

## THE WORLD

## Some Poetic Justice for Swiss Bankers

By Lucy Komisar

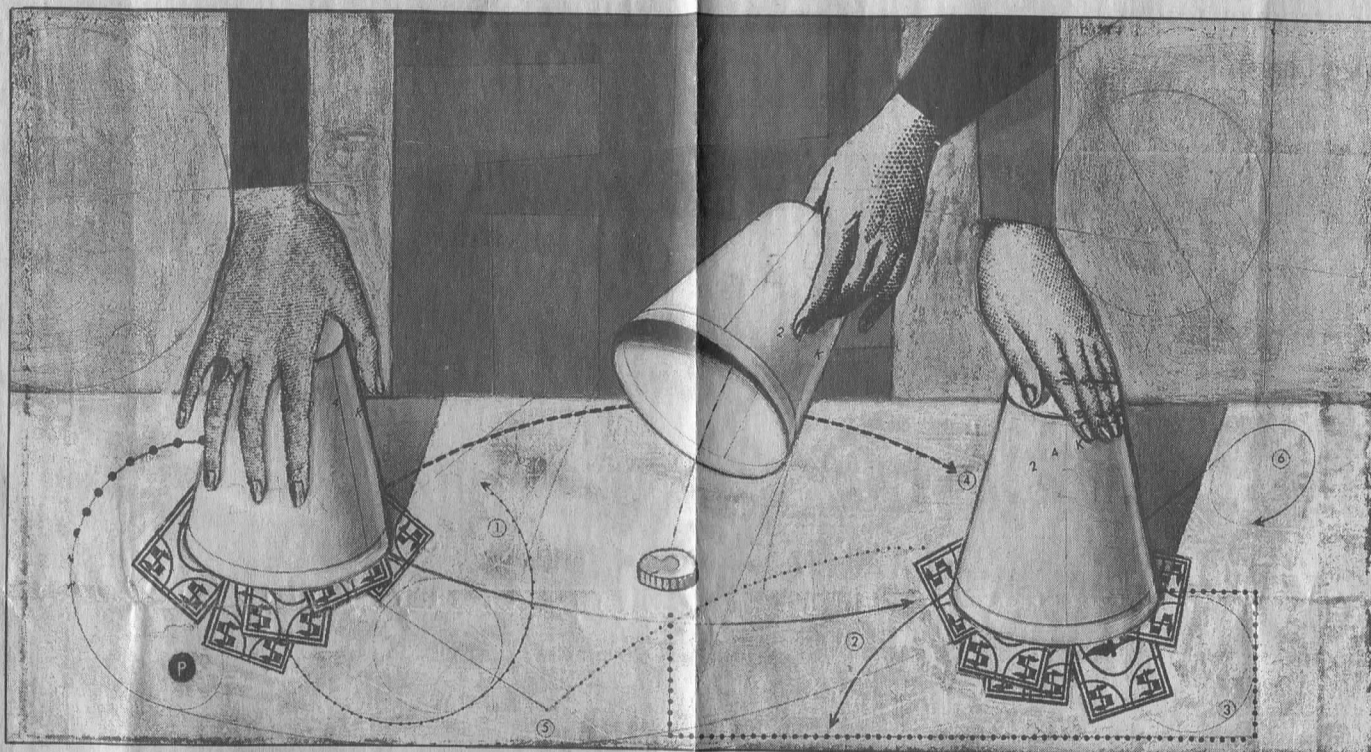
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The Swiss, it turns out, who long polished their image as upstanding burghers, were bankers and money-launderers of the Nazis, confidence men who took depositors' money, hid the records and refused to pay back rightful owners. Incredibly, they are outraged that world opinion considers them unsavory and insists they return the booty, valued by the World Jewish Congress at \$3 billion. Equally incredible, the Swiss continue to stonewall justice in the face of demands for restitution by governments, organizations and individuals.

Unfortunately, since there is no international criminal court, the Swiss bankers and their associates cannot be brought to trial for their actions. Since national governments are generally loathe to lean on, much less punish, allies (how else to explain why the United States and other Western nations let the Swiss get away with keeping much of the pilfered gold), citizens and local officials must force some measure of justice.

Acknowledging past U.S. failures to press the Swiss to return stolen funds, Under Secretary of State Stuart E. Eizenstat is brokering discussions between Swiss banks and American lawyers regarding a class action lawsuit filed in New York federal court in 1996. The suit seeks \$20 billion in damages from the banks for cheating Holocaust victims and their heirs. There are more than 350,000 Holocaust survivors, 100,000 of them living in the United States.

In December, 200 U.S. state and local public-finance officials agreed to a three-month moratorium on threats to institute sanctions against Swiss banks unless they are more forthcoming. California Treasurer Matt Fong, a leader of this movement and who was the first to call for a boycott, serves on a committee monitoring Swiss actions. This committee is scheduled to meet on March 31 to assess progress by the Swiss banks.



PETER BENNETT / for The Times

they didn't know they were receiving tainted assets, a letter from a Swiss army officer, written in February 1945 to a high-level government finance official and released last month, shows the Swiss knew full well that the Nazis were turning over valuables stolen from concentration camp victims.

The grand scheme was simple. The Nazis needed supplies to keep their war effort going. They obtained them from "neutral" countries using gold stolen from occupied countries and handled by Swiss bankers. Altogether, the Swiss received about \$440 million, most of the \$517 million the Nazis exported in gold, and passed some of it on to Portugal, Spain and Sweden to pay for war supplies. Turkey and Argentina also got gold. Most of it has never been recovered.

They negotiated an agreement with the Allies in 1946, but lied about the size of their holdings. Accordingly, the Swiss returned only \$58 million in gold, keeping gold valued by a Swiss historians' commission at \$350 million (\$3.5 billion at today's prices). Some of this gold came from the teeth, jewelry and gold coins of concentration camp victims and other individuals. They also kept most of an estimated \$250 million to \$500 million in liquidated German assets—even some from German Jews. Half of this was supposed to go to stateless victims, who finally got about \$28 million. A lot of the take is believed to be in secret accounts and investments.

The U.S. government was, as it were, an accessory after the fact. When U.S. Rep. Joseph Clark Baldwin declared, in a

Secretary of State Dean Acheson lied when he wrote there was "no reasonable evidence" for the higher number. Reichsbank documents then held by the State Department, and now declassified, confirm the \$300 million figure. Washington was more intent on fighting communists than helping the countries and lives that Adolf Hitler had plundered.

The Swiss hark back to the 1946 accord when defending their postwar actions. They insist the matter was settled. But an agreement based on fraud ought to be null and void.

The Swiss, moreover, should consider themselves lucky: They are being asked to return only their takings. In most criminal proceedings, the fruits of ill-gotten gains also are confiscated. The Swiss, then, are being asked to make only

any recipient of stolen property, as the original thieves.

In 1962, Swiss banks began "lost" bank accounts, finally returning \$9.5 million to rightful owners in the 1970s. Pressed again, they said they "found" another \$32 million in 1978. They have apparently located \$4 billion in 5,600 "dormant" (read: pilfered) accounts opened by foreigners in May 1945.

The Swiss banks are asking to be treated as financial, not political institutions. The United States should take them on. The banks named in the suit to date include the Credit Suisse Group, Swiss Bank Corp. and Union Bank of Switzerland. Credit Suisse owns Bank of Boston in the United States. Swiss Bank Corp., which owns Warburg Dillon Reed Inc. in the United States, recently announced a proposed merger with Citicorp. U.S. regulators must approve the merger, which would create the world's second largest bank, in terms of assets, and the largest asset manager.

In weighing the merger, U.S. regulators must consider the banks' integrity and where the money comes from? Does Washington really want to approve a merger of banks that refuse to return stolen money and bank deposits, much of it belonging to Americans? Would Washington create a Mafia or Cali cartel bank funded by Nazi gold purer?

Finally, after restitution (here a necessary condition for punishment (unfortunately not a sufficient one)), lawmakers need to review the system to make sure such a crime doesn't happen again. In this case, one cure would be to make the system poetically just.

Bank secrecy was conceived in 1931 and implemented in 1933, not to help victims of the Nazis, but to attract money, like to pretend, but to attract money. The bitterest irony, bank secrecy was easy to loot gold, jewelry and more. Jews had put in Swiss banks. The pickings taught Swiss bankers a lesson: After serving the Nazis, the system to become bankers of the world's dictators, mafiosos, dealers and other crooks.