

STATEMENT OF KLARA FIRESTONE
UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON FOREIGN AFFAIRS

The Struggles of Recovering Assets for Holocaust Survivors

September 18, 2014

My name is Klara Firestone. I was born in Prague, Czechoslovakia immediately following the end of World War II, and I am the daughter of two Holocaust survivors. I am the founder and president (for my second term) of Second Generation of Los Angeles, a founding member of Generations of the Shoah International (GSI), and sit on the Board of the Los Angeles Museum of the Holocaust, the first museum and monument to the Holocaust in the United States. Since founding Second Generation in 1978, I have been steeped in Holocaust affairs and have worked hand-in-glove with the members of the survivor community in Los Angeles and our surrounding counties. I come here today to speak on behalf of myself, my family, and the hundreds of Survivors and Second Generation who I have counseled and ministered to over the past 37 years, and who have not had a voice to advocate for their rights. As the leader of Second Generation of Los Angeles, I have facilitated hundreds of support groups for children of Holocaust survivors, and in more recent years, after becoming a psychotherapist, I facilitated therapy groups for Second Generation. I have also been instrumental in helping survivor families navigate what have often been very complex and difficult relationships between parents and children given the extreme trauma that served as the backdrop for our developmental years, and most of our lives.

There is a long trail of problems that tens of thousands of survivors and family members have confronted, too often with incredibly frustrating and painful outcomes. The status quo is obviously not acceptable. If half of all survivors worldwide — including in the United States — are living today in or near poverty, unable to afford even the basics for a dignified old age, the approach of the past 50 years is obviously wrong. The temptation is great to dwell on the past, but we know you called this hearing to see what can be done TODAY to make a change for the better. What can be done today for survivors and their family members who have suffered terribly and continue to suffer? The answer is very plain:

Germany must assume the responsibility to provide for all medically necessary and basic income needs of all Survivors.

I would add my voice to the others who have discussed many of the medical and emotional issues that survivors and the Second Generation must deal with on a daily basis. The problems are real, and they require serious professional attention, with properly trained health care and psychological care givers who understand the unique problems that survivors and their children must deal with. Proper care requires a sea change in the funding available, and it is only just and right that this responsibility be assumed by the German government, and other entities that collaborated and profited from the Holocaust. Later in this statement, I address the extremely important issue of the plight and suffering of so many of our Second Generation members, who are the forgotten victims of the Nazi's atrocities and also deserve immediate and comprehensive support from Germany.

If this Committee does one thing as a result of this hearing, we ask that you undertake a concerted, bi-partisan, and relentless effort to convince Chancellor Merkel and the German Bundestadt to make good on Chancellor Adenauer's pledge in 1952 to take care of Holocaust survivors "to their last breath."

As my fellow panelist, Holocaust Survivor, Jack Rubin, stated in a recent Op-ed in the Jerusalem Post: "[T]he fact is, Germany caused the massive medical and emotional problems survivors are confronting today, and Germany should pay for all of the survivors' needs, without the bargaining and compromising that has become the Claims Conference's specialty. Survivors and heirs should have the right to recover their lost assets, including German properties, insurance claims, and artworks, and Germany should pay for the needs of indigent survivors."

My testimony follows in the footsteps of my mother, Renee Firestone, who appeared before the full House Committee on Foreign Affairs on November 16, 2011, and before the Senate's Judiciary Committee on June 20, 2012. In the interest of conserving time, I have included her full written testimony to the House Committee as an exhibit to my written testimony and I reference it here, at this juncture. I wish, however, to point up a few salient points from her testimony.

At the age of 20, my mother was imprisoned for 13 months in the infamous death camp known as Auschwitz/Birkenau during the last years of World War II. Her mother, my grandmother, was never even processed into the camp, but was gassed immediately on arrival to Auschwitz. Six months after arrival at the camp, her 16 year old sister, after whom I am named, was first experimented upon before being

shot by the Nazis to avoid her re-entering the general population of the camp and possibly exposing what the Nazis were doing. Her father, Morris, died of tuberculosis shortly after liberation. Her brother Frank, who had been a partisan . . . a resistance fighter . . . was the only other member of her immediate family to survive. In addition, we lost almost all of our huge extended family.

Following liberation in 1945, she was reunited with her brother and soon-to-be husband, my father Bernard, who had been in a Hungarian forced labor camp and then interned at Mauthausen concentration camp.

When the Holocaust ended, the fragments of Europe's Jewish communities emerged broken and tattered, wanting nothing more than to find who of their families survived and begin rebuilding their lives. They were too busy fighting their "demons" to care about fighting bureaucracy in order to claim what was due them. Many believed, as my mother also did then, that this was "blood money" and wanted nothing to do with it. They asked the question, "How can you compensate me for the loss of my parents, brothers, sisters, aunts, uncles, cousins, etc. in dollars? What value should I assign that? So once again, their claims and needs went unmet. In the years immediately after the war, these very young survivors traveled to whichever country would allow them access and safe haven, thankful to have the chance at new lives. A handful made it to phenomenal wealth, but the majority did not, and today the educated estimates are that approximately half of all survivors in the United States are living at or below the poverty line. Yet when they have tried in the past to gain some measure of justice, they have been met with the appalling intransigence of the Claims Conference leadership and had the doors slammed in their faces.

Can someone please tell me why, after suffering the humiliations and brutality of the Nazis, the survivors must now go begging for what is rightfully due them, suffering additional indignities and being re-traumatized, only this time by the ones who are ostensibly there to aid them! If you could hear the comments and cries of the survivors at this betrayal, it would break your hearts, just as it broke mine.

As the most active and visible leaders in our survivor community, my mother and I have been approached hundreds of times by survivors and their children beseeching us to intervene on their behalf to recover restitution which is rightfully theirs. Time and time again we have attempted to do just that, and we, too, have been unsuccessful.

Even advocating for my own family has proved to no avail. My beloved father passed away in 2001. Prior to his death, he had received a letter from the Claims Conference confirming that they had assigned him a claim number for a particular fund and he would soon be receiving the monies. After contacting them numerous times over the years, we are still waiting for those funds. They now claim that they are unable to find his claim in the system. You cannot imagine the pain this causes the loved ones of a Holocaust survivor, not to mention re-traumatizing the survivors themselves, and this is the kind of problem I hear about over and over again.

With so many obstacles to obtaining what belonged to them, the survivors sought a different route to recover some part of their family legacies. They attempted to file claims with the insurance companies that had insured their parents' lives and properties through the auspices of ICHEIC, the International Committee on Holocaust Era Insurance Claims. Once again they hit a wall, thwarted by the ineffectiveness of ICHEIC.

My mother spoke to me numerous times about her certainty that her father had insurance to cover his business, their home, and his life. Her comment was almost always the same, "My father was sort of the patriarch of the family. Everyone, including his brothers and sisters would come to him for advice on all matters. Why would he advise his relatives to get insurance and then not purchase it for himself and his family?" This makes no logical sense. By a stroke of magical luck, my mother's first cousin found some documents when he went home after the war, including the insurance policy of his parents. He was the very first survivor to recover from ICHEIC because of this document, although others were not so lucky. And when the children of his deceased brothers finally discovered that they could claim as well, they tried but were told that the claim had already been paid. So much for "adequate and sufficient notice to claimants."

As my mother stated in her testimony on November 16, 2011,

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.

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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.

Had they been able to pursue a recovery on these insurance policies, perhaps we would not have had the need to be here today and the survivors would have had the financial resources to live out their golden years in peaceful and dignified security.

In more recent years, the Survivors trusted that the U.S. government believed the survivors had made great contributions to their adopted homeland and were valuable enough to accord them the same rights as every other citizen of this great country. And here, too, they were grossly disappointed . . . by our own State Department, Executive Branch of our government, and by Congress in not restoring the survivors' right to have their "day in court" against the insurance companies.

Finally, I wish to touch on an issue which has yet to be discussed, but vitally important, and which has no other platform to be heard. And that is the plight and suffering of many of our Second Generation members. Although we are not always certain of the mechanism and how it functions, there is an awareness now of something called "transmitted trauma," the concept that the trauma our parents went through has been passed down to some of us, the results of which manifest as if they themselves had experienced the trauma directly. They exhibit a sort of vicarious PTSD, Post-Traumatic Stress Disorder, with all the attendant symptomology . . . "flashbacks" of events that they did not experience, but were most likely gained from stories fed to them "with mother's milk" at an impressionable age, irrational fears such as people coming in the middle of the night to take them away, hallucinations that Nazi soldiers are coming down the aisles in a movie theater, startle reflex, etc. I can't begin to tell you the number of desperate calls I have received from survivor parents troubled over their child's mental health. Some of these children have been so damaged by the time they reached their teenage years that they have been totally disabled and dysfunctional for the rest of their lives. Additionally, for some of them who have only been marginally affected by their parents' experiences, the stresses of now having to be caregivers to their parents while experiencing financial hardships has taken an enormous emotional toll on us. The survivors come with unique "baggage" that only serves to exacerbate the already difficult and stressful task of caring for an aging parent.

We have watched and suffered alongside our parents in their struggle for justice. The thought that our "inheritance" will go into the coffers of the Claims Conference and its affiliates just heightens our frustration and pain. On June 22, 2014, the JTA published an article entitled *Considering future, Claims Conference*

weighs shutting down vs. Holocaust Education. In that article, the Claims Conference stated, “Given the Claims Conference’s successes at convincing Germany to increase its funding for survivors, the panel concluded that “to close down without attempting to leverage its position and significant experience in the service of Holocaust education and remembrance would be to miss a major opportunity.” [http://www.jewishpress.com/news/breaking-news/considering-future-claims-conference-weighs-shutting-down-vs-holocaust-education/2014/06/22/.](http://www.jewishpress.com/news/breaking-news/considering-future-claims-conference-weighs-shutting-down-vs-holocaust-education/2014/06/22/)” The survivor community’s response was incredulous. First, with half of all survivors living in or near the poverty line and lacking the funds they need for even basic necessities of life, the statement that the Claims Conference has been “successful” in obtaining funding for survivors defies reality.

Further, it is offensive to survivors and their family members to perpetrate the myth that the Claims Conference is indispensable for Holocaust education and remembrance. Who do they think has been providing it all these years since the end of the Holocaust? The answer is: The Holocaust Survivors and their families. Who has spearheaded and funded all the Holocaust museums and memorials and monuments in this country and abroad? The survivors! And who began the process of educating the masses on the atrocities and lessons gleaned from the Holocaust? The Survivors! My mother said to me, “If they want to pay for Holocaust education, they can start by paying me for the 35 years I have been speaking to the world about my experiences.”

And, in the unlikely event that any funds should remain after the last of the Survivors have left this world, those funds are the rightful inheritance of the children and grandchildren of the Survivors, and only they can and should decide how that is disposed of.

We children of survivors feel the inadequacy of our words whenever we attempt to convey the suffering of our parents and families to others, especially to the members of this Honorable Committee, our own representatives, all of which suffering was for no good reason. Except now, we have the platform to express the harsh fact that Germany has shirked its responsibilities to our loved ones who are without adequate resources to be cared for properly and to allow for a healing of the physical and mental wounds obtained at the hands the Nazi German Regime. Why should others who are not the perpetrators be pushed to provide inadequate resources thus allowing the tragic suffering to continue to this day without relief?

That is why we are so grateful to you, the members of this Committee, for the opportunity to plead our cause and to urge you, in the strongest terms, to use your power and press our own government, starting with the President, the Secretary of State and the Attorney General, and all of you, to demand that Germany provide the ADEQUATE funds necessary until all survivors have gone, as was promised by Chancellor Adenauer right after the War's end. Our efforts for decades in this regard were without appropriate answers. Nothing! Instead silence. followed by crumbs when the funders got around to it.

It is “one minute to Midnight” and if something is not done quickly and sufficiently, my fear is that thousands of the remaining survivors will die tragically, suffering their unmet medical and psychological needs.

Simply put, Germany must resume its moral responsibility to care for ALL the medical and mental health needs of the survivors and their families, with no more back turning or sloughing off these huge responsibilities onto the shoulders of others.

We call upon this honorable Committee and its members to press Chancellor Merkel and the German government to **fully** fund the needs of our aging Survivors, without offset or delay.

Chairman Ros-Lehtinen, thank you for allowing me to testify, and I request that I can submit the attached exhibits in the Hearing Record. I also wish to thank Chairman Royce for allowing Mr. Rohrabacher, Chairman of the Europe Subcommittee, and Ms. Ros-Lehtinen and Mr. Deutch, Chairman and Ranking Member of the Middle East and North Africa Subcommittee, to hold this hearing. I thank Mr. Rohrabacher for agreeing to co-sponsor this hearing. And, a most special thank you goes to Congresswoman Ros-Lehtinen and Congressman Ted Deutch, who have been the most steadfast supporters of the Survivor community and champions of our cause against tremendous odds, for many, many years.