

**CONFERENCE ON JEWISH MATERIAL CLAIMS AGAINST GERMANY, Inc.
1359 Broadway, Room 2000, New York, NY 10018**

E - M A I L

TO: Board of Directors
FROM: Julius Berman
DATE: May 30, 2013 / 21 Sivan 5773

Dear Fellow Board Member:

A few days ago, I received a call from a senior member of our Board, one whose judgment I've grown to respect. He told me in no uncertain terms that in the hullabaloo about the "2001 anonymous letter," I've ignored my responsibility to the Claims Conference Board, the men and women who have a fiduciary responsibility for the governance of the organization. He dismissed out-of-hand my response that the establishment of the Select Leadership Committee was accompanied with a commitment to limit contact with others on the subject matter delegated to the Committee, telling me that my fiduciary responsibility to my fellow members superseded all other considerations.

I then discussed the issue with an even closer friend - my wife. She was even more adamant; she warned me that the continuous repetition of the falsehoods and misleading statements about my actions will be accepted as truths over time, and the results of the committee, which will appropriately address the issues, will come too late to undo the damage.

But, finally, it was the headline on the lead article on the front page of the *Forward* last weekend that convinced me that it's either now or never: I no longer have the luxury of sitting back and allowing such unvarnished lies to be published about me without responding. It would be simply unfair to my family, but, even more, to the people throughout the world who have befriended me during over 50 years of service in the communal Jewish world and, hopefully, have an opinion of my honesty and integrity as well as that of the Claims Conference, that would not countenance such alleged misconduct on my part.

The blazing headline in the *Forward* to which I refer says:

“Claims Conference Chair Knew of Fraud Allegations 8 Years Earlier”

The lengthy article goes on to say that the Chairman never disclosed it to the Board at the time. This claim is then used as a springboard for what may be the longest editorial the *Forward* has ever published, titled:

“A Moral Responsibility”

The simple undisputed and indisputable fact is that I was not the Chairman of the Conference in 2001. In fact, the office of “Chair” wasn’t even created until a year later, after the death of the then-President of the Conference.

So, when the article goes on to charge that the Chairman “also kept news about the allegations and his actions from his fellow board members at the Claims Conference,” it’s talking about a Chairman who doesn’t even exist. Whether this reflects on the journalistic competency of the paper or on its journalistic integrity is for the *Forward* management to deal with. All I can deal with is the truth.

But there is more, so much more, to tell you about the tissue of lies and misleading statements that has been published by the papers that I decided that the time has come to lay out -- especially to my fellow Board members -- what I referred to above as the unvarnished facts of my relationship to the Claims Conference from its very beginning through today, which, of course, includes the year 2001. Consequently, this Report will obviously be longer by far than any I’ve written to the Board heretofore. All I ask is that you give me the courtesy of reading the entire Report.

1. Genesis of the Relationship - Counsel: Sometime in or around 1995, I received a call from Rabbi Miller z’l who was then the President of the Conference. He said that he, and Saul Kagan, the Executive Head of the Conference since its inception in 1952, would like to meet with me. I immediately responded in the affirmative. I considered Rabbi Miller then -- and even more so today -- the embodiment of dedicated service to the entire Jewish Community, local, national and international, having occupied more leadership positions than probably anyone in Jewish history.

When Rabbi Miller and Saul Kagan met with me, their request was simple and modest. Rabbi Miller explained a bit about the Claims Conference, what it does and how it operates, and then got to the point. The Conference, he said, has very limited funds for administration. In fact, as he pointed out, it can’t even afford to run the yearly annual meeting of its International Board, many of whom could not afford to attend unless their travel was taken care of. So, what the Conference had instituted was to set its Annual Meeting for the day following the Annual Meeting of the Memorial Foundation of Jewish Culture whose membership was almost a mirror image of the Claims Conference. Knowing that I attended the Memorial Foundation Annual Meeting, he concluded with a request that I stay over the extra day after the Memorial Foundation meeting so that I could attend the Claims Conference Annual Meeting as its Pro Bono Counsel. He added that it is possible that during the year I may receive a rare call for advice from time to time but that would be kept to a minimum. I agreed.

Thus, my relationship with the Claims Conference commenced.

2. Chair of the Conference. Until 2002, Rabbi Miller z'l ran the organization as President, having succeeded Nachum Goldmann, the founder of the organization. In February of 2002, Rabbi Miller sent a letter to the Board informing it of his deteriorating health resulting in his decision to discontinue serving as President, although at the same time, he reflected his desire to continue involvement in the organization that "has been the major activity of my adult life." He scheduled the 2002 Annual Meeting for April 11 in Jerusalem. He added that he would convene the Nominating Committee to come up with a leadership slate for election at the Annual Meeting.

Unfortunately, Rabbi Miller's health deteriorated further and he passed away on March 21, 2002 - *Y'hei Zichro Baruch*. The Nominating Committee, chaired by Rabbi Miller, came up with a proposal to restructure the leadership of the organization. Till then, the President also acted as Chairman of the Board and of the Executive Committee, but due to the expanding activities of the organization, it was decided to divide the responsibilities of the President into 3 separate and distinct positions, each to be occupied by a different person. More specifically, the President was to be responsible for the "external affairs" of the Organization and the Chairman was to chair all meetings of the Board and be responsible for the "internal affairs", including appointment of chairmen and members of the committees. The Chairman of the Executive Committee was to chair meetings of that body and shepherd the follow through of its decisions.

Nominated to fill these 3 positions were Israel Singer as President, myself as Chairman, and the late Moshe Sanbar (former Governor of the Bank of Israel and Chairman of Bank Leumi) as Chairman of the Executive Committee. The restructuring plan and the nominations were approved at the Annual Meeting of April 11, 2002.

As you can imagine, much work followed in implementing the restructuring plans but that's really not germane to our issue here. What is germane is that my responsibilities as Chairman of the Conference commenced as of the creation of that office on April 11, 2002.

3. The Leibler Connection - I noticed recently that in one of Leibler's columns, he wrote that he commenced attacking the Claims Conference in 2007 and he's already written 21 articles. I must admit I'm overwhelmed with his productivity, but on a more serious note, I feel I should respond to so many that have asked why he is so obsessed with us. Unfortunately, all I can do on this score is to tell you about my only encounter with Leibler. It took place in New York sometime in the mid 2000's after he was forced out of the World Jewish Congress and I was elected Chairman of the Claims Conference.

I was in my law office at the time and I received a call from Leibler who said he was in New York and had checked into the St. Regis, which was less than 2 blocks from my office. He suggested that we get together and have a cup of coffee. I agreed although I had no idea of the reason for the meeting.

While we were seated at a table in the St. Regis, each with a cup of coffee, he explained why he wanted to meet with me. He said that he was out to get Israel Singer, our then President, and he would be relentless in going after him, but he wanted me to know that his

target was Singer and he had nothing against either me or the Claims Conference. When I asked him the obvious question, so why did he want to meet me, he said that he intended to meet with other leaders of the Jewish Community also, to enlighten them about Singer. He then gave me a dossier about an inch thick, all of which, he said, related to Singer.

I must admit I never read the papers he gave me. While I'm subject to the "evil" desire to read or listen to Lashon Hara as much as the next person - after all, I even subscribe to the Forward - even that subject has its priorities and I have enough on my plate already without indulging in that wasteland.

There simply is nothing more that I have to contribute to explain Liebler's obsession and I'll leave it at that.

4. The Lauder Letter and the Mysterious Second Letter. Before I focus on this correspondence which now has a life of its own (e.g., "WJC to probe 'Claims Conference Cover-up'", Jerusalem Post, 5/20/13), I should note that my dealings with Ronald Lauder have always been on the highest gentlemanly level. I've always admired his dedication to rebuilding the shattered Jewish communities in Eastern Europe, as reflected in the time, attention and substantial resources devoted to that cause. Since he wrote me on the issue, I responded, using the opportunity to query him about a mysterious second letter to me referred to and headlined by our "friends" in the press.

Because our correspondence lays out the issue, clearly and succinctly, I decided it would be preferable to include the full text of the correspondence, rather than attempt to paraphrase.

May 29, 2013

Ronald S. Lauder
World Jewish Congress
501 Madison Avenue
New York, NY 10022

Dear Ronald:

I trust this will find you in good health.

Under date of May 17, you sent Greg Schneider and me a letter referring to news articles regarding an anonymous letter dated June 2001, "that apparently raised questions with respect to the fraud being perpetrated against the Claims Conference." (To avoid any misunderstanding, I am setting forth the full text of your letter in the body of this response.)

WJC
May 17, 2013

Julius Berman, Esq. Chairman
Gregory Schneider, Executive Vice President
The Conference on Jewish Material Claims Against Germany
1359 Broadway
Room 2000
New York, NY 10018

Dear Julius and Greg,

We have received numerous inquiries of concern in the wake of news stories in the Forward, New York Jewish Week and JTA regarding the existence of an anonymous letter dated June 6, 2001 that apparently raised questions with respect to the fraud being perpetrated against the Claims Conference.

Specifically, among the questions being asked that require clarification are:

1. Was the existence of the aforementioned letter of June 6, 2001, and the subsequent communications regarding that letter among members of the Claims Conference professional staff ever disclosed to the Board of Directors and/or the members of the Executive Committee of the Claims Conference, or other members of the Claims Conference key professional staff?
2. If yes, when did such disclosures occur, and were they duly minuted?
3. If not, why not?

Please let us have the answers to these questions at your earliest convenience so that we can in turn communicate them to our constituencies.

With best regards,

Ronald S. Lauder
President

Returning to your letter, it lists the questions being asked that require clarification “all of which relate to the disclosure of the existence of that letter to the Board.”

The letter concludes, in the gentlemanly manner you have always reflected in our relationship, with the request to “have the answers to these questions at your earliest convenience so that we can in turn communicate them to our constituencies”.

As you know, Ronald, from a subsequent communication to you and the other members of our Board of Directors, I’ve appointed a Select Leadership Committee headed by our Chairman of

the Executive Committee, Amb. Reuven Merhav, to focus on this specific issue and recommend a course of action.

Yet, although I've delegated the issue of how to deal with the item to the Select Committee, I felt I owe you a piece of information. Someone may have misinformed you as to my role in the Claims Conference in 2001. Not only was I not chairman, the office didn't even exist until a year later, after the death of the late Rabbi Israel Miller, z"l.

While we're on the subject, I want to take the opportunity to ask you for some help in removing a bit of confusion that has cropped up in the press concerning your letter to me.

First, in Leibler's op-ed piece of May 19 in the Jerusalem Post, and Israel Hayom, as well as the copy that was sent to his extensive e-mail list throughout the world, Leibler says as follows:

As this column is being released, I have just learned that World Jewish Congress President Ronald Lauder has formally communicated with Berman and Schneider, asking:

- “1. Was the existence of the aforementioned letter of June 6, 2001, and the subsequent communications regarding that letter among members of the Claims Conference professional staff ever disclosed to the Board of Directors and/or the members of the Executive Committee of the Claims Conference, or other members of the Claims Conference key professional staff?
2. If yes, when did such disclosures occur, and were they duly minuted?
3. If not, why not?

In addition as I believe that this is a long-term issue with potentially serious implications, I have asked Robert Singer, the WJC's new CEO, to appoint a task force chaired by Michael Schneider and including himself and WJC General Counsel Menachem Rosensaft to deal with and follow through on this and related issues.”

Candidly, Ronald, I have no idea what Leibler is talking about. The only letter I received from you is the one I referred to above, dated May 17.

Unfortunately it gets worse.

Second, in the Jerusalem Post issue of May 20, under the provocative headline “WJC to probe ‘Claims Conference Fraud cover-up,’” a Jerusalem Post reporter starts off his report as follows:

In a letter obtained by “Post”, WJC head Lauder instructs new CEO to appoint task force on issue. World Jewish Congress president Ronald S. Lauder has asked Conference on Jewish Material Claims Against Germany chairman Julius Berman and executive vice

president Gregory Schneider to respond to allegations of covering up fraud, The Jerusalem Post has learned.

According to the allegations, senior conference executives covered up a 2001 communiqué exposing ongoing fraud within their organization that ultimately cost \$57 million.

Both Lauder and WJC secretary-general Michael Schneider sit on the board of directors of the Claims Conference, which works to secure restitution from the German government for Holocaust survivors.

Lauder made the request in a letter to Berman and Schneider on Friday.

Again, I found this report puzzling, not only because none of the Jerusalem Post report was contained in the letter you sent me, but even more disconcerting, the letter I received from you did not even suggest a “cover-up”, which might in any way justify such a provocative headline – “WJC to probe ‘Claims Conference Fraud cover up.’”

And, then, the icing on the cake.

Third, when I met the Jerusalem Post reporter the next day, May 21, to be interviewed, I told him that I simply did not believe that you wrote a second letter to me that I did not receive, so I asked him to show me a copy of the letter he referred to in the article. He refused, claiming that he did not want to disclose his sources. When I explained to him that I had no intention of having him disclose his source, and that all I was asking was for him to show me a letter, the original of which he reported I had received, he got up from the table in a huff, terminated the interview and stomped out of the room.

So you will appreciate, Ronald, my curiosity about this second letter to me that I never received and why I thought this would be a good opportunity to obtain clarification.

In the meantime, be well as you continue to devote so much of your time, energy and resources in the effort to rebuilding historic Jewish communities that were decimated by the Shoah.

Warmest personal regards.

Sincerely,

Julius Berman

5. The Sharansky Correspondence Independent Investigation. For the last 3 years or more, you’ve received both written and oral reports on the investigation of the fraud taking place, as well as the steps taken to assure it can’t happen in the future. So, when I received a communication from Natan Sharansky recommending that there be an independent public body brought in to investigate the fraud, I was puzzled. Can anyone come up with a more independent

public body than the United States Department of Justice and the Federal Bureau of Investigation to handle the investigation, which by the way resulted in 28 guilty pleas and 3 convictions after trial - a 100% victory.

As to the review of our systems to assure it can't happen again, you were also informed that the international auditing firm of Deloitte was retained by the German authorities to do just that.

However, in light of the fact that Natan Sharansky, the Chairman of the Executive of the Jewish Agency sent me a letter requesting an independent public investigation and that the press has featured the demand, I find it necessary to share the correspondence with you.

May 29, 2013

Mr. Nathan Sharansky
Chairman of the Executive
Jewish Agency for Israel
48 King George Street
Jerusalem 91000, Israel

Dear Natan,

I trust all is well with you.

I wish to acknowledge receipt of your letter of May 20th referring to the "embezzlement of funds" at the Claims Conference. The letter suggests that "an independent Public Committee" be established "to examine all the events surrounding this unfortunate embezzlement." It goes on to set forth that the task of the Public Committee would be to examine Claims Conference procedures and its structure in addition to examining all the relevant events and circumstances."

Natan, I must admit total puzzlement with respect to your suggestion. As First Vice-President of our organization, you are privy to all our Board mailings and are welcomed to all the Board and Executive meetings, so you must be aware that we had two of the most independent public entities in the world handling the investigation of the "embezzlement of funds" – the United States Department of Justice and the Federal Bureau of Investigation. Is it even possible to identify more public, independent and effective bodies than these?

Moreover, with respect to the corrective procedures installed to assure that such activity cannot take place in the future, we had the benefit of the services of Deloitte, the international auditor, that was chosen by the German authorities and that reported to them also.

Be that as it may, I will forward your letter to the Select Leadership Committee with a request that it be included in their deliberations.

Natan, I cannot conclude this letter without getting something “off my chest.” I must admit my surprise, and even a bit of dismay, when I noted that before the “ink was dry” on your letter to me, a press release was issued by your office, without first giving me the courtesy of an opportunity to reply.

Be well.

Sincerely,

Julius Berman

6. The Independence of the CC Board. Very often, someone raises the issue of the independence of the Board, claiming that since “many of these organizations are also beneficiaries of money distributed by the Claims Conference, this calls into question their ability to independently scrutinize operations and hold the professional leadership accountable.” (Editorial, Forward, May 31).

Indeed, a Forward reporter raised this issue earlier this month, albeit in a different form, when he emailed the Conference. Here is the text of the missive:

“I am working on a story for this week’s paper about the Claims Conference. In the article, I will refer to Isi Leibler’s claim, in the Jerusalem Post, that the Claims Conference should have (but did not) order an independent investigation into how the \$57 million fraud could have taken place. Leibler also accuses Julius Berman and Greg Schneider of orchestrating a “Stalinist” board resolution that absolved the Claims Conference of all blame for the fraud. He also says: “Such contemptuous rejection of all managerial accountability in the wake of such a massive fraud would be inconceivable in any public company or government body where resignations or dismissals would have been mandatory.”

Is Julius Berman or Greg Schneider available to respond?”

Naively, I decided to respond to him, believing that maybe, just maybe, we would finally get out to the public via the Forward, the fact that the overwhelming majority of the member organizations do not receive allocations from the Claims Conference and, consequently, Leibler’s reference to them as a “Stalinist” board is pure nonsense.

Unfortunately, when I spoke to him, it became clear rather quickly that he had no interest in the facts, but would prefer maintaining that matter as a “live issue.” Sure enough, his published report after our conversation did not contain my response and, thus, the *Forward* Editorial writer was enabled to continue raising this phony issue.

While we are on the subject, let's be specific. Of the 28 organizational members - each of which designates its own 2 directors to the Board - at least 20 do not receive any allocations from the Claims Conference. Included in this group are organizations such as World Jewish Congress, American Jewish Committee, Board of Deputies of British Jews, CRIF (national representative of French Jewry), B'nai B'rith International, Executive Council of Australian Jewry, South African Jewish Board of Deputies, World Union for Progressive Judaism. So, tell me, does this reflect a "Stalinist Board"? What garbage!

And even the minority of organizations that receive allocations to service needy survivors in their country are disqualified from voting on such grants, both at the Board and at the Allocation Committee.

Now, you may understand a bit of my frustration to repeatedly read, especially in the press, these inflammatory falsehoods. I guess that's the price one must pay for being involved with the Jewish Community.

7. The 2001 Letter. To be honest, I have difficulty dealing in this Report with the facts surrounding the receipt of this anonymous letter from a fictitious organization. But that's not because of the facts, but, rather, because of my commitment when I appointed the Select Leadership Committee that I would not discuss this issue with others in the meantime. Yet, to conclude this Report to the Board without reference to it could allow the mischief makers to have a field day.

So, interpreting my commitment rather loosely, I will say, here and now, that contrary to what the *Forward* stories and editorial allege, I did not "arrange for my own internal review" of the files. Simply put, I was asked twelve years ago by the professional head of the Claims Conference to have 2 things done; they were done; and the results were sent to the Conference for follow through. It's as simple as that. I stand and will continue to stand on this position and I'm prepared to allow the wheels of verification to proceed accordingly.

8. Greg Schneider. And, now, to my final point. So far, all I've heard about Greg relating to the events of 2001 is that one or two letters - but not the original anonymous letter - reflect a copy also being sent to him. Whether such a copy was or was not sent to him is for others to focus upon, but if so, that would mean that he only received a copy of a letter sent to his superior dealing with a matter that his superior was handling. And on that basis they want to hang him? It's not even a thin reed, it's an invisible reed. In any event, that's not the issue for me in this Report.

Much more critical to the current and future effectiveness of the Claims Conference in its mission is the possible impact the revelations of fraud could have had on our ongoing work, including our relationship with the German government and its willingness to continue and increase funding to care for the old, poor and increasingly infirm survivors in more than 40 countries. That was the primary issue in 2009 when we discovered the fraud; that was the issue when we decided to inform the German government promptly of the fraud; that was the issue when we continued to work, hand in hand with German officials, as the fraud was investigated by the Dept. of Justice and FBI with our indispensable aid (as recognized again and again by the federal authorities); and that was the issue when Deloitte was retained by the

German authorities to assure we would have an outside independent experienced authority to focus on the changes being instituted to assure it won't happen again.

After all is said and done, the monumental billion-dollar homecare agreement reached last week at the conclusion of the annual negotiations with the German government, the details of which you received a few days ago, is the direct result, not only of the immediate negotiations led so ably by Ambassador Stuart Eizenstat, with the aid of Roman Kent and the other members of the Claims Conference Negotiating Committee, but of Greg Schneider's leadership in developing, nurturing and expanding our relationship with the German Ministry of Finance.

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It just dawned on me as I'm concluding this Report that the Forward editorial writers may have it right after all. They titled their lengthy editorial "**A Moral Responsibility.**" So the issue before us is whose "**Moral Responsibility**" are we talking about? That of certain papers and journalist/columnists who appear dedicated at all costs to obtain readers by writing false or misleading provocative headlines and statements in an effort to create scandals (which in turn allow other papers to "report" on "allegations of cover-ups), or an international Jewish organization dedicated for over 60 years to the alleviation of the pain and suffering of so many of our people in over 40 countries resulting from the horrors of the Shoah, an organization that has successfully negotiated over \$70,000,000,000 for the benefit of the old, infirm and needy survivors, culminating (so far) in a monumental agreement a few days ago to further alleviate the desperate plight of the living victims of the greatest tragedy inflicted upon the Jewish People in its history? Yes, they want to talk about **Moral Responsibility** -- so do I.

I think it's time to end this Report; it's already too long. Again, I thank you for the time and attention devoted to reading this communication. I also want to take this opportunity to express my deeply felt appreciation to so many of you who reached out to me to reflect your support for all we have been doing together in this holy cause.

Warmest personal regards.

Sincerely,

Julius Berman