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### **MS-4787: Abba Hillel Silver Papers, 1902-1989.**

Series I: General Correspondence, 1914-1969, undated.

Sub-series A: Alphabetical, 1914-1965, undated.

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Keren Hayesod, 1921-1922.



קרן ה'סוד  
KEREN HAYESOD

(PALESTINE FOUNDATION FUND)

HEADQUARTERS FOR THE UNITED STATES

50 UNION SQUARE

NEW YORK

June 30, 1921.

CIRCULAR LETTER TO THE DELEGATES OF THE LAST CONVENTION:

Dear Sir:

At the Cleveland Convention considerable discussion took place regarding the Charter of the Keren Hayesod. Reference was made by me and others to a Memorandum on the Legal Status of the Keren Hayesod, issued by the London Office. The Memorandum contains recommendations regarding the permanent form of the Keren Hayesod, for the consideration of Zionists of this country.

A number of delegates have since requested a copy of this Memorandum. I therefore think it advisable to send copies to all the delegates.

These recommendations submitted by the present Directors of the Keren Hayesod must destroy all doubt, if any such doubt existed, as to their intention of following out faithfully the resolutions adopted at the London Conference.

The Memorandum bears no date, but was prepared probably late in February or early in March. It reached this country the latter part of March or the early part of April.

In the hope of Zion Rebuilt, I beg to remain,

Very cordially and sincerely yours,

*Emanuel Neuman*

Acting Secretary.

EN.FW



MEMORANDUM

on the

LEGAL STATUS OF THE KEREN HAYESOD

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Note: The following Memorandum issued by the Head Office of the Keren Hayesod, came attached to the Charter or Statutes of the Keren Hayesod, and was intended to throw light upon the plans for the permanent organization of the Keren Hayesod.

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The question of legalizing the Keren Hayesod has been a rather difficult task. Considerable time elapsed before the Executive which had been elected by the Annual Conference had decided to elect a Board of Directors and agreed upon the legalization of the Statutes. The fact that the Governor who had been appointed by the Executive was away in Palestine, where he remained for some months, necessitated the delay of the legalization of the Statutes. And when he returned from Palestine it was not found possible to come to an agreement about the Statutes, and these difficulties could only be obviated after a new provisional Executive had been elected. Now the Keren Hayesod has been legalised and registered upon the following conditions:

As soon as the legalization of the Keren Hayesod and the contents of the memorandum as well as the articles of the Association have been carefully considered, it became apparent that the substance of the form would have to be further elaborated in order to make it agree with the Resolution of the Annual Conference and to make them workable.

With regard to the forms it became clear to us that for technical reasons connected with taxations and also owing to the comparatively small post of the capital the Keren Hayesod is working, the method of a shareholding company had not been indicated.

The possibility disclosed itself of turning the Keren Hayesod into a trust deed. This method is familiar in connection with charitable institutions or with Associations of public interests, not on a basis of profit, but to make the Keren Hayesod a philanthropic institution eliminating the commercial aspects, would not be in accordance with the character and purpose which is intended that the Keren Hayesod should be.

Our legal advisors indicated a course which was especially attractive, viz: to establish the Keren Hayesod as a body incorporated by Royal Charter. This method is one which confers a special standing on the Corporation. It would undoubtedly have a great psychological influence on the mind of the Jewish masses if the great importance of the corporation was apparent in its name and legal form. The commercial aspect would indeed retreat into the background, but it would not be completely excluded; indeed it could be included in the memorandum and articles of Association of the Charter. It is not too easy to obtain such a Royal Charter for the establishment of a Corporation.

Such Corporations are few in number and the consent of the Privy Council is required before they can be established. This last condition enhances the prestige of the Company, but involves delay of several months owing to the careful investigation into the affairs of the Company petitioning for the Charter made by the officials of the Privy Council.

On the one hand the desire to secure if possible this form of incorporation for the Keren Hayesod, and on the other hand the fact that many questions relating to the internal structure of the Keren Hayesod still awaited settlement, impelled us to resort to a Provisional solution. We were strengthened in this course owing to the facts that the American Convention had departed from the Resolutions of the Annual Conference on the one hand, that we were engaged in negotiations with the newly established Economic Council which would take time and that the various Federations which had already commenced work for the Keren Hayesod insisted that the Keren Hayesod should be regis-



tered forthwith. We have therefore registered the Keren Hayesod in the accompanying legal form so as to have a Collecting Company which nevertheless gives us the power to dispose of the funds which accrue in the general lines of the Resolutions of the Annual Conference.

The Statutes constitute merely an outline. All the power rests with the Zionist Executive which is free to make all arrangements regarding Directors and all other matters pending the meeting of the Actions Committee or Congress which can put things on a permanent basis.

As indicated above it is our intention to apply for a Royal Charter to incorporate the Keren Hayesod and to prepare the necessary legal forms for this purpose in time for the next sitting of the Actions Committee.

A few weeks ago there took place a Special Conference of the Directors of the Keren Hayesod with representatives of the Keren Hayesod Organizations of various European countries where the subject of the permanent Statutes of the Keren Hayesod was discussed. The crux of the question was to establish a body which whilst it would be subject to the utmost possible control of the Zionist Organization, would nevertheless since the Keren Hayesod is an all Jewish Fund, be able to offer non-Zionists an opportunity to participate in the work. This requires not only participation in the administration but also the right of the individual contributor to share in the control.

Experience has shown that the contributors in every country, especially the non-Zionists, attach importance to the possibility of participating in the Administration (in accordance with Clause 7 of the Resolution of the Annual Conference.)

The Conference therefore laid down the following main lines of general policy.

Contributors are to be organized by countries (as special bodies have already been formed in some countries or groups of countries, it is best to create such bodies for every country).

In each country or group of countries, an Annual gathering of certificate holders shall take place. This gathering shall elect representatives to the Council of the Keren Hayesod. (For these elections each certificate holder shall have one vote and no more). Naturally such representatives may be chosen by the Keren Hayesod body already existing in any country instead of by a special meeting of that country's certificate holders. The number of representatives will be fixed in accordance with the aggregate of the country's contribution to the Keren Hayesod.

The Council shall meet at least once a year and unless otherwise decided by the Directors it shall meet at the place where the Head Office of the Keren Hayesod is situated. The Annual meeting of the Council is entitled:

- 1) To consider and pass the Balance Sheet of the Corporation.
- 2) To consider and pass proposals of the Directors regarding any payments of dividend to certificate holders.



- 3) To approve the proceedings of the Directors.
- 4) Conduct elections for the appointment of
  - a) Half the Board of Directors
  - b) The Board of Trustees

It is intended that the Directorate shall consist of from four to twelve members. One half of the Board of Directors including the Managing Director are to be appointed by the Executive of the Zionist Organization, which shall have the right at any time to withdraw any Director they have appointed and replace him by another.

In this way it is hoped that the Keren Hayesod will maintain the character of an all-Jewish Institution and at the same time ensure the connection with the Zionist Organization and preserve the influence of the latter over the Keren Hayesod.

A further question which demanded careful consideration was the practical form in which the contributors should be given the right to share in the yield of the commercial investments of the Keren Hayesod. In many quarters it was desired that each contributor should receive a certificate for his whole contribution. On the other hand it appeared desirable to indicate specially the part of the contribution on which dividends could accrue. The accompanying form indicates the manner in which we propose to satisfy both points of view. The certificate will be divided by a perforation into two halves, one half will indicate the whole amount contributed and the other half a statement of the sum, constituting the proper portion of the total contribution, which is entitled to participate in the yield of the dividend accruing. As you see from the accompanying form this last statement has been left flexible. The conditions on which contributors are to participate in the dividends which accrue are left to the judgment of the Board of Directors. This is done purposely so that the Directors may be enabled later on to submit more concrete proposals. We have as is known, entered into an agreement with the Economic Council in reference to the whole of that part of the Funds which are to be invested in commercial enterprises. It is conceivable that associations subsidiary to the Keren Hayesod may be established specially for investments. We do not wish to prejudice these and other possibilities by the form of certificate issued to contributors. One thing must be borne in mind, however, viz: that the certificate to be given to contributors cannot bear the character of a share certificate, because as already mentioned the present Company like the permanent one to be formed later is a body which has no share capital.

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