

INDEPENDENT COMMITTEE OF EMINENT PERSONS

PRESS RELEASE

November 19, 1996

SWISS BANK - WORLD JEWISH RESTITUTION ORGANIZATION COMMITTEE APPOINTS FIRMS TO AUDIT DORMANT ACCOUNTS IN SWISS BANKS

Mr. Paul A. Volcker, Chairman of the Independent Committee of Eminent Persons, announced today that the Committee had completed its Mandate and Instructions for the investigative audits of dormant accounts, financial instruments, and other assets deposited in Swiss banks by the victims of Nazi persecution. It has selected three international audit firms to begin immediately on the First Phase of the work. The firms selected are Arthur Andersen, KPMG Peat Marwick, and Price Waterhouse.

The Committee undertook the responsibility of appointing auditors and overseeing their work in accordance with a Memorandum of Understanding of May 2, 1996 between the World Jewish Restitution Organization, acting with other representative Jewish organizations, and the Swiss Bankers Association.

The Committee completed work on the Mandate for the auditors after taking into account the comments that were made by several international audit firms at meetings in Zurich on September 12 and 13, 1996, and their formal written proposals submitted to the Committee on November 4, 1996. The full text of the Mandate is attached, together with the Memorandum of Understanding of May 2, 1996, a fact sheet, and a list of current members of the Committee.

The three firms were chosen for their overall experience, expertise in forensic auditing, knowledge of the Swiss banking system, understanding of the work program of the Committee, and ability to commit their personnel and other resources to carrying out the Mandate promptly and effectively. It is contemplated that individual banks will be audited by firms that are not normally engaged in audit work for the specific bank under review. All the selected firms have been previously approved by the Swiss banking authorities for work on audits of Swiss banks. In accordance with Swiss law, individual account names will not be revealed to the Committee.

The Committee was very pleased that it received highly qualified proposals by all of the international audit firms authorized to do bank auditing work in Switzerland. On behalf

of the Committee, Chairman Volcker expressed his deep appreciation to each of the firms for their cooperation with the Committee and their interest in furthering its work. He noted that, as the audit proceeded, additional firms may be called upon to facilitate and speed the work.

The Mandate instructs the selected audit firms to determine whether there are any previously unreported dormant accounts, financial instruments, and other assets that were deposited in Swiss banks before, during or immediately after the Second World War. This search for dormant accounts also includes an examination of whether or not accounts that would otherwise have been dormant have been extinguished by actions that, whether or not inadvertent or deliberate, were illegal or in breach of fiduciary duties. Indications that third party intermediaries abused their responsibilities or evidence of the existence of looted assets revealed during the audits will be brought to the attention of the Committee, which in turn can notify the Swiss Government of this evidence.

In recognition of the complexity of the task assigned to the Committee, and the fact that so many years have past since the events under scrutiny took place, the Mandate sets out a two-phase work program to assure that the audits are carefully prepared and that they will be thorough and complete. In the First Phase, the auditors will engage in data gathering and analysis to establish the legal and practical framework in which deposits were made in Swiss banks to serve as a basis for subsequent pilot audits. The audit plan that will be derived from this work will then be tested in pilot audits of a representative sampling of Swiss banks.

Based on this experience, a full scale audit program will be initiated in about six months. In this audit process, relevant banks will have a complete and thorough audit with full access to their records. The Committee has been assured of the full cooperation of the Swiss Banking Commission in carrying out this audit.

The Committee expects that the process of full audits may require a year to be completed. The Committee will closely supervise and coordinate the work of the auditors and will, among other measures, establish a liaison subcommittee. Status reports will be made from time to time on progress. Estimates of quantitative or other findings would be premature until detailed audits are completed.

The Committee will cooperate fully with the parallel historical and juridical investigation authorized by legislation underway in the Swiss Parliament. Mr. Volcker has expressed to the Swiss authorities his appreciation of their intention to provide the Committee with appropriate cooperation and assistance in its work.

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FACT SHEET

The Independent Committee of Eminent Persons (the "Committee" or "ICEP") was established by a Memorandum of Understanding ("MOU") of May 2, 1996, between the World Jewish Restitution Organization ("WJRO"), the World Jewish Congress ("WJC") (representing also the Jewish Agency and Allied Organizations), and the Swiss Bankers Association ("SBA"). The ICEP was mandated by the MOU to conduct an investigation to determine whether there are any dormant accounts, financial instruments, and other assets of the victims of Nazi persecution that were deposited before, during, and immediately after the Second World War in banks located in Switzerland. The MOU provides that the ICEP will appoint an international auditing firm to implement this mandate and instruct the firm as to the scope of its duties.

The persecution of minorities by the Nazis and others, prior to and during World War II, made it likely that many of the victims sought to move their assets to safety in neutral or Allied countries. In view of neutral Switzerland's borders with the perpetrators of this persecution, Swiss banks and other Swiss financial intermediaries were recipients of at least some of the assets in search of safety. The loss of life that accompanied the pre-war and wartime persecution has resulted in the concern that the victims were unable to claim these assets entrusted to others for safekeeping, and that they remain as dormant accounts in the institutions in which they were placed for safety.

In 1962, the Swiss Government adopted a Federal decree, designed to identify and describe any unclaimed assets that belonged to the victims of Nazi persecution. At that time, SFr. 9.5 million were reported to the Federal authorities, 75 percent of which were distributed to the rightful owners, and the remaining 25 percent to the Swiss Jewish Society and the Swiss Organization for Refugees.

Nevertheless, concerns still remain that there are unclaimed assets that had been deposited with Swiss banks. In response to these concerns, the SBA launched a survey of Swiss banks, and on January 2, 1996, the SBA announced the interim results of this statistical survey that identified a total of 775 accounts amounting to SFr. 38.7 million that had been opened by foreign customers before May 8, 1945, and that had been dormant at least since 1985. Since the interim results of the SBA survey have been published, some banks have identified additional accounts and amounts of foreign customers, which the SBA estimates could increase the total amount of such dormant accounts by 10 percent. Continuing concerns that an independent investigation be made of dormant accounts led to the formation of the ICEP.

The ICEP met on August 14, 1996, and, among other actions, authorized a subcommittee to interview international audit firms operating in Switzerland to ascertain their views on the means, methods, and personnel that would be employed to carry out the mandate of the ICEP as established by the MOU. Six major international auditing firms including Arthur Andersen, Atag Ernst & Young, Deloitte & Touche Experta, KPMG Peat Marwick, Price Waterhouse, and STG-Coopers & Lybrand, responded to this invitation, and presentations were made by each of these firms to the subcommittee on September 12 and 13, 1996. In addition, on November 4, 1996, in response to a request from the Committee, these six firms submitted formal proposals that confirmed their agreement to implement the mandate, described their program for implementing the mandate, including the personnel and other resources that will be employed, and furnished the ICEP with the amount of the charges for their services.

In the light of the MOU, the presentations made to the subcommittee, and the proposals submitted by the six international accounting firms, the Committee drafted a mandate for the audit firms and provides the instructions to the selected audit firms as to their duties, functions, and procedures for the First Phase of the work of the ICEP which will consist of a program to prepare for audits, followed by pilot audits of five Swiss banks. The firms selected to do the investigative audit are Arthur Andersen, KPMG Peat Marwick and Price Waterhouse.

The assignment of the Committee is of historic importance. The goal of the ICEP is to conduct a comprehensive, thorough and independent investigation that can satisfy the reasonable demands of public opinion that these matters be definitively settled. In carrying out this task, the intention of the ICEP is to provide as clear answers as the presently existing record will now permit about assets entrusted by victims of Nazi persecution to the custody of banks in Switzerland through an intensive investigation based on unfettered access to relevant Swiss bank files and personnel. In the same manner, the investigation will examine the methodology of the Swiss banks, the SBA and the office of the Ombudsman as regards the search for accounts and assets in question and to record its conclusions. The Committee fully recognizes the great difficulty of the task ahead as it requires following an audit trail that is now dimmed by the passage of more than fifty years. Because of the historic importance of the work assigned to the Committee and its difficulty, extraordinary efforts of forensic auditing and historical analysis will be required by the auditors, and usual audit practices, such as sampling to verify the accuracy of records, must be effectively supplemented by the more rigorous disciplines of forensic auditing. The Committee expects the audit work to be completed by approximately June 1998.