

**THE AMERICAN JEWISH JOINT  
DISTRIBUTION COMMITTEE**

*In Re Holocaust Victim Assets Litigation*

**“Looted Assets Class”**

***JDC REPORT ON 2006 WELFARE PROGRAMS  
FOR JEWISH NAZI VICTIMS  
IN THE FORMER SOVIET UNION***

**SUBMITTED TO**

**JUDGE EDWARD R. KORMAN**

**UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF NEW YORK**

**October 12, 2007**

## **BACKGROUND**

The American Jewish Joint Distribution Committee (“JDC”) hereby submits to the Court a programmatic report and financial audit concerning the vital humanitarian services provided in 2006 by Swiss Banks Settlement funds to some of the 117,000 destitute Jewish victims of Nazi persecution living in the Former Soviet Union (“FSU”).

In accordance with the *Special Master’s Proposed Plan of Allocation and Distribution of Settlement Proceeds* (“Distribution Plan”), adopted by the Court on November 22, 2000, and upheld by the United States Court of Appeals for the Second Circuit on July 26, 2001, JDC was charged with management and administration of welfare services for Jewish victims of Nazi persecution in the FSU under the “looted assets class” of the Settlement, over a ten-year period, to be provided through the network of 204 Hesed welfare centers.<sup>1</sup>

On May 10, 2006 the Court approved funding for the welfare services provided in 2006 to Jewish Nazi victims in the FSU. As detailed in that submission, as well as in the JDC reports to the Court in February 2001, April 2001, and July 2003, “looted assets class” funds are used for the General Welfare Program (providing food packages, hot meals, homecare and winter relief), Medical Services, and the SOS Special Needs and Emergency Cases Program.

The services provided in the FSU were further described in the October 2003 *Special Master’s Interim Report on Distribution and Recommendation for Allocation of Excess and Possible Unclaimed Residual Funds* (“Interim Report”). On January 30, 2004 JDC submitted to the Court substantial additional documentation on the needs of Jewish Nazi Victims in the FSU and the operation of the Hesed program in its *Presentation on the Condition and Needs of Jewish Victims in the Former Soviet Union*, in response to the Court’s request for proposals on allocation of any possible future residual funds from the Settlement.

## **2006 REPORT**

In 2006 the Hesed programs served 117,541 clients who are poor elderly Jewish victims of Nazi persecution. As shown on the attached charts and audit report, \$15,746,100 was spent from “looted assets class” funds from the Settlement<sup>2</sup> and provided the following vital assistance:

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<sup>1</sup> Within the FSU regions listed in the attached charts, the funds are allocated to the 204 local Hesed programs, covering services delivered in over 2,900 localities across 11 time zones in 15 countries.

<sup>2</sup> The budget approved by the Court for 2006 was \$15,395,192. In addition, a balance of \$366,675 remained unspent from the 2005 grants, because of small cumulative balances from prior years. Furthermore, the Court authorized the expenditure of an additional \$22,202 of interest earned when prior year allocations had been held in an escrow account pending their distribution to the Hesed programs in the FSU. Thus, the total available for expenditure in 2006 was \$15,784,071 and of this a total of \$15,746,100, or 99.8% was spent in 2006. JDC expects that the remaining \$37,971 will be spent in 2007.

- 51,146 Jewish Nazi victims received a total of 433,794 packages containing basic foodstuffs from Settlement funds, at an average cost of \$10 per package.<sup>3</sup> This represents an average of 8.5 packages per year, a minimal service received by only 44% of needy Jewish Nazi Victims in the FSU.
- 3,779 Jewish Nazi victims received a total of 943,048 hot meals (at a communal canteen or “Meals-on-Wheels” at home) from Settlement funds, at an average cost of \$2.50 per meal. This represents an average of 4.8 meals per week for only 3% of destitute Jewish Nazi Victims in the FSU, often the only hot meals they eat each week.
- 8,031 Jewish Nazi victims received a total of 1,831,378 hours of home care from Settlement funds, at an average cost of \$2.43 per hour. This represents an average of 4.4 hours per week for only 7% of impoverished Jewish Nazi Victims in the FSU and is the only homecare they receive since none is provided by the state or other private charities.
- 8,633 Jewish Nazi victims received a “winter relief kit” from Settlement funds, consisting of fuel, wood, blankets, coats, sweaters and boots. This “kit”, costing on average \$28, was provided to only 7% of poor Jewish Nazi Victims in the FSU.
- 31,449 Jewish Nazi victims received medical services provided by the Hesed centers from Settlement funds, usually consisting of medical consultations and drug prescriptions, averaging about \$85 per person per year. This aid was provided to only 27% of disadvantaged Jewish Nazi Victims in the FSU.
- 11,440 grants were made to needy Jewish Nazi victims under the SOS Special Needs and Emergency Cases Program from Settlement funds, averaging \$117 per situation. These grants cover services such as hospitalization costs; eyeglasses, hearing aids; adult diapers; home and appliance repairs; payment of rent or utilities, bedding, emergency food supplies or extra winter relief.

JDC notes for the Court that several factors have come together and resulted in a diminution of services provided in 2006, when compared to services provided in 2005. Inflation in FSU countries, combined with the devaluation of the US Dollar, has resulted in an average overall 10-12% decrease in purchasing power. This had a major impact on homecare services, which along with food programs, is the most essential assistance provided to destitute Jewish Nazi victims, and is only available to them from Hesed. From 2005 to 2006 the cost of homecare workers rose 71%, from an average of \$1.42 per hour to \$2.43 per hour.

Hesed leadership in the FSU determined that their top priority was to maintain the level of homecare provided to the neediest of Jewish Nazi Victims who depend on this vital service. In order to maintain a comparable level of essential homecare, some funds were shifted from food programs, which remain a critical priority for Hesed clients, and winter relief to homecare. In spite of this shift of funds, in 2006 the Hesed programs were still only able to

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<sup>3</sup> The category of “Food Packages” includes both the dry-goods packages (which contain non-perishable basic staples, including flour, pasta, rice, other grains, beans, sugar, oil and a protein source such as canned fish) as well as Fresh Food Sets (which contain grocery items such as dairy products, eggs, fruit, vegetables and chicken). These “supermarket” sets are delivered to needy elderly who are capable of cooking for themselves, but cannot get to a market or communal dining room.

provide an average client needing homecare with just 4.38 hours of assistance per week, usually the only assistance provided at home since there are no other governmental or private homecare services for poor Jewish Nazi Victims in the FSU. The Court (by order of May 26, 2006) also permitted the use of up to 10% of Looted Assets grants for Hesed administrative expenses in order to the operate their programs.

### **AUDIT REPORT**

Under the Distribution Plan "audited financial reports for the specific programs must be provided to the Court annually." Based on the approval by the Court on April 13, 2001 of JDC's Proposal for the First Year of Operations, JDC appointed the accounting firm of Ernst & Young to perform this audit function for the programs in the FSU. Attached to this report JDC is submitting to the Court an Audited Financial Report prepared by Ernst & Young for the Fifth Year Allocation for Period January 1, 2006 through December 31, 2006.

# SERVICES PROVIDED IN THE FSU IN 2006 TO JEWISH NAZI VICTIMS FROM SWISS BANKS SETTLEMENT FUNDS

Location	Total Jewish Nazi Victim Clients	Food Packages				Hot Meals			Homecare			Winter Relief		Medical		SOS
		Food Packages Provided from Settlement Funds	# of Nazi Victims Receiving Food Packages from Settlement Funds	% of Nazi Victims Receiving Food Packages from Settlement Funds	Meals on Wheels or Hot Canteen Meals Provided from Settlement Funds	# of Nazi Victims Receiving Meals from Settlement Funds	% of Nazi Victims Receiving Meals from Settlement Funds	Homecare Hours Provided from Settlement Funds	# of Nazi Victims Receiving Homecare Service from Settlement Funds	% of Nazi Victims Receiving Homecare Service from Settlement Funds	# of Nazi Victims Receiving Winter Relief from Settlement Funds	% of Nazi Victims Receiving Winter Relief from Settlement Funds	# of Nazi Victims Receiving Medical Services from Settlement Funds	% of Nazi Victims Receiving Medical Services from Settlement Funds		
Kiev and Western Ukraine	15,238	66,961	5,664	37%	204,061	593	4%	395,407	1,363	39%	733	5%	6,483	43%	1,060	
Kharkov, Ukraine	6,172	10,749	1,498	24%	48,127	343	6%	156,905	556	39%	352	6%	1,337	22%	780	
Odessa, Ukraine	9,272	62,479	3,525	38%	32,191	84	1%	147,797	589	34%	827	9%	2,381	26%	921	
Dniepropetrovsk, Ukraine	11,191	36,901	3,663	33%	45,493	185	2%	178,531	712	36%	3,017	27%	3,346	30%	1,310	
St. Petersburg, Russia	16,410	28,988	9,083	55%	110,219	575	4%	162,078	805	69%	117	1%	3,099	19%	777	
Minsk, Belarus	9,900	43,760	6,142	62%	78,535	350	4%	116,950	580	59%	765	8%	4,138	42%	1,457	
Kishinev, Moldova	1,649	2,076	78	5%	59,684	172	10%	27,622	133	26%	0	0%	581	35%	268	
Volga, Russia	10,128	64,010	7,070	70%	28,426	86	1%	124,404	410	42%	0	0%	2,346	23%	1,200	
Moscow, Russia	22,206	28,167	4,785	22%	234,319	602	3%	264,926	1,535	51%	0	0%	3,272	15%	1,111	
Urals, Russia	4,728	45,640	3,888	82%	12,491	12	0%	108,170	517	96%	615	13%	1,062	22%	426	
Siberia, Russia	1,859	8,512	744	40%	19,724	6	0%	37,562	150	94%	0	0%	582	31%	338	
Northern Caucasus	4,200	19,716	2,729	65%	12,236	62	1%	36,405	207	35%	1,032	25%	723	17%	336	
Georgia	158	304	26	16%	8,080	8	5%	0	0	0%	0	0%	58	37%	70	
Azerbaijan	72	239	20	28%	2,330	11	16%	1,317	8	37%	11	16%	32	44%	17	
Central Asia	1,740	10,313	1,120	64%	27,299	177	10%	61,330	281	62%	1,023	59%	1,241	71%	1,010	
Baltic States	2,618	4,979	1,111	42%	19,833	513	20%	11,974	185	7%	141	5%	768	29%	359	
<b>Totals</b>	<b>117,541</b>	<b>433,794</b>	<b>51,146</b>	<b>44%</b>	<b>943,048</b>	<b>3,779</b>	<b>3%</b>	<b>1,831,378</b>	<b>8,031</b>	<b>7%</b>	<b>8,633</b>	<b>7%</b>	<b>31,449</b>	<b>27%</b>	<b>11,440</b>	

SOS Grants Provided in the FSU in 2006 to Jewish Nazi Victims from Swiss Banks Settlement Funds

Region	Personal hygiene/incontinence items	Home repair	Hospitalization	Medications	Medical services <sup>1</sup>	Bedding <sup>2</sup>	Clothing	Shoes	Home appliances <sup>3</sup>	Home appliance repair <sup>3</sup>	Funerals	Hearing aids	Transportation	Payment for Public Utilities	Food <sup>4</sup>	Furniture <sup>5</sup>	Short term home care	Glasses	Winter relief <sup>6</sup>	Home Cleaning & Disinfection	Other Humanitarian Aid <sup>7</sup>	TOTAL
Kiev and Western Ukraine	17	127	69	402	25	58			276	2	65	11	1	1		2					4	1,060
Kharkov, Ukraine	1	19	52	516	124			3	38	6	16	1		1					2		1	780
Odessa, Ukraine	15	15	15	581	192				68		5	4	2	5	2	12		3	2			921
Dnepropetrovsk, Ukraine	12	83	30	254	332		20	28	328	2	11	9		8		13		170	8		2	1,310
St. Petersburg, Russia		15	17	360	195	6	2	5	45		12	5		8	26	2	1	43	4	11	20	777
Minsk, Belarus*	115	58	1	493	52	30	50	74	439	13		5	2	40	38	24		1	14		8	1,457
Kishinev, Moldova		41	2	130	38				1	8	11			13				23			1	268
Volga, Russia	30	8		552	130	1		3	82			11			295	5	6	12	57		8	1,200
Moscow, Russia	18	1	17	551	163			1	48		12	10		3	62			1	1	191	32	1,111
Urals, Russia	4	11	3	150	116	1	7	24	67		4	15		5	1	6		1	1		10	426
Siberia, Russia	2	3		115	48	87	12	9	50	1								5	2		3	338
Northern Caucasus		22	5	113	40	1	1	3	55		21	3	1	58		4		1	6	1	2	336
Georgia		2		19	8	1		1	11		2			12							14	70
Azerbaijan		5			2				7		3											17
Central Asia	347			241	59	66	3	4	36		4	2		85	9	3	7	106	35		3	1,010
Baltic States	3	20	16	72	69	2	10	13	13	13	23	23	0	28	0	2	0	5	46		1	359
Total	564	430	227	4,549	1,593	252	105	168	1,564	45	189	99	6	267	372	135	14	371	178	203	109	11,440

<sup>1</sup> Medical services includes medical consultations and emergency ambulance services.

<sup>2</sup> Bedding includes bed linens and blankets.

<sup>3</sup> Includes replacement or repair of refrigerators, ovens, pots & pans, bathroom sinks & toilets, bedpans, gas heating tanks, and special telephones for the hearing impaired.

<sup>4</sup> Food includes food packages and purchase of food products.

<sup>5</sup> Furniture includes orthopedic beds and other special devices for the disabled.

<sup>6</sup> Winter relief includes heating.

<sup>7</sup> Other humanitarian aid includes, for example, the purchase of; special medical equipment; provision of water jugs to enable a Nazi victim to bring water from a well to her home and outhouse; connection of a gas pipeline to heat a home, purchase of a chicken for a Nazi victim in a remote village; payment of rent to prevent eviction; and, other similar emergency help.

\* Minsk figures include Kaliningrad.