

STATEMENT OF DAVID SCHAECTER
U.S. HOUSE OF REPRESENTATIVES COMMITTEE
ON FOREIGN AFFAIRS

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

November 16, 2011

Madame Chairman, and Members of the Committee, my name is David Schaecter. I am the President of the Holocaust Survivors Foundation USA, a national coalition of survivor leaders and survivor groups. Thank you for providing Holocaust survivors the opportunity to address this Congress. It is a great honor.

Today I am addressing you not only on behalf of the Foundation, but for Herbert Karliner, a dear friend and fellow survivor who was scheduled to testify. He had a harsh fall and suffered several injuries a few days ago. We believe he will be OK, but at the age of 85, he could not take any chances to undergo the travel and pressure of speaking before Congress. So, it falls on me as a close friend of Herbie, and as President of the Foundation, to read his spoken testimony to this Committee. I will conclude with some personal remarks.

Herbie Karliner Story

Herbie Karliner now lives in Miami, Beach, Florida. But he remembers Kristallnacht as if it were yesterday. He was a small child that

day when he awoke to the news that his father's store and most other Jewish-owned businesses were set on fire. Within hours, the Gestapo arrived and took his father, Joseph Karliner, to Buchenwald. Though his father returned, his family was fated to sail on the SS St. Louis that was turned away from the shores of Miami Beach in 1939. After the St. Louis returned Europe, Herbie's father, mother, and two sisters were doomed to death at the hands of the Nazis. Only Herbie and his brother Walter survived.

Before he died, Joseph Karliner had told his sons about a life insurance policy that he bought from Allianz "in case something happened." When Herb and Walter approached Allianz after WWII, the company said his policy had been paid out to an "unknown person." When Herb Karliner applied to ICHEIC in 2000, Allianz said the policy had been paid to the beneficiary. This closed the case under ICHEIC rules.

Years later, Mr. Karliner managed to obtain the "repurchase" document. The date was Nov. 9, 1938 -- Kristallnacht. If either Allianz or ICHEIC had given him the document as they were required to do under ICHEIC rules, Herb could have informed them that his father surely did not stop at the Allianz office on his way to Buchenwald to cash in his life insurance policy that day.

Herbie moved to the United States in 1949, and served in the U.S. Army in the Korean War. How ironic – the country that rejected his whole family in 1939 at such a great cost asked him to serve in 1951, and he was honored to do so. Yet, as his statement for the record makes clear, we cannot comprehend how the American courts, and the President and Congress, have decided that Herbie Karliner, and all of us survivors, unlike all other Americans, cannot sue Allianz in court to recover what they owe for his father’s policies. We are second class citizens under the American legal system. How can any member of Congress stand by and accept this historical and moral injustice?

David Schaecter Comments

I would like to add a few words of my own to Herb Karliner’s powerful story. For over 45 years, I have been active in the Jewish community, from the Jewish Federation, to AIPAC, and all the other groups you can imagine. I led dozens of missions to Israel and the death camps of Europe. I was one of seven local leaders who came together to privately fund and build a magnificent Holocaust Memorial on Miami Beach, which is visited by tens of thousands of school children and adult tourists alike. Like hundreds of other survivors in South Florida, including Herbie, and thousands around the United States, like Renee Firestone, I have also spent

countless hours speaking to students in grade schools and colleges and community events to ensure that no one forgets what befell our people in the Holocaust.

No one can ever repay us for the murder and destruction of the Holocaust. However, the Nazis and their collaborators also perpetrated a massive theft of the European Jewish people's property and assets. They even used some of the looted assets forcefully taken from our people to finance the war effort, and transport us to the hells of Auschwitz-Birkenau. Yet, companies that profited from the Holocaust such as Allianz, Generali, and the others have never been held accountable. We have been robbed of our family histories and legacies, and the world needs to know these companies are inflated and tainted by Holocaust profits. As economist Sidney Zabludoff has stated to Congress, these unpaid Holocaust insurance debts exceed \$20 billion in 2011 dollars.

Today we face the challenge of all of us survivors getting older. Many are poor and frail. Even though the post-war German government promised to care for all Holocaust survivors, the programs have never been adequate to provide for our destitute and aging brothers and sisters. It pains me to say that half of the survivors in the United States live below or near the poverty line, and cannot afford the home care, dental care, medicines,

eyeglasses, wheelchairs, and even food they need. Survivors are in crisis, not only in South Florida, but in Los Angeles, New York, Chicago, Boston, Las Vegas, and throughout the United States, as well as in Israel, Europe, Canada, Australia, and South America.

It is an outrage that the insurance companies have failed to pay over \$20 billion they owe to Holocaust victims, while so many survivors are living in misery, dying before their time. Instead of paying the victims and families what they owe, these companies are spending millions upon millions of dollars on Washington lobbyists, on sports events, and on Sunday talk shows, to sanitize their reputations.

Allianz is a perfect example. It has not denied its close relationship to the Nazi regime. In 1933, Allianz chairman Kurt Schmitt, an early Nazi party member, became Hitler's Minister of Economics. Allianz provided the Reich with insurance coverage for Auschwitz and other death camps. At the same time, it was selling policies to European Jews and handing over Jewish customers' files to the Nazis. After World War II, SS officers and other party members who used to work for Allianz went right back to their same jobs. Then in the 65 years after the war, Allianz failed to honor over \$2 billion in policies it had sold to Jewish customers.

ICHEIC was a grand slam for Allianz – it paid less than \$30 million to claimants compared to the \$2 billion it owed.

Amazingly, though, soon after ICHEIC closed in 2007, Allianz offered to pay \$300 million for naming rights to the new New York Giants and Jets in the Meadowlands. Thanks to a grass roots outcry from the community, the deal was cancelled.

However, unlike the good people of New York and New Jersey, others have been very willing to take Allianz's money, including CNBC, National Public Radio, American Public Media, the American Jewish Committee, and – believe it or not – Garrison Keillor and A Prairie Home Companion. Are these institutions really so blind to decency that they would accept this blood money so Allianz can sanitize its history?

Maybe this hearing will send a message. Maybe now, when our fellow Americans hear Allianz's ad on the Marketplace Morning Report on National Public Radio, or A Prairie Home Companion on Saturdays, they too will demand an end to this shameful behavior.

However, Congress can no longer plead ignorance. This history is well-documented. Today, Herbie Karliner and Renee Firestone have added their powerful stories and documents to the evidence from past hearings. Almost 5 years ago, Tom Lantos, the great human rights champion and the

only survivor ever to serve in Congress, unanimously passed this bill through this same Committee. Yet, the bill was hijacked with a long list of evasions. Now, year after year, the response -- from Congress and from Presidents Bush and Obama -- has been to change the subject. We are told our rights must bow to Foreign Relations, or to Executive Policy and Power. We are told that State Department bureaucrats or Jewish organizations know better than survivors what is best for us. We have even heard complete lies such as the argument that our government promised immunity for insurance companies, a lie exposed by Justice Department records under the Freedom of Information Act.

The latest diversion may be the most insulting of all. We are now told that if Congress restores our legal rights, then Germany will cut funding to assist indigent Holocaust survivors. Can you imagine such an argument being made to deny Hurricane Katrina or California wildfire victims their full insurance rights? Why should Holocaust survivors be singled out for such an insulting argument? Why should Holocaust survivors should have to give up our legal rights to recover private insurance policies against Generali and Allianz, so that Germany will provide funding for the needs of impoverished Holocaust survivors? One thing has nothing to do with the other. Insurance companies should pay their debts and we should be able to

sue them if they breach their contracts. This has nothing to do with Germany's long overdue moral obligation to provide adequate funding for the needs of survivors, a duty it has ignored and only recently began to address due to pressure from the survivor community and our allies here in Congress.

Time is running out. This is a deadly serious matter. Thousands of Holocaust survivors have died in these past several years, waiting for this Congress to restore our rights. Five years ago, Herbie could have probably bounced back from this fall in time to come here and plead his case by himself, but not now. Five years ago, Mrs. Firestone might have been able to fly here without needing her daughter to accompany her. Thankfully, she and Herbie have the courage to persevere and make sure their voices are heard. We urge this Committee and Congress to do the right thing, and to pass HR 890 without further delay.

I ask that the attached exhibits be included with my statement for the hearing record.

