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Committee on Review of the Management of the United Jewish
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Office of the President
Frank R. Lautenberg

February 17, 1978

TO: Executive Committee of the United Jewish Appeal

Many of you may be aware of the rumors and charges regarding the practices and the management of UJA that have been circulating in the United States and in Israel. The continuation of these rumors, whether baseless or not, does a disservice to UJA and our ability to effectively discharge our responsibilities to Jews in Israel and throughout the world.

In order to determine the facts with respect to the rumors and charges, I asked the Board of Directors at the meeting held February 15 to approve appointment of a Management Review Committee. The committee's function is to review these charges, report their findings to the Board of Directors and recommend changes they feel are needed in UJA's administrative practices, to assure effective, productive and responsible operation. The Board approved appointment of the committee by a vote of 14 to 3.

The committee consists of:

Joel S. Breslau
Melvin Dubinsky
Max M. Fisher
Sylvia Hassenfeld
Jerold C. Hoffberger
Joseph Meyerhoff
Donald M. Robinson
Stanley L. Sloane
Paul Zuckerman

The committee intends to engage an independent accounting firm and special counsel so that there can be no question that its deliberations will be carried on with total objectivity and with the best interests of UJA in mind.

At the meeting, the three directors who voted in opposition to appointment of the committee apparently did so out of a belief that the charges should be made public immediately and refused to respect the jurisdiction of the committee appointed by the Board.

This opposition has now culminated in a totally inaccurate and misleading report in "Ha'aretz", a leading Israeli newspaper, on February 17, concerning the issue presented to the Board and action taken by it on February 15. A copy of my statement in response to the article is enclosed.

In view of these circumstances, a special meeting of the Board of Directors is being held on the evening of February 23 to consider this and other matters.

Since the prime concern we all have is the continuation of UJA's ability to function effectively on behalf of the people of Israel, it is important that UJA's leaders be fully informed of the facts so that they may understand and come to a mature judgment on these matters. I have, therefore, invited the National Officers to meet with me and other members of the Board of Directors on Friday, February 24, so that all of the issues underlying these recent events can be fully and frankly aired.

I will keep you closely informed of further developments as they occur.

Regards.

FRL:mth
Enclosure



STATEMENT BY FRANK R. LAUTENBERG, President, United Jewish Appeal

A number of rumors and charges about the management of the United Jewish Appeal have been circulating for some time in the U.S. and in Israel. In response to this situation, a meeting of the Board of Directors was convened on Wednesday, February 15, ¹⁹⁷⁸ to consider appropriate action. Following the meeting, an account appeared in the Israeli Hebrew newspaper, Ha'aretz (February 17), purporting to be a factual report of what occurred; it is totally inaccurate.

It is important that the facts of this matter be made known.

Early in my term of office as General Chairman of the United Jewish Appeal, I recommended the retention of the services of a financial consultant to take a broad look at the organization's management practices. This procedure was not instituted in response to any charges of mismanagement. It represented a continuation of UJA's ongoing effort, as a charitable organization, to assure the highest level of financial responsibility in its operations to its contributors and, ultimately, its beneficiaries.

Many of the recommendations made by the financial consultant to improve UJA's operations were approved and have been implemented. Other recommended changes are under consideration. However, selected information was extracted from the financial consultant's reports and criticisms developed about some UJA management practices. These criticisms were not presented to the Board but instead were circulated and discussed widely, leading to the rumors and charges to which I have referred.

In view of these circumstances, I appointed a management review committee, consisting of members of the Board of Directors and National Chairmen of the United Jewish Appeal.

I presented this action to the full Board of Directors at the February 15 meeting and the committee's appointment was approved by a vote of 14 to three.

The committee consists of the foremost leaders of the American Jewish community. Members of the Board of Directors who have been asked to serve on the committee with me are Melvin Dubinsky, Max M. Fisher, Sylvia Hassenfeld, Jerold C. Hoffberger, Joseph Meyerhoff, Donald M. Robinson and Paul Zuckerman. UJA National Chairmen serving on the committee are Joel S. Breslau and Stanley L. Sloane. The committee's function is to examine the criticisms of management practices which have been made, to review management practices generally and to make recommendations to the full Board on any changes it feels are required.

Those involved in making the criticisms have been asked to present material they believe substantiates them. To date, for unexplained reasons, they have not done so. Those against whom the criticisms have been leveled will have ample opportunity to offer rebuttal. It would be manifestly unfair to all concerned, undemocratic and irresponsible to enter into a public discussion of this matter until after the committee has completed its review.

The only issue before the Board in this matter at the February 15 meeting was the appointment of the management review committee. Contrary to the unfounded allegations in the Ha'aretz article, the status of the UJA Executive Vice Chairman did not come before the meeting.

דו"ח מטיח האשמות כבדות במנהלים

גזע בצמרת המגבית.

ממקורות אחרים נסען כי מדובר במאבק איתנים בין שתי קבוצות עסקיים על השליטה במגבית. כפי שגודע החליטה מועצת המנהלים ל" הטיל על ועדת המינויים להפיש מר" צמד אחר במקומו של היו"ר סטר" לוי. זה נבחר לשנה אחת, אך רשאי להבחר אוטומטית לקדנציה נוספת. היפוש אחר מועמד אחר בטרם סיים סטרליץ אף את שנת כהונתו הראשונה הוא כנראה חלק מן המאבק.



אירייה ברונשטיין

מגבית. כתוצאה מהדו"ח תיחכן גם פרישתם של קבוצת פעילים, בראשות יו"ר הנהלת המגבית מר סטרליץ.

את הדו"ח הבותן את צורת ניהול המגבית, הזמין סטרליץ עצמו, איש עסקים עתיר נכסים מורגי'נית, אצל משרד רואי'חשבון. לדברי אחד מפעילי המגבית, "היו מסקנות הב" דיקה במסמך שדענ" שיש צורך לא רק להתני ראשים אלא אף עלתה האפשרות לערב את הערכאות המשפטיות".

כיושבה סוערת של מועצת ה" מנהלים של המגבית, שהתקיימה אתמול בניוירוק, הוקרא הדו"ח ו" הועברה להצבעה הדרישה לפטר את ברונשטיין, הצעה שכאמור נפלה על חודו של קול.

מר ברונשטיין עצמו אמר לשליח "הארץ" בשיחה טלפונית כי אין זה נכון שהדו"ח נגנז. מועצת ה" מנהלים החליטה לבדוק את ההא" שמות ולצורך זה הקימה ועדה ש" תבדוק את אי'הסדרים ומידת הו"מ" רתם, אמר.

שערוריה

מקורות אחרים במגבית, שביקשו להישאר בעילום שם, אמרו כי "הדרך שבה מטפלים ב" 400 מיליון דולר היא שערוריה", וכי יהיה קשה מאוד למנוע שערוריה פומבית ש"

מאת יואל מרקוס
שליח "הארץ" באי'הים

ואשינגטון, 16 (מיוחד ל"הא" רץ"). על אי'סדרים חמורים ב" מגבית היהודית המאוחדת, מוסר דו"ח סודי, המטיח האשמות כב" דות במנהלי המגבית. הדו"ח גם דורש לפטר את מנהל המגבית מזה 30 שנה אירוויין ברונשטיין. הדרישה נפלה על חודו של קול ומסעירה את הרוחות בצמרת ה"



יואליה מ. מרקוס

17.2.78

צדקו אלה שאמרו שיש פשע מאורגן

שימרון: עדיפות למלחמה בעבריינות * היום — הדר"ח

הוא הוסיף, כי המלצות הועדה יתייבכו אירגון מחדש והתארגנות הולמת של מחלקות ונושאים שונים במבנה משרדי ממשלה, לרבות משרד רד הפנים ומשטרת ישראל.

שימרון: חזנה

ע"ד א. שימרון שעמד בראש הוועדה לבירור נושא הפשע אמר אמש ל"הארץ" כי הדרגים הנכבדים ביותר ובהם הממשלה הוגיחו את הנושא מאז 1948. בדו"ח נמתחת ביקורת על מוסדות ואנשים השמ"ד בראשם. מר שימרון הדגיש כי על הגורמים השונים להכיר בחומרי רת הבעיה ולטפל בה ככל החזיונות — אפשר להבריא את המצב, אם הממשלה והציבור יתאמצו לפעול מיד, שכן הגיעה השעה ה"ג"י. לדבריו יש צורך ב"טיפול שורשי" (הסוף בעמ' 7, טור 7)

מאת עקיבא אלרז, מוסר "הארץ"

שׂר־הַפְּנִים ד"ר יוסף בורג אמר אמש ל"הארץ" אחרי שעיין בי טיטת דו"ח ועדת שימרון: "צדקו יתור אלה שאמרו שקיים ב"ישראל פשע מאורגן". שׂר־הַפְּנִים נים הוסיף, כי פועלות בארץ כנר פיות מסוכנות שבראשן, בוסיס" גדולים. ד"ר בורג יציע לממ"ד לה לקיים ועדת שרים שתדון ב"דרכים למלחמה בפשע ותעקוב אחרי ביצוע המלצות ועדת שומ"רון. בוועדה צריכים לדעתו לה"יות חברים שרי הפנים, המשפטים והאוצר.

לרצות — עם בני הערובה. ב"ידיעה מאוחרת יותר נמסר כי המטוס טס תחילה לכיוון טרייפולי שבלבנו, ומשלא קיבלו היתר לנחות שם שינה כיוון לעבר עדן. הם ביקשו לעבור בתחום האווירי של לבנון, סוריה, ירדן וסעודיה — ואיימו כי אם לא יותר להם הדבר, הם יפוצצו את המטוס.

לפני המראת המטוס אמר אחד ה"מתנקשים" כי הרצח כוצע משום שאל"סבאני, פעל נגד הפגון ה"פלישתני". לא נמסר על מספרם ה"מדויק של בני הערובה, כולם צורים במשלחות ארצותיהם לועזית ה"סולידריות האפרואסיאנית הנצרכת בניקוסיה — אולם לפני המראת שיחררו המתנקשים כמה מבני ה"ערובה וכיניהם יו"ר המפלגה הסו"ר

מוג האוויר

מוג האוויר להיום: משעון חלקות. הטמפרטורות: ירושלים 6 עד 15; רמת הגולן 7 עד 16; חיפה 7 עד 20; טבריה 6 עד 21; שומרון 7 עד 17; תל-אביב 11 עד 20; ירוחו 10 עד 23; עזה 11 עד 20; באר-שבע 7 עד 22; אילת 10 עד 24; כפרץ שלמה 14 עד 23.

הנהלת מפעלי ים-המלח מאיימת בהשבתת-מגן

אם ימשיכו הפועלים למנוע הוצאת אשלג, כלור וברום מהשטח * המר"מ יחודש רק כאשר יופסקו העיצומים

המלח התבנס היס וחלליט אם ל"הצריף את העיצומים, או להפסיק במבמה לחדש את המו"מ. "השבתת כבוד" בסוף השבוע שעבר החליט מר"צעת העובדים לסגור את שערי ה"מפעל כסדום והמנוע הוצאת תר"צרת. מר דוד כנפו, מנכ"ל מועצת (הסוף בעמוד 2, טור 6)

להשבת — השבתת-מגן — את עובדי מיתקן השינוע בדימונה ואת עובדי מפעל הכלור והברום כסדום. כן הודיעה ההנהלה שה"משא ומתן לחידוש הסכם העב"ר דה הופסק והוא יתחדש רק כ"אשר יופסקו העיצומים. מועצת העובדים של מפעלי ים

מאת מרדכי ארציאלי, מוסר "הארץ" הנהלתה של חברת מפעלי ים-המלח הודיעה לעובדים ביום ר' שאם לא יפתחו הבוקר את ה"שערים ולא יאפשרו להוציא אשלג, כלור וברום משטח המפע"לים, תיאלץ החברה כבר הבוקר

בעקבות הדו"ח שפורסם לראשונה ב"הארץ"

מונתה ועדה לחקור האשמות אי-סדרים במגבית היהודית

ראשי המגבית בארה"ב דוחים טענות סטרליץ * טוענים: הוא מנסה להשתלט על ההנהלה * חשש ממעורבות ממשלת ישראל

אום לאי-סדרים והוא דורש את פירוטיו של המנכ"ל של המגבית, מר ארווינג ברנשטיין. ידיעה על קומו של הדו"ח ואופו האשמות הכלולות בו פורסמה ל"ראשונה ב"הארץ". בתגובה על פירי סוף הידיעה פירסם מר לאוטנברג ביום ו' אחריתונים הודעת שבה (הסוף בעמוד 2, טול 5)

מות ושמענות על אי-סדרים ב"ניהול המגבית. האשמות וביקורת חריפה כלפי ההנהלה הנוכחית של המגבית כלור לוח בדו"ח סודי שוענן על-ידי יו"ר מבצע המגבית לשנת 1978 מר ל"י אונרד סטרליץ. מר סטרליץ טוען כי מנהלי המגבית המאונחת אחר"

מאת שלמה שמיר, מוסר "הארץ" בארה"ב ניו-יורק, 18 (מיחד ל"הארץ"). נשיא המגבית היהודית ה"מאוחדת, מר פרנק לאוטנברג, הודיע על מינוי ועדת הקידה מ"י יחדת עליה הוטל לבדוק האש"

מונתה ועדה לחקור באשמות

(סוף מעבר 1)

נאמר: כמה שמועות והאשמות על גיהול המגבות היהודית המאוחדת רוחות מזה כמה זמן בארצות הברית וב ישראל. בתגובה למצב זה זומנה פנייה של מועצת המנהלים ליום ד' ה'19 בסברואר כדי לנקוט בצעד דים מתאימים.

"דיווח לא נכון"

בהתייחסו על הדיעה ב הארץ אומר מר לאוטנברג: אחר הישיבה של מועצת המנהלים התפרסם בפתח הישראלי, הארץ דיווח האמור לה שיקף את מה שאירע. דיווח זה אינו נכון כלל ועיקר.

המנכ"ל ברנשטיין ששוחח עם מר פר הארץ אמר: אין לנו מה להסיק תיר, הכל במסוד פתוח וגלוי. מר ברנשטיין הביע תקווה כי הוועדה שתוגמה תערך בדקה יסודית כדי כי גיהול המגבות והבריר האשמות המיוחסות להנהלה הנוכחית. הוא גם דחה כלא מדייקת את הדיעה כאילו שאלת המשך כהונתו כמנהל כללי הועמדה להצבעה בישיבת מועצת המנהלים. נושא זה בכלל לא נדון. אמר לי מר ברנשטיין, ההצבעה נערכה על התעצה למנות ועדת חקירה שתחקר את האשמי מות בדו"ח והיא התמכלה ברוב של 17 נגד 3. בין אלה שהתנגדו למינוי הוועדה היה מר סטרליץ.

התורה על סטרליץ

גם מר לאוטנברג בהודעתו מבי חיש כי באותה ישיבה נדונה שאלת המשך כהונתו של מר ברנשטיין. לאוטנברג וכמה מראשי המגבות הביעו תמיכה על שמר סטרליץ סיי רב בתוקף הראיות את טעמאי ה' דו"ח שלו למשתתפי ישיבת מועצת המנהלים ועד כה לא הוגש את ה' דו"ח לחברי ועדת החקירה.

הברי מועצת המנהלים ואחד מ' ראשי המגבות מר ססק פישר אמר לי: צעדי של מר סטרליץ אינו מוכן. אנטי-דמוקרטי ומהות ניס' לון ברוב לפלג את ההנהלה הבר' כוונתו.

ראשי המגבות הודו באזני כי כבר חודשים אחדים מת' נהל בצמרת המגבות נאמס ח' רוח בין קבוצות של עסקנים וקבוצה המתרכזת סביב מר סטרליץ, המעוניינת לסלק את ההנהלה הנוכחית ולהשתלט על גיהול המגבות.

לדבריהם, מעניין של מר סטרליץ הם אישיים והוא מעוניין לגנוע ב' אמינותה של ההנהלה הנוכחית, כדי שיקל עליו לכבוש עמדותיכות ולי' החזיר את אנשיו להנהלה.

חברי ועדת החקירה שמונתה הם: מלואין דובינסקי, סקס פישר, סילביה האנספלד, הארולד הרפברג, יוסף מאיריחוף, דונלד רובנסון, פול צ'ו קרמן, ויאל ברטלאו וסטנלי סילואן. מר פישר אמר לי כי הוועדה תת' חיל בעבודתה בימים הקרובים.

מנהיגים יהודיים בני-יורק הבי' צו חשש, כי הפירסומים על המגבות היהודית המאוחדת עלולים לגרום נזקים למסד זה, שהוא המרכזי וה' חשוב בין המוסדות היהודיים באמ' ריקה.

נודע כי מר סטרליץ גייס עורכי' דין ואינו מתכוון לחזור בו מדו"ח

שתו לשינויים בהנהלה הנוכחית. חובע חשש כי גם ממשלת ישראל תיגרר למאבק הכוחות בעמדת ה' מגבות ועוין כי למר סטרליץ קשר רים אי-ציונים הדוקים עם השר היום לבדאו.

הנהלת מפעלי ים-המלח

(סוף מעבר 1)

עובדי מפעלי ים-המלח מסר כי על העיצומים הוחלט אחרי שהשבי' דים נתקלו בסתבת גיהול המשא' וכתן לחידוש הסכם העבודה לשנת 1978. הוועדים, אשר הגישו ב'24 בינואר 1978 את תביעותיהם ובע' כור יזמיים אמנם החל המשא ומתן, אולם ב'13 בסברואר הודיעה להם ההנהלה שיש להתמוך להחלטות של המדיניות הכלכלית החדשה. בתשובה לשאלות אמר מר נמנ' שהביעות העובדים מתרכזות בשל' שה סעיפים עיקריים:

- הקדמת גיל הפנסיה ל'55;
- הגדלת הפרמיות להשתתפות ברווחי החברה;
- נזכר חדש ותנאים סוציאליים חדשים;
- אנו תובעים" — אמר — "שהי' הסכם יהיה טרואקטיבי מדי: כי ינואר 1978, התוספות שאנו דור' שיש נעדים להכפול כמעט את ה' משכורות שאנו מקבלים מאמ' אמר הדין שמועצת המפעלים לא לא אנוחה ולא שללה החלטה ה' עובדים אלא רק אמרה ש'מבטם מדי לנקוט בעיצומים.

המפקח בהנהלת

דובר מפעלי ים המלח מר עמי כהן אמר אמש כי החלטה העוב' דים לסגור את שערי המפעל היתה המעצה מוחלטת. ההנהלה קיומה שתי ישיבות עם נאצי העובדים בקשר להסכם עבודה שתוקפו יפוג ב'13 במאריס 1978. במישיבה אלו הודיעה שבתאם לחוק השות ה' חברות הממשלתיות, אמור לה לתת תוספות שכר בלו אושרה של ה' שות הנוכחית — או אין ספק שעד ל'13 במאריס 1978, ייתכן שהסכם, ההנהלה — אמר מר כהן — נאלצה מסיבה זו גם לחות את תביעות ה' עובדים לתת לכל עובד מקדמה של 2000 ל' לפחות. על להסיים החו' זה החדש.

בתשובה על שאלה אמר שבני' נוד לגופים אחרים בארץ לא תנהל ההנהלה משא ומתן בזמן העיצו' טים. קצתא ימתן הודש רק אם י' סרו העיצומים, אם הבוקר לא ייש' פהו השערים וישכחו השבתת'מגן כל עובדי מתקן השינוע בדימינה ועובדי מפעל הכלור והבזום ב' סדום. ההנהלה תאלץ להמסיק את יצורו וזאשלו ברגע שתתסנים ב' סדום יתמלאו במפעלי ים המלח עובדים יותר מאלף עובדים. והתבי' דה נחשבת לרווחית ביותר שבין ה' חברות הממשלתיות בארץ.

ישיבת המפעל בכארי-שבט

200 עובדי הרכובות ברום, שהיא חברה-ינת של מפעלי ים המלח, היו קיצוניים מעובדי מפעלי ים המלח, הם השביחו כליה את המפעל בלי שום הודעה מוקדמת.

הנוסח הצרפתי הוא פשרה הוגנת בין העמדה הסובייטית לבין העמדה האמריקאית או הצ'כית בשאלת זכויות האדם, העור אתכול באירוניה דומ' לזמאט מערבי.

איש כאן אינו מטיל ספק שהצעד הצרפתי קטור בבחירות הקרובות בצרפת: וזו נסיון נואש לחזר אחרי הבחורים השמאלניים עליידי הוכחת הנהגה לעמדת מוסקוטה.

מר צבו ולרמן מנכ"ל החברה נפ' גש עם ועדי העובדים ביום ד' וב' קש הסברים לשביחת. כאשר שתו' קש הסכם העבודה הוא עד ל'31 ב' מאריס 1978. נציגי העובדים מסרו את תביעותיהם:

- * הנהגת שכוב עבודה של ה' מושג ימים;
- * תוספות שכר של יותר מ' 40% — לקראת העברתו של המפ' על מבארי-שבט לאזור התעשית ה' חדש ברמת-חובב.
- * מילוי שתי תביעות אלו יש' מש בסיו לדיונים על חוזה העבו' דה החדש לשנת 1978.

בתשובה על שאלה אמר מר ולי' דמן כי הססד הייצוא היומי מסתכם במאה אלף דולאר והמתחרים באר' צות הכרות ובאירוסה מצפים להפוס את השווקים שהמפעל עלול לאבד עקב שפיתת זו.

אם השביחה תימשיך ייתכן שזא יהיה כדאי בפלל לפתח אותו מחדש, אין זה איום, אלא עובדה" — אמר.

ביום ג' שלת מר וגאל הרבין שרי'מסחר, התעשייה ותתיירות מברקים לעובדי המפעלים ובקיש להפסיק את העיצומים והשביחה. אך אמש נמסר שגם היום יהי שעי' די מפעלי ים-המלח סגורים והשבי' תה בתרכובות ברום תימשך.

עבודות בגרבי

פתחנו מחלקה חדשה בגרביסציה בתנאי עבודה ל

כמו ק ניתן עבודת ל

קבוץ אלונים

UJA leadership creates new post

5.4.78

Jerusalem Post Correspondent

NEW YORK. — A simmering dispute within the ranks of the UJA leadership has led to the establishment of a financial watchdog post to coincide with the selection of a new general chairman.

In a break with tradition, the outgoing general chairman, Leonard Strelitz, announced that he would step down on May 21 and not make himself available for the usual second term.

To replace him, the UJA last week chose a Los Angeles community leader, Irwin Field, 43.

These changes followed the eruption of a dispute two months ago centering on Strelitz's call for the resignation of Bernstein amid allegations of mismanagement.

In a test of strength, Strelitz lost out when opposing the composition of a management review committee set up by the UJA board of directors to look into his complaints.

In deciding on structural changes, the UJA board was seen reinforcing a trend to separate more sharply between campaign and management roles in the organization. "This is a \$250m. a year business," noted a UJA leader. "The trend is understandable."

At the same time, the UJA board of directors moved to establish a new full-time post of "financial executive."

Frank Lautenberg, president of the board, expressed the hope yesterday that Strelitz would follow past tradition and remain active in UJA work. The outgoing chairman automatically assumes the title of UJA honorary general chairman.

THE Jewish Post and Opinion

19107
MRS. CARL SCHULSKY
1743 JOHNSON RD.
ATLANTA, GA 30306

"If You Let The People Know, They Can Act Intelligently"

SHALOM...TODAY IS FRIDAY MARCH 3, 1978

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Confrontation Seen Rift In UJA As HIAS Gets Blame Brings Charge

JERUSALEM - What could cause a major breach between Israel and the American Jewish community may be slipping up as Leon Dulzin, newly-elected chairman of the World Zionist Organization, demanded that the program approved by the American Jewish community for aiding Soviet Jews who opt not to go to Israel be abandoned.



DULZIN

in Vienna and months in Rome at the expense of the Jewish people. HIS reference was to the fact that HIAS's budget is supplied by the United Jewish Appeal.

Dulzin's criticism was made at the opening session of the World Zionist Congress. "This is intolerable," he asserted. "The Jewish people can no longer afford it."

Several impartial commissions have studied the situation at Vienna, and have concluded that HIAS only provides assistance to the Russian Jews after they have been interviewed by Jewish Agency staff and have indicated their intention not to proceed to Israel. From Vienna they are then transported to Rome from where they finally leave for a western country, depending on the availability of visas, etc.

DULZIN'S POSITION places the American Zionists in a difficult position. HIAS is the instrument of the American Jewish community for aiding Jews leaving countries of distress, and has successfully maintained that it cannot refuse to

aid Russian Jews who decide not to go to Israel. It also has limited the amount of such aid, and now in the United States some of the first financial provisions for them have been curtailed as a result of the protests of the Israelis.

What the American Zionists will do if Dulzin puts his campaign against HIAS remains to be seen. At worst, if the Zionist leaders in America follow the demands of Dulzin, will be confrontation with the organized American Jewish community which has defended the position of HIAS in the matter.

Earlier Dulzin told a meeting of U.S. editors of Jewish weekly papers that his conversations in Vienna had convinced him that only the generous help of HIAS had influenced Soviet Jews to change their announced destination from Israel to other lands.

IT IS ALMOST a certainty that Dulzin, who is a member of the Likud party, has the support of Prime Minister Menachem Begin in his attack on HIAS.



STRELITZ

NEW YORK - What could be a fight for control of a major national Jewish agency - the United Jewish Appeal - has erupted here as charges were lodged against its executive vice president Irving Bernstein.

According to a Bernstein report in The Jerusalem Post, allegations of mismanagement were made against Bernstein by national chairman Leonard Strelitz, who called for his resignation.

WHEN it was decided to name a committee to investigate the operational procedures of the agency, Strelitz objected to its composition, and lost by a vote of 17 to 9. His vice-chairman, Gordon Zaeks and Alexander Grass voted with him.

It was learned, according to The Jerusalem Post, that financial consultants were studying the procedures in accounting with a view to recommending improvements. Frank Lautenberg, president of the UJA, denounced the charges and said they were "innuendo and insinuation". When asked to file a bill of particulars against Bernstein, who clearly had the support of most of the members of the executive, Lautenberg said that Grass and Zaeks declined, according to The Jerusalem Post.

WHEN The Post and Opinion sought additional background information it was unable to reach any of the Friedman principals. One informant said the rift goes back as far as Herbert Friedman, who preceded Bernstein.

The Jerusalem Post named the members of the committee named to review practices of the

organizations; Melvin Dubinsky, Max Fisher, Sylvia Hassenfeld, Jerold C. Hoffberger, Joseph Meyerhoff, Donald M. Robinson and Paul Zuckerman, in addition to Lautenberg. Also serving on the committee are UJA national chairmen Joel S. Breslau and Stanley L. Sloane.

A STATEMENT issued by Lautenberg asserted: "During my term of office as general chairman of the United Jewish Appeal, I recommended the retention of the services of a financial consultant to take a broad look at the organization's management practices. This procedure was not instituted in response to any charges of mismanagement. It represented a continuation of UJA's ongoing effort, as a charitable organization, to assure the highest level of financial responsibility in its operations to its contributors and ultimately, its beneficiaries."

"Before the information contained in the financial consultant's findings could be brought before the board of directors, selected information was extracted from them and criticisms developed about some UJA management practices. These criticisms were not presented to the board but instead were circulated and discussed widely, leading to the rumors and charges to which I have referred."

"...Those involved in making the criticisms have been asked to present material they believe substantiates them. To date, for unexplained reasons, they have not done so. Those against whom the criticisms have been leveled will have ample opportunity to offer rebuttal. It would be manifestly unfair to all concerned, undemocratic and irresponsible to enter into a public discussion of this matter until after the committee has completed its review."

Throwing down the gauntlet, Dulzin blamed the Hebrew Immigrant Aid Society (HIAS) for the high rate of dropouts, at the dispersion center in Vienna. Dropouts are the name of the slightly more than one out of two Russian immigrants who choose not to go to Israel although their visas are issued for the Jewish State.

DULZIN'S COMPLAINT was that HIAS provides the Russian Jews with weeks at "fancy hotels"

Network Staff Resigns, Claims Zionist Takeover

NEW YORK - The office staff of Network has resigned after charging that the Zionists have taken control of the national Jewish Student Movement. The group also claimed that the last issue of "Network", the publication of the movement, was banned because it contained articles and letters critical of the proceedings of the recent Network convention in Toronto during the winter school recess.

THE STAFF and some 75 students have formed an ad hoc committee to protest the takeover by the American Zionist Youth Federation.

"This unethical act has harmed the Jewish community," a statement by the ad hoc committee

Rabbi Supported As Malaysia Act

NEW YORK - Unless Malaysia relents and permits Rabbi Marc Tanenbaum to accompany the mission group of the International Rescue Committee investigating the plight of the Vietnamese boat people who play the seas seeking havens, the entire group will not visit that country.

Meanwhile protests have been lodged with the U.S. State Department over Malaysia's excuse for its objection that the rabbi, who heads the interreligious department of the American Jewish Committee, was an "active supporter of Israel."

Klutznick Censure Plans Sidetracked

JERUSALEM - Whether or not the view expressed finally by Leon Dulzin, new chairman of the World Zionist Organization that he saw "nothing bad in such meetings because I believe in the loyalty of our Jewish leadership" thwarted attempts to censure Philip Klutznick for remarks allegedly made to President Carter about pressure on Israel, the issue did not arise, at least publicly, at the World Zionist Congress here.

The Jerusalem Post reported that representatives of the outgoing Zionist executive had stated that an inquiry would be conducted into statements made by the president of the World Jewish Congress which newspaper reports, which Mr. Klutznick has denied vigorously, stated that the United States should "lean on" Israel to make more concessions in the current Mideast peace process.

Stalled Peace Talks Show Little Movement

WASHINGTON, D.C. - No immediate developments in the Mideast peace negotiation picture was expected as U.S. Undersecretary of State Alfred Atherton continued his shuttle diplomacy between the capitals of Israel and Egypt.

HE LEFT Jerusalem for Cairo Tuesday, and was expected back in Israel Thursday after bringing President Sadat the latest ideas from Prime Minister Begin for resumption of the peace talks.

The Israeli Cabinet's Sunday decision not to proceed with any new settlements in the occupied territory but to continue to expand the present settlements was considered a sign in the right direction.

MEANWHILE there was considerable expression in the media

this week that Israel's position was being compromised by the Carter Administration's stand. It was pointed out the United States was exceeding its mediation role when it took a stand for removal of Israeli settlements in the Sinai, Egypt.

The World Zionist Congress heard outspoken chairman of the President's Conference Rabbi Alexander Schindler assert that Israel has "suffered a major setback" and that President Carter was planning to propose a U.S. solution of its own. Rabbi Schindler referred to recent polls showing a drop in support for Israel's position. Israel's image, he said, has become "untruthful, conning" and has opened a "credibility gap" in the United States.

Federation Election Misses Opportunity

LOS ANGELES - Commenting on the election of board members of the Los Angeles Jewish Federation/Council, Yehuda Lev, writing in Israel Today had this to say:

"...THERE IS something wasted about a system that ends by producing, in a community of a half million souls, a total of 189 voters who cast unanimous ballots for a pre-selected group of candidates running not only without opposition but without issues."

Continuing, Lev painted a picture of what might have taken place if...

"What is wasted in the system is not the end product, the quality of person who is selected to serve on

the board but the opportunity to make the elective process one in which those tens of thousands of organization members might become involved in the business of Federation, in making decisions about Federation policy and, ultimately, one joining the gradually shrinking percentage of the community that contributes to Federation.

"THE SUNDAY MEETING," he added "should have filled a large hall with thousands of organization members who were vitally concerned with the selection of board members who represent them and who cared about the policies of the central organization that speaks for all of us."

United Jewish Appeal

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March 2, 1978

TO: Executive Committee of the United Jewish Appeal

The following joint statement was issued on behalf of the United Jewish Appeal by Leonard R. Strelitz, General Chairman and Frank R. Lautenberg, President:

For more than three years the United Jewish Appeal has retained the services of a financial consultant to study the internal operations of the organization. This study was initiated to update management practices and is designed to improve the effectiveness and productivity of UJA in carrying out its annual national campaigns on behalf of the Jewish community.

On the basis of this study, the consultant has submitted a series of reports to the Officers of UJA which contain recommendations for changes and improvements in technical, personnel and financial operations. A number of the recommended changes have already been implemented. Others are being reviewed and studied further.

In the course of the review some differences arose concerning methods of implementation. These procedural differences have now been resolved, and the review is proceeding in an orderly fashion, conducted by a committee responsible to the Board of Directors of the United Jewish Appeal. The Officers of UJA, together with the professional staff, are united in support of this procedure. While this review is taking place, we will proceed with full strength in the conduct of our 1978 fundraising campaign.

=====
**This Year in Jerusalem -
Every Year in Jerusalem**

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April 3, 1978

Dear Charles:

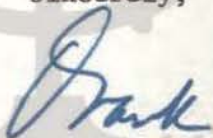
The attached report of the Review Committee was presented to and accepted by the Board of Directors of the United Jewish Appeal on March 29.

The Board has adopted the Committee's recommendations and you will be kept informed as to the progress of implementation.

As previously indicated, this report is being shared with the members of the UJA Executive Committee and Federation Presidents.

Kindest regards.

Sincerely,


Frank R. Lautenberg
President

FRL:rm
Attachment

This Year in Jerusalem-
Every Year in Jerusalem

President

FRANK R. LAUTENBERG

National Women's
Division President

SYLVIA HASSENFELD

Israel Education Fund
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EVE WEISS

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MARC TABATCKNIK

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Executive Committee
(continued)

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REPORT OF COMMITTEE ON REVIEW OF THE
MANAGEMENT OF THE UNITED JEWISH APPEAL, INC.

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Joseph Meyerhoff, Chairman
Herschel W. Blumberg
Joel S. Breslau
Melvin Dubinsky
Max M. Fisher
Sylvia Hassenfeld
Jerold C. Hoffberger
Herbert D. Katz
Frank R. Lautenberg
Donald M. Robinson
Stanley L. Sloane
Paul Zuckerman

March 29, 1978

Summary of Report
of
Review Committee

Committee's Charge

This Committee was established by the Board of Directors of the United Jewish Appeal, Inc. at the February 15, 1978 meeting of the Board to review charges and criticisms by Messrs. Leonard R. Strelitz, Gordon Zacks and Alexander Grass regarding the management of UJA and to report its findings and recommendations to the Board.

The Committee met with the Messrs. Strelitz, Zacks and Grass, and reviewed their charges and criticisms, interviewed professionals and staff members and studied other pertinent information and materials.

Conclusions

After considering all of the charges and criticisms, and in view of the growth and complexity of the UJA fundraising program and its necessary support functions, the Committee concluded unanimously that the charges were unwarranted.

In respect to some of the criticisms, the Committee concluded that despite the improvements in the fiscal management of the organization which have been made in the past few years, there is much more which should be done to strengthen and further improve the management practices of UJA.

Recommendations for Immediate Implementation by the Board

1. Create a new position of a "chief financial officer", responsible to the Executive Vice President and the Board of Directors, for the management of the financial affairs of UJA; and promptly engage such a person of suitable background and experience.
2. Establish a committee on "management policy and practices" responsible for recommending policy and continuing review of the operations of UJA.
3. Establish an "Audit Committee" of the Board to meet periodically with UJA's independent auditors and financial officer.
4. Rename the present Budget and Finance Committee as the "Budget Committee", whose responsibility should be formulation and monitoring of the annual budget.
5. Appoint a committee on "governance" to review and define the roles, authority and responsibility of corporate and campaign officers and committees; and to undertake an overall review of UJA's ByLaws.
6. Direct a review of policies with regard to the "financial relationships with local federations."
7. Consider establishment of an "internal audit" department.

REPORT OF COMMITTEE ON REVIEW OF THE
MANAGEMENT OF THE UNITED JEWISH APPEAL, INC.

Conduct of the Activities
of the Committee

In acting to appoint the Committee, the Board was responding to charges and allegations being made to the Board and to others by Leonard R. Strelitz (General Chairman), Gordon Zacks (Vice Chairman) and Alexander Grass (Associate Vice Chairman) as to the management and administrative practices of UJA. In order to discharge its responsibility effectively, the Committee, through its Chairman, invited Messrs. Strelitz, Zacks and Grass to appear before the Committee to present information concerning such practices and requested that they make relevant material available to the Committee prior to its first meeting. Messrs. Strelitz, Zacks and Grass did not respond to the Chairman's request for the specifics of their allegations, but in a series of telegrams dated March 1, March 9 and March 10, directed the Committee's attention to the following material:

1. A series of reports prepared by Charles E. Bloom, Jr., financial consultant to UJA, dealing with various aspects of the fiscal operations of UJA.
2. Management letters prepared by Loeb & Troper, independent auditors for UJA, in conjunction with their annual audit of UJA for fiscal years ended December 31, 1974 through 1977, inclusive.
3. A report on the organization and structure of UJA prepared by Boeing Computer Services (the "Boeing Reports").
4. Certain types of specific transactions reflected in the books and records of UJA.

The Committee convened at 12:00 noon on March 15, 1978 at the New York Hilton Hotel, sat in Executive Session until 2:00 p.m, at which time it was joined by Messrs. Strelitz, Zacks and Grass, as well as Mr. Bloom, David Weingard and Martin Hackel, partners of Loeb & Troper, independent auditors for UJA; and Irving Bernstein, Marc Tabatchnik and Herbert Rosenstein, Executive Vice President, Executive Director and Controller of UJA, respectively.

Also in attendance throughout the meetings of the Committee, both in Executive and Open Session, was Herbert B. Rose, counsel for UJA.

Messrs. Strelitz, Zacks and Grass were each afforded the opportunity to present any material to the Committee they deemed appropriate, dealing with the subject matter under consideration. During the course of the initial Open Session, Messrs. Strelitz, Zacks and Grass each made statements to the Committee and furnished to it written copies of their statements which have been made part of the official records of the Committee. No time limitation was placed upon their appearance before the Committee, which lasted from 2:00 p.m. through approximately 5:30 p.m. on March 15. Following presentation of their reports, the Committee engaged in a dialogue with them discussing various aspects of their statements. The dialogue was limited to a discussion of the general issues since Messrs. Strelitz, Zacks and Grass declined to present any specific facts or to be questioned on the specifics of their charges and allegations, stating that the charges they made were based on the reports and records they referred to, and which would provide all the information required.

Messrs. Strelitz, Zacks and Grass acknowledged that they had been given full and fair opportunity to present their views and that they had presented all of the information they wished to offer.

The Committee then met in Executive Session and considered the question of whether Mr. Strelitz and the others need be present during further Sessions of the Committee. In view of the fact that they had declined to support specifically their allegations but instead chose to rely on material prepared by others, including persons who were to appear before it, the Committee determined that there was no need for their continued presence.

The Committee further considered the necessity of retaining special counsel and/or an independent accountant in connection with its deliberations. In view of the fact that the information submitted to or suggested for reference consisted principally of material mentioned above, and that Mr. Zacks informed the Committee that their conclusions regarding management were their "subjective judgment" based upon such materials, the Committee determined that it was capable of evaluating the significance and materiality of the information, and based upon the collective financial and business experience of the Committee, could determine whether the information was such as to support their charges and allegations without the necessity to obtain outside expert opinion.

We should point out that the charges do not involve dishonesty or malfeasance in the collection and distribution of funds contributed to UJA and their prompt transmittal to the agencies for whom these funds are contributed.

At 7:00 p.m., the Committee met in Open Session which continued to approximately 10:00 p.m., with Messrs. Weingard and Hackel of Loeb & Troper and Messrs. Bernstein, Tabatchnik and Rosenstein of the professional staff. The Committee questioned the representatives of Loeb & Troper and the staff in attendance on the matters raised by Messrs. Strelitz, Zacks and Grass as well as in the Loeb & Troper management letters.

The following morning, at 8:30 a.m., March 16, the Committee met with Mr. Bloom to review his reports. Also in attendance were Messrs. Bernstein, Tabatchnik and Rosenstein.

The Bloom reports consisted of a number of reports prepared between August, 1977 and mid-January 1978. At the request of Mr. Grass, Mr. Bloom prepared an overall summary of his reports in a report dated March 13, 1978, entitled "Evaluation of Fiscal Management" ("March 13 Summary"), copies of which were furnished to the members of the Committee at the outset of its meetings on March 15. The March 13 Summary was described by Mr. Bloom as covering the issues raised in individual reports and recommended that the Committee review his specific report dealing with "This Year in Jerusalem".

The Committee met with Mr. Bloom until 11:30 a.m. during which time the March 13 Summary was thoroughly reviewed and discussed. (On March 22, 1978 Mr. Bloom supplemented his remarks to the Committee by letter addressed to Mr. Meyerhoff as Chairman ("March 22 Supplement") and advised that a copy had been sent to all members of the Committee.)

Irving Bernstein was then given the opportunity to make a presentation to the Committee concerning the subject matter under review. He, Mr. Tabatchnik and Mr. Rosenstein also responded to questions by the Committee.

The Committee then met in Executive Session at which the various presentations and reports were discussed and conclusions reached by the Committee. With the approval of the Committee, Mr. Meyerhoff appointed Messrs. Blumberg, Breslau, Katz and Sloane as a subcommittee to draft the report of the Committee based upon the conclusions reached by the Committee. The report was drafted, and copies sent to all members of the Committee which convened again on March 28, 1978, at which time this report was unanimously adopted and directed to be submitted to the Board for consideration and action at its March 29, 1978 meeting.

Issues Presented

The issues raised by Messrs. Strelitz, Zacks and Grass are stated in the following quotations from Mr. Strelitz' written statement:

"During the past several weeks we have called to the attention of many of you reports and findings prepared separately and independently of each other, by several competent accounting authorities, to the effect that the financial and related administrative affairs of the national UJA office are in a shambles."

* * * *

"We are not leveling charges against anyone. These are not charges. We are not accusing any persons of intentional wrongdoing. We are not here to identify who is at fault, but rather what is at fault. Our findings have been arrived at professionally by experienced management and accounting authorities. We refer you to the reports of Charles Bloom ... and to the Boeing Reports ... and to the management letters prepared by ... Loeb & Troper. These are highly critical documents which have provided the UJA staff with ample advice, information and admonitions which demanded corrective action during the past several years."

"The only rational question is what actions should and must be taken now in light of past failure to act on these recommendations."

* * * *

"From an examination of these reports and data, everyone must conclude that the complained of practices amount to at least gross negligence in the handling of our contributors funds."

* * * *

"We are not and never have charged intentional wrongdoing on the part of Irving Bernstein or anyone connected with this matter. We are asserting only that the practices exist and the findings indisputably establish gross mismanagement and non-management."

In his statement, Mr. Strelitz further characterized UJA's financial management as "disordered," made references to "financial misfeasances," to a "void in fiscal management," to the "total absence of fiscal controls," and to "startling deviations from normal business standards, indeed from propriety."

Mr. Strelitz further directed the Committee to "general descriptions of some examples of the abuses resulting from gross mismanagement and non-mangement".

Conclusions Reached

The Committee has approached its duties with a view to firstly determining whether the charges advanced are supported by the material and information presented.

Considering the growth and complexity of the fundraising program and its required support functions, the Committee unanimously concluded that the charges of "gross negligence" and "gross mismanagement and non-management" are not warranted and are not justified.

In considering the internal management of UJA, the Committee notes that beginning with 1967 War and accelerating markedly with the 1973 War, there has been a substantial growth in funds raised.

The monies distributed by UJA to its beneficiary agencies in 1966 amounted to \$56,656,000. From 1967 to 1973 funds distributed to the agencies varied from \$110,626,000 to a high of \$464,327,000. Since 1973, annual distributions to the agencies have exceeded \$200,000,000, averaging nearly \$241,000,000 per year from 1974 - 1977.

The cost of operating UJA to raise and distribute these funds in 1966 was 6.6% of the amount distributed. Since 1967 the cost of operating UJA ranged from 1.9% (in 1967) to 5.6% of the amount distributed in 1977, with a 5.2% average for 1974 - 1977.

It is recognized that the increase in fundraising required a substantial increase in program, staff, complexity of support functions and administrative costs.

In our judgement, the increases in such functions were not adequately matched by necessary and desirable changes in internal management and control.

It seems to the Committee that the failure to recognize the need for and to adopt necessary changes is one of both lay and professional leadership, remedied in part by a process of change begun several years ago. This has resulted in changes already in place and additional changes in process and under consideration, which should lead to improved practices and procedures.

The desirability of examining the internal operations of UJA was first advanced by Mr. Lautenberg shortly after he was appointed General Chairman in December, 1974. Upon his recommendation, Mr. Bloom was called in, first as a volunteer and then, in April, 1976, as a part-time consultant, to examine the fiscal and management practices of UJA. Mr. Bloom continued in that capacity until June, 1977 at which time he was retained as a full-time consultant upon Mr. Strelitz' recommendation. Mr. Bloom's reports (as summarized in the March 13 Summary), are an outgrowth of the review which he commenced at the time of his original engagement and which still continues.

In his March 22 Supplement Mr. Bloom reports:

"My evaluation of fiscal management includes references to past practices:

- * It does not infer that present management originated any particular practice.
- * It does not infer that any particular person was even aware of any particular practice.
- * It does not infer any intent to mislead or to misinform. (In some cases, management itself was misinformed).

"No record or information of any kind was ever withheld from me for any reason whatsoever.

"I initiated many changes; all were or are being adopted."

A number of specific changes in internal operations which have already been implemented are noted in the March 13 Summary, including:

- a) Installation and utilization of an outside computer service for the general ledger, disbursements, billing and other uses for UJA.
- b) Adoption of new budgetary procedures.
- c) Coordination of purchase requisitions and purchase orders with departmental budgets.
- d) Reorganization of the Missions Department.
- e) Change in procedures dealing with Mission expenses in Israel.
- f) Issuance of the first "annual report" for UJA.
- g) Changes in policy with respect to deferral of expenses.
- h) Adoption of "clean surplus", that is, not charging subsequent year's expenses to prior year's budget.

The Bloom reports contain recommendations for additional changes. These are, in the opinion of the Committee, of necessary concern to the Board, which this Committee recommends be referred to the committee on management policy and practices for evaluation and possible implementation.

The Boeing Computer Services study was suggested by Frank R. Lautenberg and initiated by the staff in 1975 as a study of the organizational structure of UJA. The study was expanded subsequently beyond its intended original scope to introduce consideration of factors looking to UJA's future. The recommendations dealing with future organization and management systems were delivered to UJA in January, 1977 and reviewed by management with Boeing Computer Services in February, 1977.

The Committee was advised by Mr. Bernstein and Mr. Tabatchnik that some of the recommendations of the Boeing Reports have been carried out and that substantial reduction in office staff has been accomplished.

The Committee at this juncture did not evaluate the worth or applicability of the additional recommendations contained in the Boeing Reports. The Committee recommends that evaluation of the Boeing study be a part of the responsibility of the committee on management policy and practices.

The Committee has reviewed the Loeb & Troper management letters which recognize that on the whole, the system of internal accounting control is within acceptable standards, but for several years listed some weaknesses in accounting practices and system which continued over the period of time covered by the management letters. It appears that consideration of the management letter was limited to a level lower than the highest levels of responsibility within UJA; professional and lay leadership both should have been aware of the weaknesses stated and taken responsibility for disposing of them. In the opinion of the Committee, this was an error of judgement, but not one that standing alone or in conjunction with the other issues deserves the charge of gross mismanagement or non-management or the other charges.

Neither Loeb & Troper nor Mr. Bloom consider that the "affairs of the National UJA office are in a shambles."

Finally, the Committee carefully and explicitly reviewed with Mr. Bloom and the representatives of Loeb & Troper whether they concurred in the charges made against management. Messrs. Weingard and Hackel stated that the matters mentioned in their management letters and opinion and in the March 13 Summary did not indicate "gross mismanagement and non-management" or "gross negligence".

Mr. Bloom also declined to endorse the charges, stating that his reports speak for themselves. In his March 22 Supplement, he added "they (his reports) do not use the words 'total absence of controls', 'misfeasance', or 'total void'" (terms employed by Mr. Strelitz in his statement to the Committee). Further, in his March 22 Supplement he stated:

"If after carefully studying my reports, the Committee does not conclude that there has been some degree of fiscal mismanagement, not only do I have a right to disagree as a concerned individual, but an obligation as an independent professional. I do not equate disagreement with disloyalty, or the quality of its fiscal management with the quality of the over-all organization.

"Be that as it may, I have done what I can to improve UJA's financial systems, records and reports, and to recommend many future changes. Much remains to be done."

Also recognizing that "much remains to be done", the Committee's concern is with the changes and improvements desirable in order to strengthen management in the important areas of fiscal and budgetary planning, control and operation, and, further, to increase lay leadership involvement in policy determination in order to create an interface between lay leadership and professional staff.

Recommendations

1. Create a new position of a chief financial officer, responsible to the Executive Vice President and the Board of Directors, for the management of the financial activities of UJA; and promptly engage such a person of suitable background and experience.

The Committee recommends that the financial officer be selected by the Board with the participation of the Executive Vice President and that his tenure be assured subject to termination only by the Board.

It is also the Committee's recommendation that the financial officer, in conjunction with the Executive Vice President and the committee on management policy and practices, review the internal fiscal operations of UJA with a view to enhancing fiscal planning and control and accountability of UJA. This Committee recommends that within the purview of such review, consideration be given to the recommendations made by Loeb & Troper in its annual management letters.

The Committee views the duties of the financial officer as extending to the day-to-day internal operations of UJA, supervision of fiscal and accounting affairs and functions and administration of the annual budget with a view to assuring the highest level of financial accountability and responsibility.

The Committee regards the role of the financial officer as central to continued development of the budget-making process and as an aid to the effective functioning of the Budget and Finance Committee (which the Committee suggests be renamed the "Budget Committee"), in order to assure

production of annual budgets on a more timely basis.

2. Establish a committee on "management policy and practices" responsible for recommending policy and continuing review of the operations of UJA.

A number of the criticisms which sparked the appointment of this Committee stem from the fact that the professional staff has not had clear guidelines to which UJA is to adhere in its operations.

The committee on management policy and practices should have as its charge a continuing review of matters dealing, among other things, with internal management, fiscal, accounting and personnel issues. It is recommended that the committee on management policy and practices consider the various recommendations contained in the Bloom reports, the Boeing study and the Loeb & Troper letters and recommend to the Board of Directors implementation of those which will help to further strengthen UJA.

3. Establish an "Audit Committee" of the Board to meet periodically with UJA's independent auditors and financial officer.

As in the case of public corporations, the Audit Committee is recommended to be composed of Board members who are not also officers or employees of UJA, whose function will be to meet confidentially with the independent auditors and financial officer on a periodic basis to review the internal fiscal management and financial control of UJA.

4. Rename the present Budget and Finance Committee as the "Budget Committee", whose responsibility should be formulation and monitoring of the annual budget.

One of the key areas of concern in any organization, be it commercial or non-profit organization, is the process by which the budget for the organization is formulated and adhered to, involving an actively concerned Budget Committee.

The Committee recommends that the Board change the name of the present Budget and Finance Committee to the "Budget Committee" and define its authority and responsibility as limited to formulation and monitoring of the annual budget, and that the Board take such other steps as will assure preparation of the annual budget on a timely basis, namely, prior to the beginning of the fiscal year for which the budget is intended and assure that the Budget Committee meet at least quarterly so that its members will develop greater familiarity with the techniques and procedures of budget formulation.

5. Appoint a committee on "governance" to review and define the roles, authority and responsibility of corporate and campaign officers and committees; and to undertake an overall review of UJA's By-Laws.

The Committee recognizes that significant ambiguity in corporate authority arises from the fact that the UJA can be seen to function with two top lay executive officers, namely, a President and a General Chairman. The Committee considers it desirable that the Board clarify the roles, authority and responsibilities of these and other lay officers of UJA and of its various committees so that such officers and committees will be aware of their responsibilities and powers and so that the professional staff can deal with them with assurance.

Although not within the specific purview of this Committee, the members of the Committee are aware of the interest in various levels of lay leadership in giving consideration to review of the By-Laws, so as to, among other things, insure broader participation in the leadership ranks of UJA. The Committee therefore recommends that the Board appoint a committee on governance to address itself to all issues; in conjunction with UJA and JDC.

AMERICAN JEWISH

6. Direct an immediate review of policies with regard to the financial relationships with local federations.

Two of the issues raised by Mr. Strelitz not mentioned earlier in this report, namely, the balances due to UJA from local federations and the effect upon UJA's cash receipts of gifts-in-kind made to communities, relate to the process by which local federations make annual allocations to UJA and pay the same. The Committee recognizes the complexity of these issues and recommends that the subject be reviewed by the professional staff and the facts presented to the Board for consideration and further action, if appropriate.

7. Consider establishment of an internal audit department.

One of the recurrent recommendations of the Loeb & Troper management letters is establishment of an internal audit department, which could, among other duties, implement the findings and recommendations of their management letters. Mr. Weingard advised the Committee that many of the functions of an internal audit department are presently handled by Loeb & Troper personnel as part of their annual engagement. Mr. Weingard also informed the Committee of the need, in his judgement, to hire an assistant controller and an additional bookkeeper. These recommendations were, of course, made without the awareness that this Committee would recommend the hiring of a financial officer.

The Committee recommends the establishment of an internal audit department.

Respectfully submitted,

S/ Joseph Meyerhoff
Joseph Meyerhoff, Chairman
(Former General Chairman of UJA)

S/ Herschel W. Blumberg
Herschel W. Blumberg (UJA National Chairman; President, United Jewish Appeal Federation of Greater Washington, D.C.)

S/ Herbert D. Katz
Herbert D. Katz (UJA National Chairman; member, Executive Committee and Board of Directors, Jewish Federation of South Broward, Florida)

S/ Joel S. Breslau
Joel S. Breslau (UJA National Chairman; Vice President, United Jewish Appeal Federation of Greater Washington, D.C.)

S/ Frank R. Lautenberg
Frank R. Lautenberg (President UJA; Former General Chairman of UJA)

S/ Melvin Dubinsky
Melvin Dubinsky (UJA National Chairman; Chairman, United Israel Appeal, Inc.)

S/ Donald M. Robinson
Donald M. Robinson (UJA National Chairman; President, Joint Distribution Committee)

S/ Max M. Fisher
Max M. Fisher (Former General Chairman of UJA; Chairman, Jewish Agency Board of Governors)

S/ Stanley L. Sloane
Stanley L. Sloane (UJA National Chairman)

S/ Sylvia Hassenfeld
Sylvia Hassenfeld (President, UJA National Women's Division)

S/ Paul Zuckerman
Paul Zuckerman (Former General Chairman of UJA; member, Executive Committee and Board of Governors of the Jewish Agency and Chairman, Jewish Agency World Fundraising Committee)

S/ Jerold C. Hoffberger
Jerold C. Hoffberger (UJA National Chairman; Chairman, Council of Jewish Federations and Welfare Funds, Inc.)

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CHARLES J BENSLEY
180 EAST END AVE
NEW YORK NY 10028

DEAR CHARLIE,

LAST MAY AT THE RETREAT IN GLEN COVE, I RECEIVED A MANDATE FROM THE EXECUTIVE COMMITTEE TO EXAMINE AND HOPEFULLY INSTILL CONFIDENCE IN THE FISCAL AND MANAGEMENT PRACTICES OF THE UJA. UNFORTUNATELY THIS INVESTIGATION REVEALS MANY AREAS WHICH, IN MY OPINION, REQUIRED CORRECTED ACTION. IT BECAME APPARENT THAT DUE TO THE ABSENCE OF ADEQUATE FISCAL AND ADMINISTRATIVE CONTROL, MANY SERIOUS WEAKNESSES AND SHORT COMINGS DID, AND DO, EXIST. AS A RESULT OF THESE CONCERNS FRANK LAUTENBERG PRESIDENT OF THE UNITED JEWISH APPEAL ANNOUNCED THE FORMATION OF A MANAGEMENT REVIEW COMMITTEE.

IN A LETTER TO THE EXECUTIVE COMMITTEE OF UJA, DATED FEBRUARY 17, 1978, HE STATED THAT "THE COMMITTEE FUNCTION IS TO REVIEW THESE CHARGES, REPORT THEIR FINDINGS TO THE BOARD OF DIRECTORS AND RECOMMEND CHANGES THEY FEEL ARE NEEDED IN UJA'S ADMINISTRATIVE PRACTICES, TO ASSURE EFFECTIVE, PRODUCTIVE AND RESPONSIBLE OPERATIONS".

HE FURTHER STATED, "THE COMMITTEE INTENDS TO ENGAGE AN INDEPENDENT ACCOUNTING FIRM AND SPECIAL COUNSEL SO THERE CAN BE NO QUESTION THAT IF DELIBERATION WILL BE CARRIED ON WITH TOTAL OBJECTIVITY AND WITH THE BEST INTEREST OF UJA IN MIND".

AS A RESULT, OF THIS, PUBLICLY ANNOUNCED OBJECTIVE APPROACH, ALL OF US INVOLVED WERE SATISFIED TO AWAIT THE RESULTS OF THIS PROCESS.

ON MARCH 15TH, WHEN THE REVIEW COMMITTEE MET, WE FOUND THAT THE GROUND RULES HAD SIGNIFICANTLY CHANGED, THERE WAS NO INDEPENDENT OUTSIDE COUNSEL PRESENT, THERE WERE NO INDEPENDENT OUTSIDE AUDITORS PRESENT, AND, TO OUR ASTONISHMENT, THERE WAS NOT EVEN A STENOGRAPHER PRESENT TO MAKE A TRANSCRIPT OF THE PROCEEDINGS.

I HAD FURTHER BEEN INFORMED THAT WE WERE TO BE PRESENT DURING THE TIME THE COMMITTEE HEARD PRESENTATIONS OF OTHERS INVITED TO APPEAR BEFORE IT. INSTEAD, WE WERE ASKED TO PRESENT OUR STATEMENTS AND THEN WE WERE ASKED TO LEAVE.

FOR THE ABOVE REASONS, I AM CONCERNED AS TO THE ABILITY OF THIS COMMITTEE TO PROPERLY EVALUATE THIS MATTER. I FEEL THAT A SERIOUS VIOLATION OF FAIR AND DUE PROCESS HAS OCCURRED, AND THEREFORE, AT THIS TIME, I JOIN MY VICE-CHAIRMEN GORDAN ZACKS AND ALEXANDER GRASS IN

TO REPLY BY MAILGRAM, SEE REVERSE SIDE FOR WESTERN UNION'S TOLL - FREE PHONE NUMBERS

PAGE 2



STATING THAT UNDER THESE CIRCUMSTANCES I AM UNWILLING TO STAND FOR REELECTION AS GENERAL CHAIRMAN OF THE UNITED JEWISH APPEAL, THIS DOES NOT CHANGE THE FACT THAT MY DESIRE IS, HAS BEEN, AND ALWAYS WILL BE, TO SERVE THE JEWISH PEOPLE IN ANY WAY I CAN.

LEONARD STRELITZ
14:43 EST
MGMCOMP MGM

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NYBA

MR CHARLES J BENSLEY
220 E 42ND ST
NY NY 10017

YOU MAY HAVE RECEIVED A WIRE REGARDING THE REVIEW COMMITTEE APPOINTED BY THE UJA BOARD OF DIRECTORS, THIS IS TO ADVISE YOU THAT THIS COMMITTEE IS NOW ENGAGED IN THE PROCESS OF REVIEW TO ENABLE IT TO PRESENT ITS RECOMMENDATIONS TO THE BOARD AT WHICH TIME A REPORT WILL BE SENT TO YOU.

THE WIRE FURTHER STATED THAT THE PRESENT UJA GENERAL CHAIRMAN WOULD NOT STAND FOR REELECTION, THE BOARD OF DIRECTORS WILL MEET ON MARCH 29 TO REVIEW RECOMMENDATIONS FOR 1979 WHICH WILL ALSO BE COMMUNICATED TO YOU SO THAT OUR CAMPAIGN PLANNING CAN GO FORWARD.

AT THIS MOMENT THE URGENT NEED FOR ALL OF US IS TO CONTINUE OUR COMBINED EFFORTS TOWARD MEETING HUMAN NEEDS IN OUR COMMUNITIES, IN ISRAEL AND AROUND THE WORLD IN STRENGTH AND UNITY.

FRANK R. LAUTENBERG
PRESIDENT

20:32 EST

MGMCOMP MGM