earl of York and the son of the founder of the British Homes Stores. Despite a reported I.Q. of 165, he was an average student. Daniel Stoakes, a friend from those days whose life was to intersect with Drewes's some 35 years later, remembers Drewes as an abnormally organized child who kept an enormous library of books and clippings files, as though he were accumulating written information for some later purpose. "His room," Stoakes recalls, "seemed like a laboratory."

At 17, Cockett dropped out of school and changed his name to Drewes. For the next 15 years, he slipped out of official sight. He worked briefly in a low administrative post at the Atomic Energy Authority. After that, the British Government has no record of him paying taxes, being arrested or seeking medical treatment. His official employment record is blank.

Drewes offers an account of those years. In 1968, he says, he joined the student protests in Paris, then headed for Germany: "I studied physics for a period of six years at Kiel University. I came back to the United Kingdom." He claims he taught experimental physics "at the University of Sussex for a year" and, he says, received a second Ph.D. in physics from SUNY Buffalo. Neither Kiel University nor SUNY Buffalo has ever registered or awarded a degree to a John Drewes or a John Cockett; the University of Sussex has never heard of him.

In 1980, he was introduced to Bat-Sheva Goudsmid, an Israeli immigrant and children's eye specialist who lived in a handsome house in Golders Green, an upper-middle-class London neighborhood popular with Jews and Israelis. Goudsmid had bought the house in part with German reparation payments to her parents, who were Holocaust survivors. (She would later lose nearly all her assets because of her association with Drewes.) On their first date, they belonged to an old mentor of his at the Atomic Energy Authority, who wanted to sell off his collection piece by piece, and that he was simply helping out a friend on a commission basis. At one point, she caught Drewes spreading mud on a painting in their backyard. "He said it would make it look more old, because it had been in a vault for very many years and it looked very new," she says. In truth, in 1986, Drewes had already stumbled upon a hapless John Myatt, who would be his foil for a lucrative new career.

WHEN JOHN DREWES FOUND HIM, Myatt's life was in wretched shape, emotionally and financially. His wife had recently abandoned him and their two young children, and he was left to scratch out a meager living teaching art in the local schools. "I spent all day teaching other people's children and had no time for my own," he told me this spring in Brixton Prison, in southwest London, where he was serving a one-year sentence for conspiracy to defraud. (He was released in June.) "I wasn't doing my own painting. I needed to find a way to work at home." A few years before, a friend had offered to pay him $400 to copy a painting by the French Post-Impressionist Raoul Dufy. He copied the picture and Dufy's signature so masterfully that his friend told him his painting was fooling art experts.

"I thought it was funny," Myatt says with a shrug, insisting he didn't give it another thought until he became desperate to stay at home with his children. In 1986, he placed a classified ad in Private Eye, a satirical London biweekly: "19th- and 20th-century fakes for $240." He received a call from a "Professor Drewes," who said he was a nuclear physicist in need of paintings to decorate his home. Drewes asked first for a Matisse, then a Klee; then two marine paintings in the style of 17th-century Dutch masters.

Myatt would meet Drewes at London's Euston Station to deliver the rolled canvases. They'd have a pint together. Myatt began to confide in Drewes about the turmoil of his divorce. Drewes offered advice and comfort and eventually invited him to his home. "I saw the size of his house," Myatt says, "his Mercedes, his clothes, his manner." Drewes told Myatt that in addition to his work for the Ministry of Defense, he was associated with British Intelligence. He pulled back his jacket to reveal two pistols in shoulder holsters. "I was very much your creature," Myatt would later say to Drewes in court. "I found you hypnotizing and challenging and a very exciting person to be around." One day Drewes asked Myatt what style he wanted to paint in. Myatt told Drewes he'd always relished the idea of painting in the Cubist style. Myatt soon painted Drewes a Braque.

One evening in 1986, Drewes called Myatt with news. "I took one of your paintings to Christie's, and they said it was worth $30,000,"
Myatt recalls Drewe as saying, "That was the moment that the legitimate business stopped and the crime began. He said to come down to London and we'll talk it over. I said: 'I can't believe it. Are you aware it's painted in emulsion paint?'" He pauses. "My vanity was quite ghastly," he says. "The mistake occurred here. My reaction was to express an interest."

Drewe's timing, in many ways, couldn't have been better. By the mid-80's, the art market was generating unprecedented profits and front-page headlines. Jasper Johns's "False Start," which cost $3,150 in 1960, sold for $17 million in 1988. Picasso's "Yo Picasso" sold for $47.9 million in 1989, more than twice the preauction estimate. In 1990, Van Gogh's "Portrait of Dr. Gachet," a painting whose authenticity is still controversial, was sold for $175,000. Myatt moved on to Ben Nicholson, Nicolas de Staël, Le Corbusier, Matisse, Roger Bissière, glorifying in painting his way through 20th-century art history. His unorthodox formula of emulsion and K-Y Jelly was fast-drying, allowing him to paint quickly, if obses-sively. "I took no trouble technically," he says. "There was a negligence to everything I did."

Even so, his pictures were passing as genuine and selling for tens and hundreds of thousands of dollars. He was enjoying a financial success he could never have approached by painting Myatts. Perhaps no other forger of his or any other time has worked so prodigiously and in so many styles. "It was a kind of addiction," he says, then shakes his head sadly. "It was shocking, it quite terrified me. The moment they started to restore them they would know what they were faced with."

But Drewe calmed his nerves by telling Myatt, who a year before had been love-lorn and broke, how brilliant he was, how rich he would get. "I was flattered into thinking I was a man of im- portance," Myatt says, although he concedes he had an "abiding sense of unreality, that this wasn't really happening, that this would all end in tears."

BEFORE MYATT, THE MOST SUCCESSFUL FORgers of our time counted on the brute force of their pictures, imitating one or two giants of art so that the paintings' discovery would be splashy news, the reclamation of a "lost masterpiece." Hans van Meegeren aped Vermeer in the 1930's and 40's; the flamboyant Tom Keating did Rembrandt in the 1950's, and Eric Hebborn copied Augustus John, Corot and others of their ilk.

Hard information on the quantity of bogus art sold is difficult to come by, in part because fraud, when discovered by dealers and auction houses, is usually kept secret to boost public confidence in the art market. Experts usually claim that, depending on the period and the painter, between 10 and 40 percent of pictures by significant artists for sale are bogus, or so overrestored as to make them the equivalent of fake. One of a number of reputable West End dealers drawn into the scam, who demanded anonymity, claims that 15 percent of sales at auction houses are fake. Thomas Hoving, former director of the Metropolitan Museum of Art, has said that during his tenure, a full 40 percent of the artworks considered for purchase by the museum were phony or overrestored. Geraldine Norman, the British art journalist credited with exposing Keating and Hebborn, says that at least 10 per-cent of the pictures purportedly made by major Impressionists are fake. Some experts say that as much as 60 percent of the Giacomettis on the market are fake, at least in part as a result of Drewe's con. Forty percent of pictures supposedly from the Russian avant-garde era are almost certainly forgeries. The widows of Modigliani and Chagall were accused of selling certificates of authentication. Salvador Dali, lying on his deathbed in a stupor, is said to have been fed
I've ever seen." As Geraldine Norman puts it, many collectors' interests in art "are reflections of social climbing and romanticism about names, a thousand things that have nothing to do with the surface of the work of art you are looking at."

A forger's chief motivation is typically intellectual gamesmanship. Embittered by the spurning of his own work, he takes satisfaction in suckering the entire art world en masse, then pulling aside the curtain, exposing himself as a renegade genius and the art experts as the frauds and fools. Drewe had a different strategy: to deliver low-profile paintings in high volume, make multiple hits for hundreds of thousands of dollars — which would not attract unwanted attention — rather than a few jackpots worth millions. To succeed, however, he had to begin creating irresistible provenances.

"A painting's last owner is the forger's biggest problem," the prosecutor Bevan says, standing beside a shoulder-high mound of banker's boxes containing Drewe's output of fake documents. He pulls out a sheaf of fake provenance for the forged 1955 Giacometti. "You can show who owned paintings in the 1950's — just use people who are dead," he said. "But the last owner is usually alive." According to Bevan, Drewe used several people, most of them easy prey — old friends or acquaintances down on their luck in money or love — to front for Myatt's forgeries.

One was Peter Harris, "an old drinking companion," Bevan says, "who never owned a painting in his life. All he had were some posters of all the pubs of London on the wall. Drewe got him to sign documents when he was dying." (Harris died of throat cancer in 1989.) Another was Danny Berger, an Israeli immigrant and luggage salesman, who was broke. Under Drewe's direction, Berger sold a number of paintings to Christie's and Sotheby's, as well as to private dealers.

But no one's life was more shattered by Drewe than that of Daniel Stoakes, Drewe's codefendant, who was acquitted. The two had been childhood friends some 35 years earlier but lost contact after school. "I divorced my wife," Stoakes says. "I was living in a mobile home. I thought about old friends, and I thought about John out of the blue." He called Drewe, who, it turns out, had been using Stoakes's name as an art owner on forged provenances for years. "I fell into his hands like a ripe plum. He came to see me in a big red sports car. And this is his genius — he told me a horror story about how his wife had become a danger to his children. He'd tried to get a doctor to commit her. This story went on and on. He couldn't use bank accounts. He came at a time when I was quite vulnerable. His genius was to ally himself to me. He rang up in tears about his children."

This was the hook, Stoakes recalls. "He said: 'I own one painting,' by the British artist Ben Nicholson. 'We can perhaps kill two birds with one stone. You're in need of some money, and I have this painting. There are problems about its history, small gaps here and there. I can't use my name, but I need the money for my children. Can I use your name as the owner? There's a small percentage in it for you.' I got hooked by the romance of it," Stoakes admits.

Drewe drafted fictitious letters for Stoakes to copy in his own hand, in which Stoakes pretended to be the owner of the painting. "I thought it was part of the game; I had no idea what a false provenance meant," Stoakes pauses, then concedes his own gullibility. "I wanted to believe him. He was a male friend who was going through what I was going through. He sussed out what my weakness was, both with the romance and the possibility of making money. But it was the idea of a very old friend in a friendless world."

When Drewe couldn't find accomplices, Bevan says, he simply fashioned them out of whole cloth. "He created this other creature, Len Martin," Bevan explains. Since the early 1970's, Drewe had carved Martin's signature from the letter and refashioned the first name, and "Len Martin" was born. "What he did," Bevan says, "was take an original document from a solicitor's, skillfully cut, cut-and-pasted it, whited out the lines, photocopied it, copied it again. There you are, a lovely official document: 'To Whom It May Concern, this letter confirms the painting by Giacometti is being sold with the full authority of the owner.' This letter is signed by the owner of the Giacometti, Len Martin. Len Martin doesn't exist."

Then, in 1989, in a move that would significantly widen the scope of the con, Drewe gained access to the closely guarded library of correspondence between 20th-century artists, collectors and curators at the Institute of Contemporary Art in London. He ingratiated himself to the I.C.A. by claiming to be a collector interested in the Institute's history and then by donating two paintings to a coming fundraising auction — a Le Corbusier and Giacometti — that Myatt says are forgeries. Convinced by Drewe's claims and grateful for the paintings, the I.C.A. opened its files. According to the police, the Institute's letterhead, and much correspondence from its archives, would soon appear in Drewe's fabricated provenances.

At the same time, Drewe was playing the Tate, preparing his way first by offering it a pair of Bissiere paintings. The museum initially liked them, and said it might hang them in its galleries. Then it showed them to Bissiere's son, who said the materials were not the sort his father would use. The Tate hedged. Drewe withdrew the offer and quickly made a $32,000 donation to support cataloguing in the archives. He then followed up with an application to research the library. Convinced of Drewe's expertise, and with the donation in mind, the museum quickly assented. Drewe made a similar application at the Victoria and Albert's...
show-business celebrities. Drewe, perfectly matching the typeset of the original on a computer, reset the title page, rewording it to read “with contributions from Members of the Entertainment World.” He then seeded the catalogue with photographs not only of Myatt’s versions of Giacometti, but also some of his better Chagalls, Dubuffets, de Staels and Nicholsons. Then he restitched the binding and replaced the forged catalogue in the stacks.

LATER, IN A STROKE OF ASTONISHING AUDACITY, Drewe created a fictitious firm called Art Research Associates and, through a London-based middle man, hired himself out as a professional archivist to a New York dealer seeking confirmation of the Giacometti’s authenticity. The dealer had purchased the picture almost a year before for $175,000, and was trying to sell it. But Lisa Palmer, director of the Alberto et Annette Giacometti Association, whom he contacted, wouldn’t touch for its authenticity. Scotland Yard had already begun investigating Drewe. The painting had been offered for auction at Sotheby’s in New York, but then, at Palmer’s behest, was removed.

The dealer sought an objective opinion. The middle man put him in touch with Professor Drewe of Art Research Associates, who months earlier had “thoroughly investigated” the painting, issuing a report that concluded “the provenance of this painting is not in question.” The dealer arranged to meet Drewe at the National Art Library, where they studied the forged Ohana Gallery catalogue. It included the Giacometti, in reproduction, amid other impressive works by modern masters, many of them, of course, forged.

By way of provenance, there were letters from Harris, conveniently dead, together with correspondence from a number of previous owners — including Len Martin, who never existed — plus a stack of concocted invoices tracing the picture’s path out of Giacometti’s studio. Despite Palmer’s insistence that the painting was a fake, and despite Sotheby’s reluctance and Scotland Yard’s interest in Drewe, the dealer, overwhelmed by the mountain of perfect provenance, was convinced the picture was real. Afterward, Drewe took him to an expensive lunch, bragged that his wife was a first cousin to Itzhak Perlman and that he spent most of his time researching art lost to the Nazis in World War II. The dealer paid Drewe $600 for his efforts. “This is a shark-infested business,” the dealer now says bitterly.

IT IS THE PROVENANCING THAT DISTINGUISHES Drewe’s scam. “People don’t think a forger is going to go to such great lengths,” Bevan says. “This was a full-time job. Drewe chatted up the families of the artists to find out their domestic details, their love lives, so he could write antique letters — from de Staal to his lady friend, for instance, in 1950 — as part of the provenance.” Alan Bowness, former head of the Tate and the son-in-law of Ben Nicholson, was fooled into authenticating two of Myatt’s fake Nicholsons, not because the pictures were good — in fact, the general consensus was that they were unimpressive at best — but because the provenancing was flawless.

“I’ve never experienced anyone who had the level of sophistication of John Drewe,” says Melanie Clore, director of the Impressionist and Modern-Art Department at Sotheby’s, which sold 14 of Myatt’s forgeries. “He was phenomenal. You’re not talking about obtuse pictures that came in with a dear old lady that have no history, and they’ve been sitting in an attic.” In the case of one Giacometti, Clore says, “this was a major picture meant to belong to the director of the I.C.A.”

Indeed, Drewe changed and fabricated so many records at both the Victoria and Albert and the Tate, and with so many different artists, that the directors of both museums admit that they may never know how much of their collection has been corrupted. And the scandal has also reverberated in the United States. Lowry, for one, is deeply concerned about MOMA. “We take our role as a public institution very seriously,” he says. “That means providing as much access as possible to research documents. The thought that we have to think about restricting access is profoundly troubling.” Once Drewe was discovered, Lowry says, a process of reverse screenings took place on both sides of the Atlantic. Records were scoured, paintings were re-examined, all to purge the system. “It will take years, probably, before it is fully accomplished,” he says.

More than any other art fraud in recent memory, the Drewe scandal Continued on page 34
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FORGERY
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has raised the ire of London's independent art dealers, much of it directed at the auction houses, which, they claim, willfully moved Myatt forgeries knowing they were fakes in order to boost profits. How else to explain passing off sup­posed oil paintings by famous artists made with vinyl paint and K-Y Jelly? The auction houses, in turn, insist they were conned like everyone else.

"These pictures were not flung in sales and we turned a blind eye," insists Melanie Clore. "Reputable academ­ics authenticated the pictures, and people who have a lot of experience with these particular artists con­doned them. I think it's a case that affected the whole art establishment, dealers, auction houses, academics, collectors. We were as dili­gent as we could be." Complaints about the auction houses, she says, sound more like the sour grapes of dealers bitter and embar­rassed about being suckered themselves.

In the case of one Giaco­metti, Sotheby's withdrew the picture just hours prior to its sale because Lisa Palmer of the Giacometti association was suspicious of it, in spite of what ap­peared to be an overwhelm­ingly substantiated prove­nance. "You go to the Tate Gallery archives," says Clore, "and you look through the stock book of the most reputable gallery in London in the 50's and you find the picture reproduced in black and white. You can't be more diligent than that. You can't under­estimate the lengths to which Drewe went." Christie's refused to com­ment beyond the assertion that it checked the prove­nances thoroughly and so did nothing wrong.

Thomas Hoving doesn't think that the auction houses are always, or even often, purposely deceitful. "The auction houses get stung from time to time because of the volume they deal with," Hoving says. "In general, they simply don't have the time to confirm the authenticity of everything. The amount of things they deal with is awesome."

Lowry of MOMA adds, "If it is determined that a dealer or an auction house is a willing purveyor of forgeries, their credibility is so affected that at the end of the day it's self-destructive."

Peter Nahum, a senior di­rector and head of Sothe­by's British paintings de­partment for 17 years and one of London's most re­pected art dealers, was among the first to be bilked by Drewe. He complains that too many private deal­ers and auction houses "are really interested in churning through as much money and getting as much profit as possible," and that both are consequently complicit in their own corruption.

While at Sotheby's, Nahum sold up to 10,000 paintings a year and looked at up to 40,000. As a dealer, he sells 300 to 400 a year, and though he looks at about 100,000, he says the smaller number of sales reduces his chance of being conned, but doesn't eliminate it.

Nahum argues that in re­cent years the market has been thinned of good art, and that the auction houses have cut costs by firing their experts. "Nowadays," Nahum laments, "expertise gets in the way" by slowing the process. "You can't ex­plore on a 100,000 picture a year. You can't do your job properly and make any money." Leslie Waddington, another London dealer, agrees: "It's a much bigger problem than the discussion about Drewe. The real ques­tion is, Who are the experts at Christie's and Sotheby's? Are they just experts at sell­ing and chatting up old women? ... If the auction houses dominate the world, Continued on page 38
FORGERY

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where is the expertise going to be? Will they have no one who has visible knowledge?"

Nahum’s first contact with Drewe came in the late 80’s. Unbeknown to him, Drewe had been offering
Nahum paintings by Ben Nicholson and Laurence Lowry for years through his band of runners. “They
were bad and expensive, and I ran them along,” Nahum says. “But then we’re in the middle of a very bad recession. We’ve all lost a lot of money. We’re all desperately trying to meet our overhead. There is no business. It’s hell.” In 1984, Drewe’s next-door neighbor, Clive Bellman, came in with a Graham Sutherland ‘Crucifixion,’” Nahum said, adding that he thought it was junk. But Christie’s, Nahum had been told, had just sold a group of similar Sutherlands for $24,000 to $32,000 each. This Sutherland came with letters of authenticity from an order of monastic priests, the Order of Servite Mary—all, it would turn out, forged.

Nahum bought the painting and sent it to auction at Christie’s in London. Eventually, Nahum bought the Nicholsons. “They weren’t great paintings, but they were flashy, colorful, what the market desires. The market doesn’t want anything difficult or intellectual.”

Those paintings, too, had come with convincing documentation, including, according to Nahum, supporting letters from Alan Bowness, the world’s top Nicholson expert. In flusher times, provenance is often checked more thoroughly. But, compromised by the necessity to move product, experts sometimes can’t afford to look too hard; thus, the poisonous combination of raw commercialism and the desire for discovery. “The Dubuffets were a joke,” Waddington says. “One or two of the Nicholsons looked good. I thought the fakes were third-rate. I say that glibly now. When I saw them I was worried, but I didn’t say they were fakes.” As Nahum says, “None of the innocents are innocent.”

But raising an alarm, or even offering solid evidence of fraud, is no guarantee that a painting won’t be sold. In 1994, Waddington was approached by Jean Dubuffet’s concerned daughter with photocopies of 18 of her father’s gouaches, some of them trademark cows. “Some of these I was very worried about,” Waddington recalls. “I thought they were fakes, but the provenances were good. I thought maybe Dubuffet had a bad phase.” Then the dealer noticed that the paperwork had been signed “Jean Dubuffet,” but

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Drew with a friend. A third person, an acquaintance, took other documents from Goudsmid and kept them in his house in the London neighborhood of Hampstead. In mid-January 1995, Drew called Myatt to inform him that Goudsmid had the papers and was blackmailing them. Myatt recalls Drew's saying, "I can't stand for this. He told Myatt he'd "burn down the house." According to Goudsmid, Drew heard that some of his papers were now in the house of Goudsmid's acquaintance. Drew called her repeatedly, badgering her about how many locks were on the doors and whether there was an alarm. By this time, Goudsmid had taken the evidence back to her own home. The next night a man fitting Drew's description was found hiding in the acquaintance's basement by a young neighbor. A few hours later, the house burned. A 25-year-old Hungarian woman renting the top floor jumped from the flames and later died of her injuries. Based on Goudsmid's statement and the witness's description, Drew was arrested and put in a police lineup. But he had shaved his mustache, cut his hair and taken off his glasses. The young renter failed to identify him. Reluctantly, the police released him.

Three months later, armed with Myatt's confession and Goudsmid's evidence, police raided Drew's house and reappeared him, charging him with conspiracy to defraud and forgery. Even after four days of interrogation, Drew refused to admit guilt, never wavering from his story that the paintings were genuine and that Myatt was just a man he'd hired to reline some pictures he'd bought at auction. Drew's "all-consuming drive to pull the strings — hence his title 'puppet master' — has left him unable to live outside his own version of reality," says Detective Constable Inspector Miki Volpe, a 22-year veteran. "He's a verbal bully who thinks he can manipulate anyone. As you start to learn more about this man, you realize the enormous web of deception he has spun. ... He was certainly the most devious character I had ever come into contact with in my service." Drew was released on bail and immediately disappeared.

While on the run, Drew obviously reconsidered his case, for when he was reapprehended two months later — his mother was followed to his hiding place on the south coast — his story changed from blanket innocence to a fantastic frame-up defense. He no longer denied the fraud, but now claimed that he has been set up as fall guy for a widespread conspiracy that included Scotland Yard, the Ministry of Defense and the governments of at least seven nations; that there were not 200 paintings, but more than 4,000, all sold to help finance covert arms defense and took up the case himself. The courtroom was arrayed like an art gallery, with nine of Myatt's forgeries hung about the walls. The trial, which was expected to last three months, stretched to six. Myatt sat in the witness box and called Drew a "psychopath" and a "liar" to his face. By the trial's end, Bevan was mocking Drew with the identities he had assumed: "The truth is that you are Mr. Drew, you are two sorts of Mr. Cockett, you are Mr. Sussman, you are Mr. Green, Mr. Atwood and you are Mr. Martin and Mr. Bayard the researcher and Mr. Coverdale, aren't you?" The jury returned with a guilty verdict in less than six hours.

Drew is appealing his conviction. If Drew's success provides any lesson, it is that the art world's aura of sophistication creates a false sense of security that makes it especially vulnerable to what was, in the end, a confederacy of mediocrity. Myatt's sloppy pictures, Drew's litany of far-fetched identities and the ignorance of his pitiable salesmen should have been no match for the likes of the auction houses, scholars and dealers that Drew conned. But in the end, the system's multiple lines of defense — dealers, galleries, auction houses, museums, archives, world-class experts — proved all too permeable.

But if a picture brings esthetic pleasure and is beloved before its fictitious pedigree is exposed, and the only person who loses money is a collector probably wealthy enough to absorb the loss, then where exactly is the problem? As Van Mee­ geren said at his 1947 trial for forgery about a Vermeer he had falsified: "Yesterday this picture was worth millions of guilders, and experts and art lovers would come from all over the world and pay money to see it. Today, it is worthless nothing, and nobody would cross the street to see it for free. But the picture has not changed. What has?"
European insurers set to unveil deal on Holocaust payments

By Richard Wolffe in Washington

European insurers will make their first compensation payments to the families of Holocaust victims in accordance with a claims process to be unveiled today by an international commission.

After months of often acrimonious negotiations, the Eagleburger commission—which includes five insurers, US and European insurance regulators and Jewish groups—is finally expected to announce how it will deal with a first group of claims. According to commission members meeting today in Washington, the panel will announce its first payments using a formula for calculating the “real value” of policies. The formula is expected to adjust for inflation and add a 2 per cent annual compound interest rate to the face value of the policies.

In some cases the real value will be 300 times the face value but most claims are expected to be paid at around 15 times the original value.

The claims will be calculated in the policy’s original currency, rather than in US dollars, as Jewish groups have demanded. The payments are expected to follow several months later.

The first claimants will be victims’ families who still possess their policies but have not been compensated for the death of the policyholders. However, the commission, chaired by Lawrence Eagleburger, the former US secretary of state, has yet to resolve the thorny question of how to compensate families with only anecdotal evidence of insurance policies. Many do not know which insurers held the family’s policy.

The commission must also agree on compensation for policyholders who have no heir. Such payments would probably be paid to Holocaust survivor groups around the world, following the lead of compensation paid for forced labour and losses from Swiss bank accounts.

The most important step in tracing claimants and proving claims by families without documents is the public release of the names of policyholders. Generali of Italy has already handed the commission a computer CD of 100,000 names of unpaid policyholders from 1938. The governments of Poland and the Czech Republic are understood to have offered similar lists.

Insurers sitting on the commission represent 40 per cent of the pre-war insurance market in Europe. But some insurers, including Allianz of Germany and Zurich of Switzerland, have proved reluctant to follow suit.

The commission has also yet to persuade several large insurers to join its compensation process, which offers “safe harbour” from the threat of state and local sanctions in the US. Pressure is mounting on Munich Re of Germany and Aegon of the Netherlands to join the commission, with the state of California threatening to suspend the insurer’s certificate of the former if it fails to pay valid Holocaust claims.

German hopes hit over ‘trophy art’

By Andrew Jack in Moscow

Russia’s Constitutional Court yesterday delivered a crushing blow to German hopes of recovering so-called “trophy art” and archives seized by the Red Army in the closing stages of the second world war.

The court’s decision affects more than 300,000 works of art and 2m books, and could complicate relations between the two countries.

The court accepted that Germany is entitled to compensation for restitution of objects overwing the second world war. But it rejected arguments that Russia should pay in today’s Russian currency rather than US dollars, and that the insurance payments should be calculated in the original currency of the policy.

The judgment overturned a 1996 ruling that allowed the Russian parliament to block any restitution of trophy art.

The government has already said it will appeal against yesterday’s ruling, and Russian culture minister, Michael Naumann, said he had written to the Chancellor, Gerhard Schroeder, to warn that any further Russian actions would hinder reunification.

While not demanding a full return of all the items, he noted many were “unrenounceable objects of German culture” and hoped a solution could still be found to the restitution problem. The 80-page judgment made public yesterday upheld key elements of a law, passed by the Russian parliament, which sought to block any restitution of trophy art.

The judgment overturned part of the law by ruling that victims of Nazism and the Holocaust could apply for restitution of objects over the coming 18 months, but that “the aggressor states” have no claim on the return of their cultural objects. It singled out Germany.

The ruling may embarrass President Boris Yeltsin, who has pledged return of the art as part of a series of wide-ranging agreements with Helmut Kohl, Germany’s former chancellor, over the past decade. He has also vetoed parliament’s bill, only to see his veto overturned twice, forcing him to seek recourse in the Constitutional Court.

Marek Baglai, head of the
Austria took back part of Holocaust donation - WJC

NEW YORK, July 20 - Austria followed through in March on a pledge to donate $8 million to an international fund that helps Holocaust victims, but two months later Vienna asked for $2 million of that amount to be returned, the World Jewish Congress said on Tuesday.

"It (Austria) is the only one I've ever seen doing something like this," Elan Steinberg, executive vice president of the World Jewish Congress, said in a telephone interview with Reuters.

The $60 million humanitarian fund, created in December 1997 with the last of the Nazi gold still held by the Tripartite Gold Commission, has already brought medical and other aid to impoverished Holocaust survivors in the former Soviet Union.

The fund was set up after research showed that the Tripartite Gold Commission, set up in 1946 to return about 336 metric tons of gold to the countries from which the Nazis looted it, still had about 5.5 metric tons left.

Although Austria on May 11 asked for some of its money back, the country had set up its own restitution program, he noted.

Since 1995, Austria used its own compensation fund to pay about $6,000 to each of the 25,000 Holocaust victims that qualified under its rules.

About 85 percent of the Austrian fund's payments have aided Jewish Holocaust victims, with the remaining 15 percent earmarked for non-Jewish survivors, Steinberg said.

The WJC, a New York-based Jewish advocacy group, previously criticized a few European nations for lagging on their donations to the fund that was built on the Nazi gold found to still be on deposit at the U.S. Federal Reserve.

"The two outstanding (countries) are Italy, which owes $7 million, and France, which only pledged $3.3 million, which represents only 20 percent of the gold they were receiving from the fund,"
NEW YORK, July 20 (Reuters) - Switzerland's largest life insurer, Swiss Life, and German insurer, Gerling-Konzern, have become the next European firms to face an international panel's probe into whether they owe money to Holocaust victims whose policies were not honored, a Jewish group said on Tuesday.

Elan Steinberg, executive director of the World Jewish Congress, said the two firms got the same letter from former U.S. Secretary of State Lawrence Eagleburger, the commission chair, that was sent to Dutch insurer AEGON NV and Munich Re (quote/rom Yahoo! UK & Ireland: MU.Vn.P) and which told those firms they might face the same liabilities.

"Gerling-Konzern held 2 percent of the prewar market in the late 1930s, and the other (letter) I know that was sent out was sent to Swiss Life, and they held 1.2 percent of the market," Steinberg told Reuters in a telephone interview. "They got the exact same text."

Eagleburger was not available to comment.

The WJC is a Jewish advocacy group that serves on the International Commission on Holocaust Era Insurance Claims. It is battling European nations and firms for what it calls moral and economic justice for Holocaust survivors, from people forced to labor as slaves to those whose assets, from life and property insurance to art and gold, were looted by the Nazis.

The commission next meets in Washington on Wednesday and Thursday, when it plans to unveil the methods it will use to match potential beneficiaries with their policies.

Relaxed standards will be applied to judge the validity of claims by Holocaust victims, and the names of policyholders and lists of unpaid policies will be published.

On Monday the WJC provided Reuters with a copy of the letter sent to AEGON, which asked the panel to create a special class of membership for it.
"We believe we must act swiftly and decisively given the advanced age of many of the potential beneficiaries. Further, we believe your company may have obligations for such claims," the letter said.

About four more European insurance groups were expected to be targeted by the commission. Only by joining the panel can the insurers get so-called safe harbor protection from punitive actions threatened by U.S. insurance commissioners.

The letters to AEGON, Munich Re, Gerling-Konzern and Swiss Life, were co-signed by Glenn Pomeroy, who heads a U.S. insurance task force on the issue. Nearly 20 state insurance regulators serve on the task force and their names appeared at the bottom of the letter.

Five insurers that accounted for around 40 percent of the prewar market joined the Holocaust insurance panel. They were: Germany’s Allianz AG (quote from Yahoo! UK & Ireland: ALVG.F), France’s AXA, Italy’s Generali, and Winterthur and Zurich Allied of Switzerland.

The WJC accused one of the five firms of not fulfilling its obligations. "Allianz has yet to turn over to the commission a list of their unpaid policies," Steinberg said on Monday.

Munich Re, a reinsurer, said it did not write any direct insurance policies and was the wrong target for an investigation into unresolved Holocaust-era claims.

But the WJC said Munich Re was accountable for the Nazi-era conduct of firms in which it holds a big interest, such as ERGO (quote from Yahoo! UK & Ireland: ERGG.F), or their units. "Munich Re, as the majority holder of ERGO, receives the benefit of its assets and must assume the responsibility for its liability," Steinberg said.
Holocaust Insurance Panel Still Faces Tough Issues

Full Coverage By Joan Gralla

NEW YORK (Reuters) - An international panel working to get European insurers to honor policies sold to Holocaust victims has tough issues to resolve at a Washington meeting beginning Wednesday, a source close to the matter said Tuesday.

The panel needs to agree on a method to value life and property insurance policies that were sold to Eastern European residents during the years leading up to World War II, the source, who declined to be identified, said.

"We're waiting to hear from Generali," he said, referring to one of the five insurance companies that joined the International Commission on Holocaust Era Insurance Claims that is chaired by Lawrence Eagleburger.

The ex-Secretary of state was not available to comment. He has said more insurance companies should join the panel, and has sent letters to four firms -- Swiss Life, German insurers Gerling-Konzern and Munich Re MUVGn,F), and Dutch insurer AEGON NV -- telling them that he believes they might face liabilities in this area.

The five insurers that already joined the commission -- Germany's Allianz AG, France's AXA, Italy's Generali, and Switzerland's Winterthur and Zurich Allied -- get a safe harbor, a shield from punitive actions threatened by state insurance commissioners.

Three U.S. state insurance regulators are on the panel; they represent California, Florida, and New York, all locations where a number of European insurers do business. Regulators from North Dakota and Pennsylvania serve as observers.

Deciding how to set a value on prewar policies sold in Eastern Europe is not the only thorny question facing the commission, whose members include Jewish restitution groups and the state of Israel.

Ensuring that elderly Holocaust survivors get payments is another vital consideration.
Claims Conference Executive Vice President Gideon Taylor said: "I would say that we have to deal quickly with paying claims if the commission is to be a success. We hope this will happen at this meeting, that the procedures will be finalized."

Taylor declined further comment. The Claims Conference is a major Jewish restitution group that Germany uses to distribute millions of dollars of payments to Holocaust survivors.

At its Washington meeting, the panel is expected to agree on a way to match potential beneficiaries with their policies.
NEW YORK, July 19 - At least eight more European insurance groups are being pressured to join an international commission that is trying to ensure elderly Holocaust victims finally are able to collect on prewar insurance policies, the World Jewish Congress said on Monday.

The advocacy group, which is on the insurance panel, gave Reuters a copy of a letter that Lawrence Eagleburger, the commission chair, wrote to Dutch insurer AEGON NV.

"We believe we must act swiftly and decisively given the advanced age of many of the potential beneficiaries. Further, we believe your company may have obligations for such insurance claims," the letter said.

The WJC has pressed European nations and firms to pay reparations to Holocaust victims forced to work as slave laborers or whose assets, from insurance to artwork, were plundered.

Eagleburger, who has said he wanted more insurers to join his panel, was not immediately available for comment.

The letter from the former U.S. secretary of state also was sent to Munich Re, according to the WJC. The letters, dated June 14, were released shortly before the International Commission on Holocaust Era Insurance Claims plans to meet on Wednesday and Thursday in Washington.

They were co-signed by Glenn Pomeroy, who heads a U.S. insurance task force on the issue. The group is made up of the insurance regulators for nearly 20 U.S. states.

State insurance regulators are pressing European insurers to honor policies purchased by Holocaust victims in the volatile period before World War II.

The five insurers already on the panel have won so-called safe harbor protection from sanctions threatened by state insurance commissioners.
"It is in the interest of these companies to join the international commission to be shielded from punitive measures that already are on the books of many of these states," said WJC executive director Elan Steinberg.

At present, the international insurance commission includes Germany's Allianz AG, France's AXA, Italy's Generali and Winterthur and Zurich Allied of Switzerland.

The five firms account for about 40 percent of the prewar market, Steinberg said. Munich Re had a market share of about 5.4 percent, while AEGON had around 1.5 percent, he added.

At the meeting later this week in Washington, the insurance commission plans to unveil a system for identifying claimants and matching them with policies.

Relaxed standards of proof will be used to judge whether claims from Holocaust survivors and their families are valid, and the names of policyholders and lists of unpaid policies will be released.

Separately, Ed Fagan of Fagan & D'Avino, a U.S. attorney who has sued European firms on behalf of Holocaust victims, plans to press the panel to account for the money it already has received.

"We're going to demand an accounting of the money that was paid," he said, referring to an initial $90 million contribution from the member insurers.

Fagan was one of the lawyers who saw a $100 million class action settlement that had been agreed with Generali declared null and void last year after the insurer decided to join the insurance commission. "The claimants are dying," he said.

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Washington State Insurance Commissioner Senn Issues Report Analyzing Holocaust Claim Responsibilities

OLYMPIA, Wash., July 20 /PRNewswire/ -- Washington State Insurance Commissioner Deborah Senn, one of the early advocates on behalf of Holocaust survivors fighting for their insurance benefits, has issued a report that analyzes many of the legal issues, including nationalization, that have delayed settlement of the 50-year-old claims.

Commissioner Senn said the report concludes that a legal and historical review of the facts does not support the European insurers' contention that nationalization has eroded the validity of survivors' claims.

The report -- titled "Private Insurers & Unpaid Holocaust-era Insurance Claims"-- was turned over earlier this year to an International Commission striving to reach an equitable settlement on the Holocaust claims. Commissioner Senn said the report supports Commission Chairman Lawrence Eagleburger's insistence the companies now must drop their delaying tactics when the Commission reconvenes later this week in Washington, D.C.

The International Commission was organized by the National Association of Insurance Commissioners (NAIC) after Commissioner Senn revived interest in the claims by outlining the survivors' plight to her fellow regulators in 1997.

SOURCE: Washington State Office of the Insurance Commissioner

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20-Jul-99 -- EWTN News Brief

VATICAN, ISRAEL TRADE CHARGES AT ANTI-SEMITISM CONFERENCE

TEL AVIV (CWNews.com) - A Catholic-Jewish conference in Israel on relations between the religions was rocked on Monday when a Vatican representative said the problem was not just perceived Catholic anti-Semitism, but also Jewish anti-Catholicism.

Father David Yager said the Catholic Church is not anti-Semitic and that all traces of the ideology have been purged from the Church's institutions, but Israel continues to hold an anti-Catholic attitude that is harming prospects for better relations. Father Yager cited continuing accusations by some Jewish leaders that Pope Pius XII did not forcefully enough condemn the Nazism and the Holocaust.

"The Catholic Church and the Jewish people are now allies, friends, and lovers," Father Yager said, but added that Israel's continuing coolness toward overtures from the Vatican is harming relations as millions of Catholics prepare to visit the Holy Land during the Jubilee Year next year. He said that continuing criticism of Pope Pius is essentially a "blood libel."

"Our questions, our desires to search the truth are not blood libelous," said Abraham Foxman, director of the Anti-Defamation League. Foxman praised efforts by Pope John Paul II to emphasize the incompatibility of anti-Semitism with Catholic teaching, but said the message was not filtering down to churches at the grass-roots level. "We both have responsibilities that we haven't fulfilled," he said, suggesting that levels of anti-Semitism were still higher-than-average among Catholics.
Germany remembers Nazi resistance on anniversary of attempt on Hitler

By BURT HERMAN

BERLIN (July 20, 1999 1:26 p.m. EDT) - Germany on Tuesday commemorated the 55th anniversary of the most famous assassination attempt on Adolf Hitler by swearing in army recruits at the building where the plotters were executed.

The 432 recruits, wearing green berets and gray jackets, marched to a snare drum beat into the courtyard of the Bendlerblock for the first swearing in at the site since World War II, attended by Chancellor Gerhard Schroeder and his Defense Minister.

Once the supreme headquarters of the Nazi army, the Bendlerblock was chosen for its symbolism as the government returns this year to its prewar capital Berlin. Tuesday's ceremony was intended as yet another sign of how far Germany has come since the Nazi defeat.

Addressing the troops, Chancellor Gerhard Schroeder emphasized that Germany's army has proved it can be a force for democracy - not militarism - particularly with its role in NATO airstrikes against Yugoslavia, the army's first battle since the war.

"The Kosovo deployment has shown everyone that our military really is a force for peace," said Schroeder, who was accompanied by Defense Minister Rudolf Scharping.

"Our soldiers put into practice what we have learned from history: to take responsibility for human rights, including in places where German armies have wreaked terror and crime in the past."

Heavy security surrounded the event, where about 600 leftist protesters rallied earlier in the day. Previous swearing-ins have drawn protests and strong criticism, including complaints that they cost too much and are antiquated references to the nation's militaristic past.

On July 20, 1944, Lt. Col. Claus von Stauffenberg left a briefcase bomb in a conference room at a field headquarters in East Prussia where Hitler was meeting with top aides.

After seeing the bomb go off - and believing Hitler dead - Stauffenberg sped to Berlin, where he was to have seized the Bendlerblock along with fellow plotters.

Instead, the headquarters became the site of the Stauffenberg's execution, along with other
WASHINGTON (AP) - A commission administering Holocaust-era insurance claims held a second day of talks today on how to respond to Holocaust victims and their families for insurance policy payments.

Chairman Lawrence Eagleburger, a former U.S. Secretary of State, was trying to set up a schedule for the payments - by himself if the companies failed to agree.

Eagleburger had hoped to wind up the talks Wednesday, but an expected agreement to process a first set of claims failed to emerge. He would like the payments to begin by the end of the month.

In dispute is how to arrange a formula for placing values on the claims of families of Jews who were killed in the Holocaust and survivors who were forced to sell their insurance policies and turn in the proceeds to their Nazi persecutors.

Earlier, the issue of claims in countries that became communist after World War II was a stumbling block for the commission.

Communist governments nationalized branches of insurance companies and then either refused to accept liabilities or paid out according to calculations that rendered the claims almost worthless.

Attending the international commission on Holocaust insurance were five insurers, American and European regulators and Jewish groups.
Holocaust panel claims review to begin
October 29

NEW YORK, July 22 (Reuters) - The international panel that is
deciding how much European insurers owe Holocaust survivors
whose prewar life and property policies were not paid out will begin
handling claims by late October, a source close to the issues said on
Thursday.

A round of talks that started on Wednesday in Washington has not yet resolved how the International
Commission on Holocaust Era Insurance Claims will value policies sold in Germany. “The
commission nevertheless has decided to go ahead with a launch date of Oct. 29 for the claims
handling process,” the source, who declined to be named, said.

The panel, led by the former U.S. secretary of state, Lawrence Eagleburger, ran into unexpected
resistance on Wednesday, when one of its five insurers, Germany’s Allianz AG (quote from Yahoo! UK &
Ireland: ALVG.F), proposed using a multiple of 1.7 to value prewar policies, a method that some
commission members rejected as too low.

But there is an accord on valuing other Western European policies, which ensures that payments
reflect inflation and devaluations, and a similar pact is close to being finalized for Eastern European
policies, the source said.

The Washington talks continued on Thursday, but the clash over how to value German policies has
prompted Eagleburger to say he would impose a method if one was not agreed in a week.

About 5,000 claims from Holocaust survivors already are in the pipeline, the source said.

Related News Categories: politics, US Market News
Holocaust insurers get deadline to value policies

By Joan Gralla

NEW YORK, July 21 - An international panel trying to resolve claims that Europe's insurers withheld payments from Holocaust survivors set a one-week deadline on Wednesday for agreement on valuing prewar policies, a source close to the issues said.

"Chairman Eagleburger reiterated there was no choice but to finalize the valuation formulas, and as of this hour, stated he would intervene directly to finalize them in a week's time, if necessary," said the source, who declined to be identified.

Lawrence (quote - news) Eagleburger, the ex-U.S. secretary of state, chairs the International Commission on Holocaust Era Insurance Claims. On Wednesday, the panel began a meeting in Washington that was expected to run about two days.

Insurance analysts have said that outstanding claims could run from $1 billion to $4 billion, although at least one insurer who serves on the panel has said that estimate was inflated.

The international commission is under the gun to begin making payments swiftly, so that elderly Holocaust survivors and not their beneficiaries get the benefit.

Earlier on Wednesday, the Clinton administration's top negotiator on Holocaust issues increased pressure on European insurers that have not joined the international panel.

Deputy Treasury Secretary Stuart Eizenstat told the commission that the panel was the vehicle for resolving claims against European insurers brought by Holocaust survivors, the source, who declined to be identified, said.

"That (Eizenstat's statement) means that insurance companies outside the commission now realize pressure is coming not only from the state insurance commissioners, but what is more important, the federal government," the source said.
Only by joining the commission will insurers be protected against punitive actions that have been threatened by U.S. state insurance regulators, some of whom serve on the panel.

So far, only five big European insurers -- Germany's Allianz AG, France's AXA, Italy's Generali, and Switzerland's Winterthur and Zurich Allied -- have joined the insurance panel.

Those five account for 40 percent of the prewar market.

Eagleburger has asked four more insurers -- the Netherlands' AEGON NV, Switzerland's Swiss Life and Germany's Munich Re and Gerling-Konzern -- to sign up. Another four insurers are expected to be targeted.

The key issue of how to value policies was not the only problem on Wednesday. Jewish participants at the meeting, who declined to be identified, said they were "flabbergasted" that one insurer said that policies that were purloined by the Nazis should be considered as paid.

"They asserted that there was no legal obligation to pay any policies that were placed by the Nazi regime in a blocked account, and not paid out to the insured Jewish policy holder, but rather to the Nazi regime," one Jewish participant said.

The lack of trust that divides some participants was indicated by another insurer, Allianz. A company spokesman reacted to rumors it was trying to disrupt the talks by saying: "Allianz is still fully committed to making this commission work ... any any implication to the contrary is untrue."

Figuring out the value of prewar policies that Holocaust victims bought to protect their families is a tough issue.

For policies sold in Western Europe, the insurers in late June agreed to use each country’s bond rates but that accord began to unravel for Germany, according to one of the sources.

At Wednesday’s meeting, Allianz proposed multiplying a prewar policy’s face value by 1.7 -- in contrast, Swiss banks last year agreed to use a factor of 10 when they reached a historic, $1.25 billion settlement with Holocaust victims, another source close to the issue said.

The Allianz spokesman declined to comment directly on this issue, saying only that valuation would be discussed on Thursday and that "this is still an open point."

The method for figuring out how much policies sold in Eastern Europe are worth has also not been finalized.

Category: World

Previous Story: FOCUS-JFK Jr, wife, sister-in-law bodies recovered (Reuters)
Next Story: FOCUS-Vietnam/U.S. near conclusion of trade pact (Reuters)
NEW YORK, July 21 (Reuters) - The Clinton administration's top negotiator on Holocaust issues on Wednesday increased pressure on European insurers who have not joined an international panel trying to settle claims of Holocaust survivors, a source close to the issue said.

U.S. Deputy Treasury Secretary Stuart Eizenstat told the International Commission on Holocaust Era Insurance Claims that the panel was the vehicle for resolving claims against European insurers bought by Holocaust survivors, the source, who declined to be named, said.

"That (Eizenstat's statement) means that insurance companies outside the commission now realize pressure is coming not only from the state insurance commissioners, but what is more important, the federal government," the source said.

Only by joining the commission will insurers be protected against punitive actions that have been threatened by U.S. state insurance commissioners.

Insurance regulators from California, New York and Florida, serve on the panel that is led by former U.S. Secretary of State Lawrence Eagleburger.

Eizenstat, who last year helped Swiss banks reach a $1.25 billion settlement with Holocaust survivors, has not always favored sanctions. In late May, Eizenstat, who at the time was undersecretary of state, said that sanctions by state insurance commissioners would be counterproductive.

"It would be detrimental to keeping those already in the commission working in a cooperative way, opening their archives, and also encouraging additional companies to come into the commission," Eizenstat said.

Only five big European insurers -- Germany's Allianz AG, France's AXA, Italy's Generali, and Switzerland's Winterthur and Zurich Allied - have joined the...
insurance panel. These five insurers account for about 40 percent of the prewar market.

Eagleburger has asked at least four more companies -- the Netherlands' AEGON NV, Switzerland's and Germany's Munich Re (quote from Yahoo! UK & Ireland: MUVGn.F) and Gerling-Konzern -- to sign up. About four more firms are expected to be targeted.

Insurance industry analysts have estimated that outstanding claims could run from $1 billion to $4 billion, though at least one insurer who serves on the commission has said that estimate was inflated.

(Note: this article is "in progress"; there will likely be an update soon.)
Britain stalled aid to Nazis' victims, documents reveal

By RICHARD NORTON-TAYLOR
The Guardian

LONDON - Britain opposed a U.S. plan to free Jews from Nazi concentration camps on the grounds they would make their way to Palestine, where they wanted to set up a Jewish state, hitherto secret official documents reveal.

The papers show Britain tried to sabotage a U.S. proposal whereby German nationals in Latin America would be exchanged for Jews in possession of Latin American passports.

The idea was proposed in July 1944 when Washington asked for British cooperation.

Documents released Tuesday at the British Public Record Office show that the reaction from London was lukewarm, with the Foreign Office arguing over which categories of Germans in Latin America should be allowed to return home.

The reason for the government's stalling is exposed in a secret telegram sent by Foreign Secretary Anthony Eden to British ambassadors in South America.

Dated Nov. 15, 1944, it refers to the U.S. plan for exchanges “between German nationals in the Western Hemisphere and individuals belonging to the oppressed minorities in Germany and German-occupied Europe who are in possession of documents giving them the right of protection by or entry into certain Latin American countries.”

After telling the ambassadors to cooperate with their U.S. colleagues, Eden said they should “bear in mind the following consideration”: Most of the holders of Latin American passports were “of Jewish race who have been accepted as immigrants to Palestine and the passports are good for a journey thither. ...”

“In these circumstances it appears doubtful that it will ever be possible to carry out the exchange envisaged by the United States government.”

He tried to sweeten the pill by claiming that the mere fact the plan was under discussion provided at least grounds for hope that “the German government will abstain from exterminating these unfortunate people and will keep them in camps open to outside inspection.”

However, in March 1945, the State Department was still complaining about Britain’s intransigence. The U.S. ambassador to Uruguay noted that “British security authorities” there had “not obtained the impression that the British government is fully sympathetic to the purposes” of the plan.

The U.S. stressed that that the exchange plan had “as a principal objective the liberation of those unfortunate persons at the camp in Bergen Belsen in Germany and in similar camps in Germany who have Latin American passports.”
It was "a matter of the greatest humanitarian urgency," said the State Department, "that cleared lists of Germans in this hemisphere available for exchange be compiled and that they comprise enough persons to permit the release from confinement and otherwise certain death of the several thousand unfortunate bearers of Latin American passports whom the Germans are holding under such conditions."

The U.S. deeply resented the impasse, blaming it on Britain's insistence that no German "in good health and of military age, regardless of sex" should be repatriated.

Lord Janner, chairman of the Holocaust Educational Trust, described Britain's attitude to the plan Tuesday as "a hideous example of a disgraceful policy which cost so many precious lives."

The plan followed a proposal in 1943 by German Foreign Minister Joachim von Ribbentrop to exchange some 30,000 Jews for a similar number of Germans in South America, the British Empire and Palestine.

In the end, 550 Jews were exchanged and sent to Austria, Turkey and Sweden, many of them ending up in Palestine.

After the war a new plan was drawn up to repatriate what the documents released Tuesday described as "obnoxious Germans" - Fascist sympathizers - from Latin America. At the same time, Nazi leaders, including those wanted for war crimes, fled from Germany to South America.
WASHINGTON, July 21 /PRNewswire/ -- Florida Treasurer and Insurance Commissioner Bill Nelson today proposed that European insurers under scrutiny for unpaid Holocaust insurance claims provide free home health care to untold thousands of elderly Holocaust survivors across much of the country.

Nelson's proposal would be a means of compensating Holocaust victims now, while their unpaid insurance claims are being processed by an international commission seeking compensation for the survivors.

"Many of these victims are elderly and frail, and need our help now," said Nelson, one of three state insurance regulators on the Holocaust commission.

Called the International Commission on Holocaust Era Insurance Claims, the 12-member panel is chaired by former U.S. Secretary of State Lawrence Eagleburger. Other members include representatives of the State of Israel, the World Jewish Restitution Organization, and five European insurers comprising 40 percent of the pre-World War II insurance market in Europe. The commission was meeting Wednesday in Washington, D.C, where the proceedings were translated to observers in five languages.

Nelson said giving more immediate relief to survivors in the form of home health-care coverage would allow them to live out the remainder of their lives in dignity, outside of institutionalized care.

Eagleburger asked Nelson for a formal written plan. The bottom line for the insurance companies is expected to be how much the plan would cost. The number of Holocaust survivors in Florida alone, who could benefit from such a proposal, is estimated to be at least 5,100.

Outside of the five European insurers cooperating in the claims process, other large insurers have yet
to participate. The international commission, which has been together less than a year, has made formal requests to a number of companies and Central European governments to join in the process.

The governments of Poland and the Czech Republic are participating as observers and have agreed to search their archives for evidence of unpaid insurance claims from the Holocaust era. One insurer, Generali of Italy -- a commission participant -- already has turned over a list of 100,000 policies it had in force back in 1938.

In the U.S., Florida, California and New York have the largest Holocaust survivor populations.

In Florida, Nelson has set up a toll-free number for Holocaust-era victims who believe they or their relatives had life insurance policies not honored by European insurance companies. That number is: 1-800-388-4069.

SOURCE: Florida Department of Insurance
Related News Categories: insurance
Swiss Reveal Secret World:
Their Defense From Nazis

By The New York Times

VITZNAU, Switzerland — A few hundred yards away from the cable car that brings tourists to the top of scenic Mount Rigi overlooking Lake Lucerne, a large camouflage-green door carved into the mountainside opens onto a world that has been secret for 50 years.

It is a mountain fortress, part of a vast network of bunkers the Swiss built during World War II to defend themselves from Germany. The “national redoubt,” as the chain of citadels is called, was at the core of Switzerland’s belief that its national will had steered it unscathed through the war.

Considerable light has been shed recently on Switzerland’s wartime actions as Hitler’s banker, but the idea of Swiss invincibility remains, especially among the wartime generation. Only now, with modern-day maintenance costs straining the national budget, have the Swiss decided to declassify their secret complexes, and even to start selling some off.

The enormous fortress chain, estimated to have cost $10 billion in today’s dollars, was constructed at a time when German armies had invaded five neighboring countries. The entry of German troops into Paris in June 1940 galvanized the Swiss.

The Swiss Army withdrew from its borders, and regrouped in the Alps, which cut across the country, providing a natural defense line. This left the low-lying areas, where most of the population was concentrated, at the mercy of invaders.

Historians question whether Hitler ever intended to annex Switzerland, or preferred instead to use the country as his financial conduit, but the Swiss fervently launched the massive underground works project.

Thousands of people worked night and day to tunnel into mountains and construct hiding places for weapons and men. Then, the entrances were covered over to blend with surrounding foliage.

“When I was young, we would hear the dynamite, and we'd see the earth move down from the mountains,” recalled Arthur Joller, the retired 66-year-old railway worker who is in charge of the Vitznau Artillery, the fortress built into the side of Mount Rigi.

“The work was always guarded, and we never dared come. It was absolutely forbidden,” said Mr. Joller, who conducts a tour of the bunker, two stories high, dug into the side of Mount Rigi. Its quarter mile of gray cement and stone corridors are lined with narrow gutters where condensation from the rocks pours off. The stronghold was designed to accommodate 120 men for a month.

It has a kitchen, with spotlessly clean oversized pots and pans to feed large numbers, an infirmary, toilets modern by 1940 standards and separate sleeping quarters for officers. It also has a radio room, war room, huge water tank, disinfection area in case of a chemical attack, generator, ammunition storage areas and two 105-millimeter cannons.

The cannons, no longer operational, overlook Lake Lucerne, ready to fire at approaching enemy troops. However, 1956 was their last test-firing because the noise and vibration damaged windows in local houses and the village church.

Despite widespread support for the national redoubts, morale was sometimes difficult, said Maurice Lovisa, who has been advising the Swiss Defense Department on the underground fortresses. “At first they took soldiers from the region, but their families were unprotected in nearby villages, so it began to be a problem,” he said. “So they started to take soldiers from farther away.”

Vitznau and the other mountain bunkers — 70 medium-size citadels plus more than 10,000 smaller bunkers and command posts — remained closed for decades. Even visiting the sites is a matter for top-level military decision, and forbidden for the three gigantic command fortresses — at St. Maurice, the Gothard and, easternmost, at Sargans — that were the anchors of the line of the bunkers across the Alps. Each of those was constructed to hold 1,000 soldiers at a time.
Dangers on all sides for Eagleburger

By Richard Wolffe

It was supposed to be a more harmonious way of settling the emotionally fraught and morally complex arguments over Holocaust-era assets. Instead of last year's highly public battles over Swiss bank accounts, the process for settling insurance claims would be consensus and efficient.

But after two days of talks this week in Washington, the Eagleburger commission - which includes five European insurers, Jewish groups, and US regulators - faces a series of acrimonious disputes that threaten to tear the process apart.

Lawrence Eagleburger, the commission's chairman and a former US secretary of state, will for the first time impose compromise on the sharply divided parties. The dangers for Mr Eagleburger surface on all sides, as he makes his unilateral directives on issues ranging from valuing German insurance policies to the auditing of archives.

If his imposed decisions are seen as too harsh on the insurers, he will scare away the large European insurers - such as Munich Re - that have yet to join the commission's work.

If they lean in favour of the insurers, he risks alienating US state regulators such as Chuck Quackenbush of California, who are under political pressure to impose sanctions on uncooperative insurers. The insurers gain safe harbour from sanctions as long as they stay inside the commission.

The most passionate conflicts have revolved around two issues: obtaining lists of pre-war policyholders, and valuing the policies in today's currencies.

The debate over lists of policyholders has split the insurers. While Generali of Italy has already agreed to hand over a list of up to 100,000 unpaid policies from 1938, other insurers have refused to take part.

Mr Eagleburger said he would bypass the reluctant insurers by relying on third-party sources such as government archives.

However, sharp disagreements emerged with Allianz of Germany, which argued such a formula did not take into account the post-war currency conversion from Reichsmarks into D-Marks. Allianz proposed a multiple of just 1.7.

Elan Steinberg, executive director of the World Jewish Congress, said: "No reasonable person would believe that one mark in 1936 is worth DM1.70 today. That is not real value."
BELGIUM: A PORK SCARE Belgium plunged into another food-safety crisis after its new Government banned the sale of pork from more than 200 farms after discovering toxic levels of cancer-causing dioxin chemicals in pork fat. The new ban comes after a scandal over contamination of eggs, poultry, beef and dairy products. Public uproar led to the election June 13 of a new Government under Prime Minister Guy Verhofstadt, who plans to start a food safety agency.

Craig R. Whitney (NYT)

GERMANY: MORE MONEY FOR MEMORIALS The budget for the preservation of memorials to former Nazi concentration camps is to be increased from $16 million next year to $27 million by 2003, Germany’s top cultural official said. Michael Naumann, who said last year that the money was not enough, has been reflecting new demands for reparations.

Michael Naumann (NYT)

MEXICO: COMEDIAN’S SIDEKICK KILLED The police placed the longtime sidekick of Francisco Stavisky, the popular television comedian who died in a gangland-style killing on June 7, under house arrest after announcing that he is a suspect in the homicide. Police officials said they moved to block an attempt by Mario Rodriguez Bezares, the stand-up comic’s straight man who was with him at the time of the murder, to leave Mexico for the United States.

Julia Preston (NYT)

MEXICO: POLITICAL CHARGES Roberto Madrazo Pintado, a former state governor who is one of four politicians seeking the governing party’s presidential nomination, accused Francisco Labastida Ochoa, a former Interior Minister who is leading in the polls, of violating party rules. He said Mr. Labastida broadcast one of his rallies over a satellite television system before the party’s formal primary campaign begins on Aug. 1. Mr. Madrazo demanded that Mr.—Labastida be disqualified.

Sam Dillon (NYT)

CANADA: IMMIGRANTS SEEK REFUGEE STATUS The Chinese immigrants who weathered a months-long voyage aboard a rusty trawler to reach British Columbia have asked for refugee status. Lois Reimer, a spokeswoman for Citizenship and Immigration Canada, said an immigration judge would decide by Monday whether the 123 Chinese men and women found aboard the filthy ship would be allowed to remain in Canada while they make their claims. Final judgments could take a year, she said.

Anthony DePalma (NYT)

MEXICO: A KIDNAPPING CONFIRMED Antonio Gutierrez Cortina, chairman of the conglomerate Grupo Ordaz, confirmed reports that he was kidnapped on June 1 in a bathroom in the Mexico City airport. He said he escaped from his captors five days later in northern Mexico and fled to the United States, where he was returned to federal custody. His brother, Juan Bosco Gutierrez Cortina, made a dramatic escape from a long, highly publicized kidnapping in 1990.

Julia Preston (NYT)

SOUTH AFRICA: LABOR UNREST More than 100 workers at a public servants struck and marched in across the country, protesting the Government’s offer of a 6 percent raise. The unions, representing teachers, nurses, the police, prison guards and social workers, are seeking 10 percent. The protests also upset at the loss of 170,000 public sector jobs in the last three years and plans for privatization of more state-owned enterprises.

Donald G. McNeil Jr. (AP)

KENYA: PROMOTION FOR LEAKY Under pressure to straighten out its economic problems, President Daniel arap Moi made key changes in administration, including putting the cabinet security chief Richard Leakey in charge of the civil service. Mr. Leakey, who heads the Kenya Wildlife Service, was secretary of the Cabinet and permanent secretary in charge of the public service. Mr. Leakey, who has been unusually vocal about the need for economic reform, has been known to have a knack for turning around troubled enterprises.

Sam Dillon (NYT)

SUDAN: CEASE-FIRE TALKS FAIL Sudan’s political parties failed to renew a cease-fire to avoid a renewed conflict with the Islamic fundamentalists last month. The parties have agreed to negotiate a cease-fire to end the conflict in a Fruit international talks that began in Nairobi.

Robert F. Harriman (NYT)

ISRAEL: SPEAKERS TO MEET Arafat and Prime Minister Ariel Sharon are expected to meet in a session in the Middle East. The meeting will take place in the next few days in the wake of the recent violence in the West Bank and Gaza Strip.

Julia Preston (NYT)
NEW YORK, July 23 (Reuters) - Only the insurance panel negotiating with European insurers to settle claims they did not pay prewar policies bought by Holocaust survivors likely will give the firms the protection they seek against any new liabilities, a Jewish group said on Friday.

The question arose after German insurer Gerling (quote from Yahoo! UK & Ireland: GKAGa.F) said it was considering which of two compensation initiatives to join -- the insurance panel, called the International Commission on Holocaust Era Insurance Claims, or a separate fund being set up by 16 German companies.

"We want to have peace in this matter, both with the lawyers and the Jewish representatives," Peter Meyer-Heinsohn, the head of Gerling's legal department in Cologne, told Reuters.

In the chaotic years leading up to the Second World War, many people who later were persecuted by the Nazis sought to protect their families and assets by buying life and property insurance.

A number of European insurers face billion-dollar class-action lawsuits in U.S. courts that were brought on behalf of Holocaust survivors, who charge that they were blocked from collecting on their policies after the war ended.

At least 16 financial and industrial German companies also have been sued in U.S. courts by Holocaust victims.

That group of 16 firms plans to settle claims from a variety of Holocaust victims, including slave and forced laborers, by setting up a memorial fund, initially estimated at $1.7 billion. But in return, they want to be assured that they will not face any new claims.

European insurers such as Gerling want the same legal protection.

Elan Steinberg, executive director of the World Jewish Council (WJC), which serves on the insurance
commission, told Reuters in a telephone interview: "I believe they (Gerling) should join both panels but it is particularly important that they join the insurance commission.

"We're not making any accusation against Gerling at this point. What we are saying is they are not members of the commission and therefore should not receive the protections that the commission affords," Steinberg said.

So far, only five insurance companies have joined the insurance commission: Germany’s Allianz AG (quote from Yahoo! UK & Ireland: ALVG.F), France’s AXA, Italy’s Generali and Switzerland’s Winterthur and Zurich Allied.

The Clinton Administration’s top negotiator for Holocaust issues, U.S. Treasury Deputy Secretary Stuart Eizenstat, this week told the insurance panel that he wants to give the insurers who serve on the commission a legal shield from future claims in return for their paying compensation, according to Steinberg.

Eizenstat has also said the firms will not have to pay compensation more than once, so there is no disadvantage to joining both the insurance commission and the separate, $1.7 billion memorial fund.

The insurers on the panel, led by former U.S. Secretary of State Lawrence Eagleburger, are also the only ones protected from possible sanctions threatened by insurance commissioners in a number of U.S. states.

For example, California’s Chuck Quackenbush, who serves on Eagleburger’s commission, has threatened to shut the California businesses of European insurers that fail to settle charges they never honored life and property insurance policies Holocaust survivors bought before the Second World War.

Eagleburger in the past few weeks has written at least four companies -- including Gerling -- to urge them to join the panel, warning them they might face liabilities for failing to honor prewar insurance policies sold to Holocaust survivors.

In addition to Gerling, Germany’s Munich Re (quote from Yahoo! UK & Ireland: MUVGn.F), Netherlands’ AEGON and Switzerland’s Swiss Life have received Eagleburger’s invitation.

Related News Categories: politics, US Market News
NYC cautious on Germany’s new Holocaust negotiator

NEW YORK, July 22 (Reuters) - New York City Comptroller Alan Hevesi, who has said the appointment of Germany’s top negotiator on Holocaust issues to a new post might imperil claims settlement talks, on Thursday reacted cautiously to Germany’s appointment of a replacement.

German Chancellor Gerhard Schroeder named Otto Graf Lambsdorff, a liberal lawyer and Germany’s economic minister from 1977 to 1984, to replace Bodo Hombach, Schroeder’s chief aide.

Hombach, who had won the trust of all sides in the Holocaust talks, is leaving the Bonn government to run European Union Balkan reconstruction efforts.

“Mr. Lambsdorff is an important person in the German finance and economic world with contacts with the major German companies. We hope for the best in negotiations,” Hevesi said through his spokesman.

Hevesi’s views carry weight. He sets New York City’s policy in this area and organized a group of 900 public finance officers whose threat last year to boycott Swiss banks helped push them into a historic accord with Holocaust victims.

Germany is in the midst of talks to settle claims that its banks, insurers and industrial companies made money by doing business with the Nazis at the expense of Holocaust victims, including those who toiled as forced or slave laborers and those whose assets were looted.

U.S. private attorneys have sued the German enterprises for billions of dollars in class-actions.

A planned new fund, initially estimated at $1.7 billion, would let the firms settle the claims in return for a guarantee they would not face any additional liabilities.

One major Jewish restitution group, the Claims Conference, which Germany uses to run million-dollar pensions for Holocaust survivors, was optimistic about Lambsdorff’s appointment.

“We believe that this is a sign that the German government is committed to resolving this issue quickly,” Claims Conference Executive Vice President Gideon Taylor told Reuters in a telephone conversation.

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delayed 20 mins - disclaimer
interview.

There are nearly half a million Holocaust survivors around the world but many are elderly, so getting payments started as soon as possible is a major concern. Germany has chosen a symbolically important target date: September 11, the 60th anniversary of the start of the Second World War.

One of the U.S. Holocaust attorneys, Ed Fagan of Fagan & D’Avino, said Germany’s new negotiator had a reputation for candor. “He is a very eloquent negotiator and absolutely known as somebody who hits the point, even if it hurts,” he said.

That was not Fagan’s only expectation. “They (Germany) are communicating they’re now in a position to talk about money because the person they’re sending is the former economic minister.”
WASHINGTON (AP) - A commission administering Holocaust-era insurance claims expects to be able to begin making payments to victims and their families by late October.

At a two-day meeting that ended Thursday, the commission was unable to finalize a formula for establishing the value of German policies.

But the commission, composed of five major European companies, Jewish groups and American regulators, agreed on a formula for payments on policies issued in all other European countries.

J.D. Bindenagel, the State Department’s envoy for Holocaust issues, said processing of claims would begin immediately. “All sides have narrowed their differences, and we’re almost there,” he said.

The commission decided in London in May to pay the “real value” of the policies. This led to approval here of a formula based on long-term government bond rates. This takes inflation into account and adds 2 percent interest per year, said Elan Steinberg, executive director of the World Jewish Congress, who participated in the talks.

The German insurance company Allianz proposed making payments of 1.7 times the value of the policy when it was purchased. “No reasonable person would believe that a dollar in 1936 is worth $1.70 today,” Steinberg said in an interview. “That’s not real.”

As a result of the unresolved dispute over the proposed Allianz formula, the commission chairman, former Secretary of State Lawrence Eagleburger, announced he would decide questions about the value of policies and issue directives within 10 days.

He also is faced with technical details involving cost-of-living factors and audits.

In the meantime, Eagleburger said claims now in the hands of state regulators, Israel and Jewish organizations would be used to test a claims-handling procedure established by the commission in its two-day meeting.
In a statement, he said the commission would pursue "in every reasonable way" sources for obtaining lists of potential claimants and include them in the process.

A representative of the Czech Republic, meanwhile, gave the commission the names of an additional 15,000 people who held insurance policies.

Earlier Stories

- Debate in Holocaust Insurance Money (July 22)
News at a Glance

Last updated Sunday, July 25, 1:26 PM ET

- Israeli Prime Minister Ehud Barak, President Clinton and Palestinian Authority Chairman Yasser Arafat were among some 30 world leaders who attended the funeral of Morocco’s King Hassan II. Barak was accompanied by President Ezer Weizman and former Prime Minister Shimon Peres. Hopes that Barak would meet with Hafez Assad during the funeral were dashed when the Syrian president announced at the last minute that he would not attend.

- Morocco’s late King Hassan II played an important role in helping Israel forge links with its Arab neighbors. In the late 1970s, Hassan helped Israel take the first steps toward peace with Egypt. During secret talks earlier this decade, Hassan helped launch the Israeli-Palestinian peace process.

- Talks scheduled for Saturday night between Israeli Prime Minister Ehud Barak and Palestinian Authority Chairman Yasser Arafat were postponed because of the death of Morocco’s King Hassan II. Their first meeting since Barak’s return from Washington is now slated for Tuesday.

- Moscow police detonated a bomb found Sunday inside a shul in the Russian capital. According to one security official, the bomb placed inside the Lubavitch movement’s Bolshaya Bronnaya shul contained more than one pound of TNT.

- Payments totaling $1.05 million are scheduled to be made this week to Russian Holocaust survivors. A total of 1,745 Jewish survivors and 890 non-Jewish survivors will each receive $400 from a $180 million fund that was established in 1997 by Switzerland’s three largest banks to aid needy survivors worldwide.

- A group of nearly 150 Kosovo refugees taken in by Israel during the recent NATO bombing campaign of
Hopes raised for quick end to slave-labor talks

BEHIND THE HEADLINES
New German slave-labor negotiator raises hopes for a quick end to talks

By Toby Axelrod

BERLIN, July 25 (JTA) -- The naming of a new German government representative to participate in talks aimed at compensating Nazi-era slave laborers has created hopes for speedy conclusion of those negotiations.

And given the sensitive nature of the talks -- which bring together 16 of Germany's leading industrial firms and representatives of Holocaust survivors under the auspices of the United States and Germany -- the virtually unanimous acclaim that greeted last Friday's appointment of Otto Graf Lambsdorff as the country's new chief negotiator is something of a wonder.

Joining those who praised the appointment, Ignatz Bubis, chairman of the Central Council of Jews in Germany, described Lambsdorff, a former economics minister, as a competent and trusted figure.

His appointment proves that German Chancellor Gerhard Schroeder is "serious" about bringing the negotiations to a successful conclusion, Bubis added.

The former lead negotiator, Bodo Hombach, recently resigned to run the European Union's reconstruction efforts in the Balkans.

Lambsdorff, 72, is honorary president of the liberal Free Democratic Party, which is not part of the Schroeder administration.

The fact that Lambsdorff comes to the job from outside the Schroeder government gives him the appearance of independence, observers say.

And independence will prove a plus in the sensitive talks, in which Germany’s industry giants will likely pay hundreds of millions of dollars apiece to make restitution for the wrongs of a previous generation.

They hope the book on reparations will be closed by the end of the century.

Some 12 million people -- mostly from occupied lands -- worked as slave or forced laborers in various German industries during World War II. Tens of thousands are still living today.

In recent days, Jewish leaders had charged the German government with dragging its feet in the talks, saying Schroeder had thrown a wrench into the negotiations when he removed Hombach from the talks.

The two sides have been racing to achieve a settlement by a symbolically important Sept. 1 deadline, which marks the 60th anniversary of the start of World War II.

In June, the German industrial firms offered a settlement of $1.7 billion, but that sum was rejected by Jewish groups.

A lawyer who has worked in banking and insurance, Lambsdorff was minister of economics for seven years under former Chancellor Helmut Kohl.

He left the administration under a cloud in 1984, and was convicted in 1987 of taking campaign donations to help a major German firm avoid paying nearly $900,000 in taxes.

Although observers said at the time Lambsdorff’s political career might be over, he remained a member of Parliament until last year, when he chose not to run again.

Despite this brush with white-collar crime, Lambsdorff is known here as a straightforward and fair mediator.

“He is a man who says what he believes,” said Michel Friedman, deputy chairman of the Central Council of Jews in Germany. “I think he is not a friend to
industry, though he is certainly very connected. But I am sure he knows that his duty is not to represent the industry."

Lambsdorff's appointment ends a period during which several names were floated as replacements for Hombach, who had served as Schroeder's chief of staff.

Though he received praise from participants in the slave-labor negotiations, Hombach was criticized by some as too busy to devote his full attention to the talks.

The politically tough role was turned down by his successor as Schroeder's chief of staff, Frank Walter Steinmeier, and by Foreign Minister Joschka Fischer and Finance Minister Hans Eichel.

Government legal adviser Gerd Westdickenberg filled in temporarily. As late as last week, observers thought Hombach's permanent replacement would be Dieter Kastrup, Germany's ambassador to the United Nations.

The appointment of Lambsdorff, a man known for his no-nonsense style, has created hopes that he will help unravel issues that have held up the talks -- including an industry demand for protection from all future lawsuits related to slave laborers. The firms are demanding such protection as a condition for setting up the compensation fund.

The various sides are planning to meet this week in Washington to hammer out several issues, including this call for protection from future lawsuits, said Gideon Taylor, executive vice president of the Conference on Jewish Material Claims Against Germany, who also expressed optimism about Lambsdorff's appointment.

The talks coincide with separate negotiations that have an international commission working with European insurers to resolve claims that the firms blocked payments on policies taken out during the war years.

Many policies were not honored after the war because beneficiaries rarely had documents proving that the policy holders -- victims of the Holocaust -- had died.
Following talks last week in Washington, the panel’s chairman, former U.S. Secretary of State Lawrence Eagleburger, said the International Commission on Holocaust Era Insurance Claims would also soon resolve the thorny issue of how much those claims are now worth.

Some analysts put the total at between $1 billion and $4 billion.

The commission expects to begin handling claims by the end of October.

Eagleburger is reported to have recently contacted several insurers, telling them that they should either join the negotiations or face potential lawsuits from the beneficiaries of Holocaust victims.

Four companies have reportedly asked to join the commission.

One German insurer -- Gerling -- has reportedly expressed interest in joining either the insurance or the slave labor talks.

Germany’s leading insurer, Allianz, is involved in both the slave-labor and insurance negotiations.

The growing number of firms considering joining the settlement suggests there are more firms out there who fear -- or know -- they may have a tainted past.

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Documents reveal Britain blocked U.S. plan to save Holocaust victims

By Douglas Davis

LONDON, July 21 (JTA) -- The British government blocked a secret U.S. plan that would have saved thousands of Jews from Nazi concentration camps because Britain feared they would settle in Palestine, according to newly released British documents.

The plan would have involved the exchange of captive Jews in Germany and German-occupied territory who held South American passports for German nationals in Latin America.

But Britain's foreign secretary, Anthony Eden, rejected the June 14, 1944, proposal because he feared the freed Jews would stir up trouble for Britain if they emigrated to Palestine, a Foreign Office document shows.

Eden was also concerned that the return of able-bodied Germans might contribute to the Nazi war effort.

Britain's refusal to contemplate the exchange plan angered Washington, where politicians had been shocked by the malnourished, emaciated condition of prisoners from Bergen-Belsen who had been released in an earlier civilian exchange.

U.S. officials suggested the plan after diplomats noted that many Germans were interned or under effective house arrest in Latin American countries, while thousands of concentration camp inmates were Latin American citizens or their dependants.

Eden, however, was unimpressed with the plan.

"Most of the holders of these documents (Latin American passports) are of the Jewish race who have been accepted as immigrants to Palestine," he wrote in
November 1944 to the British ambassador in Uruguay, Gordon Vereker.

He added that "the passports are good for a journey thither provided the holders succeed in leaving enemy or enemy-occupied territory.

"In these circumstances, it appears doubtful that it will ever be possible to carry out the exchange envisaged by the United States Government."

Eden expressed the hope, however, that "the German Government will abstain from exterminating these people and will keep them in camps open to outside inspection" if it was made aware that they might be exchanged for Germans.

British diplomats in South America also argued about the lists of German citizens prepared by the United States.

"All of them are capable of rendering services to Germany if in that country," Vereker wrote. "Many have qualities that would render them of considerable value to Germany.

"For instance, it seems absurd to suggest sending to Germany," he added, "highly trained employees of the German bank who otherwise are languishing here doing nothing but draw their pay."

"Any such action," added Vereker, "would certainly be misunderstood and give rise to all sorts of ideas that we have gone all soft and sentimental over the Germans."

In February 1945, the U.S. State Department was so exasperated by Britain's procrastination that an emotional memo was sent to London.

"The department has received most distressing reports regarding physical conditions of the unfortunate persons from Bergen-Belsen camp who were released in the latest exchange of civilians, and it will be noted that five of them died of malnutrition during a short period after their arrival in Switzerland. A sixth has died this week.

"It is therefore a matter of the greatest humanitarian
urgency that cleared lists of Germans in this hemisphere available for exchange be compiled and that they comprise enough persons to permit the release from confinement and otherwise certain death of the several thousand unfortunate bearers of Latin American passports whom the Germans are holding under such conditions."

However, by the time Lord Halifax, then British ambassador in Washington, sent the note to Vereker, progress in the war had made the plan "of academic interest," according to a document.

Ironically, after the war, Britain's diplomats in South America found themselves frustrated by U.S. obstruction of plans to expatriate "obnoxious Germans."

George Ogilvie Forbes, then British ambassador to Venezuela, remarked on the "indifference" of Americans to the plans even though "the elimination of obnoxious Germans from this territory really concerns the U.S. much more than Britain."

The documents were not scheduled to be released until 2021, but were released by the Public Records Office in London this week under the Open Government Initiative.

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Germany dedicates more money to preserving concentration camps
By Toby Axelrod

BERLIN, July 25 (JTA) -- Through a badly needed financial boost to concentration camp memorials, the government is committing Germans of the next century to carry on the process of remembrance.

Michael Naumann, cultural adviser to Chancellor Gerhard Schroeder, said last Friday that funding to memorials “at authentic locations” will increase from $16 million in 2000 to $27 million in 2003. Among them are Dachau, Buchenwald, Ravensbrueck and Sachsenhausen.

Directors of several memorials have long warned that their archives and exhibitions are deteriorating through overuse, lack of protection and understaffing.

In addition, some sites in the former East Germany are digging themselves out from decades of Communist influence on their presentation of history.

Among the sites to be funded are Berlin’s “Topography of Terror,” a document center and exhibit about the history of the SS; the House of the Wannsee Conference, where the Holocaust was planned; the Memorial to German Resistance; and a memorial concerning the Berlin Wall.

The funding has nothing to do with the planned national Holocaust memorial in Berlin, to be located on a stretch of former no-man’s land that divided East and West Berlin.

Critics have said the memorial, approved by the German Parliament last month, would attract graffiti and require extra protection. The memorial to the murdered Jews of Europe, designed by American architect Peter Eisenman, will cost an estimated $11

Germany pours money into concentration camp preservation

Also last Friday, Naumann asked Berlin to fulfill its promise to create a memorial to the 500,000 murdered Roma -- also known as Gypsies. Mayor Eberhard Diepgen firmly stated his opposition to further memorials in Berlin after the Parliament approved the memorial to the Jews.

Naumann said Friday that the Eisenman memorial did not exempt Berlin from its responsibility to the Roma.

In the past, Diepgen had suggested that a memorial for them be created on the eastern fringes of Berlin, where the Nazis established a collection camp for them in 1936. Today, young extremists often hang out on the edges of Berlin.

Attacks on foreigners have increased in the former East Germany in the past year.

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Berlin (AP) -- A human rights group has joined calls for Germany to build a memorial to Roma, or gypsies, killed by the Nazis, following parliament's approval of a memorial to Jewish Holocaust victims.

The private, Berlin-based International League for Human Rights said in a statement Monday that Germans should "not repress this part of their history and forget the victims."

Germany's Roma, led by the Central Council of German Sinti and Roma, have for years urged Germany to remember the some half-million Roma killed in the Holocaust.

Their push intensified after parliament last month voted in favor of building a national Holocaust memorial dedicated to the 6 million "murdered Jews of Europe," despite calls for the inclusion of other victims.

Roma want their memorial built in central Berlin between the Brandenburg Gate and the Reichstag, or parliament building -- close to where Germany plans to build its national memorial. The central council has planned a news conference Friday at the site.

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German Holocaust claims chief goes to US for talks

BONN, July 27 (Reuters) - Germany’s chief Holocaust claims negotiator was flying to Washington on Tuesday for talks aimed at breaking a stalemate over compensation for Nazi victims proposed by German industry, the government said in a statement.

It said veteran former minister Otto Lambsdorff would meet U.S. Deputy Treasury Secretary Stuart Eizenstat on Wednesday ahead of negotiations scheduled for Thursday between victims’ lawyers and some of Germany’s leading companies.

Sixteen firms have proposed a compensation fund aimed at pre-empting huge U.S. class action suits against them by former Nazi-era slave workers and other Holocaust victims.

Chancellor Gerhard Schroeder’s government has said it wants the fund to be launched by the symbolic date of September 1, marking the 60th anniversary of the outbreak of World War Two. But victims’ lawyers are unhappy with the terms offered so far.

Talks on the fund -- proposed in February by firms including carmakers BMW (quote from Yahoo! UK & Ireland: BMWG.F) and DaimlerChrysler (quote from Yahoo! UK & Ireland: DCXGn.F), chemicals group BASF (quote from Yahoo! UK & Ireland: BASF.F) and Deutsche Bank (quote from Yahoo! UK & Ireland: DBKG.F) -- have in particular foundered on the question of guarantees the companies want to protect them from future claims.

Lambsdorff, a former economics minister and himself a lawyer, was appointed Bonn’s chief mediator last week after his predecessor, Bodo Hombach, was named Balkans reconstruction coordinator for the European Union.

The 72-year-old, a leading liberal who has retired from active politics, has maintained close links with German business.

Lawyers for Holocaust survivors, many of them now very old, have accused the firms of stalling negotiations by not laying out how much the fund would be worth and focusing on their own quest for protection from future claims.
Washington lawyer Michael Hausfeld said on Monday his firm planned to release graphic documents of Nazi-era abuses by German companies on the Internet in an attempt to add moral pressure on the firms before Thursday's talks.
German Firms To Face Barrage Of Holocaust Research

By Joan Gralla

NEW YORK (Reuters) - An attorney suing German companies on behalf of Nazi-era slave laborers said Monday he would release graphic documents linking individual firms to specific atrocities in a bid to pressure them to move forward with settlement talks.

Sixteen German firms involved in the talks have refused to discuss anything at the upcoming settlement discussions Thursday except how they will be protected from further claims if they pay money to a variety of Nazi victims.

The refusal to discuss other issues could stall progress in the talks and prevent negotiators from meeting a major deadline.

German industry has said it wants to have its billion-dollar compensation fund, which would be used to settle class-action lawsuits on behalf of Holocaust victims, completed by Sept. 1, the 60th anniversary of the Nazi invasion of Poland, the action that triggered World War II.

Michael Hausfeld, a Washington lawyer who has sued German companies in U.S. court on behalf of Holocaust victims, charged the firms had "basically funneled this process into a failure."

To spur German negotiators to step up the pace, Hausfeld said he planned to post research on his law firm's Web site as early as Wednesday detailing how the companies allegedly earned money from their close ties to the Nazi regime.

"Whatever moral suasion we might be able to create to move people's consciences, we will attempt to do. We intend to increase the stakes," said Hausfeld, an attorney for the Washington law firm Cohen Milstein Hausfeld & Toll.

Hausfeld told Reuters his firm already has begun entering documents from U.S., German and Polish archives. The papers include graphic and sometimes grisly reports on Nazi atrocities including medical experiments, forced sterilization and the deaths of babies at nurseries run by companies, he said.
"We’ve done our homework. Every one of these categories will be supported by (an example of) a company in Germany known to have engaged in that conduct," Hausfeld said.

Volkswagen spokesman Bernd Graf was asked in late March about the Ruehen nursery near the car maker’s Wolfsburg headquarters, where 350 babies died during World War Two.

"These terrible events took place throughout the Third Reich at hundreds of locations where women worked as slave laborers," he said.

The law firm plans to release statistical information in August about the total number of victims as well as how many survived the war. As many as 2 million former slave and forced laborers still are alive, Hausfeld said.
WIR DIENEN DER NATION

DAIMLER-BENZ AKTIENGESELLSCHAFT
Wildensteins Sued Over Looted Art

By FELICIA R. LEE

Heirs of Alphonse Kann filed a lawsuit yesterday against the Wildenstein family, among the art world’s best-known dealers, claiming that the Wildensteins stole eight rare manuscripts worth about $15 million after they were looted from the Kanns by the Nazis in occupied France.

The suit, filed in New York State Supreme Court in Manhattan, demands the return of the manuscripts, dating from the 15th, 16th and 17th centuries. The suit states that the manuscripts were stolen by the Nazis in October 1940 from Kann’s home in St. Germain-en-Laye near Paris. The whereabouts of the manuscripts were unknown to the Kanns until they appeared at a Wildenstein & Company gallery in Manhattan in November 1996.

Kann, a well-known Jewish art collector from the 1920’s to 1940’s, fled France in 1939 and died in London in 1948. The lawsuit states that he had over 1,200 artworks in his home, including paintings by Picasso, Manet, Matisse and Degas.

Stephen A. Somerstein, the lawyer for Kann’s eight nieces and nephews, said that efforts by the family to reclaim the art had been fruitless.

Richard K. Bernstein, a lawyer for the Wildenstein family, said yesterday that the suit was “baseless.” The Wildensteins, the powerful French Jewish dynasty of international art dealers, had already publicly denied misappropriating the manuscripts. Last year, after decades of ignoring rumors of its complicity with Nazi forces occupying France in World War II, the Wildensteins began a campaign to clear their name. The family brought a lawsuit seeking $1 million in damages against Hector Feliciano, an American writer who repeated some of those allegations in his book “The Lost Museum.”

Last month a French court rejected the Wildensteins’ claim that the writer had acted with “serious and flagrant scorn for searching for the truth” in suggesting ties between Georges Wildenstein, then head of the family business, and Nazi dealers.

“We are fully familiar with the claim, which we’ve always considered baseless,” Mr. Bernstein said. “What is behind it is what we believe to be a confusion over the art collections of Alphonse Kann and Georges Wildenstein, which were looted at the same time. They were stored in the same place by the Germans. The Wildensteins were also looted and lost almost all their art during the war.”

But the Kann suit says that the manuscripts in the Wildenstein Gallery bore Nazi inventory numbers identifying them as belonging to the Kanns.
FOCUS-German Holocaust claims chief to U.S. talks

(Adds interview with spokesman for German industry, paras 4, 11-15)

By Mark John

BONN, July 27 (Reuters) - Germany’s chief Holocaust claims negotiator flew to Washington on Tuesday for talks aimed at breaking a stalemate over compensation for Nazi victims proposed by German industry.

A government statement said veteran former minister Otto Lambsdorff would meet U.S. Deputy Treasury Secretary Stuart Eizenstat on Wednesday before negotiations set for Thursday between victims’ lawyers and some of Germany’s top companies.

Sixteen firms have proposed a compensation fund aimed at pre-empting huge U.S. class action suits against them by former Nazi-era slave workers and other Holocaust victims.

An industry spokesman told Reuters he was optimistic progress could be made on resolving key legal issues at the Thursday meeting.

Chancellor Gerhard Schroeder’s government has said it wants the fund to be launched by the symbolic date of September 1, marking the 60th anniversary of the outbreak of World War Two. But victims’ lawyers are unhappy with the terms offered so far.

Talks on the fund -- proposed in February by firms including carmakers BMW and DaimlerChrysler, chemicals group BASF and Deutsche Bank -- have in particular foundered on the question of guarantees the companies want to protect them from future claims.

Lambsdorff, a former economics minister and himself a lawyer, was appointed Bonn’s chief mediator last week after his predecessor, Bodo Hombach, was named Balkans reconstruction coordinator for the European Union.

The 72-year-old, a leading liberal who has retired from active politics, has maintained close links with German business.
Lawyers for Holocaust survivors, many of them now very old, have accused the firms of stalling negotiations by not laying out how much the fund would be worth and focusing on their own quest for protection from future claims.

Washington lawyer Michael Hausfeld said on Monday his firm planned to release graphic documents of Nazi-era abuses by German companies on the Internet in an attempt to add moral pressure on the firms before Thursday’s talks.

Wolfgang Gibowski, spokesman for the German industry side, dismissed the suggestion that the firms were being obstructive by concentrating on the issue of “legal closure,” adding that this had been agreed as the subject of Thursday’s meeting.

“I find Mr Hausfeld’s complaints somewhat strange,” he said, noting that they did not help the negotiating atmosphere.

Gibowski said the German firms were keen to explore a proposal whereby Germany and the United States would sign an international treaty that would guarantee the companies protection from future claims.

Despite the obvious tensions with representatives of the Holocaust survivors, he said industry negotiators were nonetheless optimistic of progress being made on Thursday.

“All sides are clearly interested in a solution...I believe we will make progress towards a solution,” he said.

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U.S. Judge approves plan to notify Holocaust victims

NEW YORK, July 27 (Reuters) - Holocaust survivors will have until October 18 to opt out of a proposed $40 million settlement with Bank Austria and its Creditanstalt unit according to a notification plan that has been approved by a federal judge.

U.S. District Judge Shirley Wohl Kram issued an order late Monday in Manhattan federal court approving the plan to notify Holocaust survivors and other victims of the Nazis that they might be included in the class of claimants covered by the proposed settlement.

Bank Austria and Creditanstalt agreed in March to pay $40 million and provide reams of documents to settle a major class-action suit that accused the banks of helping the Nazis and profiting by selling Jewish assets during World War Two.

Kram gave preliminary approval to the settlement on June 23, but it is not yet final. A fairness hearing on the agreement is scheduled for Nov. 1. The judge will decide after the hearing whether to give the settlement final approval.

If the settlement is approved and claimants do not opt out of the class by Oct. 18, they will automatically be included.
Prayer Books Stolen by Nazis Sought

By LARRY NEUMEISTER Associated Press Writer

NEW YORK (AP) - A collection of rare prayer books stolen by the Nazis from the French home of a Jewish art collector during World War II have resurfaced in a Manhattan gallery, a lawsuit alleges.

The eight books, valued at $15 million, belonged to Alphonse Kann, who collected more than 1,200 pieces of art, including paintings by Picasso, Manet and Matisse. He left his home in 1939, ahead of the Nazi occupation of France.

In a lawsuit filed Tuesday in state Supreme Court, descendants and heirs of Kann said the 15th, 16th and 17th century manuscripts, known as "Books of Hours," are currently at the Wildenstein Gallery. They estate was made aware of their location in 1996.

The hand lettered manuscripts contain colorful religious illustrations by renowned artists of the period.

The lawsuit alleges that Kann's collection was stolen from his St. Germane-en-Laye home outside Paris in October 1940 after Kann moved to London for what he thought would be a temporary stay. He never returned and died in 1948.

The lawsuit was filed in the name of Warin, the surviving son of Kann's nephew, Charles Weil, and En Memoire D'Alphonse an association in France comprised of Kann's heirs, beneficiaries and descendants.

The lawsuit said the association tried unsuccessfully to negotiate the return of the manuscripts from the gallery. A message left with the gallery Tuesday was not returned.

The Shoah Foundation, established by Steven Spielberg, is a non-profit organization which has videotaped more than 50,000 interviews with Holocaust survivors and witnesses from all over the world. Interviews are catalogued and archived using breakthrough digital technology in order to make them available via secure interactive fiber-optic networks to museums, educational institutions and nonprofit organizations.

"With a collection of over 50,000 multimedia interviews and plans to make 400 terabytes of data available on-demand at multiple repositories, the Shoah Foundation Archive represents a huge data storage and retrieval challenge that needs true state-of-the-art technology," explained Sam Gustman, Shoah Foundation Executive Director of Technology. "The combination of ADIC's tape library and storage management solutions and Sony's new AIT tape drive technology provides the power we need to store all of our data and to access it on-demand rapidly and safely. The tools also provide an important upgrade path that ensures we can easily integrate future technology advances as they are needed."

The project is in a technology transition now. The Foundation began storing its digitized interviews in 1994 on earlier-generation, half-inch tape drives. As the project data grew, more capacity and faster access were needed. Although several tape and library options were explored, "The most elegant and technologically sound solution proved to be converting our existing ADIC AML/E tape library from our older half-inch tape technology to the new Sony format," explained Gustman. "Because it offers the unique capability of supporting both the older and the newer technologies, with both supported equally well by the AMASS software, the AML library is allowing us to migrate our data smoothly to the newer Sony technology. The new Sony drives will provide not only the capacity we need, but overall better data throughput for faster file access."

The AML/E tape library is a modular storage library that provides an automated robotic system for
moving tape or optical storage media into drives mounted inside the library. The AML/E library can house more than 10,000 AIT data cartridges. The Sony AIT-2 tape technology can store up to 50GB of data without compression on a single 230-meter cartridge and transfers data at sustained speeds of up to 6MB/second (21GB per hour per drive). AIT technology features embedded chip technology that shortens the time to access files, making it well-suited for active archives. The system’s AMASS storage management software provides a low overhead tool to organize and access even very large amounts of data stored in automated media libraries.

About The Shoah Foundation

After filming Schindler’s List, Steven Spielberg established Survivors of the Shoah Visual History Foundation to develop archives and teaching materials based on the videotaped testimonies by survivors of and witnesses to the Holocaust in order to preserve the memory and establish a basis for tolerance education around the world for generations to come.

To date, the Shoah Foundation has collected testimonies in 57 countries, with interviews conducted in 32 languages. The Foundation has produced an educational CD-ROM, Survivors: Testimonies of the Holocaust and three documentaries: Academy Award®-winning The Last Days; The Lost Children of Berlin, honored with the Edward R. Murrow Award; and the Peabody and two-Emmy Award-winning Survivors of the Holocaust.

Individuals interested in supporting the efforts of Shoah Foundation are encouraged to call 818/777-4673 or write, P.O. Box 3168, Los Angeles, CA., 90078-3168 USA. The Foundation's home page is www.vhf.org.

About ADIC

With more than 40,000 tape libraries installed and a suite of innovative software solutions and Storage Area Networking (SAN) products, ADIC is a leading global provider in the growing market to manage and protect information for computer networks. ADIC libraries are available with multiple tape technologies and support multiple operating systems. The Company's own storage management software tools provide network users shared access to information stored in automated libraries.

To download a color version of this case study, go to www.adic.com/shoah. For information about ADIC and ADIC products, visit www.adic.com.

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http://biz.yahoo.com/bw/990728/wa_adic 2 1.html
Victims of omission
By MARILYN HENRY

(July 28) -- Samuel Schachne, like other refugees expelled from Switzerland during the Nazi era, fears he will be left out of the Swiss banks settlement and allowed no other recourse to seek compensation.

The Swiss guard rousted the family out of bed one night and told Estera Schachne that they would be moved, because the camp at Croupettes was not good for children.

"We are bringing you to a place that is adequate for children," said the guard from the Geneva district.

This was sweet news for Nissen and Estera Schachne. After fleeing from their home in Antwerp with their daughter and two young sons and escaping a roundup of Jews in Nice, they arrived at the border at Chancy in Switzerland with 430 karats of diamonds sewn in their clothes and hidden in their underwear in two suitcases. After two days of interrogation at Croupettes, they believed they had been accepted as refugees by Switzerland.

It was October 29, 1943.

"Suddenly the car stops, they open the door, and my mother sees we are in the middle of nowhere," recalls Samuel Schachne.

The oldest son, Schachne was seven that day, when the guards, bayonets in hand, said they had orders to expel the family and pushed them into no-man's land.
Just past the barbed wire was Nazi-occupied France.

"My father, with his suitcase, began to cross the barbed wire, and my sister began to scream, 'Daddy, Daddy, don't you see the Germans with the dogs?'

"My father tried to jump away. His trousers got caught in the wire. My sister pulled him down, and he ran like crazy back to the Swiss border," Schachne said.

The guard raised his gun and said the family had no choice; they had to go.

"My mother said: 'You may shoot. We'd rather die from a Swiss bullet than in a German concentration camp. You shoot.'"

The guards didn't shoot, but they did expel them that night, transporting them to a different border crossing, the one at Annemasse. The German soldiers were off drinking in a cafe, and the French guard at the border directed them into a field to wait for daylight. Then, the guard said: "If you see a farmer, go there. There is a lot of resistance here. Tell them you are refugees expelled from Switzerland and if you are lucky, they will help you."

Schachne was lucky. Now a highly successful businessman in Antwerp, he survived the war, along with his parents, his younger brother, Israel, and his sister Frida.

But he is furious at Switzerland, and believes that Bern owes his family an apology.

IN 1996, class-action lawsuits were filed against the Swiss banks, UBS and Credit Suisse that accused them of hoarding Holocaust-era Jewish accounts.

Since then, numerous charges have been leveled against Switzerland, including a scathing US historical report in 1997 in which Undersecretary of State Stuart Eizenstat said that Switzerland's financial ties with the Nazis helped prolong World War II.

Last August, when a $1.25 billion settlement of the lawsuits against UBS and Credit Suisse was announced, it was not limited to claims against the banks.

Instead, the banks are settling all Swiss wartime affairs, and the pact is intended to resolve all Nazi-era claims against the banks, Swiss enterprise and the Swiss government.

The settlement will be divided among five classes of victims, including depositors and heirs of the hoarded or unclaimed Swiss bank accounts; those whose assets were looted and then laundered through the Swiss banks; and two categories of slave laborers.

The final class is refugees, and the language is both cumbersome and vague.

"The refugee class consists of victims or targets of Nazi persecution who sought entry into Switzerland in whole or in part to avoid Nazi persecution and who actually or allegedly either were denied entry into Switzerland or, after gaining entry, were deported, detained, abused, or otherwise mistreated, and the individuals' heirs, executors, administrators, and assigns, and who have or at any time have asserted, assert, or may in the future seek to assert claims against any [Swiss bank, enterprise or institution] for relief of any kind whatsoever relating to or arising in any way from such actual or alleged denial of entry, deportation, detention, abuse or other mistreatment," the settlement says.

There is no plan yet to allocate the funds, and potential beneficiaries have until October 22 to notify Judge Edward Korman of the US District Court in Brooklyn if they do not want to join the settlement. This is known as "opting out."

Those who do not opt out of the lawsuit forgo all future claims against all Swiss banks, the Swiss National Bank, Swiss industry and the Swiss government.

MOST OF the potential beneficiaries cannot, and will not be expected to, prove a specific claim against Switzerland.

For Schachne, however, his family is one of the "actual" deportees, and he is in the rare position of having documents to prove it.

Technically, Schachne has to decide whether to participate in the Swiss case. However, for all intents and purposes, he is compelled to join the suit, even though his grievance is with the Swiss government, not its two major banks.

He appealed last year to officials in Neuchatel to deal with his case, but they declined, legal sources said. In essence, he was told that claims in Swiss courts against Switzerland were futile because the UBS-Credit Suisse case was covering all claims.

Thus far, others have been unsuccessful in pursuing refugee-expulsion claims in Swiss courts.
Joseph Spring, an Auschwitz survivor who lives in Australia, was turned down when he demanded Swiss compensation for being handed by Swiss customs officers to a German patrol in November 1943, although his case may be reviewed.

The Swiss Federal Council rejected a demand by Charles Sonabend of London for SFr 100,000 in damages. Sonabend charged that Switzerland's refusal to provide sanctuary led to the murder of his parents by the Nazis. The government countered that "the claims have expired with time and are not materially justified."

Only one local government, the canton of Basel, has been receptive to refugee claims. In September 1997, as Basel was celebrating the centenary of Zionism, the canton apologized to Eli Carmel, a survivor of Sachsenhausen now living in Israel, and paid him SFr 50,000 in compensation for turning him over to the Nazis in 1939.

But though he has been told the Swiss legal system expects him to benefit from the Swiss banks case, Schachne has no guarantee that either side in that settlement takes the refugee class seriously.

The Swiss banks have not investigated the number of people affected by the settlement; they simply want to write a check and be finished with Nazi-era claims. This is especially true of the refugee class. Refugees made no direct claims against the banks for their deportations, and so they were irrelevant to the banks for most of the period in which the pact was being negotiated.

The banks made the inclusion of the refugee class a condition of the settlement at the insistence of the Swiss government, sources said. The government, while not a party to the class actions, wanted to exploit the settlement to be freed of all Holocaust-era claims.

Neither, though, did the survivors’ lawyers take the refugee class seriously. Their focus had been on Nazi victims’ claims for material losses and for compensation for slave labor. The refugees became a "minor" class that was both an afterthought and an indispensable part of the deal.

The Bergier Commission, an independent, international panel of historians convened by Switzerland, is reviewing Switzerland's treatment of refugees, but there is no indication that its research will be concluded before the distribution plan for the settlement is recommended at the end of the year.

"It is unfair and unreasonable to ask people to make a decision [on opting out] based on nothing, no knowledge of the benefit," said Sonabend, of London, who is one of the named plaintiffs in the case.
against the Swiss banks.

He was agitated that the Swiss government was covered by the settlement, and angry that the World Jewish Congress and survivors' lawyers had agreed to it.

"How could you even think of accepting [a] release [of] the Swiss government from any liability or action for their criminal activities which never formed any part of our action against the Swiss banks?" he wrote in an angry letter to Elan Steinberg, director of the WJC, and the survivors' lawyers last August.

SWITZERLAND admitted 28,000 Jewish refugees during the war, more than were admitted to the US. At minimum, though, it turned away another 30,000.

Historians insist that the number was far higher, probably more than 100,000.

The actual number may never be known because the data was not collected, or was subsequently destroyed, scholars say. From 1943, border guards were not required to keep records of the people they turned away. Then, in 1946-47, Bern requested the canton files on refugees, which were subsequently burned. Geneva was said to be the only canton that did not comply with the request from the capital.

And it is impossible to accurately count the refugees because it is not known how many died en route to Switzerland or were deterred because of the Swiss reputation for expelling refugees.

(When Jews were allowed to enter the country, the Swiss Jewish community was required to guarantee their maintenance. The Joint Distribution Committee helped finance those guarantees, and for the last two years has been examining its records to determine if it repaid all the funds it borrowed to subsidize Jews in Europe during the war. Its report is due by October.)

SCHACHNE is especially aggrieved because, on the day his family was expelled, it qualified under Swiss rules for admission.

Switzerland admitted some 230,000 refugees during World War II. But it made a distinction between refugees who were political, and Jews, who were not considered political refugees. Switzerland insisted in 1938 that the Nazis stamp Jewish passports with the "J," to make it easier to identify Jews at the border and prevent them from entering.

Its refugee policies changed according to the circumstances, and affected different national groups that tried to enter at different times.
Their movements depended on the war.

From the Anschluss until the end of 1939, the Jewish refugees came from Austria and Germany and used Switzerland as a transit point, staying until they until received visas for another country.

From 1942, Jews began arriving via France; in 1943/44, the refugees came from Italy, according to Jewish scholars.

The harshest anti-Jewish period in Switzerland - and worst times for Jews in transit looking for sanctuary - was from the end of 1942 until the end of 1943; scholars say.

"The policy of the Swiss authorities changed on December 29, 1942, due to the fact that there was a flow of Benelux Jews, because of the massive deportation in their countries of origin," said Raphael Bitterman, 27, a recent law graduate of the University of Antwerp who wrote a thesis on the Schachne case.

"Before December 29, the directive was more 'humane'; one had to be above the age of 16 to be expelled," said Bitterman, 27, who moved to Jerusalem this summer.

On the day the Schachne family appeared at the border, Swiss regulations allowed the admission of Jewish families if it included one child aged six or younger.

Schachne’s brother, Israel, who was born in June 1938, was five.

After a determined search of archives in Geneva, Schachne found records of his family’s case.

"Only the father has an identity paper - child seem to be over six years old," says a handwritten rejection from the police station of Bernex, dated October 27, 1943.

Other documents include a letter written by a Geneva police officer, whose name was excised, to the Police Division of the Federal Department of Justice in Bern in April 1944. It apparently was responding to a query about the expulsion, although the reason for the query is not known.

The Geneva officer justified the deportation, saying: "There was no proof that the last child born so to say in 1938 was indeed born on that date. He appeared in fact much older. [This was underlined in the original.] Let me remind you that many refugees give false birth dates of children who accompany them for the sole purpose of not being rejected. In conformity with the instructions of the Police Division, the refugees must make their allegations credible, which
was not the case for the [Schachne] family."

Schachne was indignant.

"All they had to do was make a call to Antwerp to verify it," Schachne said.

"Why did he send us back? He knew there was a child under six. Even if [the child] was six years old minus one day, he was safe."

However, one historian noted, the Swiss, assuming people had false papers, were not interested in distinguishing between legal and false documents.

Schachne himself had had false papers and an alternate identity. At six, he was passing in France as a Catholic child named Jean-Paul Destrac.

"I was a choir boy," said Schachne.

AN Orthodox man with an impish smile and gentle manners, Schachne said his case was not for compensation, even though there is a financial claim.

Among the documents Schachne found was a letter from his father, written after the war, in which Nissen Schachne asked for the "underwear" - presumably the 430 karats of diamonds - in the two suitcases he had to leave at the Annemasse crossing.

That handwritten letter, dated June 22, 1945, was to an unidentified Swiss government office, which was responding to an earlier query from the father about the suitcases. The suitcases were later returned, empty.

"You should also inquire at Cropettes why they sent us back - me, my wife and our three children," he wrote. "Thank God, we were able to save ourselves. But my heart is pounding still today that they could send us, all five of us, straight to our death."

"It's not for the money. It's for history," Samuel Schachne said. "This is history. We are witnesses. We want an apology."

If Schachne had been permitted to pursue his case in a Swiss court, he would not get one.

"The Swiss Supreme Court will not apologize; that's not its job," said Marc Richter, a lawyer in Zurich who is representing Schachne. He declined to comment further, citing laws protecting client confidentiality.
And what he won't get from the Swiss banks settlement is an apology because the Swiss government is not a party to the suit.

Further, the Swiss government contends that it has already apologized for Switzerland's treatment of the Jews.

"Was the boat really full?" then Swiss president Kaspar Villiger asked in a May 1995 speech. "Would Switzerland have been threatened with destruction if she had been considerably more open toward victims of persecution than she was? Did antisemitism in our country also play a part in this issue?

"We made a wrong choice in the far too narrowly interpreted interest of our country," Villiger said. "The Federal Council deeply regrets this and apologizes for it in the knowledge that such a refusal is inexcusable in the final analysis."

That is not enough for Schachne. He wants the Swiss government to call his mother, who also lives in Antwerp, and say it is sorry.

Schachne remembers arriving at the border and being comforted by his parents. "My father said: 'Don't be scared. It is a Swiss soldier. We are safe.'"
- The Barak conundrum
- Spreading hate on the Net
- Waste not, want not
- Here in Body, There in Spirit
- Lawyers and the Holocaust
- Slam Dunk
- Reweaving the fabric of haredi society
- The Jews of Singapore
- A silent solitary scream
- Charles in Charge
- AACI: End of an era
- The coroner solves - and prevents - the crimes
- Missing Bibi
- Seedlings of a rich Jewish heritage
US, Germany mull longer Holocaust talks -sources

By Joan Gralla

NEW YORK, July 29 (Reuters) - U.S. and German negotiators trying to craft a compensation pact for Nazi-era slave laborers are considering extending a planned two-day meeting in August to one week in an effort to meet a looming deadline, sources close to the issue said on Thursday.

Representatives of the two governments met in Washington on Thursday with company officials and U.S. class-action attorneys who have sued German firms on behalf of Holocaust victims.

There has been speculation that the complexity of setting up a billion-dollar compensation fund for a range of victims, including forced laborers and people whose assets were plundered, would prevent Germany from meeting its Sept. 1 deadline.

Negotiators now appear likely to extend the planned August talks by about five days.

"There's going to be a weeklong summit, starting the 24th (of August) in Bonn," one source, who declined to be named, said. "At the end of the week they want to have a text that will be made public," he added.

That text may only be a framework of how the fund will operate because several issues -- including who will be eligible for compensation and how much the German government might contribute -- have not been settled, he said.

The Sept. 1 deadline was chosen for its symbolism as the 60th anniversary of the start of World War II, but the fund was proposed only in February.

The Washington gathering planned to focus on the biggest demand that German companies have made, for so-called "legal peace."

To achieve this, 16 German companies have agreed to set up a new fund, initially estimated at $1.7...
billion, intended to settle U.S. class-action lawsuits in return for an agreement that they will not face more liabilities in the future.

Representing the German government is the top new negotiator for Holocaust issues, Otto Lambsdorff, 72, a lawyer and former economics minister.

Gideon Taylor, Claims Conference executive vice president, said through a spokeswoman, “Lambsdorff was well-briefed on the subject and fully engaged. We welcome this as a positive sign of the commitment of the German government to resolving this issue.”

Taylor leads the Jewish restitution group charged with negotiating Holocaust settlements with Germany and Austria.

Lambsdorff was attending Holocaust talks for the first time since he was appointed to succeed German Chancellery Minister Bodo Hombach, named to lead the European Union’s Balkans reconstruction program.

The Clinton administration’s top negotiator for Holocaust issues is Deputy Treasury Secretary Stuart Eizenstat, a former State Department official.

Related News Categories: politics, US Market News
Swiss Fund Gives to Russian Jews

MOSCOW (AP) - A Swiss fund on Thursday began providing compensation to Russian Jews who survived the Holocaust.

At a ceremony in a Moscow synagogue, the first 200 Jewish victims of Nazi concentration camps were notified about the payments from the Swiss Fund for Needy Victims of the Holocaust.

The fund was set up in 1997 by Swiss banks and companies in response to international criticism about Switzerland’s cooperation with the Nazis.

More than 3,000 people in Russia, about half of them Jews, are eligible for the payments, according to the Russian Fund for Conciliation and Understanding, which is working with the World Jewish Congress to find eligible recipients.

Each of the victims will receive $1,000, paid in installments of $400 and $600.

The fund made the first payments on Wednesday to ethnic non-Jewish Russians who had been imprisoned in concentration camps during World War II.

Swiss officials have said the fund, which has about $190 million, will eventually give aid to 250,000 people worldwide. Survivors in Belarus and Ukraine already have begun receiving money from the fund.
FOCUS-US, German Holocaust talks near claims pact

(Updates with details from talks)

By Joan Gralla

NEW YORK, July 29 (Reuters) - U.S. and German negotiators discussing a new fund for Holocaust survivors on Thursday agreed principles of a plan to shield German companies from new claims if they pay compensation, a source close to the issue said.

"There are still questions on technical rules but it's more or less resolved," said the source, who declined to be named.

Representatives of the two governments met in Washington on Thursday with company officials and U.S. class-action attorneys who have sued German firms on behalf of Holocaust victims.

A plan for so-called "legal peace" was the main demand of 16 German companies which have agreed to set up a compensation fund for former Nazi slaves and forced laborers, initially estimated at $1.7 billion, intended to settle U.S. class-action lawsuits in return for an agreement that they will not face more liabilities in the future.

Faced with a Sept. 1 deadline -- selected by the German government because it is the 60th anniversary of the start of World War II -- the negotiators earlier decided to extend to about one week a two-day meeting on the issue set for Aug. 24.

Gideon Taylor, executive vice president of the Claims Conference, a Jewish restitution group, said the August talks would cover other important issues that were still open.

"We're moving from legal issues to more substantive issues, such as how the foundation is really going to work," he said through a spokeswoman.

Issues still to be settled include how much the German government might contribute, who will qualify for payments and how generous they will be.
Technical issues that have yet to be resolved for the German firms to be guaranteed they will not face new suits include questions about notice programs and how cases will be consolidated, the source said.

Michael Hausfeld, an American lawyer who has sued German companies on behalf of Nazi victims, has estimated that as many as two million former slaves and forced laborers are still alive.

There could be as many as 100,000 mostly non-Jewish Holocaust survivors who fled Germany after the war for Western Europe and the United States, according to Lothario Elvers, whose Cologne-based organization was hired by the U.N. refugee agency to counsel this group.

Germany has already paid considerable compensation. But the government faces strong pressure to set up the new fund swiftly so that Holocaust victims themselves, not their heirs, benefit.

Thursday’s talks were the first attended by Germany’s new chief negotiator, Otto Lambsdorff, 72, a lawyer and former economics minister.

The Clinton administration’s top negotiator for Holocaust issues is Deputy Treasury Secretary Stuart Eizenstat, a former State Department official.

Related News Categories: politics, US Market News
US, German Holocaust Talks Near Claims Pact

Full Coverage  By Joan Gralla

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This is California news from ABC Newswire - 11 Arrested In Meth Probe (LOS ANGELES) -- Eleven people have been arrested in California on charges of conspiring to manufacture methamphetamine. The arrests are part of a federal anti-drug task force investigation. Most of those arrested were from Los Angeles. A federal prosecutor says the arrests are part of an on-going investigation that has resulted in charges against 40 people and the confiscation of 100 pounds of meth. Among those arrested was the owner of a Torrance company who allegedly supplied large quantities of freon to a chemical brokering ring.

Teen Critical After Near-Drowning - (HOLLYWOOD) -- A 16-year-old boy is fighting for his life after being pulled lifeless from the pool at Hollywood High School. A nursing supervisor at Children's Hospital of Los Angeles says the teen is comatose in critical condition.

Governor Hailed, Criticized For 187 Decision - (LOS ANGELES) -- California governor Gray Davis is getting praise and taking heat for his deal killing Proposition 187. The measure sought to limit services to illegal immigrants. Civil rights leaders and lawmakers are praising the effort. A-C-L-U officials noted a federal judge had already declared much of the proposition unconstitutional. However, immigration reform advocates say the governor should respect the will of the five-Million voters who approved the initiative.

State News For July 30 - Gov. Ventura Visits SD (SAN DIEGO) -- Minnesota governor and former pro wrestler Jesse Ventura is in San Diego to talk politics and help celebrate Fleet Week. Ventura spent four years in San Diego while training as a Navy Seal. The governor drew a large crowd in an appearance before a Rotary Club luncheon. Today he's to appear at a Coronado resort.

Report: US Knew Of Holocaust In 1940 - (LOS ANGELES) -- A Jewish organization says the U-S State Department knew in 1940 of Adolf Hitler's program to exterminate thousands of sick and mentally ill German patients. The Simon Wiesenthal Center says its researchers unearthed documents showing three American consulates in Germany provided evidence to higher-ups in the State Department that the Third Reich was killing people in institutions it deemed useless. Rabbi Marvin Hier (higher) says the decision by the U-S not to protest the killings may have cost hundreds of thousands of lives.

Suspect Arrested In Double Murder - (IRVINE) -- A suspect is in custody in connection with a double murder in Irvine. The bodies of two men were found Wednesday night. Both had been stabbed to death. In custody is Vincent Choi Chung, the former roommate of one of the victims.

Asteroid Fly-by A Bust - (LA CANADA FLINTRIDGE) -- Scientists at the Jet Propulsion Lab are disappointed over the failure of a space probe's picture-taking efforts. "Deep Space One" was supposed to take close-up pictures of an asteroid named "Braille." But when the time came, the craft turned a blind eye. The camera was miss-aimed and lost sight of Braille while within 15 miles of the
Germany Holocaust Fund To Miss Target Date

Full Coverage  By Mark John
Holocaust Assets

BONN (Reuters) - Germany's chief negotiator on a fund to compensate Nazi-era slave workers said Friday the historically symbolic September 1 target date for its launch would be missed.

The German government wanted the 60th anniversary of the outbreak of World War Two to mark the end of all litigation, mainly in the form of U.S.-based class action suits, against some of its leading firms for their Nazi past.

But Otto Graf Lambsdorff, the former German economics minister who represented Bonn in talks with Holocaust victims' lawyers in Washington Thursday, said agreement on the terms of the fund was still a long way off.

"September 1 is not a date any more," Lambsdorff told German ARD television in an interview conducted from Washington after the talks. "Indeed, it would be risky to make any form of commitment (on the launch date)," he added.

Further delay to the fund, first proposed in February, would be a blow to the estimated 1.5 million surviving slave laborers and other Nazi victims awaiting pay-outs. Many are already very old and fund negotiators say 10 percent are dying each year.

A spokesman for the 16 German firms who have proposed the fund as a way of pre-empting future compensation claims against them said some progress had been made but confirmed the fund would be delayed beyond the target date.

"It simply could not be realized," Wolfgang Gibowski told Reuters by telephone.

The German interpretation of the latest round of talks was substantially more downbeat than that of the U.S. government.

Deputy Treasury Secretary Stuart Eizenstat said afterwards he was hopeful "most of the key principles" could be resolved on time, leaving technical details to be settled.
He added that negotiators came closer to agreement on the key issue of whether the German firms—among them industrial giants like DaimlerChrysler, BASF and Siemens would be shielded from future claims.

Michael Witti, a German lawyer involved in a U.S. suit on behalf of some 300,000 ex-slave laborers, said he was optimistic of a deal but that the process needed to secure so-called "legal closure" could delay the first payments until well into 2000.

"Now it's about what formal steps have to be taken in court and making sure we take the right ones," Witti said.

"All that is slightly new territory even for the U.S. lawyers," he added.

Negotiators were scheduled to meet again in Bonn on August 24. Sources close to the issue said negotiators are considering expanding the meeting from the planned two days to about a week.

Assuming the issue of legal protection is cleared up, those talks could be the forum at which the actual amount of compensation to be offered is finally discussed. A figure of up to $2 billion has been widely cited but not confirmed.

Lambsdorff said German Chancellor Gerhard Schroeder had meanwhile given his backing to plans to submit legislation authorizing a federal compensation fund for slave workers, such as those who worked for farms or public authorities, not covered by the industry proposal.

Earlier Stories

- US, German Holocaust Talks Near Claims Pact (July 30)
First 'Nazi art' claim made on the Tate

The Tate Gallery revealed yesterday that it was the first British institution to have received a claim on one of its paintings by the heirs of a Jewish family who lost everything when they fled from the Nazis. The two brothers and their sister, who wish to remain anonymous, have demanded an investigation.

They claim that they can remember the painting hanging in the family house: it originally belonged to their father, who was shot by the Nazis in 1937.

His children moved to England, but their mother stayed in Germany until 1940, when she escaped to Belgium with the family’s art collection.

During the war she was forced to sell off the collection at derisory prices to survive.

Since the Tate acquired the painting - Jan Griffier’s View of Hampton Court Palace in 1961, it has been on almost continuous display. It has been valued at £120,000-200,000.

Last April, 23 museums and galleries began research to identify paintings and objets d’art stolen by the Nazis or forcibly sold.

Nicholas Serota, the director of the Tate Gallery, said yesterday that an investigation had been launched.

The Holocaust Educational Trust said the family went to Sotheby’s with photographs of
family went to Sotheby's with photographs of
their entire collection and asked the
auctioneers if they recognised any of them. It
was then discovered that the painting was in
the Tate.

In June the Foundation for Prussian Cultural
Heritage agreed to return a £3m Van Gogh
painting to Gerta Silberberg, who lives in the
Midlands. The Nazis had forced her father to
sell, and it had ended up in the National
Gallery in Berlin.

The Seattle Art Museum has also agreed to
return a Matisse to the heirs of a French
Jewish art dealer.

The Government is to make the first interim
payments to Holocaust victims whose assets
were seized by British authorities during the
war, according to a report in the Jewish
Chronicle. It announced in March that it
would be looking at claims for compensation.
WASHINGTON, July 27 — The diplomats at the American consulate in Leipzig, Germany, noticed a lot of strange death notices in the local newspapers in the fall of 1940. Some of the deceased were old, some not so old, but their deaths had something in common.

They died at the Grafeneck asylum, an institution in Württemberg in southwestern Germany for people who were mentally feeble from age or war, or who had been born severely retarded or grotesquely malformed. And their relatives were not notified of their deaths until the remains had been cremated.

A death notice placed by a woman honoring her father, winner of an Iron Cross in World War I, was typical: “After weeks of uncertainty, I received the unbelievable news of his sudden death and cremation.”

The Americans asked their German acquaintances what was happening. Some Germans said Grafeneck was killing people it deemed useless. On Oct. 16, 1940, Vice Consul Paul H. Dutko cabled that information to his superiors at the American Embassy in Berlin and the State Department in Washington.

From the vantage point of the present, of course, there is nothing surprising about Mr. Dutko’s cable. But many historians have assumed that the first hard evidence of Germany’s “euthanasia” program, which killed thousands of people and was a precursor to the Holocaust, did not surface in the West until mid-1941, when it was described in William L. Shirer’s “Berlin Diary.”

Now researchers at the Simon Wiesenthal Center, an educational and research organization in Los Angeles, base their work upon documents, including Mr. Dutko’s cable, which seem to show that high American officials knew, or should have known, about the killings by late 1940, if not before. Some of the material hints at the coming of the Holocaust itself.

Did a difference of a half-year or so really matter? Yes, argues the Wiesenthal Center’s founder, Rabbi Marvin Hier, who has argued that American officials had condemned the killing as soon as they learned of it, Rabbi Hier said, “thousands of lives would have been saved.”

In interviews last week, Rabbi Hier said his researchers found the report he had heard in the American Archives in the National Archives and in State Department files while looking for data on the Nazis’ treatment of slave labor.

One previously undisclosed document was a 10-page letter that the Evangelical Bishop of Württemberg, Theodor Graf von Galen, sent, on July 10, 1940, to the Reich Interior Ministry. “The decision as to the time when the life of a suffering human being should end rests with the Almighty God,” the bishop admonished, expressing dismay at the euthanasia rumors he had heard.

A copy of the letter was obtained by Vice Consul-Dutko early in 1941 and forwarded to his superiors, who apparently shelved it.

In August 1941, a prominent Roman Catholic Bishop, Clemens August Graf von Galen, delivered a sermon against euthanasia. Germans learned of the sermon by word of mouth, and Hitler was so worried about losing popular support, the rabbi said, that he called off the killing of Germans who were deemed inferior or useless.

Rabbi Hier argued that international condemnation of the domestic killing program at its early stage could have saved lives. Perhaps public opinion might have turned against Hitler at home. Perhaps the full-scale Holocaust might have been delayed, and people everywhere might have recognized the reality of it earlier. Millions still might have died, he conceded, but hundreds of thousands might not have.

Many Americans were slow to accept reports of the wholesale slaughter of Jews and others in countries under Nazi control. As late as January 1943, fewer than half of those surveyed in a Gallup Poll believed reports that as many as two million European Jews had been killed. By then, the Holocaust had been under way for many months.

Geoffrey C. Ward, a historian who has written extensively on the Roosevelt era, said he doubted that early publicity about and condemnation of the killing of Germans deemed inferior would have made a difference, at least in the United States.

Sad as it is,” Mr. Ward said, the American people at that time would not have been willing to go to war to save the lives of Germans in asylums.

Vice Consul Dutko cabled his superiors in October 1940 of “fantastic and gruesome” stories from German civilians, stories of army trucks entering and leaving Grafeneck in the dead of night—of soldiers shooting away the curious. The local residents believed that some patients at Grafeneck were being used as guinea pigs for medical experiments and then killed. Other patients were regarded as useless, even for laboratory tests, the residents said, and were being killed outright.

Some Germans said doctors and nurses had whispered rumors about similar killings elsewhere in the country, some by electrocution. “Our government is murdering masses of the spiritually ill and other sick persons in experimental stations with poison gas,” read a letter from a nurse that reached the American Embassy in Berlin in 1941.

Rabbi Hier, like others who have studied the Holocaust and American attitudes toward Nazi Germany before the United States entered World War II, condemned the State Department’s inaction. Some historians have said the State Department of that era was at best lukewarm to Jewish interests, at worst blatantly anti-Semitic.

Rabbi Hier did not blame Roosevelt directly for the United States’ slowness to react. The President, after all, was trying to help Britain in its fight against Nazi Germany. But Roosevelt did not protest the killings of thousands in Europe at any time. Instead, the President said that the United States was too busy to enter the war at that time.

Mr. Berle’s memorandum. But, the rabbi said, “It was ready. The rabbi said he had found no documents proving that Roosevelt knew the extent of his State Department’s sloth.”

William J. vanden Heuvel, president of the Franklin and Eleanor Roosevelt Institute and a former deputy permanent under Secretary Adolf Berle, Jr., said that “thousands of patients were secretly murdered monthly, not in the concentration camps but in the paying inmates.”

One of Mr. Berle’s colleagues, Assistant Secretary Breckinridge Long, wrote that he was “thoroughly in sympathy with the sentiment” of Mr. Berle’s memorandum. But, he added, “What would the United States have done, within the power of Germany,” he asked, “if the country was at war with the United States?”

The War Department, too, retained information about the killing in Germany. In December 1940, a War Department official received a letter, originally sent to the German-to-the-National Broadcasting Company and just found by Rabbi Hier’s staff, in which the writer said that the SS had killed thousands of patients secretly murdered monthly, not in the concentration camps, but in the paying inmates.

The rabbi said it was not known how high in the department the letter went before it was shelved.

Rabbi Hier said there were 365 heroes in the whole sad episode, except for people like the anonymous German nurse and the person who wrote to NBC in December 1941 risking their lives.

“With your expressions of horror prevent further murders!” the letter to NBC said. It was signed, “A Christian who cannot bear to witness it any longer.”

Letters and death notices gave hints of horrors to come.
day before alerting police that several students planned to blow up the building. Five eighth graders were arrested for the threat, but the charges against them were dropped.

**Principals Won’t Get Raises** - (NEW YORK) -- Bad news for principals at 40 failing elementary schools in New York City. They will not be getting raises anytime soon. Officials have rejected their demand for a 15-percent increase being given to teachers, guidance counselors and secretaries working an extra 40 minutes a day. Mayor Rudolph Giuliani wants the administrators to settle on a new contract, but he did offer a 30-percent hike for principals who will give up tenure.

**New Rules For Ice Cream Trucks** - (SUFFOLK COUNTY) -- There are some new rules for ice cream trucks in Suffolk County... intended to protect children from passing motorists. A new law will require all moving street vendors to install swing arm stop signs as well as convex mirrors and flashing lights on their trucks.

**Art Dealer, Sons Taken To Court** - (NEW YORK) -- A New York City art dealer and his sons are being taken to court for allegedly hoarding 15-Million dollars worth of stolen pieces during the Holocaust. Descendants of prominent Jewish collector, Alphonse Kann, have filed suit, claiming they are the rightful owners of the rare manuscripts. Daniel Wildenstein and his sons deny allegations that their family collaborated with Nazis in the seizure of the elaborate parchments.

**MTV Announces Nominees** - (NEW YORK) -- MTV has announced the nominees and some of the performers for its 1999 MTV Music Video Awards to be held at the Metropolitan Opera in New York City's Lincoln Center. Comedian Chris Rock will host the September ninth telecast and announced the nominees at Lincoln Center today. The nominees for the best video of the year are: Backstreet Boys "I Want It That Way", Lauren Hill "Doowop Thing", Korn. "Freak On A Leash" and Ricky Martin "Livin La Vida Loca" and Will Smith featuring Drew Hill for "Wild, Wild West".
Holocaust Insurance Team Racking Up Millions in Expenses as Survivors Wait

**Lawyer: ‘They’ve Spent So Much...Accomplished Zero’**

**By REBECCA SPENCE**
**FORWARD STAFF**

NEW YORK — An international commission negotiating a settlement between European insurance companies and Holocaust survivors and their heirs is spending about $1 million a month on administrative costs, while survivors have yet to see a penny in payments on their insurance policies.

Among the expenses to date, according to internal commission documents obtained by the Forward: $405,000 in travel expenses, including business-class plane tickets; $170,000 in furniture and equipment for offices in London and Washington, D.C., and $567,000 in wages to about 10 professional and staff employees. The International Commission on Holocaust Era Insurance Claims, made up of state insurance commissioners, representatives of Jewish organizations, an Israeli government representative and insurance company representatives, has existed for 11 months and has hosted conferences at luxury hotels such as the Jerusalem Hilton and Washington’s Willard Intercontinental.

European insurance companies, which denied to Holocaust survivors billions of dollars worth of policies taken out by those who perished, could be liable for more money than the Swiss banks, which agreed to pay out $1.25 billion that has yet to be distributed. Negotiations with the companies have been slow going because of contention over valuation of the policies and whether the companies can escape their responsibilities because they were nationalized. The commission’s chairman, Lawrence Eagleburger, who was a secretary of state under President Bush, said after last week’s meeting in Washington that he would make a decision on unresolved issues within the next few weeks, and that an outreach program to alert survivors to the commission’s agreement will be implemented by the end of October. Payments to survivors who have documented claims will be paid out before then.

In the meantime, administrative costs of the commission, which are paid by the insurance companies, are mounting. The costs of administering the international commission, which has held five meetings around the world since its inception, are prompting frustration among some survivors and lawyers who want claims paid.

“They should take care of us first and not of themselves,” said a Holocaust survivor who had a policy with European insurer Allianz.

Mixed-Sex Minyan Mooted at Western Wall

Reform Movement Spurned as Barak Aide Gets Set to Sit With Conservatives

**By ELISSA GOOTMAN**
**FORWARD STAFF**

JERUSALEM — A government-sponsored mixed-sex prayer area adjacent to the Western Wall is one possible outcome of a meeting to take place next week between leaders of the Israeli Conservative movement and a top aide to Prime Minister Barak, a meeting to which the Reform movement has not been invited.

The meeting is scheduled to take place on August 3 at the office of the Cabinet secretary, Yitzhak Hermon.

Meanwhile, the top of the agenda for next week’s meeting will be a potential compromise in which the Israeli government’s Religious Affairs Ministry would provide the Conservative movement with resources such as prayer books at Robinson’s Arch, an archaeological excavation site just south of the area that is popularly known as the Western Wall.

Next week’s meeting is significant because it will signal the direction that Mr. Barak intends to take on the conflict over religious pluralism — as a significant step in the effort by the Reform and Conservative movements to break the monopoly of the Orthodox chief rabbinate in Israel.

While Prime Minister Netanyahu dealt with American Conservative leadership, Mr. Barak is dealing with Masorti, the Conservative movement in Israel, which represents far fewer Jews. Regardless of what happens at the early August parley, perhaps most significant are the rifts emerging in anticipation of it. The Conservative and Reform
Insurance Commissioners Spend on Travel, Furniture

Continued from Page 1

Margret Zentner. "It seems to me outrageous. They probably live in luxury," Ms. Zentner said of the commission members who are negotiating on her behalf.

Ms. Zentner, whose parents bought a dowry insurance claim for her in Germany, has been trying to claim her money since 1947. After years of making phone calls to the World Jewish Congress to intervene on her behalf, the World Jewish Congress eventually referred Ms. Zentner to a class-action lawyer, Edward Fagan, who was handling the issue. A group of survivors and class-action lawyers traveled to Europe to attempt to negotiate with the companies.

"When we went to travel for this purpose, we went so frugally that you cannot believe it," Ms. Zentner said. "We traveled coach, it was minimal what we spent," she said.

Insurance companies were first brought into the drive for Holocaust survivors, when a class-action lawsuit was filed against them in March of 1997. Italian insurer Generali had agreed to pay $100 million, but that was scuttled when the international commission was established. The lead lawyer on the class-action suit, Mr. Fagan, said that the creation of the international commission has actually caused plaintiffs to lose money.

"The Jewish organizations gave them a cheaper deal than the lawsuit," Mr. Fagan said. "I think it's outrageous they've spent so much money in such a short period of time and have accomplished zero. Not a dime has gone into the hands of survivors," he said. Mr. Fagan said that if the Jewish organizations want to complain about administrative expenses in the Swiss banks case, they should be subject to the same scrutiny. "I can say for less money for less administrative expenses, we at least got some monies to survivors even before the process was over," Mr. Fagan said.

Commission members fly business class and have held meetings at hotels in London, Jerusalem and Washington that have been attended by more than 70 people. According to the executive vice president of the World Jewish Congress, Elan Steinberg, who sits on the commission, "None of it [administrative expenses] will come from proceeds, unlike our complaint as to what was done by the lawyers in the Swiss banks case." Mr. Steinberg has publicly criticized class-action lawyers for asking for fees and for using money from the Swiss banks settlement to fly to five international cities in order to attend the press conferences publicizing the settlement. As to Mr. Eagleburger's salary, which sources said is in the $300,000 range, Mr. Steinberg said, "whatever he's being paid, it's an absolute bargain." Mr. Eagleburger did not return phone calls at his office seeking comment.

Asked why it was necessary to maintain two offices, the commission's chief of staff, Neal Sher, said that because the Jewish groups and the insurance companies are all in America, the commission needs an office here. Because the commission is dealing with European companies, it needs a London office from which to administer the claims process, Mr. Sher said. Mr. Sher, a former executive director of the American Israel Public Affairs Committee and former chief Nazi-hunter for the Justice Department, said that it is understood that the $10 million that the insurance companies set aside for administrative costs is "separate and apart from payments to survivors."

"Whether you're talking about $5 million or $10 million, the fact is that there is extensive travel, one has to set up a communications system to set up a claims procedure, to do it as quickly and efficiently as possible.... The cost to administer is not going to have any effect on how a claim is evaluated," he said. Mr. Sher declined to say what his salary was, but he said that working at the commission is a short-term project that he has taken leave of his law firm to undertake. "One doesn't join a project like this to secure one's financial future," Mr. Sher said. "I'm convinced, as is Eagleburger, that the most effective way to resolve these complex claims is through the commission," Mr. Sher said.

Prime Minister Netanyahu's adviser for Diaspora affairs, Bobby Brown, who represents Israel in the negotiations, said that he would try to make more comfortable if the money spent on administrative costs went to Holocaust survivors, but "that is the price one pays." He said that costs are covered by the insurance companies. "The money benefits us less than the time," Mr. Brown said. "It's been very slow," he said.

"We're being paid to do justice and we've been paid," Mr. Brown said. "We're dragging and scheming of the companies kicking and screaming what they should be doing," Mr. Brown said.

Members of the internal commission said that the insurance companies are to blame for the slow pace of negotiation. Deputations of commission members travel to Zurich to negotiate with the companies, often for weeks on end. After negotiations, the commission members return to Washington for press conferences publicizing the settlement to fly to five international cities in order to attend the press conferences publicizing the settlement. As to Mr. Eagleburger's salary, which sources said is in the $300,000 range, Mr. Steinberg said, "whatever he's being paid, it's an absolute bargain." Mr. Eagleburger did not return phone calls at his office seeking comment.

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Swiss banks agreed to pay $1.25 billion U.S. dollars to settle legal claims relating to the World War II era conduct of Swiss banks, Swiss businesses, and the Swiss government ("Swiss Entities")

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Deutsche CEO optimistic on Holocaust fund

FRANKFURT, July 28 (Reuters) - Deutsche Bank Chief Executive Rolf Breuer said on Wednesday he was optimistic that the German industries’ Holocaust fund for the compensation of Nazi victims could be launched in early September as planned.

Breuer said a number of highly complicated legal issues still had to be resolved with the U.S. government and Jewish organisations.

"But at some point a political decision has to be made," he told a news conference in Frankfurt.

Sixteen German firms have proposed a compensation fund aimed at pre-empting huge U.S. class action suits against them by former Nazi-era slave workers and other Holocaust victims.

Breuer said the negotiations had reached a critical phase and much progress had already been made.

He also welcomed last week’s appointment of veteran former minister Otto Graf Lambsdorff as the German government’s chief mediator to the talks.

Lambsdorff took the task over from former chancellory minister Bodo Hombach after he was named the European Union’s Balkans reconstruction coordinator.

Lambsdorff flew to Washington on Tuesday for talks scheduled for Wednesday with U.S. Deputy Treasury Minister Stuart Eizenstat, ahead of negotiations planned for Thursday between victims’ lawyers and some of Germany’s top companies.

Chancellor Gerhard Schroeder’s government has said it wants the fund to be launched by the symbolic date of September 1, marking the 60th anniversary of the start of World War Two.

But some victims’ lawyers have opposed the terms offered so far.

Related News Categories: politics, US Market News
Outline for "legal peace" seen in Holocaust talks

By Joan Gralla

NEW YORK, July 28 (Reuters) - On the eve of talks in Washington, German firms and lawyers for Holocaust victims have devised a framework to address the firms’ fears that they will pay billions of dollars to ex-slave laborers only to face new claims, a source close to the talks said on Wednesday.

A number of leading German industrial and financial companies have been sued in U.S. courts by attorneys who represent a range of Holocaust victims, from people the Nazis forced to work, to people whose assets were looted while they were imprisoned.

Sixteen of those firms have agreed to set up a new fund, initially estimated at $1.7 billion, which aims to settle the U.S. class-action lawsuits in return for an agreement that the German firms will not face any more liabilities in the future.

Whether an accord on "legal peace" is reached on Thursday should help determine if Germany can get the fund up and running by Sept. 1, the deadline that it chose because it is the 60th anniversary of the start of World War II.

Representing the German government is the top new negotiator for Holocaust issues, Otto Lambsdorff, 72, a lawyer and former economics minister.

The Clinton administration’s top negotiator for Holocaust issues is Deputy Treasury Secretary Stuart Eizenstat, a former State Department official.

Michael Hausfeld, a Washington-based attorney who has brought a number of Holocaust suits against German firms, explained the process would begin with a court hearing. A comprehensive resolution would then be presented to the court, and potential claimants notified. Next, the U.S. government would file its statement of interest with the court.

"That statement would say that in light of all the circumstances this comprehensive resolution represents the most fair and best settlement of these issues," Hausfeld said.

If the court agreed, it would dispose of the class actions for the named plaintiffs only. Bilateral
agreements between the United States and Germany would require Washington to file its statement in any suit that was brought in future, he said.

This agreement on a legal peace framework is as far as negotiators can proceed until they wrap up other issues, he added. "There's nothing more we can do. We can't get to the details until we define more parameters," Hausfeld said.

His main criticism is that German industry wants sweeping legal protections from any future suits that might be brought by any number of Holocaust survivors, but is only willing to pay reparations to narrowly limited groups.

For example, ex-slave laborers who did not work at least six months would not get any money.

**Related News Categories:** politics, US Market News
Bill Signed Bolstering Holocaust-Era Claims

In a move that will put further pressure on a group of German and American corporations to settle claims that they exploited slave labor during World War II, Gov. Gray Davis on Wednesday signed into law a bill that strengthens the hand of Holocaust survivors filing such cases in California.

The measure, authored by state Sen. Tom Hayden (D-Los Angeles), formally gives California courts jurisdiction to hear World War II-era slave labor cases and extends the statute of limitations for filing such suits until Dec. 31, 2010.

The signing came on the eve of the next round of negotiations at the State Department in Washington seeking to resolve slave labor claims.

More than a dozen German firms, including DaimlerChrysler, Deutsche Bank and Volkswagen, with the assistance of the German government, have been trying to reach a bilateral agreement with the U.S. government that could provide compensation for up to 2 million surviving slave laborers.

In June, the companies announced that they had formed a foundation to deal with the thorny issue, but said that funds would only be made available if they receive long-term protection from lawsuits related to Nazi government actions. Moreover, the companies have said they want an agreement between governments rather than a court settlement, which would have to be reviewed for fairness by a judge.

The plan, which reportedly could provide up to $1.7 billion, has been denounced as inadequate by Jewish organizations such as the World Jewish Congress, as well as by attorneys who have filed class-action suits against the German companies in San Francisco and in federal court in New Jersey.

Ford and General Motors, which had subsidiary operations in Germany, also have been sued for using slave labor during the war. The two firms are not part of the German foundation plan.
The companies facing suits contend that U.S. courts have no jurisdiction to hear these cases, and even if they did, the statute of limitations has expired. Judges in New Jersey and San Francisco are reviewing company motions to dismiss the cases on those grounds.

The law's enactment "will help right a historic wrong which occurred over 50 years ago during World War II when men, women and children were forced into slave labor," Davis said Wednesday.

Hayden said: "It sends a very powerful message from California to the U.S. government and the German government, who are in the midst of rather closed negotiations about a settlement.

"If the international negotiators want to avoid very expensive litigation by survivors as well as very bad public relations for companies like Volkswagen and Ford, they ought to settle," Hayden added. "Otherwise, this law allows us to go ahead and take them to court."

The law permits plaintiffs to seek compensation and damages for the work they performed. Compensation is defined as the present value of wages and benefits that individuals should have been paid and damages for injuries sustained in connection with the labor performed. "Present value" is to be calculated on the market value of the services at the time they were performed, compounded annually to the date of full payment without diminution for wartime or postwar currency devaluation.

New York attorney Melvyn I. Weiss, one of the lead lawyers for the Holocaust survivors, said Wednesday that his firm will file new suits in California because of the passage of the statute, which his firm helped draft.

"The new law makes it easier for us" to pursue the subsidiaries and successor firms of companies that used slave labor, Weiss said.

Weiss and Michael Hausfeld, his Washington, D.C., co-counsel on the Holocaust cases, both said they were disappointed at a lack of progress in resolving the slave labor issue. The Washington negotiating session scheduled today will be held under the auspices of Stuart Eizenstat, deputy secretary of the Treasury, who is the Clinton administration's point man on Holocaust reparations issues.

Weiss and Hausfeld said they were disturbed that the German companies have announced that they would not discuss anything at the meeting besides how they would be protected from further legal claims if they pay money to Nazi victims.

The German companies have said they hope to reach an agreement by Sept. 1, the 60th anniversary of the start of World War II.

Both Weiss and Hausfeld said that far too many issues
remain unresolved--including the amount of a settlement fund--
for that to be a realistic date.

An attorney representing the German firms in the talks
declined to return a call seeking comment. A State Department
source said that Eizenstat hoped to make further progress
Wednesday, but acknowledged that the matter was complicated
and much remained to be done.

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Compensation Of Russia's Holocaust Survivors Starts Thursday

MOSCOW, Jul 29, 1999 -- (Agence France Presse) The Swiss fund for Jewish Holocaust survivors will begin making payments on Thursday, organizers of the fund announced.

About a hundred survivors are expected midday Thursday in a recently built synagogue in western Moscow, said Anatoly Kocherov, head of the experts' group of the Russian aid committee for Holocaust victims.

Russian survivors of the Nazi ghettos and concentration camps will be told at which Russian bank they can claim their $400, the first part of their compensation, said Kocherov.

A second payment of $600 will be paid from October.

Holocaust survivors from the former Soviet republics of Belarussia, the Baltic states and Ukraine have already been compensated.

Russia, the only country that sought to tax the payments, finally renounced its claim when former Prime Minister Yevgeny Primakov dropped the idea in May.

Nearly three million Soviet Jews were victims of the Holocaust. The
Swiss special fund currently has 1,745 listed.

The special fund, currently worth about 278 million Swiss francs ($184 million) was set up by the private industrial and banking sector in Switzerland together with the Swiss National Bank, the BNS.

It is independent of the $1.25 billion that the major Swiss banks agreed last August to pay the Jewish community to settle legal action started by Holocaust victims. ((c) 1999 Agence France Presse)
NEW YORK (Reuters) - U.S. and German negotiators trying to craft a compensation pact for Nazi-era slave laborers are considering extending a planned two-day meeting in August to one week in an effort to meet a looming deadline, sources close to the issue said Thursday.

Representatives of the two governments met in Washington Thursday with company officials and U.S. class-action attorneys who have sued German firms on behalf of Holocaust victims.

There has been speculation that the complexity of setting up a billion-dollar compensation fund for a range of victims, including forced laborers and people whose assets were plundered, would prevent Germany from meeting its Sept. 1 deadline.

Negotiators now appear likely to extend the planned August talks by about five days. "There's going to be a week-long summit, starting the 24th (of August) in Bonn," one source, who declined to be named, said. "At the end of the week they want to have a text that will be made public," he added.

That text may only be a framework of how the fund will operate because several issues -- including who will be eligible for compensation and how much the German government might contribute -- have not been settled, he said.

The Sept. 1 deadline was chosen for its symbolism as the 60th anniversary of the start of World War II, but the fund was proposed only in February.

The Washington gathering planned to focus on the biggest demand that German companies have made, for so-called "legal peace."

To achieve this, 16 German companies have agreed to set up a new fund, initially estimated at $1.7 billion, intended to settle U.S. class-action lawsuits in return for an agreement that they will not face more liabilities in the future.

Representing the German government is the top new negotiator for Holocaust issues, Otto Lambsdorff, 72, a lawyer and former economics minister.

Gideon Taylor, Claims Conference executive vice president, said through a spokeswoman, "Lambsdorff was well-briefed on the subject and fully engaged. We welcome this as a positive sign of the commitment of the German government to resolving this issue."

Taylor leads the Jewish restitution group charged with negotiating Holocaust
settlements with Germany and Austria.
Lambsdorff was attending Holocaust talks for the first time since he was appointed to succeed German Chancellery Minister Bodo Hombach, named to lead the European Union's Balkans reconstruction program.
The Clinton administration's top negotiator for Holocaust issues is Deputy Treasury Secretary Stuart Eizenstat, a former State Department official.
Germans attacked for 'forgetting' Holocaust
By Andrew Gimspn in Berlin

THE leader of Germany's Jews has bitterly attacked modern Germans who, he believes, feel Auschwitz has nothing to do with them and want to stop thinking about the Holocaust.

Ignatz Bubis, president of the Central Council of Jews in Germany, said: "The responsibility for Auschwitz is not anchored in the public consciousness. "Every person in Germany feels responsible for Schiller, for Goethe and for Beethoven, but none for Himmler." Mr Bubis believes that a large part of the population thinks it is "time to draw a line" under the Holocaust and "only look forward", but he warns his fellow Germans that the future cannot be faced without also facing up to the past.

Although he was born in Germany and is a German citizen, Mr Bubis, 72, says he does not want to be buried there. "I should like to be buried in Israel, because I do not want my grave to be blown up, like Heinz Galinski's," he said. Mr Galinski, a concentration camp survivor and a celebrated predecessor of Mr Bubis as leader of Germany's Jews, is buried in Berlin, where his grave was recently damaged by a bomb.

At the heart of Mr Bubis's sadness, expressed in an interview with today's Stern magazine, is the sense that he has failed to break down barriers between Jews and other Germans. "I wanted to get rid of this division, here Germans, there Jews... But no, I have had almost no effect. The majority of people have not even understood what I was trying to do," he said.

About 70,000 Jews live in Germany, including about 11,000 in Berlin, and some of them believe Mr Bubis is being far too gloomy about his achievements during his seven years in office. His colleague Michel
Friedman said yesterday that he did not realise what he had achieved,

Mr Bubis, who lost most of his family in the Holocaust and was 18 when he was freed from Nazi imprisonment, said he did not expect young Germans to get out of bed each morning and pour ashes over their heads. He said he tells schoolchildren that they "must know what human beings were capable of doing".

The novelist Martin Walser recently said Auschwitz was being used as a "moral club" to beat the Germans over the head, and gave warning that the heavy coverage of the Holocaust on German television could prove counter-productive. But these remarks appalled Mr Bubis, who saw them as confirmation that most Germans wanted to look the other way and forget what happened.

When asked why he went on living in Germany, Mr Bubis said it was because he "feels at home", a reason given by many Jews for living there, while others who have emigrated since the collapse of communism in the former Soviet Union say Germany is now a much safer place for them than Russia. The Holocaust is passionately debated in the German press along with the decade-long argument about whether and, if so, how to build a memorial in Berlin to the murdered European Jews.

26 June 1999: German MPs choose Holocaust memorial
10 April 1999: Historian arrested for disputing Holocaust
2 April 1999: [UK News] Killer, 78, gets life for war crimes
26 February 1999: Israel honours British spy who saved 10,000 Jews
17 February 1999: Firms start fund for Nazi slave workers
19 January 1999: Internet search for Holocaust heirs
2 December 1998: Albright urges honesty over Holocaust
28 February 1998: Writer fined £12,000 for playing down the Holocaust
30 January 1997: [UK News] Blair backs Holocaust denial law
25 April 1996: French 'saint' queries extent of Holocaust