

SENATE, No. 2351

STATE OF NEW JERSEY

INTRODUCED DECEMBER 18, 1997

By Senators SINGER and BENNETT

1 AN ACT concerning the deposit or investment of certain public funds  
2 and the use of certain financial advisors or intermediaries and  
3 supplementing Title 52 of the Revised Statutes.

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5 **BE IT ENACTED** *by the Senate and General Assembly of the State*  
6 *of New Jersey:*

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8 1. The Legislature finds and declares that:

9 a. Because of the efforts of the United States Senate Banking  
10 Committee, it has come to the world's attention that, in the words of  
11 Senator Alfonse D'Amato, Switzerland "blatantly benefitted from the  
12 Holocaust";

13 b. Switzerland benefitted by using the funds of European Jews  
14 deposited in Swiss banks during World War II to compensate Swiss  
15 citizens for property expropriated by former communist regimes;

16 c. In a 1949 secret agreement with Poland, Switzerland used the  
17 assets of Polish Jews to compensate Swiss citizens for the  
18 nationalization of their property by that country;

19 d. The Swiss government later entered into similar agreements with  
20 the nations of Hungary and Czechoslovakia;

21 e. Swiss banks have refused to help Jewish Holocaust survivors  
22 locate bank accounts, demanding that they produce death certificates  
23 for relatives who perished in Nazi concentration camps;

24 f. Swiss bankers have been caught deliberately destroying evidence  
25 and records and the Swiss ambassador to the United States demeaned  
26 himself by attempting to wage a public relations campaign against  
27 Jewish organizations seeking to change Swiss intransigence;

28 g. The Swiss government and Swiss banks are only beginning to  
29 deal with this horrible chapter in their history by establishing a  
30 "Humanitarian Fund for the Victims of the Holocaust";

31 h. It is time for the Swiss government to mandate the complete  
32 disclosure of all funds deposited in Swiss banks by Jewish Holocaust  
33 victims;

34 i. It is time for a full accounting by Swiss banks of all unclaimed  
35 assets of these victims;

36 j. It is time for the return of assets to their rightful owners or their  
37 heirs; and

1 k. It is time for the State of New Jersey to take a stand against the  
2 disgraceful actions of the Swiss government and Swiss financial  
3 institutions.

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5 2. Notwithstanding any provision of law to the contrary, no assets  
6 of any pension or annuity fund under the jurisdiction of the Division  
7 of Investment in the Department of the Treasury shall be deposited or  
8 invested in any Swiss bank or financial institution.

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10 3. The State Investment Council and the Director of the Division  
11 of Investment shall take appropriate action to sell, redeem, divest or  
12 withdraw any deposit or investment held in violation of the provisions  
13 of this act. Nothing in this act shall be construed to require the  
14 premature or otherwise imprudent sale, redemption, divestment or  
15 withdrawal of a deposit or investment, but such sale, redemption,  
16 divestment or withdrawal shall be completed not later than three years  
17 following the effective date of this act.

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19 4. Within 30 days after the effective date of this act, the Director  
20 of the Division of Investment shall file with the Legislature a list of all  
21 deposits and investments held as of the effective date of this act which  
22 are in violation of the provisions of this act. Every three months  
23 thereafter, and until all of these deposits or investments are sold,  
24 redeemed, divested or withdrawn, the director shall file with the  
25 Legislature a list of the remaining deposits or investments. The  
26 director shall include with the first such list, and with the lists to be  
27 filed at six month intervals thereafter: a. a report of the progress  
28 which the division has made since the previous report and since the  
29 enactment of this act in implementing the provisions of section 2 of  
30 this act; and, b. an analysis of the fiscal impact of the implementation  
31 of those provisions upon the total value of and return on the deposits  
32 or investments affected, taking all possible account of the investment  
33 decisions which would have been made had this act not been enacted,  
34 and including an assessment of any increase or decrease, as the result  
35 of the implementation of those provisions and not as the result of  
36 market forces, in the overall investment quality and degree of risk  
37 characteristic of the pension and annuity funds' portfolio.

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39 5. Notwithstanding any provision of law to the contrary, the  
40 Director of the Division of Investment is prohibited from using any  
41 Swiss bank or financial institution as a financial advisor or financial  
42 intermediary.

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44 6. This act shall take effect immediately.

## STATEMENT

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3 At hearings of the United States Senate Banking Committee, it has  
4 come to the world's attention that Switzerland "blatantly benefitted  
5 from the Holocaust" by entering into secret agreements to use the  
6 assets of Polish and other European Jews deposited in Swiss banks to  
7 compensate Swiss citizens for property expropriated by former  
8 communist regimes. It has also been shown that Swiss banks have  
9 refused to help Holocaust survivors locate bank accounts and other  
10 financial assets. Swiss banks have been caught deliberately destroying  
11 evidence and records and the Swiss ambassador to the United States  
12 demeaned himself by attempting to wage a public relations campaign  
13 against Jewish organizations seeking to change Swiss intransigence.  
14 Only belatedly have the Swiss taken a first step in dealing with this  
15 horrible chapter in their history by establishing a Humanitarian Fund  
16 for the Victims of the Holocaust.

17 It is time for New Jersey to take a stand against the disgraceful  
18 actions of the Swiss government and Swiss financial institutions. This  
19 bill provides that no assets of any pension or annuity fund under the  
20 jurisdiction of the Division of Investment in the Department of the  
21 Treasury shall be deposited or invested in any Swiss bank or financial  
22 institution.

23 The State Investment Council and the Director of the Division of  
24 Investment shall take appropriate action to sell, redeem, divest or  
25 withdraw any deposit or investment held in violation of the provisions  
26 of this act. Nothing in this act shall be construed to require the  
27 premature or otherwise imprudent sale, redemption, divestment or  
28 withdrawal of a deposit or investment, but such sale, redemption,  
29 divestment or withdrawal shall be completed not later than three years  
30 following the effective date of this act.

31 Within 30 days after the effective date of this act, the Director of  
32 the Division of Investment shall file with the Legislature a list of all  
33 deposits and investments held as of the effective date of this act which  
34 are in violation of the provisions of this act. Every three months  
35 thereafter, and until all of these deposits or investments are sold,  
36 redeemed, divested or withdrawn, the director shall file with the  
37 Legislature a list of the remaining deposits or investments. The  
38 director shall include with the first such list, and with the lists to be  
39 filed at six month intervals thereafter: (1) a report of the progress  
40 which the division has made since the previous report and since the  
41 enactment of this act in implementing the provisions of this act; and,  
42 (2) an analysis of the fiscal impact of the implementation of those  
43 provisions upon the total value of and return on the deposits or  
44 investments affected, taking all possible account of the investment  
45 decisions which would have been made had this act not been enacted,  
46 and including an assessment of any increase or decrease, as the result

1 of the implementation of those provisions and not as the result of  
2 market forces, in the overall investment quality and degree of risk  
3 characteristic of the pension and annuity funds' portfolio.

4 The bill also provides that the Director of the Division of  
5 Investment is prohibited from using any Swiss bank or financial  
6 institution as a financial advisor or financial intermediary.

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11 Prohibits pension fund deposits or investments in Swiss banks or  
12 financial institutions; prohibits using Swiss banks or financial  
13 institutions as financial advisors or intermediaries.