

Federal Reserve holds \$25m in Nazi gold: [London edition]

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Full Text

The New York Federal Reserve holds gold worth almost \$25m (£16m) which was originally looted by the Nazis during the war, it was revealed yesterday in public hearings held by Mr Alfonse D'Amato, chairman of the US Senate banking committee.

The admission was made by the Fed in a letter to Mr D'Amato. The gold was shipped to the US from the Tripartite Commission for the Restitution of Monetary Gold , which was set up after the war to redistribute looted assets.

Jewish organisations in the US greeted the news as a "bombshell". Mr Elan Steinberg, chief executive of the World Jewish Congress , said the finding showed looted gold had been spread widely. Speaking outside the hearing, he said: "There are two tons of looted Nazi gold four blocks from here".

Mr D'Amato used the hearing to launch an attack both on Swiss banks and the way the issue has been handled by the Swiss government.

He fiercely criticised the Swiss government commission which will investigate the issue. "We want real co-operation and this commission doesn't demonstrate any kind of good faith. It's not an independent commission and it has no real teeth."

The possibility it could take the commission as long as five years to report was "unconscionable", given the extreme age of many of the Holocaust survivors affected, he said. The youngest of the witnesses with assets held by Swiss banks who gave evidence yesterday was 70.

The senator called for an independent commission, to be run by a non-Swiss third-party, with broad powers of access and a tight time schedule.

This would be separate from the body chaired by Mr Paul Volcker, former chairman of the US Federal Reserve, set

up to review the Swiss banks' efforts to trace and return the assets of Holocaust victims.

Mr D'Amato stressed his respect for Mr Volcker, but said his committee had so far done "very little other than structural work".

Mr D'Amato's latest attack on the Swiss banks will turn up the pressure on Mr Volcker. Jewish organisations are concerned that the terms of reference of the Volcker committee are too narrow, and are keen that its scope should be widened to enable a much wider search for looted assets hidden in the Swiss financial system.

The Volcker committee will meet in Zurich tomorrow to review efforts to choose an auditing firm which will undertake the technical investigation.

It is also expected to discuss the committee's terms of reference which will be critical to the success of the subsequent investigation. Copyright Financial Times Limited 1996. All Rights Reserved.

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