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Chase, J.P. Morgan Named in Suit Seeking Holocaust Reparations

By Paul Beckett. **Wall Street Journal, Eastern edition** [New York, N.Y.] 24 Dec 1998: B2.

▣ Abstract (summary)

The case, filed in federal court in Brooklyn, N.Y., seeks reparations for assets and accounts held at the banks' Paris branches that were allegedly seized during the Nazi occupation of France. Chase is already in talks with the World Jewish Congress over paying, with interest, former customers or their heirs and has said fewer than 100 accounts are at issue.

The case could cause both banks public relations problems if they don't handle it sensitively, analysts said. The issue of gold and other assets seized from Jews during World War II already has become an emotive issue for European banks, many of which have been named in lawsuits. Swiss banks in August agreed to pay \$1.25 billion to settle claims against them. Deutsche Bank, which has also been named in several suits, could find the regulatory approval process for its \$10.1 billion takeover of Bankers Trust Corp. affected by the issue.

▣ Full Text

NEW YORK -- In what appears to be the first Holocaust-related lawsuit to involve U.S. banks, Chase Manhattan Corp. and J.P. Morgan & Co. were named in a case filed on behalf of Holocaust survivors and victims' relatives.

The case, filed in federal court in Brooklyn, N.Y., seeks reparations for assets and accounts held at the banks' Paris branches that were allegedly seized during the Nazi occupation of France. Chase is already in talks with the World Jewish Congress over paying, with interest, former customers or their heirs and has said fewer than 100 accounts are at issue.

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For Chase and J.P. Morgan, "the potential negative publicity could be more than the potential restitution," said Michael Mayo, analyst with Credit Suisse First Boston. "As a result, it's how the companies manage this process which would be

important."

The suit was filed against Chase, J.P. Morgan and seven French banks on behalf of 17 named non-American Holocaust survivors and victims' relatives and is seeking class-action status on behalf of potentially tens of thousands of others, said Kenneth McCallion, partner in Goodkind Labaton Rudoff & Sucharow and the lead lawyer on the case.

The suit is related to one filed in federal court in Brooklyn last December. That suit claimed the same seven French banks and Barclays Bank, a unit of Barclays PLC of the United Kingdom, aided the expropriation of Jewish bank accounts and other assets by Vichy French authorities and then failed to account to Holocaust survivors and victims' families after the end of World War II. Barclays last week settled its part of the suit by agreeing to pay \$3.6 million to Jews whose assets were seized from its French branches during the war.

In a statement, Chase described the suit as "meritless" and "unnecessary." It added that it would "continue to work with the World Jewish Congress to facilitate payment to former customers directly and without unnecessary delay."

A J.P. Morgan spokesman said, "We understand the seriousness of this issue and will certainly look into these allegations with care."

The suit cited a 1945 U.S. Treasury Department report that found Chase "operated in Paris throughout the German occupation and engaged in various activities which indicate an over-riding desire to continue operating even though this required a close collaboration with the German authorities."

The lawsuit added, "The Paris branch of Chase, with full knowledge of its New York home office, collaborated with the German authorities and displayed excessive zeal in its enforcement of anti-Jewish laws."

Citing the same Treasury report, the suit claimed "J.P. Morgan's loyalty was above all to its own interests rather than to the United States or France."

In "The House of Morgan," a 1990 history of the bank, author Ron Chernow wrote that at Morgan and at other banks in Paris, Nazis assembled a special team to ransack Jewish accounts and securities.

Morgan "lodged protests to no avail," the book said, adding, "It seems doubtful whether any bank could have operated during the occupation if it had resisted these efforts too strenuously."

Credit: Staff Reporter of The Wall Street Journal

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☐ Indexing (details)
