

EXHIBIT 12

Deloitte.

STAGE 1 AND 2 GTF COMPLIANCE REPORT

Report on the compliance of Generali Fund in Memory of the Generali Insured in East and Central Europe Who Perished in the Holocaust (“Generali Trust Fund” or “GTF”) with the auditing standards issued by the International Commission on Holocaust Era Insurance Claims (‘ICHEIC’).

18th July 2005

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Executive Summary

We have completed, under a letter of engagement dated 17th March 2004, a Stage 1 (Standard 5) and Stage 2 audit of the GTF. Stage 1 for Standards 1-4 for Generali have been covered by PricewaterhouseCoopers (PwC) and PKF and are outside the scope of this review.

Our objective under Stage 1 was to verify the controls placed in operation by the GTF over the claims handling process and under Stage 2 to substantively verify the outcome of the claims handling process.

For Stage 1 we designed and performed tests on the controls put in place by GTF. We reviewed a representative sample of 123 claim files and found that 33 of these files had at least one control failing. As described in appendix 4 when we discussed the control failings with GTF, they stated that the process they have followed in processing the claims is not as we have understood it, and is consistent with the documentation, and that their procedures have evolved over time and each change and special instance is not catered for.

As a result of the above we have concluded that GTF have not complied with standard 5 in that:

- The documentation of the claims process is not sufficiently clear to define the process and controls without ambiguity; and
- The audit trail is not sufficient to evidence the operations of all controls and the status of the files.

For the Stage 2 audit we selected a total of 596 claims and substantively verified the final outcome of the claim processing. In the case of the claims that resulted in a no-match conclusion (304 files) we reformed the matching process and in the case of files that resulted in a match (292), and therefore an offer or statement that the policies had no value, we reformed the calculation or verified the reason for non-payment. 61 (10%) of the 596 files sampled had a substantive error. We also found further examples of control failures. Taking together the results of our Stage 1 and 2 work we reach the following conclusions.

Our Conclusion

As 25% of the files sampled had control failures and 10% had substantive failures we conclude that the controls designed and operated by GTF are inadequate to ensure the accurate and reliable processing of ICHEIC claims according to ICHEIC guidance.

In addition, given the number of substantive failures, we are unable to conclude that claims are being processed in accordance with ICHEIC's guidance.

Responsibility

We take responsibility for this report. The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. This report is for ICHEIC and GTF and prepared solely for the purposes set out in our engagement letter. No other party is entitled to rely on our report for any purpose whatsoever and we accept no duty of care or liability to any other party who is shown or gains access to this report.



Deloitte & Touche LLP

London

18th July 2005

Our Approach

Stage 1

We gained a detailed understanding of GTF's claims handling process through:

- Interviews with the claim handling team leaders, some of the claim handling staff, the CEO, the IT consultant and the head of finance;
- Walking through a number of sample files with the GTF staff to understand the end-to-end process; and
- Review of the GTF 'guide to claims processing'.

This understanding was used to identify the key controls that operate over the claims process, see appendix 2. We tested the operation of these controls for a sample of claims. A total of 123 claims were selected so as to get a representative view of the overall operation of the controls. The method used to select the sample is documented in appendix 1. The operation of each control was tested through a review of the physical files relating to the claim and the computerised records of the claim processing. Where a control has operated properly, or the evidence of its operation had not been retained, this fact was recorded in our working papers. The test results are summarised in the next section of the report and discussed in more detail in appendix 4.

Our review and testing was limited to Standard 5 of ICHEIC's auditing standard. The reader should consult the Stage 1 reports on Generali for details of the operation of Generali's controls and in particular Standards 1 – 4.

Stage 2

We divided our Stage 2 substantive testing of the claims into two separate areas of work, 'No-Match' and 'Complete' claims. This separation was done to take account of the different risks that needed to be tested for each category – these are described below.

We selected 304 claims that had been classified by the GTF claims handling process as a No-Match i.e. no Generali policy could be found that matched the details provided by the claimant and 292 Complete claims. Complete claims are those that result in at least one match and therefore either the policies will be not-payable or an offer will have been made.

We divided the work into these two areas as the primary risk for each sample population is different. For No-Matches the primary risk is that a potentially fruitful match is not investigated or that a match is incorrectly rejected. For Completed claims the primary risk is that the offer is for the wrong amount, no offer being the extreme case of this.

The sample selection is described in appendix 1, the tests are described in appendix 3 and the detailed results are presented in appendix 4.

Summary of Findings

We identified a total of 256 issues in the 719 files we sampled, we have classified these as follows:

- Compliance failure – the failure to operate a GTF prescribed control.
- Substantive failure – a failure that could or has led to an incorrect outcome such as an under/over payment or a potentially valid policy being ignored in the processing of a claim.

Our testing was divided into the following three components:

- Control – Stage 1 compliance testing.
- No Match – Stage 2 substantive testing of claims that resulted in a “no match” conclusion.
- Complete – Stage 2 substantive testing of claims that resulted in offers being issued or the claimant being informed that the policies were not payable.

Table 1 shows the distribution of the 256 issues identified between these categories.

Table 1

	Control failure		Substantive failure	Total
	Right of appeal	Other		
Control	27	6	13	46
No match	20	19	41	80
Completed	98	10	22	130
Total	145	35	76	256

As a single claim can have more than one issue, we have summarised our results based on files with issues. A total of 180 or 25% of files from our sample of 719 files have some kind of control issue. 74 or 10% of these files have at least one substantive failure as shown in table 2 below.

Table 2

	Control failure		Substantive failure	Sample
	Right of appeal	Other		
Control	27	6	13	123
No match	20	19	40	304
Completed	98	10	21	292
Total	145	35	74	719
	20%	5%	10%	

Our Recommendations

GTF have had sight of, and commented on, all of our detailed findings and a copy of this report. GTF are already working to investigate the substantive failures reported and in some cases have already rectified the reported issue.

As a result of the number of control and substantive failing identified we would recommend:

- A notice is sent to all claimants, who were informed of GTF's final decision prior to August 2003, that they have the right to appeal, setting out the process for them to do so if they so wish.
- The calculation of all claims paid are reviewed for correctness and in particular to check that any policy bonuses have been treated correctly.
- For No-matches with a score greater than 50 on the policy holder or insured's details a check should be made whether the water copy has been requested and used in the matching process. Where this is not the case the water copy should be requested and the match re-performed. As a practical measure GTF may wish to start with match scores of greater than or equal to 70 and depending on the results move on to include match scores of 60 and then if necessary 50. GTF should share the results of each part of this work with ICHEIC so that ICHEIC can determine whether to progress to the next tier.

It came to our notice whilst performing our review that a number of the controls in operation seem to add little value to the process and therefore just delay the process. In particular this is true of the requirement of the trustees to sign-off on the unnamed no-match claims. We therefore further recommend that GTF takes this opportunity to review its control framework to improve both the efficiency and efficacy of its controls.

Appendix 1: Sample Selection

GTF provided us with an Excel spreadsheet containing a list of all of their ICHEIC claims, including those received from Generali, for which the claims process had been completed. Each record contained the ICHEIC reference, the name of the team, if applicable, that has processed the claim and the final status i.e. paid, not payable or no-match. A total of 12,741 records were provided.

Stage 1 Sample

The data was loaded into an Access database for manipulation. A separate table was created for each of the three teams and one for the 'others'. Others include claims not allocated to a team and those processed by a temporary team. The claims in each table were sequentially numbered and then a sample was selected using an appropriate modulus function and '7' as the selection criteria. For example 1483 of the records were processed by team A. To achieve the required sample of about 30 we selected all the files with a value of 7 having applied a modulus of 49 to the index applied to the table. This yielded a sample of 31 claim files for Team A.

Stage 2 Sample

The source data was divided into separate tables for No-Match and Complete i.e. paid and not payable combined. These were further divided into tables for each team and then the same modulus selection method described above was used to select the sample.

Appendix 2: Stage 1 Compliance Tests

The following tests were carried out on the Stage 1 sample. The tests all have the answers *yes*, *no* or *n/a*. The answer *no* represents an issue. Each issue was categorised, as described in appendix 4, as either a control or substantive failure.

Test	Test Description
Physical file	<p>Does the physical file exist and include the ICHEIC claim for all named and matched claims?</p> <p>Risk addressed: CLMS make transcription errors. The physical claim form enables the claim processor to confirm the accuracy of the data used for matching.</p>
Names enriched	<p>Have all of the names, supplied by the claimant, on the claim form (claimant, policy holder, beneficiaries) been sent for enrichment?</p> <p>Risk addressed: The claimants do not always understand the insurance terminology and could for example confuse insured with beneficiary. All names should be enriched and all names should go through the matching process.</p>
Match review >30	<p>Have all possible matches generated by the computer and allocated a match score in excess of 30 been reviewed by the claims processing team?</p> <p>Risk addressed: A score above 30 is a partial match and should be manually investigated.</p>
Second match review	<p>Has a second claims processor reviewed all of the potential matches? Where there is a disagreement on whether to investigate the match further (first says yes second says no) has the team leader made the final decision?</p> <p>Risk addressed: The second reviewer reduces the risk of human error resulting in a potential match being rejected. If the second reviewer believes a match should not be investigated but the first reviewer thinks it should then the decision to investigate should be escalated to a team leader.</p>
Water Copy requested	<p>Where a likely match exists has a Water Copy been requested and filed?</p> <p>Risk addressed: The Water Copy of the policy often provides additional information such as the occupation of the policy holder that enables a more accurate matching decision to be made. It also reduces the risk of</p>

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	a transcription error in for example name or date of birth by Generali resulting in a match being rejected.
Report completed	<p>For all but unnamed and unmatched claims has a trustee report been completed? Does it show the reason for non-payment/payment and the calculation and beneficiaries as applicable?</p> <p>Risk addressed: The trustees provide an additional quality check but it can only be effective if all the relevant information is presented to them in the form of the internal report.</p>
Sign-off Team Leader	<p>Has the Team Leader confirmed the decision on the file?</p> <p>Risk addressed: The Team Leader sign-off provides the first quality check on the claim, reducing the chance of an incorrect offer.</p>
Sign-off Trustees	<p>Have two trustees signed-off on the decision?</p> <p>Risk addressed: The Trustee sign-off provides an additional quality check on the claim, reducing the chance of an incorrect offer.</p>
Finance paid	<p>Has the payment been made by finance?</p> <p>Risk addressed: That the correct amount has not been paid.</p>
Letter sent to claimant	<p>Has the final letter been sent to the claimant explaining the decision?</p> <p>Risk addressed: The letter sets out the details of all matched policies, their status and the calculation where an offer is made. It gives the claimant the chance to raise any concerns or to appeal the decision.</p>

Appendix 3: Stage 2 Compliance Tests

The following tests were carried out on the Stage 2 No-Match sample. The tests all have the answers *yes*, *no* or *n/a*. The answer *no* represents an issue. Each issue was categorised, as described in appendix 4, as either a control or substantive failure.

Test	Test Description
Review claim form	<p>Have all names been captured correctly by CLMS and included in the search by GTF?</p> <p><i>Risk addressed:</i> There is a risk that not all names will have been captured by CLMS or are incorrectly transcribed which may result in a match not being identified when it should have been.</p>
Review matching	<p>Review all potential matches. Have any potential matches that seem reasonable been followed up?</p> <p><i>Risk addressed:</i> Due to human error a likely match may not have been investigated.</p>
Check Letter	<p>For named claims check the letter that has been issued to the claimant explains that no match has been found and that they have a right to appeal.</p> <p><i>Risk addressed:</i> Gives the claimant the opportunity to appeal the decision.</p>
Trustee sign-off	<p>Have two trustees signed-off on the decision?</p> <p><i>Risk addressed:</i> The Trustee sign-off provides an additional quality check on the claim.</p>

The following tests were carried out on the Stage 2 Complete sample. The tests, except for the comparison of offer amount, which has a monetary value for the difference, all have the answers *yes*, *no* or *n/a*. The answer *no* represents an issue. Each issue was categorised, as described in appendix 4, as either a control or substantive failure.

Test	Test Description
Calculation data	<p>Does the data used in the calculation match the working paper record? (Country, amount, currency and dates).</p> <p>Risk addressed: An error in the sourced data is likely to have a material effect on the calculation.</p>
Calculation	<p>Re-calculate the offer and compare it to the offer made. Investigate any difference.</p> <p>Risk addressed: Identify both human and systematic errors in the calculation.</p>
Check loans	<p>Have loans been deducted during the holocaust period? If so has a top up been paid?</p> <p>Risk addressed: The ICHEIC guidance on loans changed during the claims processing period. As a result some loans were deducted from the base amount which should not have been. This test first identifies if loans were incorrectly deducted and if they were looks to find a subsequent top-up payment.</p>
Other policies	<p>Have all relevant policies been paid? If the search brought up other policies have all been checked?</p> <p>Risk addressed: That policies have been overlooked in the offer/matching process.</p>
Check distribution	<p>Check that the distribution is in accordance with the guidance. If the distribution does not follow the applicable law look for evidence of a will/court ruling that justifies the difference. If on the claim form the claimant states he is the only beneficiary but GTF have paid other people - is there evidence on the file (such as a will) to support this?</p> <p>Risk addressed: That the value of the policies has been incorrectly distributed.</p>

Verify No-payments	<p>If no-payment has been made check the working papers for the reason. Is it accordance with the rules?</p> <p>Risk addressed: That a policy has been incorrectly treated as not payable.</p>
Letter sent to claimant	<p>Has the final letter been sent to the claimant explaining the decision?</p> <p>Risk addressed: The letter sets out the details of all matched policies, their status and the calculation where an offer is made. It gives the claimant the chance to raise any concerns or to appeal the decision.</p>
Trustee sign-off	<p>Have two trustees signed-off on the decision?</p> <p>Risk addressed: The Trustee sign-off provides an additional quality check on the claim.</p>

Appendix 4: Detailed Findings

The following tables present our detailed results. The observations are categorised as follows:

- Compliance failure – the failure to operate a GTF prescribed control.
- Substantive failure – a failure that could or has led to an incorrect outcome such as an under/over payment or a potentially valid policy being ignored in the processing of a claim.

Our results are presented in three tables. One for each type of testing that we carried out.

Stage 1 – Controls Testing

The table below summarises the issues we identified through our Stage 1 testing – the testing of the effectiveness of GTF's controls. We performed our tests on a sample of 123 claim files.

	Number of issues	Control failure	Substantive failure
There is no evidence of the matching process on the computer but matching has been done and 2 of the claims paid.	2	X	-
In the letter the "right of appeal" is missing	27	X	-
The same person carried out both the first and second matching checks.	2	X	-
First match concluded Yes, second concluded No for further investigation. No third decision, by the team leader, is documented.	2	X	-
Match score is >50 therefore a Water Copy should have been requested but wasn't.	12	-	X
The decision letter to the claimant was not sent (named claim)	1	-	X
	46	33	13

In total 46 issues were identified. Of these 13 have been classified as substantive failures. 12 of these substantive failures arise from the matching process and one from the reporting process.

Substantive Failures

For the 12 matching failures the computer generated matching score exceeded 50 and therefore, per our understanding of GTF's guidance, a copy of the policy document (known as a Water Copy) should have been requested from Generali to improve the accuracy of the matching investigation. Failure to obtain and use the Water Copy in the matching process could lead to the failure to identify a match and therefore to a claim being incorrectly rejected as a "No Match". These errors have been classified as a substantive error because they could potentially lead to a valid match not being identified.

We have tested against the process documented and described to us. GTF have stated that the process they have followed, in processing the claims, is not as we have understood it and is consistent with page 11 and slide 8 and 15 of "The Matching Process Practice and Procedures of the Fund". We believe that standard 5 has not been complied with in the aspect that the documentation is not sufficiently clear to define the process without ambiguity. We believe, as described above, that there is a risk of failure to identify a match if the process, as we have understood it, is not followed.

The substantive reporting error related to a claim in which Generali was named as the insurer (a "Named" claim) but a decision letter was not sent to the claimant upon the conclusion of GTF's investigations. This effectively deprives the claimant of his right of appeal. The original classification error was made by CLMS but was not detected by GTF's during its processing of the claim.

Compliance Failures

Of the 33 compliance failures 27 relate to the omission, in the decision letter to the claimant, of the notification and details of the right of appeal. We view this as a significant failure that needs to be rectified. We recognise that the appeals process started at the end of 2001 in accordance with the implementation agreement and that the GTF Guide to claimants, first published in October 2001, describes the right of appeal. The decision letters issued up until July 2003 did not include a "right of appeal" paragraph. Following discussions with ICHEIC in July 2003 the right of appeal was included in all subsequent letters that we examined.

The remaining six control failures are unlikely to have influenced the final outcome and include failures to gain/record signatures or the failure to apply the control in respect of having two different people review all of the potential matches and to require a third team leader decision if the two match reviewers disagree with each other on the investigation of a claim.

GTF explained that it was not part of their procedure to document the third (team leader) decision when two team members disagreed on the decision to further investigate a possible match. They therefore argue that these are not control failures. We observe that the failure to document the decision process fails the requirement of standard 5 to document all matters in the claim file/system that relate to the decisions reached.

Stage 2 – No-Match Testing

The table below summarises the 80 issues we identified through our Stage 2 testing of 304 “No-Match” claim files.

	Number of Issues	Control failure	Substantive failure
In the letter the "right of appeal" is missing	20		-
The same person carried out both the first and second matching checks.	6		-
First match concluded Yes, second concluded No for further investigation. No third decision, by the team leader, is documented.	13		-
Match score is >50 therefore a Water Copy should have been requested but wasn't.	39	-	
The decision letter to the claimant was not sent (named claim)	2	-	
	80	39	41

Substantive Failures

In 39 claims a Water Copy was not used in the matching process even though the match score exceeded 50. For all 39 claims there is an increased risk that a potential match will have been rejected without sufficient investigation.

In two Named claims out of our sample no decision letter has been issued to the claimant. The claimant is therefore not aware of the outcome or their right of appeal.

Compliance Failures

20 of the compliance failures relate to the omission, in the decision letter to the claimant, of the notification and details of the right of appeal. We view this as a significant failure that needs to be rectified. All 20 failures relate to decision letters issued prior to July 2003 and the discussions with ICHEIC which led to the inclusion of a “right to appeal” paragraph in the decision letters used by GTF.

The remaining 19 control failures are unlikely to have influenced the final outcome and include failures to apply the control in respect of having two different people review all of the potential matches (six) and to require a third, team leader, decision if the two match reviewers disagree with each other on the investigation of a claim (13 claims). As noted in the control section testing GTF would argue that some of these were not control failures but our failure to understand the processes and the way in which they have changed over time. We would argue that these fail the requirement of standard 5 to document the processes used and to maintain evidence of their operation.

We found some instances where the country of the policy holder was the same as the potential match record but the country match had not been taken into account in the

scoring of the match. This could increase the chance of a match, with high potential for success, not being investigated. However, we did not identify a substantive failure, in our sample, as a result of this failure in the automated matching process.

Stage 2 – Paid and Not Payable Testing

The table below summarises the 130 issues we identified through our Stage 2 testing of 292 paid and not payable claim files.

	Number Of Issues	Control failure	Substantive failure
In the letter the "right of appeal" is missing	98		-
No trustee signoff	2		-
(++) Loans were deducted from the base value even though they were issued in the Holocaust era	5	-	
(**) The trustee did not sign for the top-up payment	3		-
(++) GTF calculated the policy as if premiums were paid until 1944 instead of 1945	1	-	
(**) A bonus payment, provided for in the policy, was not paid even though the insured survived the maturity date of the policy	4	-	
Calculation factor is higher in GTF (67.71 as oppose to 63.4 in Deloitte calculation)	1	-	
(**) The trustee did not sign the revised internal report (which was just a memo).	1		-
(++) Paid \$2000 but should have paid the \$4000 minimum for W. Europe survivors.	1	-	
Amount was paid twice to one of the claimants	2	-	
Policy was reduced for n.p.p of one quarter in 1945. As a result a potential bonus wasn't paid. This should have been paid.	1	-	
Claim 72141 was originally denied because there was no stati fine in 36. Trustee didn't accept the denial and a decision to pay was made by Meir Shamgar, who based his decision on par. 21f in the 'GTF guide for claimant'.	1	-	
In the second payment (out of three) of \$790 there is no offer and/or trustee signatures.	1		-
In the GTF calculation the wrong year was entered this total was used in the letter and paid but the letter text for the method of calculation is correct. Human error rather than systematic error.	1	-	
A third policy was transferred from Generali to GTF for review. The claimant was informed of the transfer but not of the decision.	1	-	
Policies that considered to have started retroactively, were taken in the calculation as if they started at the issuance date. Payments are assumed to stop in 45. Unlikely to have stopped until 48 (prison).	1	-	
(++) GTF did not allow the second 1/2 of 1945's premiums in its calculation.	1	-	
After completion of the final report (including trustees' signatures), team leader found another heir. She corrected the report manually and didn't re-issue a new report. There are no new signatures on the corrected version.	1		-

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A Generali policy was listed on a bank statement belonging to the policy holder but no evidence of it being followed up. 3 other policies were completed.	1	-	
Some of the policies for this file have annuity payments - the treatment of these was not raised with ICHEIC for further guidance. In this particular case the beneficiary survived until 1994 and the annuity value is likely to exceed the base policy value.	1	-	
This file has several errors and some questions as to treatment. It was subject to a recheck and these errors were not discovered or commented upon.	1		-
A policy was transferred from Generali to GTF for processing and was added to an existing claim file which was closed without the policy being processed. The policy was not payable.	1		-
	130	108	22

For the cases marked “**” GTF agrees to the facts of the case but not the conclusion that we have drawn. For the bonuses, GTF believe that because some payments were missed by the policyholder (in the holocaust period) that the bonus is not payable. For the other cases marked above GTF believe that trustee sign-off is not required. We would argue that the cases where trustee signature is and is not required are not documented and as trustee sign-off is required for no-match claims and “normal” payments it should be required where there is a change in disposition and for top-up payments.

For the 8 cases marked “++” the claims were correctly processed at the time of original decision but subsequent rule changes and clarifications mean that the amount paid was incorrect. For 5 the loan cases the relevant change took place in November 2002, for the minimum payment to Western Europe the change took place in December 2003 and for the last 2 cases the clarification that premiums were to be deemed to have been paid until the end of 1945 took place in November 2002. We understand that the fund had planned and was in the processes or reviewing its payments for a potential top-up. Given the total number of claims paid was about 2000 we can not understand why these files have still not been rectified given the significant passage of time.

Substantive Failures

The 22 substantive failures are largely individual in nature and are documented in the table above. The types of error include incorrect calculations, failure to pay bonuses, double payments to some or all claimants and failure to follow up likely matches/policies.

Whilst it was not material to any of the claims we found that the wrong interest rate was applied in most calculations for the year 2001. GTF use the factor 5.44 where as the ICHEIC guidance provides for 5.40.

Compliance Failures

98 of the compliance failures relate to the omission, in the decision letter to the claimant, of the notification and details of the right of appeal. We view this as a

significant failure that needs to be rectified. All 98 failures relate to decision letters issued prior to July 2003 and the discussions with ICHEIC which led to the inclusion of a "right to appeal" paragraph in the decision letters used by GTF.

Failures to gain/record the required signatures account for nine of the remaining compliance failures. One failure relates to not sending a letter to a claimant to inform them of the final decision in respect of a particular policy. The last of the control failings related to the quality of the review process itself. One of the claims, which had several substantive errors, was subject to a recheck by GTF following the original team leader and peer review. Despite all of these checks the substantive failures were not identified.

EXHIBIT 13

Deloitte

The International Commission on Holocaust Era Insurance Claims (ICHEIC)
1300 L Street NW Suite 1150 Washington DC, 20005

ICHEIC STAGE 2 AUDIT REPORT

In accordance with the engagement letter from you dated 17 March 2004, we have reviewed the processing of claims by Assicurazioni Generali S.p.A. ("Generali" or "Insurer") under Standard Five of the five Audit Standards promulgated by ICHEIC and taking into account certain additional internal standards and agreed procedures. A summary of our work is set out in the Appendix.

Our objective under Stage 2 was to substantively verify the outcome of the claims handling process operated by the Policy Information Centre ("PIC") of Generali, located in Trieste. The PIC processes claims relating to policies issued, during the relevant period, by Generali including its foreign branches as well as by foreign and domestic subsidiaries. The foreign branches were located primarily in Eastern and Western Europe but we specifically excluded policies issued by the German branch from our work because this was outside the scope of our engagement. For policies issued in Austria the PIC in addition to checking its branch records also sent details of the claim to Generali Austria so that the claim could be matched against the records of policies sold by Riunione Adriatica di Sicurtà, Direktion für Österreich. For a period of time, October 2001 to 30 November 2004, claims were processed by the Generali Trust Fund ("GTF") on behalf of the Insurer. For details of our review of the claims processed by GTF see our separate report dated 18 July 2005. Our review of claims processed by Generali France is covered in a separate report dated 20 February 2006.

PricewaterhouseCoopers (PwC) reported to you on Generali's compliance with Standards 1 – 5 as compliance auditor and, PKF carried out a peer review of their work and also reported to you. Whilst we have not repeated any of the work carried out by PwC or PKF, nothing has come to our attention to indicate that Insurer is not still in compliance with those standards.

Our opinion, which is set out below, is not in any way a guarantee as to the conduct of Insurer in respect of any particular insurance policy or claim thereon at any time or in any particular circumstances.

Based on the work performed by us referred to above, in our opinion the Insurer has processed claims sent to it by, or on behalf of, ICHEIC in accordance with ICHEIC Audit Standard 5 and other relevant internal standards and agreed procedures.



Deloitte & Touche LLP

London

15 March 2007

Deloitte

Appendix - Our Approach

We gained an understanding of the PIC's claims handling process through:

- Interviews with the claim handling team leaders, some of the claim handling staff and the actuaries who calculate the offer amounts for successful claims; and
- Walking through a number of sample files with the PIC staff to understand the end-to-end process.

Our review and testing was limited to Standard 5 of ICHEIC's auditing standard and ICHEIC's guidance including the various decisions, valuation guidance and standards of proof. The reader should consult the Stage 1 reports on Generali for details of the operation of Generali's controls and in particular Standards 1 – 4.

We selected a sample of claims processed by the PIC prior to the handover of claims processing to the GTF and another sample of claims processed after the termination of the processing arrangement with GTF.

Each claim has been classified as either:

- No-match – no record of a Generali policy could be found that matched the details provided by the claimant;
- Not-payable – claims that result in at least one match but the policies are not-payable for example they may have been paid out before the holocaust started; and
- Paid – those claims for which an offer has been issued.

In carrying out our work we had regard to the primary risk for each classification of claim. For no-match claims the primary risk is that a potentially fruitful match is not investigated or that a match is incorrectly rejected. For Paid / Not-Payable claims the primary risk is that the offer is for the wrong amount, no offer being the extreme case of this.

Policies issued by Riunione Adriatica di Sicurtà, Direktion für Österreich

We obtained a list of all Austrian claims directly from ICHEIC and then selected a sample of claims in order to reperform the matching and compared our results to those sent from Generali Austria to the PIC.

EXHIBIT 14

THE INTERNATIONAL COMMISSION
ON HOLOCAUST ERA INSURANCE CLAIMS

1 Waterhouse Square
138-142 Holborn Bars
London EC1N 2ST

Direct Telephone: ++44 (0)20 7269 7306

Fax: ++44 (0)20 7269 7301

Chairman: Lawrence S Eagleburger.

Vice Chairman: Geoffrey E Fitzhew

18 September 2000

CLAIMS HANDLING PROCEDURES BY COMPANY

ANNEX 5—GENERALI

Claims Handling Procedures

1. Upon receipt of a Claim Form from the ICHEIC the claim is forwarded to the Generali Research Office where claims handlers will generally perform a name search against the Generali Policy Information Centre (GEPIC) database. The GEPIC is a Microsoft Access Database compiled in 1997 from data relating to approximately 320,000 Generali policies. The policies referenced in this database are those policies sold by Generali in the period 1920 through 1998. The database does not include policies issued by subsidiaries which perform their own investigations though some of their subsidiaries records are partial only.
2. Generali maintain that the GEPIC database is a complete database of all policies sold by Generali during the period in question. The database has been, or is to be, the subject of several audits. First by the Italian Supervisory Authority in 1999, secondly by PriceWaterhouseCoopers, Generali's auditors, whom incidentally have an office located within the Generali Policy Information Centre, and at some time in the future by the ICHEIC authorised audit. The claims handlers stated that they had never handled a named Generali claim in which a document was produced by the Claimant, such as a copy of an original policy which did not result in a match in the GEPIC.
3. There are presently 4 or 5 Generali employees searching the GEPIC. Data is extracted directly from the ICHEIC Claim Form. The data is input into prescribed fields. The fields are first name, middle name, family name, date of birth, address and policy number. Searches can be performed by inputting data into any of the prescribed fields but generally a search is conducted by entering the first three letters of a Claimants surname. Entering the first three letters of the surname permits the database search to find matches with different name spellings. The demonstration of Generali's search procedures indicates that searches are conducted in a careful manner and claims handlers indicated that they will do all that they can to find a match with the data in the Claim Form. Claims handlers will search all names referenced in the Claim Form as the names of the policyholder, insured, or beneficiary.
4. The output from searches can be threefold. First, if no match is found the claim is rejected as it is impossible that the person claiming had a policy with Generali. Secondly, a match is made with a Generali policy. Third the output data may give rise to

- doubts as to whether the claim information is a match with a Generali policy.
5. If a match is found the database will reveal to the claims handlers additional information regarding the policy such as the full name of the policyholder, the date of birth of the policyholder, the city of issue of the policy (which could also be the city of residence of the policyholder), the policy number, the series number, the country code, and the volume number where historical details with regard to the status of the policy may be located.
 6. If there is a match the claims handlers request a water copy of the insurance policy. When an insurance policy is issued the policy generally contained standard text as to terms and conditions of the policy. Input into blank fields in the water copy at the time of contracting was data such as the Name, Surname, Profession, Place of Employment, Date of Birth, Place of Birth, Currency, Sum Insured, Premium and Names of Beneficiaries. The Name of Beneficiaries would complete the Beneficiary Clause. The water copy of the insurance policy would therefore contain the data input at the time of contracting but not the standard terms and conditions of the insurance policy. To ascertain the standard terms and conditions of a policy reference is made to specific standard terms and conditions for the year of issue of the policy where available.
 7. If the water copy resolved the doubts then a determination can be made by the claims handlers. If the water copy did not resolve doubts then the claims handlers may approach the Claimant for additional information to clarify whether the Claim Form information is a match with the GEPIC database.
 8. The GEPIC database also contains a Notes field. Each claims handler will input the output of the search in this notes field. Upon demonstration the data input was: 1) the date of the search 2) that no match was found and 3) that the named company was Generali. The notation did not include any indication of the searches each claims handler had undertaken with regard to the data input.
 9. Enquiry was made of claims handlers if they were able to search the names of Agents that sold policies. One claims handler advised that the provision in the Claim Form of the Agent's name was a rare occurrence. In 6 months she had identified perhaps only 5 or 6 of such Claim Forms. In any event the GEPIC database did not include the name of the Agent selling the policy or any employee information and they had no other means of checking the Agent data but could check personnel files if relevant.
 10. Claims handlers indicated that an ICHEIC Claim Form can be checked against the GEPIC database in 10 to 30 minutes depending upon the number of searches to be performed from the data contained in the Claim Form.
 11. If the output is a match then the claim is forwarded to the Central Valuation Office (the CVO) for valuation.
 12. The CVO was staffed by 4 or 5 valuation personnel. The CVO contains volumes of historical ledgers (the Reserve Registers) of policies held by Generali for the period 1936 through 1944 which Generali regard as complete. For Poland complete Reserve Registers exist for the period 1936 through 1939 only. For Germany Generali cannot guarantee complete Reserve Registers. In addition Generali have Reserve Registers from 1932 to 1936 which are incomplete. The Reserve Register contains details relating to approximately 150,000 policies that were in force in 1936. The Reserve Register is divided into territories where policies were sold and contains sequential yearly information relating to an existing policy that records the reason a policy entered the Reserve Register or left the Reserve Register. From this sequential yearly information it is possible to determine the status with regard to a particular policy. The ledger

information is actuarial in layout and complex in that it contains many reference codes depending upon the nature of any transaction in each year that is referenced. The data in the Reserve Register Ledgers has been input into the GEPIC database. Input of a policy number into the GEPIC database will result in a Report *Stat Fin*. If a policy appears in the Reserve Register Generali is *absolutely sure and there is never any doubt* as to the existence of a policy. Further *the history of the policy can be reconstructed* from the Report. Generali therefore regard the Reserve Registers as *conclusive proof* as to the existence and status of a policy.

13. If the search of the GEPIC finds a match then the Valuation office will also attempt to determine entitlement to the proceeds.
14. Generali have presently processed approximately 2000 main claims process and made offers on about 50.

EXHIBIT 15

Victor Gluck
5919-13 AVE.
Brooklyn, New York 11219

December 21, 2007

VIA FAX - 305 371-4701

Samuel J. Dubbin, P.A.
Dubbin & Kravetz, LLP
701 Brickell Avenue, Suite 1650
Miami, Florida 33131

Re: Generali settlement

Dear Mr. Dubbin:

My name is Victor Gluck. My grandfather Victor Sandor perished in the Holocaust. His wife, my grandmother, Elizabeth Sandor, survived World War II, and passed away about 9-10 years ago. My mother, Elisa Sandor Gluck who was Victor and Elizabeth's daughter, survived as well, being about 17 years old when WWII ended. My father, Morris Gluck, who also survived the Holocaust in Romania, was married to Elisa, who passed away in 2001. Only my father is alive from that generation.

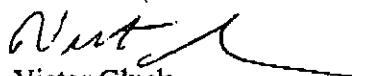
Somehow, our family found the attached records showing that my grandfather had been paying insurance premiums to several companies, whose names are listed on the receipt forms. However, despite all these policies, my grandfather's name does not appear on the website of the International Commission for Holocaust Era Insurance Claims (ICHEIC).

I understand that one of the companies, "Steaua Romaniei," is a Generali subsidiary from Romania. However, since there was nothing about any of my grandfather's policies on the website, I am uncertain whether I would benefit from making a claim in the settlement.

Rather than risk losing our rights by filing in such an unclear and uncertain situation, my father and I have opted out of the settlement.

However, we wanted to send you the enclosed information to bring this information to the Court's attention. Thank you for your assistance.

Sincerely,


Victor Gluck

"STEUA ROMÂNIEI" SECȚIA „VIATA”
 Societate Română de Asigurări
 BUCUREȘTI
 Fondată în anul 1921, Capital social Lei 20.000.000
 Înreg. la Cam. de Com. din Buc. No. 690 Soc. 1931.

Chitanța No. 004636

Scadența ratei de plată Martie 1937

No. poliței	Incep. asigurării	Suma asig. Lei	Asistența
12611122	IX.935	50000	Cluj

Domnul (Doamna) **VICTOR SANDOR** 5
 domiciliat în Cluj 5
 drept rată trimestrială, scadență la 12 a lunii sus arătate. 15
 polița de mai sus, anticipativ, conform specificației următoare D

Prima	Pr. accid.	Taxa	Dob. Imor.	Timbru		Total
				leu	av.	
554		17		17	3	591

suma de LEI

Achitat la *DF*
 Semnătura Incasatorului
[Signature]

"STEUA ROMÂNIEI"
 Societate Română de Asigurări
[Signature]

Timbrul fiscal precum și cel de avizare se plătește direct Statului prin abonament.

"FONCIERA" *[Stamp]*
 Societate Anonimă de Asigurări Generale.

T. Sandor Victor
[Signature]

Ați achitat azi pentru prima poliței (chitanței prima) No.
 az. kötvény (díjnyugta) díjában a-mal napon fizetett

Lei. *550* adică *550* Lei *[Stamp]*
 száz

Documentul respectiv îl veți primi mai târziu și atunci prezenta do-
 vadă devine fără valoare.
 A vonatkozó értéket később adjuk ki, minek megtérítésével ezen
 ellenlevél érvényét veszti.

Cluj. *1937. Sept. 9* *[Signature]*

SECȚIA „VIATA”

„STEUA ROMÂNIEI”
Societate Română de Asigurări
BUCUREȘTI
Fondată în anul 1921. Capital social Lei 20.000.000
Inreg. în Cam. de Com. din Buc. No. 690 Soc. 1931

Chitanța No. 015273

Scadența ratei de plată **septembrie 1977**

No. poliței	Incep. asigurării	Suma asig. Lei	Agenta
12611122	IX.935	50000	Cluj

Domnul (Doamna) **VICTOR SANDOR** \$ a achitat
domiciliat în **Cluj** a achitat
drept rată **trimestrială** scadență la **12** a lunii sus arătate, la
polița de mai sus, **anticipativ, conform specificației următoare:** D

Prima	Pr. accid.	Taxa	Dob. imor.	Timbru		Total
				legal	av.	
554		17		17	3	591

suma de LEI

Achitat la **19.9.77**

„STEUA ROMÂNIEI”
Societate Română de Asigurări

Semnătura Incasatorului

Timbrul fiscal precum și cel de aviație se plătește direct Statului, prin abonament.

SECȚIA „VIATA”

„STEUA ROMÂNIEI”
Societate Română de Asigurări
BUCUREȘTI
Fondată în anul 1921. Capital social Lei 20.000.000
Inreg. în Cam. de Com. din Buc. No. 690 Soc. 1931

Chitanța No. 010589

Scadența ratei de plată **unie 1977**

No. poliței	Incep. asigurării	Suma asig. Lei	Agenta
12611122	IX.935	50000	Cluj

Domnul (Doamna) **VICTOR SANDOR** \$ a achitat
domiciliat în **Cluj** a achitat
drept rată **trimestrială** scadență la **12** a lunii sus arătate,
polița de mai sus, **anticipativ, conform specificației următoare:** D

Prima	Pr. accid.	Taxa	Dob. imor.	Timbru		Total
				legal	av.	
554		17		17	3	591

suma de LEI

Achitat la **9. VII. 77**

„STEUA ROMÂNIEI”
Societate Română de Asigurări

Semnătura Incasatorului

Timbrul fiscal precum și cel de aviație se plătește direct Statului prin abonament.

„STEUA ROMÂNIEI“ *7. Ser. just* SECȚIA „VIATA“
 Societate Română de Asigurări
 BUCUREȘTI
 Fondată în anul 1921. Capital social Lei 20.000.000
 Inreg. la Cam. de Com. din Buc. No. 490 Soc. 1931

Chitanța No. 024103

Scadența ratei de plată: **Martie 1938**

No. poliței	Incep. asigurării	Suma asig. Lei	Agentia
12611122	IX.935	50000	Cluj

Domnul (Doamna) **VICTOR SANDOR** 5
 domiciliat în **Cluj** a achitat

drept rată **trimestrială** scadență la **12** a lunii sus arătate, la
 polița de mai sus, anticipativ, conform specificației următoare:

Prima	Pr. accid.	Taxa	Dob. impr.	Timbrul		Total
				legal	av.	
554		17		17	3	591

suma de Lei

Achitat la **4.9**
 Semnătura încasatorului: *[Signature]*

„STEUA ROMÂNIEI“
 Societate Română de Asigurări

[Signatures]

Timbrul fiscal precum și cel de aviație se plătesc direct Statului prin abonament.

„STEUA ROMÂNIEI“ SECȚIA „VIATA“
 Societate Română de Asigurări
 BUCUREȘTI
 Fondată în anul 1921. Capital social Lei 20.000.000.
 Inreg. la Cam. de Com. din Buc. No. 490 Soc. 1931

Chitanța No. 019869

Scadența ratei de plată: **Decembrie 1937**

No. poliței	Incep. asigurării	Suma asig. Lei	Agentia
12611122	IX.935	50000	Cluj

Domnul (Doamna) **VICTOR SANDOR** 5
 domiciliat în **Cluj** a achitat

drept rată **trimestrială** scadență la **12** a lunii sus arătate, la
 polița de mai sus, anticipativ, conform specificației următoare:

Prima	Pr. accid.	Taxa	Dob. impr.	Timbrul		Total
				legal	av.	
554		17		17	3	591

suma de Lei

Achitat la **4.17.1938**
 Semnătura încasatorului: *[Signature]*

„STEUA ROMÂNIEI“
 Societate Română de Asigurări

[Signatures]

Timbrul fiscal precum și cel de aviație se plătesc direct Statului prin abonament.

PHÖNIX ÉLETBIZTOSÍTÓ TÁRSASÁG

1938 December havában esedékes.

NYUGTA

Kötvényszám 12.611.122 Beszedési hely Cluj

Conform deciziei No. 12452 din 13.V.1938 a Min. Ind. 12

Victor Sandor

Cluj

asigurător obligatiunile în proces din prezenta asigurare vor fi îndeplinite în Legea curăului de Lege. Pentru 1/4 ani dijar

12. n esedékes előre fizetendő

Lei stab. 571.--

1-4 moztizita, mely baleseten bálosat póndji és az illeték balesetizitit

timbr, av. Lei 3.--

PHÖNIX ÉLETBIZTOSÍTÓ TÁRSASÁG

37 1938. A költségvetési é. kizárás. Hivatandó szája 10. 8122 sz. t. Kfm.

Handwritten signatures and stamps at the bottom of the document.

Vertical stamp area with text: SANDOR VICTOR Cluj, VEDJAN, PHÖNIX ÉLETBIZTOSÍTÓ TÁRSASÁG, and various handwritten notations.

PHÖNIX ÉLETBIZTOSÍTÓ TÁRSASÁG

1938 Májolus havában esedékes.

NYUGTA

12.611.122 Beszedési hely Cluj

Victor Sandor Cluj

12. n esedékes előre fizetendő Lei stab. 571.--

Stamp area with a square seal, handwritten text '1/4-ri dijar', and other markings.

Handwritten signatures and stamps at the bottom of the second document.

PHÖNIX ÉLETBIZTOSÍTÓ TÁRSASÁG.

1956 Szeptember havában esedékes.

NYUGTA

Kötvény száma: 12.611.122 Beszedési hely: Cluj

Victor Sandor
C l u j

a fenti hó 12. n esedékes előre fizetendő
Lej stáb. 571.--

1/4 évi díjat

I-t megfizette, mely összegben
baleset pótdíj és az illeték be...

Beszédést, 19 36. 1175 n.
A befizetéssel a társaság törvényesül róla le.
3122 ung. f. Rm.

CONFORM DECIZIEI NO. 12482 DIN 13.V.1956
A MIN. IND. SI COM. DIR. OFICIULUI P. CONTRACTI
ASIGURATOR, OBLIGATIUNILE RECIPROCE DIN PRE-
ZENTA ASIGURAREI VOI FI INDEPLINTE IN LUI
CURSUL DE LEI 1/4 - PENTRU UN AN.

1/4 évi díjat

I-t megfizette, mely összegben
baleset pótdíj és az illeték be...

ROMANIA - ROMANIA
PHÖNIX ÉLETBIZTOSÍTÓ TÁRSASÁG
Kötvény száma: 12.611.122

PHÖNIX ÉLETBIZTOSÍTÓ TÁRSASÁG.

1956 Junius havában esedékes.

NYUGTA

Kötvény száma: 12.611.122 Beszedési hely: Cluj

Victor Sandor
C l u j

a fenti hó 12. n esedékes előre fizetendő
Lej stáb. 571.--

1/4 évi díjat

I-t megfizette, mely összegben
baleset pótdíj és az illeték be...

Beszédést, 19 36. 1175 n.
A befizetéssel a társaság törvényesül róla le.
3122 ung. f. Rm.

Decizia deciziei no. 12482
a Min. Ind. si Com. Dir. Contracti P. Con-
asigurator, obligatiunile reciproce din pre-
zenta asigurare voi fi indeplinite in le-
cursul de lei 1/4 - pentru un an.

1/4 évi díjat

I-t megfizette, mely összegben
baleset pótdíj és az illeték be...

ROMANIA - ROMANIA
PHÖNIX ÉLETBIZTOSÍTÓ TÁRSASÁG
Kötvény száma: 12.611.122

PHÖNIX ÉLETBIZTOSÍTÓ TÁRSASÁG.

1956 December havában esedékes.

NYUGTA

Kötvény száma: 12.611.122 Beszedési hely: Cluj

Victor Sandor
C l u j

a fenti hó 12. n esedékes előre fizetendő
Lej stáb. 571.--

1/4 évi díjat

I-t megfizette, mely összegben
baleset pótdíj és az illeték be...

Beszédést, 19 36. 1175 n.
A befizetéssel a társaság törvényesül róla le.
3122 ung. f. Rm.

ROMANIA - ROMANIA
PHÖNIX ÉLETBIZTOSÍTÓ TÁRSASÁG
Kötvény száma: 12.611.122



PHÖNIX ÉLETBIZTOSÍTÓ TÁRSASÁG
Romániai Igazgatóság

Handwritten signatures and initials.

Felul impozitelor	Piata pe	Stat	Adiobdate	Drumuri
<i>Impozit</i>	<i>431</i>	<i>1000</i>		
Totalul perceput				<i>1000</i>

Felul impozitelor	Piata pe	Stat	Adiobdate	Drumuri
<i>Comunit</i>	<i>431</i>	<i>1000</i>		
<i>Blatobd</i>	<i>200</i>			
<i>1000</i>	<i>1000</i>			
Totalul perceput				<i>1000</i>

Numele pentru contributul directe

Numele pentru contributul directe

3-19/2 Chitanța Nr. *942*
 Jurnalul *942*

D *Leonida Victor*
 Strada *Lina* Nr. *2*
 Comuna *1009*

Refuzul Nr. *4002*
 Data *9 Dec 1931* Suma totală Lei *1000*
 adică

S-a primit suma de Lei *1000*
 Perceptor *[Signature]*

Voluntari

3-19/4 Chitanța Nr. *963*
 Jurnalul *963*

D *Leonida Victor*
 Strada *Lina* Nr. *2*
 Comuna *1009*

Refuzul Nr. *4002*
 Data *9 Dec 1931* Suma totală Lei *1000*
 adică

S-a primit suma de Lei *1000*
 Perceptor *[Signature]*

Voluntari

Percepția

Voluntari

EXHIBIT 16



TO: Members of the Board
FROM: Sheldon Rudoff, Audit Committee Chairman
DATE: July 3, 2007

Attached, please find the draft Financial Statements for the year ending December 31, 2006.

An issue has arisen to which I would like to draw your attention. The Claims Conference accounting policy has been that the value of restituted property received by the Claims Conference and intended for sale is generally not readily determinable due to many uncertainties and, therefore, no entries are recorded on the Financial Statements when such restituted property is received. Revenue is only recognized when there is a notarized sales contract for the restituted property, sales proceeds have been placed in escrow and the purchaser can take possession of the property. Additionally, if the Claims Conference recovers compensation in lieu of receiving the property itself, such compensation is recognized when it has been certified as to its value by the German Regional Tax Authorities.

The policy stated above has been reflected in the Financial Statements of the Claims Conference since 1994 when the Claims Conference initially had unsold inventory as part of its assets. This policy was based on the recommendation of our independent auditors, Ernst & Young, who stated that it was in accord with accepted accounting principles.

Thus, Footnote 11 of the 2005 Financial Statements states in part:

"Amounts for restituted properties awaiting sale have not been recorded in the accompanying financial statements due to the uncertainties involved with establishing a value... Based generally on the original appraisals obtained when the property was recovered coupled with subsequent evaluations, the estimated value of these properties was approximately... The actual value depends on changing market conditions and cannot be established with reliability. Potential Goodwill Fund grants to former Jewish property owners and their heirs may require recognition upon the sale of such restituted properties."

On June 21, 2007 Ernst & Young raised a question whether the Claims Conference accounting policy should be changed so that unsold restituted property is recorded in the Balance Sheet and Statement of Activities rather than being in an unaudited footnote. They are now in the process of implementing their new audit procedures.

The Audit Committee has decided to circulate the attached Financial Statements with the understanding that these draft Financial Statements will be finalized once the process is completed.

Last update - 10:19 05/07/2007

Holocaust claims group to detail real estate holdings it controls

By Amiram Barkat, Haaretz Correspondent

The Conference on Jewish Material Claims Against Germany, the body that represents world Jewry in negotiations for compensation for Holocaust survivors and their heirs, has decided to disclose the details of the real estate assets it holds and will present a list of said assets during a conference Sunday in New York City.

The real estate held by the organization consists of property left unsold by Holocaust victims who had no legal inheritors at the time of their deaths. According to German law, the conference has the right to receive property assets of Holocaust survivors who lack inheritors to execute their wills.

Assessments performed by the conference have determined that they hold hundreds of millions of dollars worth of real estate holdings in what was once East Germany.

In recent years, the conference has sold billions of dollars worth of property of Holocaust survivors, and has utilized the sales to fund organizations that give aid to Holocaust survivors and provide Holocaust education.

Since the real estate sales began, the conference has refused to disclose details of the property in its possession. The formal explanation given by the conference for their prior refusal to disclose its holdings is that disclosure could harm their chances of selling the holdings at the highest possible values.

Martin Stern, an Israeli-British businessman who was one of the leaders of the struggle to bring disclosure of the conference's real estate holdings, said on Wednesday that there is also a need to disclose holdings sold by the conference since 1994, arguing that it is the only way to know if sales were carried out according to the letter of the law.

Accountants for the conference until recently supported the policy of non-disclosure, but in recent weeks have announced that norms of disclosure require that they publish their holdings on a yearly basis.

Haaretz has learned that the accountants' request for disclosure was met with opposition in the conference, but was eventually approved as a matter of policy.

The list of assets disclosed in the organizations yearly assessments will be presented to the directorate of the conference this Sunday in New York City.

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EXHIBIT 17

It was thus proper for Allianz to urge its former clients, like the aforementioned Fleischmann family, to seek recompense from that quarter under the Law for the Compensation of National Socialist Injustice of August 12, 1949, rather than the American Restitution Law (Law No. 52).¹⁷⁶

This position received important confirmation in the key decision of the 2nd Civil Senate of the Federal Supreme Court of April 23, 1952, discussed earlier in this study,¹⁷⁷ which upheld the standpoint of the insurers and placed full responsibility on the government. It is important to note that it was an argument also accepted by the director of the JRSO, Ernst Katzenstein, who visited the Allianz offices on September 3, 1958, to discuss the claims that the JRSO intended to bring against the government on behalf of those who had suffered losses in the Pogrom. He pointed out that there was no intention of making claims against the insurers "since the JRSO is clear about the fact that the employment of the domestic unrest clause was justified."¹⁷⁸ Katzenstein believed, however, that the Reich should also restitute the payments it received from the insurers in the compromise worked out in 1939, although it remained unclear exactly what those arrangements were, and he wanted to know if Hilgard – whose testimony at Nuremberg had obviously been very important – was still alive. Indeed, the JRSO representative went so far as to suggest that the insurance companies join with it in suing the government for the "unjustly paid damage compensations" but agreed with the Allianz executive involved that it was not a paying proposition because compensation would have to be converted into DM. Whether a conversation between Katzenstein and Hilgard ever took place is unknown to this author, but Hilgard's position could not have been any different from that of Allianz, which told Katzenstein they had argued that domestic unrest was the issue but that those in power at the time would not let this objection hold with the claim that it was not a matter of domestic disturbance, but of an "outburst of the people's rage against the agitation of international Jewry".... Göring declared in unmistakable terms to the then head of the Reich Group for Insurance that there was to be no negotiation at all over the reason for the claims but there was only the question of what sum the insurance industry was in a position to spend.¹⁷⁹

The result was the compromise under which the insurers were to act as if they were paying some portion of claims made by the Jews. What was left out of all this – assuming anyone involved at the time remembered (or cared to remember) what had actually happened – was that the originally much higher sums

¹⁷⁶ See Rechtsabteilung an die Generaldirektion, E.D.-Abteilung, 24. Nov. 1949, *ibid.*, and Allianz an Justizrat Carl Drescher, 12. Dez. 1949, as well as Drescher an die Wiedergutmachungsbehörde I, Oberbayern, 17. Jan. 1950, withdrawing the Fleischmann complaint against Allianz, WGB, Ia 1688.

¹⁷⁷ See Chapter 5, pp. 228–9, as well as *Entscheidungen des Bundesgerichtshofes in Zivilsachen* 6 (1952), pp. 28–35.

¹⁷⁸ Aktennotiz, Betr. Pogromschäden aus dem Jahre 1938, FHA, S. 17.13/169.

¹⁷⁹ Allianz an JRSO, 12. Aug. 1953, *ibid.*

demanded by Göring had been reduced to 1.3 million, and that this had accomplished using arguments concerning the Pogrom by Hilgard and Hilgard's brother that were replications of those used by Goebbels and other perpetrators of the Pogrom. Now, thanks to Hilgard's and Goudefroy's liberation, they speak freely of the Pogrom as being a domestic disorder once again.

As can be imagined, the most important claims made against Allianz and the other big insurance companies pertained to life insurance policies. For the period prior to the currency reform of June 1948, this problem is viewed in part from the perspective of the financial and physical conditions of the life insurance industry in 1945. This was succinctly described by the insurance section of the OMGUS finance division for Württemberg in September 1945:

When the Finance Division first began operations ... it was found that the business of Württemberg/Baden was paralyzed. The major assets of most corporations were Reich bonds and the Reich was non-existent. Most buildings had been destroyed and records lost. Premiums, interest and dividends could not be collected and net assets were not being written. Also many policyholders moved and left no forwarding addresses.¹⁸⁰

The greatest problem insofar as reconstruction of the industry was concerned was the overwhelming amount of state paper held by the companies. At the end of June 1946, such holdings for Allianz Leben amounted to 1,159,000 RM, which was much greater than their holdings of 93,067,000 RM in real estate and 674,000,000 RM in mortgages.¹⁸¹ Under Allied regulations, the bonds could neither be cashed in nor sold on the exchanges, and the companies simply liquidated in the currency reform of 1948. Fundamentally, they were nothing but fictitious coverage, and this – combined with the other immediate postwar circumstances – created a high degree of uncertainty. Consequently and with Allied approval, the life insurance industry decided in February 1946 that it could not pay full value on insurance policies but chose instead to pay only 40% on the policies of those who died before the currency reform on May 8, 1945, and full payment to the beneficiaries of those who died after that date. The motive for this arrangement, whose basic unfairness was recognized by the insurers, was that it would promote confidence in the industry among the living – the full number and cost of the deceased still being to be paid – and thereby encourage them to pay their premiums.¹⁸² These payment restrictions were eased in October 1946 and then eliminated in March 1948 through a levy was imposed by the insurance companies on payments in

¹⁸⁰ Report by George R. Cooper, NA, RG 260, OMGUS, OMG WB, Admin. Div., 12/16–3

¹⁸¹ "Erhebung über den Versicherungsbestand und die Liquiditätslage der Lebensversichererunternehmen," Hauptstaatsarchiv Stuttgart, EA5/002 L1, Bd. 181.

¹⁸² Bericht über die Sitzung des Bankausschusses-Unterausschusses Versicherungen vom 1. März 1946, *ibid.*, EA1/104, Bd. 236.

County grand jury. The trial judge suspended their one-year jail sentence on the condition that they leave Virginia and not return together for twenty-five years.⁵⁴

From their new residence across the river in Washington, D.C., the Lovings appealed the infringement of their civil rights. Appellate courts, one after another, affirmed Virginia's law and the couple's conviction. Finally, almost nine years later in 1967, the United States Supreme Court considered the case.⁵⁵

Writing for the majority, Chief Justice Earl Warren declared: "There can be no doubt that restricting the freedom to marry solely because of racial classifications violates the central meaning of the Equal Protection Clause... The freedom to marry has long been recognized as one of the vital personal rights essential to the orderly pursuit of happiness by free men. Marriage is one of the 'basic civil rights of man,' fundamental to our very existence and survival... To deny this fundamental freedom on so unsupported a basis as the racial classifications embodied in these [Virginia] statutes, classifications so directly subversive of the principle of equality at the heart of the Fourteenth Amendment, is surely to deprive all the State's citizens of liberty without due process of law... These convictions must be reversed. It is so ordered."⁵⁶

After the Lovings' victory in 1967, other states' racial integrity laws became unenforceable. In 2000, Alabama became the last state in the union to repeal its antimiscegenation statute.⁵⁷ With the science stripped away, all that remained to justify eugenic legislation was bigotry. Late in the twentieth century, in an enlightened post-war era, the eugenic notions that gripped a nation and then a world were finally understood. It had all just been colossal academic hubris masquerading as erudition.

By the late 1920s, the Carnegie Institution had confirmed by its own investigations what many in the scientific world and society at large had long been saying: that the eugenic science it helped create was a fraud.⁵⁸

Nevertheless, Carnegie allowed its Cold Spring Harbor enterprise to support the specious information needed to validate Virginia's legal crusade to sterilize Carrie Buck. Relying on Laughlin's pseudoscience and his own prejudices, U.S. Supreme Court Justice Oliver Wendell Holmes had established the law of the land. In 1927, Holmes' famous opinion decreed:

Handwritten notes:
I.M.J.
[Signature]

FROM: WAR AGAINST THE WHARF
EUGENICS & AMERICA'S SCAMMAGLON TO BEHATE A
2003
MASTER RACE.

It is better for all the world, if instead of waiting to execute degenerate offspring for crime, or to let them starve for their imbecility, society can prevent those who are manifestly unfit from continuing their kind. . . . Three generations of imbeciles are enough.⁵⁹

With Holmes' decision in hand, Carnegie's Cold Spring Harbor enterprise had unleashed a national campaign to reinforce long dormant state laws, enact new ones and dramatically increase the number of sterilizations across America. Sterilizations multiplied, marriage restrictions were broadened. Hundreds of thousands were never born. Untold numbers never married. The intent had been to stop the reproduction of targeted non-Nordic groups and others considered unfit. It continued into the 1970s, probably even later. It was all said to be legal, based on science, sanctioned by the highest courts. But what was it really?

As early as December of 1942, the Nazi plan was obvious. In a highly-publicized warning simultaneously broadcast in more than twenty-three languages the world over, the Allies announced that the Nazis were exterminating five million Jews and murdering millions of other national peoples in a plan to perpetrate a master race. The Allies vowed to hold war crimes trials to punish the Nazis and all those who abetted them.⁶⁰ Ultimately, the trials would bring to justice more than just the executioners, but those who ordered them, financed them, inspired them, facilitated their crimes and gave them scientific and medical support. These war crimes trials would ultimately include bankers, industrialists, philosophers, a newspaper editor, a radio propagandist, and many doctors and scientists.

By 1943, humanity needed a new word for the Third Reich's collective atrocities. The enormity of Nazi butchery of whole peoples by physical extermination, cultural obliteration, biological deracination and negative eugenics defied all previous human language. Nothing like it on so sweeping a scale had ever occurred in history.

Raphael Lemkin, a Jewish refugee at Duke University, formerly a prosecutor from Warsaw and an expert on international law, was commissioned by human rights organizations to study the crime. After a few months fighting as a *partisan*, Lemkin had fled Poland for Sweden and ultimately settled in the United States. His new word describing the overall Nazi campaign in Europe sprang from the same Greek root Galton had used. Eugenics was the study of "well-born life." Lemkin's new word, contemplated by him since 1940, encompassed the systematic destruction of an entire group's life. His new word was genocide.⁶¹

On October 30, 1943, as Lemkin was finalizing his study, the Allies met in Moscow and issued a joint declaration reconfirming that there would be war crimes trials for Nazi perpetrators, to be conducted in both the victimized countries and in Germany. The Allies demanded that all such crimes cease during the final turbulent days of Europe's liberation. "Let those who have hitherto not imbrued their hands with innocent blood beware lest they join the ranks of the guilty, for most assuredly the three Allied powers will pursue them to the uttermost ends of the earth and will deliver them to their accusers in order that justice may be done." The declaration was signed by Franklin Delano Roosevelt, Winston Churchill, and Josef Stalin.⁶²

Days later, on November 15, 1943, Lemkin completed his study, Axis Rule in Occupied Europe, which was published a year later. In a chapter entitled "Genocide," Lemkin listed the several physical and administrative "techniques of genocide." Among the techniques was a section labeled "Biological." Lemkin later explained the principle: "The genocidal policy [of the Nazis] was far-sighted as well as immediate in its objectives. On the one hand an increase in the birth rate, legitimate or illegitimate, was encouraged within Germany and among *Folksdeutsche* in the occupied countries. . . . On the other hand, every means to decrease the birth rate among 'racial inferiors' was used. Millions of war prisoners and forced laborers from all the conquered countries of Europe were kept from contact with their wives. Poles in incorporated Poland met obstacles in trying to marry among themselves. Chronic undernourishment, deliberately created by the occupant, tended not only to discourage the birth rate but also to an increase in infant mortality. Coming generations in Europe were thus planned to be predominantly of German blood, capable of overwhelming all other races by sheer numbers."⁶³

Axis Rule in Occupied Europe even quoted a relevant Hitler speech: "We are obliged to depopulate as part of our mission of preserving the German population. We shall have to develop a technique of depopulation. If you ask me what I mean by depopulation, I mean the removal of entire racial units. And that is what I intend to carry out. . . . Nature is cruel, therefore we, too, may be cruel. . . . I have the right to remove millions of an inferior race that breeds like vermin! And by 'remove,' I don't necessarily mean destroy; I shall simply take the systematic measures to dam their great natural fertility. . . . There are many ways, systematic and comparatively painless, or at any rate bloodless, of causing undesirable races to die out."⁶⁴

Some five months later, Lemkin's chapter on genocide was popularized in an article entitled "Genocide—A Modern Crime," appearing in Free

World, a new United Nations multilingual magazine. In *Free World*, Lemkin again cited "Biological" techniques as a means of genocide. By this time Lemkin had become an advisor to the Judge Advocate General of the U.S. Army, and military tribunal planners were working with him and his concepts as they prepared to bring Nazi war criminals to justice.⁶⁵

Within a month of the publication of "Genocide—A Modern Crime," the Third Reich fell. Lemkin's codified principles of genocide, war crimes and crimes against humanity became pivotal. In August of 1945, the victorious Allies met in London and chartered an international military tribunal to bring the highest-ranking Nazi war criminals to justice. The so-called Nuremberg Trials began just three months later. The dock was hardly limited to those Nazis who pulled triggers and ordered murders—such as Interior Minister Wilhelm Frick and Governor-General of Poland Hans Frank—but also included key propagandists and facilitators, such as newspaper editor Julius Streicher and radio director Hans Fritzsche. At the same time, international justice groups continued to further define the prior acts of genocide in anticipation of more war crimes tribunals, these for individuals of lesser stature who were nonetheless instrumental in Nazi genocide. These additional trials would prosecute doctors, scientists and industrialists. Many of these tribunals would be conducted exclusively by the United States.⁶⁶

On December 11, 1946, as the United States was readying its own prosecutions, the United Nations approved Resolution 96 (I), which embedded the concept of "genocide" into international law. It proclaimed: "Genocide is a denial of the right of existence of entire human groups, as homicide is the denial of the right to live of individual human beings; such denial of the right of existence shocks the conscience of mankind, results in great losses to humanity in the form of cultural and other contributions represented by these human groups, and is contrary to moral law and the spirit and aims of the United Nations."⁶⁷

Shortly thereafter, the articles of a forthcoming Treaty Against Genocide were formulated and later adapted through a succession of resolutions, conventions and treaties to become settled international law. The international convention enumerated crimes against humanity and crimes of genocide in five categories; the last two categories—in subsections (d) and (e)—squarely confronted eugenic policies: sterilization and the kidnapping of eugenically qualified children to be raised as Aryans. Article II stated: "In the present Convention, genocide means any of the following acts committed with intent to destroy, in whole or in part, a national, ethnic, racial or religious group, as such:

- (a) Killing members of the group;
- (b) Causing serious bodily or mental harm to members of the group;
- (c) Deliberately inflicting on the group conditions of life calculated to bring about its physical destruction in whole or in part;
- (d) Imposing measures intended to prevent births within the group;
- (e) Forcibly transferring children of the group to another group."⁶⁸

Article III assigned equal guilt to those who were responsible for "direct and public incitement" to commit the crimes described as genocide, and those who in other ways become complicit. Article IV declared that the law could punish anyone in any country, "whether they are constitutionally responsible rulers, public officials or private individuals." American prosecutors at the subsequent Nuremberg Trials took their cue from the treaty.⁶⁹

In early July of 1947, the Allies indicted the leaders of the Reich's militarized eugenics umbrella organization, the SS Race and Settlement Office, which forcibly sterilized thousands, kidnapped Polish children with Nordic racial features, organized the Nordic breeding program known as *Lebensborn*, developed extensive genealogy files on millions and conducted eugenic examinations of prisoners before deciding if they should be saved or exterminated. For these activities, SS Race and Settlement Office leader General Otto Hofmann stood among those in the dock.⁷⁰

The indictment clearly enumerated the various aspects of Nazi eugenics as genocide: "Kidnapping the children of foreign nationals in order to select for Germanization those who were considered of 'racial value'... Preventing encouraging and compelling abortions on Eastern workers... Preventing marriages and hampering reproduction of enemy nationals."⁷¹

A week after the indictment was served on the accused, the military occupation's semiofficial newspaper, *Die Neue Zeitung*, drove home the point to the German people, publishing extracts of the U.N. Treaty on Genocide. The newspaper announced: "On 10 June the Secretary's Office of the United Nations completed the first draft of an international convention for the punishment of government officials who attempted to exterminate racial, religious, national, or political groups... Three distinct types of 'genocide' are listed." The paper then itemized actions that qualified as genocide, including "open mass murder" and housing people in conditions calculated to kill. *Die Neue Zeitung* explained that the other of the three most significant forms of genocide was "sterilization of large groups and forcible separation of families as 'biological genocide.'" The article itself was entered into the Nuremberg Trial record.⁷²

"And so," prosecutors solemnly explained, "the final balance gives us these terrible facts: 192 men and 7 women shot; 196 women taken into concentration camps, of whom 43 died from torture and maltreatment; 105 children kidnapped.... The village was burned, buildings leveled, streets taken up and all other signs of habitation completely erased." To protest the utter eugenic extermination of Lidice, many small towns later adopted the name of the village. Hence the people are gone, but the memory of Lidice lives on.⁷⁶

Count after count recited the fact that "racial value" following a eugenic analysis made all the difference between life and death, genocide and survival.⁷⁷ Prosecutors sorted Germany's many eugenic atrocities into specific categories of war crimes. Point 15, entitled "Hampering Reproduction of Enemy Nationals," specified sterilization and marriage restriction: "To further weaken enemy nations, both restrictive and prohibitive measures were taken to discourage marriages and reproduction of enemy nationals. The ultimate aim and natural result of these measures was to impede procreation among nationals of Eastern countries." Point 18, entitled "Slave Labor," explained that through the racial examinations of RuSHA, "foreign nationals without any German ancestry were sent to Germany as slave labor," where they were worked to death.⁷⁸

Point 21, "Persecution and Extermination of Jews," explained how genealogy offices were critical to Hitler's war against the Jews across Europe. "RuSHA also participated extensively in the persecution and extermination of Jews. The Genealogy Office (*Abneamtteilung*) of RuSHA prepared and retained in its files the names of all Jewish families in the Reich and persons having any Jewish ancestry." This office also participated in preparing similar files in the Netherlands, Belgium, Norway, Denmark, Danzig, and France where it worked together with the SS Reich Security Main Office. These files were used for enforcing discriminatory measures against Jews and preparing transport lists of Jews to be taken from Germany and the occupied countries to the extermination camps in the East.⁷⁹

On January 20, 1942, SS Race and Settlement Office leader Hofmann had attended the infamous Wannsee Conference, the planning session associated with the Final Solution. The Wannsee Protocol produced after the conference made the eugenic guidelines clear. Mixed Jews of the "first degree," that is, Jews with substantial German blood in their ancestry, could be exempted from "evacuation," the code word for extermination, but only if they were sterilized. The Wannsee Protocol recorded:

"Hofmann is of the opinion that extensive use must be made of steriliza-

During the long trial, which lasted almost a year, prosecutors outlined a lengthy bill of eugenic particulars, including the murder of those who did not pass eugenic tests. "The SS Race and Settlement Main Office (RuSHA) was responsible," prosecutors declared, "among other things, for racial examinations. These racial examinations were carried out by RuSHA leaders or their staff members, called racial examiners." Prosecutors charged that as part of the Reich's genocidal campaign, RuSHA was continually engaged in "classification of people of German descent." It added, "RuSHA, in carrying out racial investigations and examinations, took a leading part in the accomplishment of the [extermination] program. Since negative results of racial investigations and examinations led to the extermination or imprisonment in concentration camps of the individuals concerned, the Staff Main Office... acted in close cooperation with the SS Reich Security Main Office [the chief SS agency overseeing physical extermination]. The Reich Security Main Office imposed capital punishment and imprisonment in concentration camps upon individuals designated by RuSHA."⁷³

An entire portion of the prosecutors' case, "Section 4: Sterilization," presented documents and evidence concerning the mass sterilization of unfit individuals by Nazis throughout Europe during the Reich's twelve-year reign of terror. Leaving no doubt, prosecutors declared, "The fundamental purpose... was to proclaim and safeguard the supposed superiority of 'Nordic' blood, and to exterminate and suppress all sources which might 'dilute' or 'taint' it. The underlying objective was to assure Nazi dominance over Germany and German domination over Europe in perpetuity."⁷⁴

Eugenics was also pivotal to a gamut of other war crimes. Often before burning a town or murdering an entire community, Nazis identified and kidnapped the eugenically fit Nordic children so they could be raised in Aryan institutions. This was done, prosecutors stated, "in accordance with standards... [of] Nazi racial and biological theories." What had occurred in Lidice, Czechoslovakia, was read into the record as an example. After Lidice was selected for obliteration, every adult man in the village was executed and most of the village's women were deported to Ravensbrück concentration camp. But the village's children were dispatched to Poland for a thorough "medical, eugenic, and racial examination carried out by the physicians of the health offices." Those deemed sufficiently Nordic were sent to live with Aryan families where they would undergo Germanization. Those deemed unfit were "deported." The prosecutor stated, "Here ends all traces of these 82 children of Lidice."⁷⁵

tion. The protocol also recorded that "[Persons of mixed blood] exempted from evacuation will be sterilized in order to obviate progeny and to settle the [mixed blood] problem for good. Sterilization is voluntary, but it is the condition for remaining in the Reich."⁸⁰

Confronted by prosecutors at his trial with charges of eugenic extermination, Hofmann said little in his own defense, and openly admitted he was a Nazi eugenicist.

PROSECUTOR: When did you become chief of the Eugenics Office in RuSHA?

HOFMANN: At the beginning of 1939 I was appointed to this task....

Q: What were your duties there?

A: The Eugenics Office was responsible for carrying out the betrothal and marriage order which Himmler had issued on 31 December 1931 to the SS.... The RuSHA leader had to look after the eugenics research offices of the SS, regiments, and, according to his qualifications and talents, he influenced cultural life within the areas of the main district.⁸¹

Hofmann could not understand why the United States thought his actions were crimes against humanity. He placed into evidence a special report on America produced by the Nazi Party's Race-Political Office years before on July 30, 1937. "The United States," asserted the report, "however, also provides an example for the racial legislation of the world in another respect. Although it is clearly established in the Declaration of Independence that everyone born in the United States is a citizen of the United States and so acquires all the rights which an American citizen can acquire, impassable lines are drawn between the individual races, especially in the Southern States. Thus in certain States Japanese are excluded from the ownership of land or real estate and they are prevented from cultivating arable land. Marriages between colored persons and whites are forbidden in no less than thirty of the Federal States. Marriages contracted in spite of this ban are declared invalid." Typical laws were recited from Alabama, Arizona, Arkansas, California and Florida.⁸²

The special report added, "Since 1907, sterilization laws have been passed in twenty-nine States of the United States of America."⁸³

Hofmann's document made one other point. It offered the following justification, originally translated from English into German and then back into English for the trial:

In a judgment of the [U.S.] Supreme Court... it says, among other things: "It is better for everybody if society, instead of waiting until it has to execute degenerate offspring or leave them to starve because of feeble-mindedness, can prevent obviously inferior individuals from propagating their kind."⁸⁴

Hofmann was sentenced to twenty-five years imprisonment.⁸⁵ For three--perhaps four--decades after the Treaty Against Genocide was adopted, the United States continued to sterilize targeted groups because of their eugenic or racial character, real or supposed; continued to prevent marriages because of their eugenic or racial character, real or supposed; and continued to hamper reproduction, interfere with procreation, and prevent births in targeted groups. After the Hitler regime, after the Nuremberg Trials, some twenty thousand Americans were eugenically sterilized by states and untold others by federal programs on Indian reservations and in U.S. territories such as Puerto Rico.

They said it was legal. They said it was science. What was it really?