

STATEMENT OF RENEE FIRESTONE

**U.S. HOUSE OF REPRESENTATIVES COMMITTEE
ON FOREIGN AFFAIRS**

**Righting the Enduring Wrongs of the Holocaust:
Insurance Accountability and Rail Justice**

November 16, 2011

My name is Renee Firestone. I was born in Uzhorod, Czechoslovakia. At the tender age of 20, I was imprisoned for 13 months in the infamous death camp known as Auschwitz/Birkenau during the last years of World War II. My entire family was murdered, except for my father Morris, who died of tuberculosis shortly after liberation, and my brother Frank, who was a partisan.

Following liberation in 1945, I was reunited with my brother and my soon-to-be husband Bernard. I settled in Prague, Czechoslovakia, where I was able to complete my education in the Prague School of Commercial Arts. In 1948, I emigrated to the United States with Bernard and my infant daughter, Klara. I settled in Los Angeles, where I pursued my love of fashion, and was fortunate to work hard and enjoy a fulfilling career as a fashion designer.

Of course, the devastating losses I experienced are with me every single day of my life. Because of what we experienced, I have devoted thousands and thousands of hours of my personal time to educating adults and students of all ages and all walks of life, throughout the U.S. and Europe, about my experiences as a Holocaust survivor. I have spoken at workshops and conferences, and have been interviewed in the media countless times regarding the Holocaust and its contemporary implications.

Because of the trauma I experienced, in the 1990s when everyone started talking about restitution of looted assets, I was naturally anxious to locate any remnant possible that would allow me to have a record of what my parents had been able to create and build before the onslaught of the Nazis. Unfortunately, the promises fell criminally short of what I and other survivors hoped for, and deserved.

My father was a very responsible man, with a business and real property in order to provide our family with an upper middle class standard of living in pre-war Czechoslovakia (annexed by Hungary in 1938). I am certain he had insurance. But when I filed my claim, after all the fanfare, the Commission (ICHEIC) informed me that his name was not on any of the lists. This is difficult for me to accept, but since it is well-known that the lists produced by Generali and the other insurance companies were incomplete, I wonder why the U.S. government has neither demanded a full accounting, nor allowed the states to require it.

My experience is similar to that of my late friend Si Frumkin, a survivor and giant in the history of human rights. Si was speaking for all survivors when he exposed the hypocrisy and disrespect that Congress, arrogant Jewish groups, and the Executive Branch of our government has shown in allowing the insurers to inherit the funds that should have been paid to victims' families decades ago. He wrote:

I am angry. Angry with the SOBs in Germany. With our own SOBs in Washington. With the SOBs running the Jewish organizations that presume to speak and negotiate for me and others like me. With the criminals who run European insurance companies that stole hundreds of millions of dollars from people who died prematurely in gas chambers, and then hired stooges to make sure it's not given back.

I am a law-abiding American citizen. I pay my taxes and my traffic tickets. I vote. I have served on a jury. I fly my flag on national holidays. In return, I expect my government to fulfill its constitutional obligations to me. One of them is my right to a trial by a jury of my peers. This has been denied me because, apparently, my government prefers to defend and uphold the rights of giant German corporations.

* * *

So far, Generali has been able to keep the money it stole. It, too, has the cooperation of the U.S. government and its judiciary in acknowledging ICHEIC—created, financed, and controlled by the insurance SOBs—as the only legitimate body to rule, decide, and control Holocaust-era insurance claims.

Still, I want to see those lists. I am sure that my father's name appears on one of them. I am also sure that tens of thousands of other Jews whose parents or grandparents perished will find the names of their relatives.

Hitler took away my father's name and gave him a number. The insurance companies took it away again by pretending that he never existed. I want them to acknowledge that he lived, that he died, and that the way he died matters to his son and to the grandchildren he never knew.

I am also including Si's article as an exhibit to my full testimony.

Here are some facts that this Committee and Congress should know about when they come to evaluate the insurance companies' and anyone else's claim that Holocaust survivors, and the children and grandchildren of Holocaust victims, should be satisfied with ICHEIC, rather than have our rights enforced.

ICHEIC was chartered under Swiss law and headquartered in London to avoid American public record laws and court subpoenas. It was funded by the insurance

companies themselves, its meetings were conducted in secret, and minutes were not even published of the secret meetings.

Almost all survivors were frustrated and insulted by their ICHEIC experiences. This was conveyed to Congress in a series of hearings between 2000 and 2003. The survivors regaled experiences such as multi-year waits for responses, denials without any explanation, demands for information that no claimant could be expected to know (such as the birthdates or death certificates of relatives who perished in the Holocaust), and denials of claims even where policies were proven to have existed (Generali's "Negative Evidence Rule").

In its first five years, **ICHEIC spent more money on administrative expenses than it paid in claims.** Chairman Lawrence Eagleburger told a Congressional Committee that ICHEIC's internal processes were "none of its [Congress's] business."

In 2002, Congressman Henry Waxman wrote: "Holocaust survivors have been waiting decades to reclaim Holocaust-era insurance policies. Unfortunately, the . . . majority of the companies that have agreed to the ICHEIC process have not lived up to their obligation to disclose policyholder lists. The ICHEIC member companies also appear to have wrongfully rejected, undervalued or left unanswered the claims of many survivors."

In 2003, Congress even passed a law -- the Foreign Affairs Authorization Act -- that required the State Department to collect information on ICHEIC companies' claims, practices, and results. However, **ICHEIC refused to comply with this requirement** as the State Department reported in its annual reports each year.

When ICHEIC ended in 2007, it had paid fewer than 14,000 of the 800,000 life/annuity/endowment policies estimated to be owned by European Jews in 1938. The total paid on policies was \$250 million, less than three percent (3%) of the \$18 billion in outstanding values at the time, according to the estimate of economist Zabludoff, using what he regards as very conservative numbers. Today the unpaid amount of Holocaust era insurance policies exceeds \$20 billion.

ICHEIC also issued 34,000 checks for \$1000 each which it termed "humanitarian" in nature, but which survivors considered insulting rejections. Yet ICHEIC and its supporters today take credit for having "paid 48,000 claims," an obvious attempt to inflate its results and give the appearance of success to a process that badly failed.

You can also imagine our shock when, after ICHEIC ended, its Chief Executive Officer, Mara Rudman, became a paid lobbyist for the American Insurance Association -- the umbrella U.S. group lobbying against the original version of HR 890 that was introduced by the late Congressman Tom Lantos in 2007. Mr. Lantos, the only Holocaust survivor to ever serve in Congress, was a dear friend of mine. His widow,

Annette Lantos, as well as his daughter Katrina, have remained committed advocates for the rights of Holocaust survivors.

As a Californian, I am also proud to say that our Insurance Commissioners, **especially former Commissioner, and now Congressman, John Garamendi**, were among the very few who stood toe to toe with the insurance companies and even the Jewish groups on ICHEIC who were so ready to cave into the insurance companies and short-change the survivors. Mr. Garamendi fought passionately for our interests.

Unfortunately, despite Mr. Garamendi's tireless efforts to make ICHEIC work to benefit claimants, the insurance companies won big by paying so few policies, by paying such small settlements, and by convincing the Supreme Court that the states did not have the right to allow us Holocaust survivors to hold the insurers accountable for their actions. This loss was devastating, and shocked survivors throughout the State and the country.

Not only are we distraught over the way the courts have disrespected Holocaust survivors, but the records that the Holocaust Survivors Foundation USA has found under the Freedom of Information Act show that the State and Justice Departments acted terribly in their court papers and Congressional testimony. We cannot understand how our own government became the adversary of Holocaust survivors in the 21st Century.

Despite the claim that the United States and Europe have been "successful in Holocaust restitution," that is far from the truth. Specific property restitution for individuals has been largely unfulfilled. Only a fraction of the properties actually looted during the Holocaust were "recovered" or restituted in any general sense, and of those funds, only a small portion recovered and deemed "heirless" or for "humanitarian purposes" has trickled down to meet the pressing social service needs of the remaining Holocaust survivors.

Tragically, tens of thousands of survivors, including many thousands in the US, are facing dire problems. They cannot meet basic home and health care needs, or pay for medicines, dentures, eyeglasses, hearing aids, or walkers, or receive transportation to the doctor. This may shock most leaders and public officials, but it has been documented with increasing frequency in the Jewish and mainstream media.

In the United States, half of all survivors – more than 50,000 – either live below the poverty line (25%) or have incomes so low they are considered "poor" given the cost of living in their communities. In my hometown of Los Angeles, 39% of all Holocaust survivors live below the poverty line. This is a moral and human tragedy that should never have been accepted, but it was, and it continues today. Yet we survivors, and our children, are dealing with these tragedies day in and day out, and the governmental and philanthropic establishments have been sadly protective of status quo organizations and corporations, rather than protective of survivors' rights, interests, and needs.

How did this state of affairs come to pass? The role of the Conference on Jewish Material Claims Against Germany, Inc. (“Claims Conference”) in the restitution failures is a common thread that cannot be ignored. One of the reasons victims have done so badly in the property and insurance negotiations is that the organizations primarily doing the negotiating (the Claims Conference, the World Jewish Congress, the World Jewish Restitution Organization—WJRO) are less interested in individual claims being honored than in “global settlements” which result in funds *they* can control. Even Stuart Eizenstat, no champion of survivors’ rights, recognized this in his book *Imperfect Justice*.

As reported in the media and testified in Congressional committees, the Claims Conference has drawn the ire of Holocaust survivors throughout the world for its lack of survivor representation in policy making, for policies that cause grave harm to thousands of impoverished survivors, for its lack of transparency in the handling of restituted assets, and worst of all, for its use of restitution funds for pet projects including grants to board members and cronies of organization officials, and other serious concerns.

The Claims Conference is a creation of the early 1950’s. It reflects a political decision made by leaders of the Jewish community and the German government, in the aftermath of the Holocaust, to have a mechanism to channel German reparations to Holocaust survivors. For over 40 years, there were no official survivor organizations on the Claims Conference board of directors. In the 1990’s two “survivor groups” were added to the board, but today only 2 of the 24 voting board members are survivor organizations. So, the Claims Conference’s board members and officers were neither elected by survivors, nor does it morally represent the Nazi victims in whose names the organization obtains its funds.

After German reunification in the early 90s, Germany passed a law making the Claims Conference the legal heir (“successor organization”) to East German properties not claimed by direct heirs within the outrageously short time limit set by the Germans. However, the Conference did not publish information about the names of the Jewish owners of these properties, and then claimed them as their own! To make matters worse, the courts have supported the Claims Conference’s claim to ownership of such properties – even against the legitimate heirs of Holocaust victims who had no idea about the two year deadline – including many who understandably had no idea about family assets before the devastation of the Holocaust.

Moreover, the Claims Conference has never fully accounted for nor disclosed information about properties it obtained after German reunification that were owned by Jews before World War II. Nor has there ever been an audit of the organization’s asset base by an independent **outside** authority that is accountable to the public or the government.

The shell game taking place was that the Claims Conference ousted thousands of German property heirs of their rights, and then turned around and used the properties for various “research, documentation, and education” projects which were only authorized

for the Claims Conference after it amended its by-laws in 1994 – not coincidentally after becoming the “owner” of the “heirless” Jewish German properties.

Yet, without a mandate to use all of the funds at its disposal for the needs of survivors, it has spent far in excess of \$250 million in the last 15 years on projects unrelated to survivors and their welfare. Many of these "research, documentation, and education grants are made to organizations that sit on the Claims Conference Board of Directors. Survivors question the legitimacy of these grants, and have for over a decade, yet we hear silence from most public officials and private community leaders.

Let me repeat – despite tens of thousands of impoverished Holocaust survivors suffering from inadequate nutrition, housing, medical care, home care, and other vital services, the Claims Conference has seen fit to squander \$250 million for non-survivor “research, education and documentation” projects, including many insider grants – a quarter of a billion dollars worth of guaranteed Holocaust survivor suffering intentionally imposed by the Claims Conference. How can Congress and other leaders be silent in the face of such cruelty?

There has never been a full, public accounting of the actual value of the assets, including real estate, art, and other properties in the Claims Conference’s inventory of assets. This lack of information is not only inconsistent with all modern notions of necessary transparency of organizations dealing with the public trust, but it makes a mockery of the constant refrain of the past decade -- that it "does not have enough funds" to meet the current needs of survivors around the world.

Among the many terrible, painful, and disgraceful indignities we have been made to suffer occurred in 2002 when Israel Singer, then-President of the Claims Conference (and simultaneously Secretary General of the World Jewish Congress) wrote an article in a prominent Jewish journal giving elaborate details about all of the education and building projects that the Claims Conference was going to create “**with Holocaust restitution funds after the survivors are gone.**” This column outraged survivors throughout the country, as Holocaust Survivors Foundation USA President David Schaecter wrote in response:

How can plans for a "Jewish People's Fund" go forward while survivors languish on waiting lists for the health care they deserve, especially after all they have endured? How dare these institutions presume to spend "restituted" funds for their favored "philanthropic" projects into the next century, using money claimed from the most terrorized victims of the past century? Who will take responsibility for ensuring that the individuals around whom much of our modern Jewish existence is centered - Holocaust victims - are not abandoned a second time?

Despite an outpouring of survivor anger, and limited media coverage of this startling admission by Rabbi Singer that what the survivors had feared all along was really being planned, very little changed. Pressure from some communities has caused the Claims

Conference to increase allocations here, and there, as if they were applying grease to a squeaky wheel. But how can survivors' rights be toyed with so shamelessly?

You might recognize Mr. Singer's name. He was dismissed in early 2007 from his position as Secretary General of the World Jewish Congress for a variety of financial improprieties, including taking over a million dollars from one of the Claims Conference organizations (the Jewish Agency) and placing it in a secret Swiss Bank account. Yet for a long period, he retained his position as President of the Claims Conference, while the Chairman, Julius Berman (who remains Chairman today), saw “no reason to take action” and remove him because Rabbi Singer allegedly “has never been involved in the financial decisions of the Claims Conference.” Ultimately, public pressure caused the Claims Conference to dismiss Rabbi Singer.

However, for purposes of HR 890, it is important for this Committee to understand that during the entire ICHEIC period, when it opened in 1998 until it closed in March 2007, Israel Singer was the “leading” voice of the “Jewish” side. As noted, this was a body where the insurance companies were fully represented, **but not claimants**. ICHEIC documents show that Rabbi Singer himself represented three different “Jewish groups” on ICHEIC – the Claims Conference, the World Jewish Congress, and the World Jewish Restitution Organization (WJRO). So, when these groups stand before Congress to oppose my constitutional right as an American citizen to go to court against these insurers, based on ICHEIC, they are really defending outcomes engineered or approved by an insular group of non-elected and non-representative big-shots with no legal or moral right to speak or act for us, the victims, or our families.

The Claims Conference has continued to act as if it owns these survivor funds, and the sincere outcry of decent people has been overwhelmed by the institutional power of the Claims Conference's funding practices. These practices include silencing opposition by funding a myriad of non-survivor programs around the world, and by creating the fear in communities that it might reduce the minimal funding it provides to Jewish family service organizations for survivors' needs.

In the last eighteen (18) months, the evidence has grown worse. You undoubtedly read about the recent indictment of Claims Conference employees who orchestrated an approximately \$50 million fraud that went undetected for 16 years, while we and others have been clamoring for serious accountability and transparency from the Claims Conference. Earlier this year, the Board of Deputies of British Jews filed a report squarely acknowledging and criticizing one of the Claims Conference’s long-hidden scandals – that its multi-billion empire was accumulated by claiming and seizing Holocaust survivors’ and heirs’ Eastern German properties under German law and concealing the information from the rightful heirs in order to create a powerful “philanthropic” organization with victims’ money. These stories have been widely reported in most of the daily newspapers around the United States and worldwide, and in the Jewish and Israeli press as well.

We notice of late that the Claims Conference has been trying to polish its image with reports of greater funding from Germany to assist Holocaust survivors with home care. Their public relations campaign is understandable given the scandals that have defined the operation for the past decade, up to and including the horrible Federal indictments in New York City in November, or the news that the Claims Conference “donated” \$50,000 for a Kennedy Center concert, while so many Holocaust survivors were suffering without food, medicine, home care, dental care, eyeglasses, and other basic needs. When you compare the \$50,000 concert expenditure with the \$2,500 annual limit imposed by the Claims Conference for an individual Holocaust survivor’s emergency needs, perhaps you can begin to appreciate the level of our anger and the depths of our pain.

For over a decade, the Claims Conference buried its head in the sand and defended its indefensible business practices while inflicting tremendous damage to tens of thousands of survivors who died in misery without the funds they needed for basic health and dignity. All the while, the Claims Conference was working hard to deny individual Holocaust survivors’ basic restitution rights in order to create pools of money it could control – pools of other people’s money, obtained at a steep, steep discount in morality and in monetary terms at Holocaust survivors’ expense.

So, not surprisingly, the Claims Conference is opposing HR 890, opposing Holocaust survivors’ basic Constitutional rights as American citizens. They argue that they know better than we do what is best for us. They argue that we should be satisfied with ICHEIC, or other miniscule, extra-legal, unaccountable “commitments” by these same avaricious insurers who robbed our families and collaborated with our loved ones’ killers. Sadly, they are joined by certain non-survivor Jewish groups in these arguments, i.e., the Anti-Defamation League, the American Jewish Committee, B’nai B’rith, and the World Jewish Congress, groups who are either board members or grant recipients of the Claims Conference (or both).

These groups should be ashamed of themselves for arrogantly interfering with our rights, which has nothing to do with them in the first place. It is disgraceful and a moral outrage! Moreover, with the ADL having taken money from Generali and the AJC taking money today from Allianz, their conflicts of interest are glaringly evident.

These officious groups use two false arguments which Congress must reject. First, they argue that the United States government promised “legal immunity” for insurance companies, but we have known for years this isn’t true, and documents produced by the Justice Department under the Freedom of Information Act recently admit it in so many words, i.e., that previous agreements “do not provide an independent basis” to dismiss individual lawsuits or provide immunity to insurance companies.

Second, they argue that Germany will cut benefits for survivors in need if legislation like HR 890 passes. This, again, is scandalous. First, the German ambassador denied any such linkage. More importantly, how can any member of Congress abide an argument that says Holocaust survivors should be stripped of their

legal rights to hold insurance companies accountable for private contracts in order to induce Germany to provide adequate financial assistance for elderly, indigent Holocaust survivors – whose lives Germany destroyed in the first place?

The Claims Conference's stance vis-à-vis Germany and global corporations, while opposing Holocaust survivors' legal right to hold these insurance companies doing business in the United States legally accountable in U.S. courts, has resulted in the Claims Conference's unjust enrichment of billions of dollars that rightfully belongs to the survivors and their heirs, and forced us survivors -- American citizens, including many U.S. veterans and combat veterans – into the unenviable position of second class citizens under U.S. law. Tens of thousands of our brothers and sisters have died in poverty while waiting in vain for these rights to be confirmed. This mind-set should not be acceptable to the U.S. Congress. It is certainly not acceptable to the Holocaust survivor community.

We Holocaust survivors universally support the legislation by Congresswoman Ros-Lehtinen of Florida and so many other distinguished members of Congress including Congressmen Brad Sherman, Adam Schiff, John Garamendi, Bob Fillner, Janice Hahn, Laura Richardson, and Karen Bass. I am also very proud to state that both of California's Senators, Diane Feinstein and Barbara Boxer, are co-sponsors of the Senate counterpart, S. 466. They are listening to their constituents, to the survivors and their families, and this is what we believe the U.S. Congress should be about – doing what is just and right for the people. In our case, we have earned the right to speak and act for ourselves, when it comes to the legacies and properties of our families who lost everything in the Holocaust. Please do not allow our own Government to disrespect us any longer. Please, pass HR 890 without any further delay.

Madame Chairman, thank you for allowing me to testify, and to include the attached exhibits in the Hearing Record.

United States House of Representatives
Committee on Foreign Affairs

"TRUTH IN TESTIMONY" DISCLOSURE FORM

Clause 2(g) of rule XI of the Rules of the House of Representatives and the Rules of the Committee require the disclosure of the following information. A copy of this form should be attached to your written testimony and will be made publicly available in electronic format, per House Rules.

<p>1. Name</p> <p>Renee Firestone</p>			
<p>3. Date of Committee Hearing</p> <p>November 16, 2011</p>			
<p>4. Have you received any Federal grants or contracts (including subcontracts) since related to the subject of this hearing have been brought to your attention?</p> <p><input type="checkbox"/> Yes</p>	<p>5. Have you received any Federal grants or contracts (including subcontracts) since related to the subject of this hearing have been brought to your attention?</p> <p><input checked="" type="checkbox"/> No</p>	<p>6. Have you received any Federal grants or contracts (including subcontracts) since related to the subject of this hearing have been brought to your attention?</p> <p><input type="checkbox"/> Yes</p>	<p>7. Have you received any Federal grants or contracts (including subcontracts) since related to the subject of this hearing have been brought to your attention?</p> <p><input checked="" type="checkbox"/> No</p>
<p>6. If you answered yes to either item 4 or 5, please list the source and amount of each grant or contract, and indicate whether the recipient of such grant was you or the organization(s) you are representing. You may use additional sheets.</p>			
<p>7. Signature</p> <p><i>Renee Firestone</i></p>			

Please attach a copy of this form to your written testimony.