

STATEMENT OF BURT NEUBORNE

I welcome the report of Judah Gribetz, the Special Master who undertook the extremely difficult task of seeking to develop a plan to allocate and distribute the \$1.25 billion Swiss bank settlement. The meticulously researched report represents more than a year of painstaking and sensitive work by Mr. Gribetz and a dedicated staff of lawyers and researchers. We owe Mr. Gribetz and his team, among them, Shari C. Reig, Ted Poretz and Alyson M. Weiss, a debt of gratitude.

I.

I also applaud his suggested plan of allocation and distribution. Mr. Gribetz recognizes that the core of the Swiss banks case – both legally and morally – is the demand for the return of Holocaust-era Swiss bank deposits. Accordingly, he recommends that the first priority in distribution should be to identify as many Holocaust-era accounts belonging to “Victims and Targets of Nazi Persecution” as possible, and to return the accounts to their rightful owners with interest. He recommends that the parties utilize the services of an arm of the Volcker Committee, the Claims Resolution Tribunal, to administer the effort to return the accounts. The first step in the program will be the publication of the names and identifying information concerning 26,000 wartime-era accounts that are probably related to Holocaust victims. Publication will occur as soon as possible after the Court approves a final plan of allocation and distribution. He recommends that the settlement fund make an initial allocation of \$800 million to assure that all proven bank account claims are paid in full, including interest. If, because of the loss of records, it is not possible to return all the accounts to their rightful owners, he recommends that the unused funds be distributed to other classes of beneficiaries. Thus, the exact payment payable to bank account holders will not be known until the CRT completes its work, although a much more precise estimate will be possible at the end of a 6 month claims filing period that will begin after the publication of the names of account holders. If less than \$800 million is required to pay proven bank account claims, the unused funds initially allocated to bank accounts will be distributed to other classes of beneficiaries.

II.

Special Master Gribetz also recommends making payments to slave laborers who worked for mostly German companies and who fall within the class definition of “Victims or Targets of Nazi Persecution.” The payments will be made to survivors and certain heirs of survivors who died after February 15 1999. Special Master Gribetz found that it would be impossible to make payments to all heirs of deceased slave laborers, first, because the costs of locating them would be prohibitive, and, second, because it would reduce the amounts payable to a nominal sum. The decision to confine payments primarily to survivors is consistent with a similar decision made by Congress to compensate Japanese-Americans confined in detention camps during WWII. The payments to slave laborers from the Swiss Banks settlement will supplement payments to be made by the recently established German Foundation for Remembrance, Responsibility and the Future. It is estimated that the payments to slave laborers from the Swiss settlement will be approximately \$1,000 per person. Payments to slave laborers

from the German Foundation are estimated at \$7,500 per person. Although the amounts do not begin to compensate the victims for the enormity of their losses, the payments will provide needed assistance to many extremely poor and elderly victims. Moreover, if bank account distributions do not exhaust the \$800 million figure, a portion of the unused funds may further supplement payments to slave laborers.

III.

Special Master Gribetz recommends the payment of \$100 million in connection with the Looted Assets Class. The amount is not intended to reflect the value of assets looted by the Nazis, which is far higher. Rather, it reflects the difficulty of proving that particular items of looted assets actually found their way to particular Swiss banks. Given the impossibility of linking particular looted assets claims to Swiss banks, Special Master Gribetz recommends the use of the so-called cy pres doctrine to award the looted assets funds, not to particular claimants, but to categories of victims whose need is greatest. Accordingly, he recommends that the bulk of the looted assets funds be distributed in the form of food and medicine to impoverished Holocaust victims with the greatest need. Much of the distribution will be to so-called "double victims," who suffered under Hitler and Stalin, but who have been omitted from most WWII reparations programs. Cy pres payments are also recommended for non-Jewish class members with particular need, such as the disabled. The \$100 million figure may be supplemented in the future by unused funds currently allocated for the payment of bank account claims.

IV.

The report recommends the allocation of up to \$2,500 per person to compensate refugees who were denied entry into or expelled from Switzerland because they were members of victim groups. The names of 4,000 refugees known to have been denied entry into Switzerland because they were Jewish will be published promptly. The report also recommends a smaller payment for refugees who were admitted to Switzerland but mistreated there.

V.

Up to \$50 million may be allocated from the settlement fund for the payment of insurance claims against Swiss insurers. Pursuant to a recent amendment to the settlement, certain Swiss insurance carriers have agreed to pay up to \$50 million in insurance claims, over and above the \$1.25 billion. Thus, the total allocated to Swiss insurance claims is up to \$100 million. Holocaust-era insurance claims for certain insurers are payable by ICHIEC, and by the German Foundation.

VI.

Approximately \$10 million of the remaining fund is allocated to a research program designed to develop a definitive list of victims of the Holocaust, living and dead. The remainder is allocated for payment to forced laborers who worked for a Swiss company, for costs associated with implementing the settlement, and a modest reserve fund. It is estimated that forced laborers for Swiss companies will receive approximately \$1,000 per person.

The Special Master's report will be widely disseminated. A summary of the report will be mailed to all 560,000 persons who returned the initial questionnaire. Copies of the entire report, including the exhaustive research annexes, are available free of charge to anyone who requests a copy. Class members and interested persons are encouraged to file comments and criticisms with the Court. A hearing on the report will be held in Chief Judge Korman's courtroom in the Brooklyn Federal Courthouse on November 20, 2000. If Chief Judge Korman approves the plan, distribution will begin in accordance with the plan as quickly as possible.

The Special Master's Report does not deal with attorneys fees, which must be awarded by the Court after a hearing that will take place shortly after November 20, 2000. More than 1/2 the lawyers in the Swiss bank cases have waived fees. I anticipate that the total fees payable to all counsel, including counsel who seek a payment to a designated charity in lieu of fees, will be substantially less than 1% of the settlement fund.