

**Platform Israel Foundation
(Stichting Platform Israel) - SPI**

Special Audit

Archief Philip Staal

- Review of Preliminary Survey Findings -

(January 2017 - February 2017 Update)

Tel Aviv, 7 February 2017
479681/ DK

To
Mr Gideon Soesman
Chairman of the Platform Israel
Foundation - SPI

By e-mail: voorzitter.spi.nl@gmail.com

Archief Philip Staal

Ladies and Gentlemen,

Re: ***Special Audit***
Review of Preliminary Survey Findings

At your request, and following concerns relating to transfer of funds belonging to “Maror” to the “Collective Organisations” in Israel, their routing, and so forth, we prepared a preliminary survey, which is limited in its scope. This survey is based primarily on an examination and analysis of the various relevant associations’ financial statements, public posts on the associations’ websites, a review of various audit reports which were submitted over the years by professional entities, and more. The goal was to examine whether there is a reasonable basis for these concerns. This survey did not include due diligence and verification reviews. This survey does not constitute advice or a legal opinion. The interpretation of various documents was done solely for purposes of this survey.

At your request, the survey’s primary findings were presented to Mr Yssachar (Barend) Elburg, who has served over the years in various positions in a number of associations. Relevant explanations which were provided were integrated into the body of the survey.

It should be noted from the outset that analysis of the various associations’ financial statements and the documents that we have received up to now demonstrates that allegedly, there are nonconformities and/or gaps between the amounts reflected in the audited financial statements of the various associations, differences in the classification of various sums, differences between data in the financial statements in relation to various internal reports by the various associations, lack of interest accrual in relation to the Equity attributed to the collectives, lack of financing revenues despite significant cash balances, etc. Particulars are presented in the survey itself.

We have reached the conclusion that there is room to expand and examine various additional aspects, while reviewing additional documents and data (such as accounting files, bank statements, etc.). Similarly, explanations should be received from various professional entities (such as the auditing accountants) and relevant position holders in the various associations, and to analyse their significance.

In our opinion, said entities should have documents and explanations which will provide a complete picture of what has occurred.

Specifics as to the documents, data, and primary examinations which we intend to carry out in the future are presented in the body of this report.

We are at your service in order to provide clarifications, to the extent necessary.

Respectfully,

Rosenblum-Holtzman
Certified Public Accountants

Table of Contents

A. GENERAL 1

**B. SUMMARY OF THE FINDINGS OF THE PRELIMINARY SURVEY
AND POINTS FOR DISCUSSION 3**

C. OUTLINE FOR FURTHER EXAMINATION..... 16

~~*~*~*~*~*~*~*~*

Platform Israel Foundation (Stichting Platform Israel) - SPI

Special Audit - Review of Preliminary Survey Findings

A. General

A.1. Summary Background

- Platform Israel (R.A.) (hereinafter: "SPI") was established in order to act as an umbrella organisation for Netherlands-based corporations in Israel relating to Dutch Holocaust Jews during the Second World War.
- Approximately 16 years ago, the government of the Netherlands, the banks, insurance companies, and the stock exchange (hereinafter: the "Private Sector") recognised their responsibility for Jewish property lost during the Holocaust.
- Within the framework of such recognition, agreements were executed between representatives of the Jewish communities in the Netherlands and in Israel and between the government of the Netherlands and the Private Sector regarding partial monetary compensation for assets taken during the Holocaust (hereinafter: "Maror Money").
- Following extensive consultation, in collaboration with the Dutch Jewish organisations in Israel and in the Netherlands, it was decided to earmark the "Maror" Money in two ways:
 - ◆ Distribution to individuals (approximately 80%).
 - ◆ Transfer to collective organisations (approximately 20%).
- Distribution of the aforesaid funds to collectives/individuals was according to the following ratio:
Netherlands 74%, Israel 26%.
- The government of the Netherlands transferred these Money by means of a Dutch association by the name SMO/SAMO. The Private Sector Money were transferred by means of a Dutch association by the name SIM.

A.2. Objectives of the Audit

- At your request, and as a result of suspicions of irregular activities connected to transfers of "Maror" Money to the collective organisations in Israel, we performed a preliminary survey which focused on examining various aspects relating to activities by the Dutch and Israeli associations in connection with handling "Maror" Money which were earmarked for the collectives in Israel.
- We note that in the past, a number of audit reports were prepared on various topics relating to the aforementioned activities (a report by EY and reports by Asher Dekel, CPA). Indeed, after completing this survey and formulating the points which arose during the course of said survey, we also examined the above reports (*inter alia*, with the help of Ms Channa Rinat) in those areas in which they interfaced with our survey. In every section in which it was relevant, we indicated the related reference in the aforementioned reports, to the extent there was any.

Platform Israel Foundation (Stichting Platform Israel) - SPI

Special Audit - Review of Preliminary Survey Findings

A. General (continuation)

A.3. The Primary Audit Procedures Adopted Until Now

- Examination of the financial statements of the following associations for particular years (in accordance with the statements/reports which we have received until now):
 - ♦ SAMO/SMO.
 - ♦ SIM.
 - ♦ SCMI.
 - ♦ SPI.
 - ♦ SIVS.
- Review of the minutes of "distribution rounds" of the "Maror" Money by means of SCMI.
- Review of the audit reports submitted by Asher Dekel, CPA, and relevant segments from the EY audit report.
- Various documents submitted to us connected to the topics reviewed.
- Conversations and inquiries with central entities connected to the associations' activities. Amongst other things, we held conversations with Mr Andre Boers, Mr Alfred Fass, and Mr Yssachar Elburg.
- Examination of public databases related to the topics reviewed.

Platform Israel Foundation (Stichting Platform Israel) - SPI

Special Audit - Review of Preliminary Survey Findings

B. Summary of the Findings of the Preliminary Survey and Points for Discussion

B.1. General

Below are initial points which arose from a review of the material provided to us until now and from public information sources:

B.2. Percentage of the Distribution Between Individuals and Collectives

- We were informed that the distribution between individuals and the collectives through allocations by SMO and SIM is supposed to be at the following rates: **80% – 20%**.

The financial statements which we examined show that in practice, the earmark percentage of the initial Equity designated for distribution is **90% – 10%**.

In this context, Mr Elburg informed us that it is impossible to revert to the entities funding SMO (the government of the Netherlands) and SIM (banks, insurance companies, and the stock exchange) to request additional funding. Therefore, it was decided to put safety coefficients in place. In this context, it was decided (and this is reflected in the allocation procedures for individual payments by SMO and SIM) that from the outset, **90% of the Money would be earmarked for individuals and 10% for the collectives**.

According to him, it was further determined that if Money remain after distribution to individuals, they would be transferred for distribution to the collectives. After the distribution to individuals, it was discovered that there was a surplus which permitted increasing the amount earmarked for the collectives to approximately 20%, which was in fact done.

In our opinion, it is necessary to examine this matter and the decisions made by the relevant entities, as well as the final surplus mechanism.

B.3. Accrual of Interest

- SMO's financial statements demonstrate that **during the period commencing on 1.12.2000 and until 31.12.2003** (4 years), interest was accrued on the "Equity", solely on the capital earmarked for distribution to individuals and not on the capital attributed to the collectives. As of 2004, accrual of interest for the collectives began anew. During the period prior to 12/2000, the collectives also accrued interest.
- SIM's financial statements also show that no interest was accrued on the capital attributed to the collectives between 2001 and 2003. In 2004, interest only accrued for the Dutch collectives, as the balance of the amount for the Israeli collectives was transferred to Israel in January 2004.

We will hold discussions with the associations' Dutch accountants and with the relevant officials.

Platform Israel Foundation (Stichting Platform Israel) - SPI
Special Audit - Review of Preliminary Survey Findings

B. Summary of the Findings of the Preliminary Survey and Points for Discussion (continuation)

B.4. Transfers of Money to Collectives in Israel by Means of SAMO/SMO

- According to SMO's financial statements for 2004, the initial sum earmarked for collectives in Israel was approximately €7.8 million (€7.8 million/€30 million – 26%). The above amount was distributed/transferred in the following manner:

Equity Activities	Amount in Millions of Euros	Additional Details
Opening balance	7.8	A table is attached to the financial statements which details the entities entitled to the aforesaid amounts and the amounts actually paid.
Supplement with respect to interest and transfer from individuals	0.9	
2004 – Allocations to the collectives in Israel (*)	(3.99)	
2005 – Allocations to the collectives in Israel (*)	(0.26)	
2006-2015	0.21	Various corrections
Equity balance on 31.12.2015	4.68	

(*) We wish to clarify that the above amounts reflect distributions/allocations and not physical transfers of Money.

- The above amounts, which were allocated in 2004 (approximately €4 million) were actually **distributed/transferred** to the collective organisations, by means of KAMER III, **starting in 2004** and over a number of years.

We note that this distribution of Money (in the scope of approximately €4 million) appears on reports by **SCMI's management** as distribution of rounds 1-2.

Mr Elburg stated that at first, the Money were transferred to the receiving associations directly from SMO's bank accounts in the Netherlands, as during those same years, SMO had an extensive administrative mechanism in place. As of 2006, SAMO decided "for technical and financial reasons" (savings on the costs of transferring and converting Money) to open 2 bank accounts in Israel and to transfer the Money by means of those accounts.

We note that based on SMO's financial statements, during the course of the years 2004 – 2005, more than €2 million were transferred from bank accounts in the Netherlands to the collectives in Israel.

Additional inquiries are necessary into SMO's bookkeeping with SMO's accountant, as well as the association's officers during the relevant years, while conducting an in-depth examination of the propriety of the transfers of Money from the bank accounts in the Netherlands (prior to 2006) directly to the collectives' associations. We note that EY did not review this period.

- Based on the initial budget for the allocations by means of KAMER III, the amount allocated was €3.99 million (approximately NIS 22.4 million).

Platform Israel Foundation (Stichting Platform Israel) - SPI

Special Audit - Review of Preliminary Survey Findings

B. Summary of the Findings of the Preliminary Survey and Points for Discussion (continuation)

B.4. Transfers of Money to Collectives in Israel by Means of SAMO/SMO (continuation)

According to a working paper which appears in the material which we received, as well as CPA Dekel's report, the amount actually distributed was approximately NIS 23.24 million. According to reports on SCMI's website as well, the amounts distributed by KAMER III amounted to approximately NIS 23.2 million.

It appears, on its face (based on the financial statements in our possession), that the amount budgeted by SMO to the collectives in 2004 was actually distributed to the various bodies over the course of the years. We note that at this stage, we have not yet verified the propriety of the above reports opposite the funded/receiving bodies and, as aforesaid, it is unclear to us how Money were transferred in 2004 – 2005.

- A portion of the balance of the amounts included in SAMO's Equity (€4.42 million) was actually transferred to SCMI during the years 2009 – 2013, in a number of transfers. The transfer of the above amount **does not appear as an "Awarded Grant", but rather appears as a balance due from SCMI in SAMO's books.**
- **Conversely, in SCMI's books for the above years, the above amount is presented as Allocations Received from SAMO. According to Mr Elburg, at SCMI's request, it was paid these amounts as advances.**
- **We will examine in-depth why an amount in the sum of approximately €4.4 million, which was transferred from SAMO to SCMI, is recorded in SAMO's books as Receivables, and not as an allocation or reduction of the Equity. We will examine the legal significance of the presentation of the above amount as "Receivables" in SAMO's books.**
- **We will examine the question of why SMO was liquidated at the end of 2004. This is based on the fact that it still had approximately €4 million in its accounts that were earmarked for the collectives and had not yet been allocated and distributed.**
- An examination of the details of the activity in SAMO's **bank accounts** in Israel during 2006 and 2008 (we note that these are not original bank statements, but rather Excel spreadsheets apparently prepared based upon the bank statements by SAMO's treasurer, which also requires review) and their comparison to the tables attached to **SAMO's financial statements** with regard to distribution of "Maror" Money during the above years, results in the following findings:
 - ♦ We found amounts which appear in the bank statements as amounts which were spent on certain projects, but do not appear in the financial statements as funds which were distributed during the relevant year. (Examples will be provided separately).

Platform Israel Foundation (Stichting Platform Israel) - SPI

Special Audit - Review of Preliminary Survey Findings

B. Summary of the Findings of the Preliminary Survey and Points for Discussion (continuation)

B.4. Transfers of Money to Collectives in Israel by Means of SAMO/SMO (continuation)

- ♦ We found amounts which appear as Money paid for projects according to the financial statements, but do not appear on the bank statements (or the Excel spreadsheets).
- ♦ We found amounts recorded in opposite columns (-/+), respectively, when comparing the bank statement details and the financial statements.

These findings (which do not appear in the EY report) require an in-depth examination of the data offices' authentic bank statements (with respect to additional years as well), and in general – a review and examination of all activities.

B.5. Money Transfers by Means of SIM

- According to SIM's financial statements, the initial sum earmarked for collectives in Israel was approximately €6 million. Additionally, there is an amount which did not pass through SIM's Equity, originating in Money stemming from an additional distribution by SIES, SIBS, and SIVS.

According to what is stated in SIM's management report (attached to the 2003 financial statements), the sum of **approximately €50 million** was received, which stemmed from the above distribution. After a reduction of an allocation in the sum of **€11.75 million to the collectives** (in the Netherlands and in Israel, jointly), the sum of **€39 million** was transferred to SIM's Equity, which was distributed between individuals (€35.1 million) and the collectives (€3.9 million).

Additionally, in the above financial statements, there is a "**Payables**" **balance in the sum of €7.4 million which is earmarked for the collectives** (not through the Equity). This amount was divided between the Dutch collectives (€5.476 million) and the Israeli collectives (€1.924 million).

- **It is unclear to us why there is a difference in the sum of €4.35 million between the sum of €11.75 million that was set aside solely for the collectives, out of the distribution Money (an amount which was not imputed to SIM's Equity), and the additional amount in the sum of €7.4 million which appears in Payables as a liability to the collectives.**

A detailed inquiry and explanations are required from SIM's auditors and Mr J.S. Koekoek and Mr H.W. Bril, who signed SIM's management report for 2003.

Platform Israel Foundation (Stichting Platform Israel) - SPI
Special Audit - Review of Preliminary Survey Findings

B. Summary of the Findings of the Preliminary Survey and Points for Discussion (continuation)

B.5. Money Transfers by Means of SIM (continuation)

- The amounts for the collectives **in Israel** which were distributed from **SIM's** money, were transferred as follows (based on SIM's financial statements):

Equity to the Collectives in Israel	Amount in Millions of Euros	Additional Details
Equity:		
Opening balance	4.988	
Supplement from distribution in 2003	1.015	(€3.9 million x 26%)
	6.003	
Distribution to SCMI in 2002	(4.988)	
Distribution in 2003	---	
Distribution to SCMI in 2004	(1,015)	
Balance:	---	
Other payables:		
Balance in 2003	1.924	(26% x €7.4 million, as specified above)
Distribution to SCMI in 2004	(1.797)	
Interest	0.003	
Distribution to SCMI in 2005	(0.130)	
Balance:	---	

In this context, one may also see that SIM's Money, to which the collectives in Israel are entitled, were actually distributed to SCMI (based on SCMI's statements). There are no comments.

B.6. Receipt of "Maror" Money by SCMI

- Receipts were listed in **SCMI's** financial statements, which were transferred from the various Dutch associations, according to the following breakdown:

Year in which Money were received	Amount in Millions of NIS (other than 2002)	Transferring Entity
2002	€4.988 million	SIM
2004	16.542	SIM
2004	0.5	Government of the Netherlands
2005	0.72	SIM
2005	0.3	Government of the Netherlands
2006	2.4	SIES (apparently)
2008	1	SIES (apparently)
2009	7.8	SAMO
2012	4.9	SAMO
2013	9.6	SAMO
2014	5.9	SIM, according to reports by SCMI's management (SIVS, according to our review).

- An examination of **SIVS** financial statements for 2014 shows that in 2014, **€1.14 million were transferred from SIVS to the collectives in Israel.** There is no mention of the identity of the receiving entity.

Platform Israel Foundation (Stichting Platform Israel) - SPI

Special Audit - Review of Preliminary Survey Findings

B. Summary of the Findings of the Preliminary Survey and Points for Discussion (continuation)

B.6. Receipt of "Maror" Money by SCMI (continuation)

- We further note that according to the above financial statements, **there was a balance to be distributed in the sum of approximately €2 million at the end of 2014.**
- The above demonstrates that the amount reported **in SCMI's books in 2014** (NIS 5.9 million), an amount which was received from the Netherlands, was apparently transferred for the most part directly from **SIVS and not from SIM**, supposedly in contradiction to what appears in SCMI's management's reports (minutes of SCMI's Round 14 Report).
- An examination of **SIM's financial statements for 2014** shows that during this year, 2 sums transferred to Israel. Below are the details:
 - ♦ €192,400 were transferred directly to "Jad Davids" from Money allocated to individuals.
 - ♦ €91,000 were transferred to SCMI.

According to Mr Elburg, at the end of the earmarking and distribution of the "Maror" Money to individuals, SIM retained a certain amount which had not yet been earmarked. According to him, the above amount was too low for an additional round of payment to individuals, and it could not be added to the amount earmarked for collective purposes without running afoul of the distribution of approximately 80% to individuals and up to 20% to the collectives. Therefore, SIM's management contacted CJO and SPI in order to determine appropriate purposes. SPI's management established – as an objective – a separate fund managed by "Jad Davids" in order to receive the Money. The decision to transfer the above amount to "Jad Davids" was approved by SIM's management. According to him, distribution of the above amount (which was transferred in 2014) from "Jad Davids" is currently being carried out in practice.

From our reviews, it appears that supposedly the amount is not so modest: according to SIM's financial statements for 2013, the amount which was to be distributed to individuals during that same period – in SIM's books – amounted to the sum of €384,000. Additionally, in 2014, an additional sum of €350,000 was transferred from the "reserve" balance for distribution to individuals. The balance of the above amounts (after distribution of the amount to "Jad Davids"), and the sum of €549,000, was distributed in 2015 (according to SIM's financial statements) to JJF and to JMW.

Platform Israel Foundation (Stichting Platform Israel) - SPI
Special Audit - Review of Preliminary Survey Findings

B. Summary of the Findings of the Preliminary Survey and Points for Discussion (continuation)

B.6. Receipt of "Maror" Money by SCMI (continuation)

In light of the above, it is appropriate to examine the following:

1. Circumstances of the transfer of the Money from SIVS directly to SCMI, and not through SIM.
 2. Circumstances of the transfer of €192.4 thousand from the money earmarked for individuals to the collective, "Jad Davids", and the manner in which the Money were distributed.
 3. Circumstances of the transfer from SIM directly to Jad Davids, and not through SCMI.
- In 2005, no financing revenues were recorded (interest, profits/losses from securities, etc.) by SCMI, despite a cash balance of approximately NIS 42.4 million at the end of 2004 and NIS 33.9 million at the end of 2005. This is in contrast to other years.

We will examine and clarify the above.

B.7. Allocation of "Maror" Money by means of SCMI

- In 2004, transfers to SPI appear in SCMI's financial statements, as follows:

2004	Thousands of NIS
Allocations to projects	202.4
Management fees and expense reimbursements 2004	273.9
Management fees and expense reimbursements for prior years	746.4
Total	1,222.7

In SPI's financial statements for 2003 - 2004, the following receipts from SCMI were recorded:

Year	Thousands of NIS	Additional Details
2003	658.4	Appears in SCMI's books as receivables in 2003
2004	536.7	
Total	1,195.1	
Difference	32.6	It is possible that these are exchange differences

Significance: for 2003 – 2004, there is a technical reconciliation between the amounts reported by the 2 associations. (We note that in the years prior to 2003, SPI did not report receipts from SCMI).

Platform Israel Foundation (Stichting Platform Israel) - SPI

Special Audit - Review of Preliminary Survey Findings

B. Summary of the Findings of the Preliminary Survey and Points for Discussion (continuation)

B.7. Allocation of "Maror" Money by means of SCMI (continuation)

As of 2005, SCMI's financial statements do not show transfers to SPI for participation in expenses and management fees, but rather "allocations to projects", without details.

According to Mr Elburg's explanation, it had been decided to separate the entities and to cease providing services to SCMI by means of employees of SPI, and as of this year, the employees were employees of SCMI, with all that this implies.

According to information we have received until now (financial statements only, without bookkeeping files, etc.), it is impossible to know whether the management and general expenses recorded in SCMI's books during these years include the management fees to SPI, or whether they reflect only SCMI's own expenses.

In order to carry out this examination, we will need to receive and to examine SCMI's bookkeeping files.

- In this context, we have also not yet examined the conformity between the amounts reported as allocations and amounts actually received by the recipient associations.
- As of 2006, SCMI's annual salary expenses decreased incrementally over the years from approximately NIS 350,000, to NIS 110,000 in 2010.

We will conduct a detailed examination of the salary expenses, taking into account the scope of activities each year.

B.8. SPI's Activities

- In SPI's 2003 statements, one-time expenses in the sum of NIS 48,719 were recorded for research expenses on the subject of how Dutch Holocaust orphans' property is handled in the Netherlands.

In the 2004 statement, there is a disclosure (in Schedule A) that SCMI transferred the sum of NIS 63,812 to cover research expenses with respect to the handling of Holocaust orphans' property **in prior years**. In the 2005 financial statement, an additional amount appears, in the sum of NIS 69,188, which was transferred by SCMI to cover this research.

Meaning: supposedly, an aggregate amount of the sum of NIS 133,000 was transferred to this project, where supposedly its cost amounted to only NIS 48,719.

Our review further shows that this project indeed was budgeted in the amount of NIS 133,000, in SCMI's reports (in the framework of project 04/129).

The circumstances of the difference between the actual execution amount and the amount budgeted will be ascertained.

Platform Israel Foundation (Stichting Platform Israel) - SPI
Special Audit - Review of Preliminary Survey Findings

B. Summary of the Findings of the Preliminary Survey and Points for Discussion (continuation)

B.8. SPI's Activities (continuation)

- We will further note that during that same year, an additional NIS 100,000 was budgeted by SCMI for research on the exact same subject, in the framework of project 04/104, for the "Dutch Holocaust Orphans in Israel" organisation.
- In SPI's statements for the years 2003 – 2006, expenses were recorded with respect to research on the return of Jews' property from Holocaust years in Israeli banks.

Below are details of the amounts of the expenses:

Year	Thousands of NIS
2003	97.8
2004	82.9
2005	234.5
2006	134.4
Total	549.6

The amounts received **from SCMI** to cover the expenses for this project (according to what is reported in **SPI's** financial statements), were as follows:

Year	Thousands of NIS
2004	57.9
2004	80.6
2005	276.7
2006	260
Total	675.2

With respect to prior years

The above demonstrates, on its face, that this activity was over-budgeted by approximately NIS 125,000 (approximately 23%).

Note: the examination of the differences must be addressed as a "guide" to examining the integrity of the procedures.

Mr Elburg informed us that this project dealt both with the subject of examining balances in banks in Israel as well as real estate in Israel which belonged to Dutch Jews prior to the Holocaust. According to him, these projects were budgeted in the framework of SCMI projects 04/128 and 06/407 **in an aggregate amount of NIS 535,000.**

From the above data, which are based on SPI's financial statements, one may see that supposedly, in practice – the amounts received to cover this project amounted to a total of NIS 675,000.

Platform Israel Foundation (Stichting Platform Israel) - SPI

Special Audit - Review of Preliminary Survey Findings

B. Summary of the Findings of the Preliminary Survey and Points for Discussion (continuation)

B.8. SPI's Activities (continuation)

We reviewed the EY reports on this subject, which shows that indeed, CPA Elias (SPI's auditor) reported that the sum of NIS 535,000 was received by SPI for this project.

The EY report does not address the difference between the amounts received for the project, as demonstrated by SPI's statements (NIS 675,228) and CPA Elias' data (NIS 535,000).

We know that according to table 22 in the EY report (section 5.6.3.2, p. 57), according to SCMI's data, in 2006 – SCMI did not transfer Money, supposedly, to SPI.

The above data requires an examination of the substance of the project as well as the difference between the expenses and the amounts received for them from SCMI.

- The following expenses were recorded by SPI in the project, "**Documentation of the Maror in Israel Process**":

Year	Thousands of NIS
2008	15.5
2009	50.3
2010	58.1
Total	123.9

The amounts which were transferred to SPI for the project by SCMI, are as follows:

Year	Thousands of NIS
2006	30.0
2007	37.0
2008	15.4
2009	50.0
2010	27.5
Total	159.9

We note that in the report to the public regarding the distributions in "rounds" 3-4 which appears on SCMI's website, it notes that NIS 500,000 was approved for SPI for project no. 05/316 – "Arrangement and Automation of the Maror Period Organisation" (2 years). On its face, there is a significant difference **between the amount budgeted** by SCMI for SPI with respect to this project, and the amounts actually received and spent by SPI.

Platform Israel Foundation (Stichting Platform Israel) - SPI

Special Audit - Review of Preliminary Survey Findings

B. Summary of the Findings of the Preliminary Survey and Points for Discussion (continuation)

B.8. SPI's Activities (continuation)

According to Mr Elburg, the above project began being carried out by SPI, and at a certain stage, the project continued to be carried out by means of the "Centre for the Study of Dutch Jewry", which is affiliated with the Hebrew University and according to him, this is enshrined in the agreements between the associations.

Later, we will receive specifics and clarifications regarding the routing of the Money for the above project to the organisations which carried it out in practice.

- In response to our question regarding carrying out projects through SPI (despite it being an umbrella association – a managing association only), Mr Elburg informed us that in his opinion, there is no obstacle to certain projects being carried out through SPI, despite it being an umbrella association. This, he claims, is in accordance with SPI's articles of association, which permit the association to act "in everything related to victims of the Holocaust and the Second World War." (Emphases appear in the original.)

B.9. Travel Abroad

Below are details of expenses for travel abroad which appear in SPI's financial statements:

Year	SPI Thousands of NIS
2002	362.5
2003	377.0
2004	207.8
2005	119.9
2006	99.6
2007	63.9
2008	25.9
2009	9.4
Total	1,266

The above data demonstrates that the expenses with respect to travel abroad were substantial. The scope of the above expenses is even greater in practice, if we address the findings by CPA Dekel, according to which Mr Avraham Roet's travel abroad was financed directly from SAMO's Money.

We note that CPA Dekel did not address at all the scope of the amounts received by the various officials with respect to travels abroad (flights, room and board, participation in meetings, etc.) or the reasonableness of the amounts spent by SPI.

Platform Israel Foundation (Stichting Platform Israel) - SPI

Special Audit - Review of Preliminary Survey Findings

B. Summary of the Findings of the Preliminary Survey and Points for Discussion (continuation)

B.9. Travel Abroad (continuation)

CPA Dekel addressed only the payment's technical "track" and nothing else. We will further note that no information could be gleaned from a review of SAMO's financial statements as to the scope of the travel abroad, as there are no details about these expenses, out of all of the expenses from the operation of the "Maror" Money mechanism and out of the expenses attributed to KAMER III.

We will examine data and specifics in SAMO's bookkeeping and will examine associational evidence, such as travel reports, etc., with the objective of examining the reasonableness of the overseas travel expenses and reimbursement of expenses abroad.

B.10. Financing of SPI's Activities by Means of SAMO

- Based (solely) on SAMO's financial statements, **it is impossible to reconcile** between the amounts transferred by SAMO to SPI for financing KAMER III's above administrative activities, as the financial statements do not provide sufficient details in the sections relating to SAMO's expenses.

For example:

In note 16 on SAMO's 2014 statements, there is an entry regarding expenses with respect to **KAMER III's activities, in the sum of €152,143**. On the other hand, there is an allocation in SPI's 2004 statements in the sum of **only €45,509** which was received from SAMO in order to finance KAMER III's activities.

From this, one may learn that on its face, there is a difference in the sum of approximately €106,000 between the data reported by SAMO and that reported by SPI.

A review of the EY reports (section 5.4) demonstrates that similar data were also encountered in the framework of EY's examination, but it did not indicate what the explanation was for the aforementioned difference.

We note that such differences also exist in additional years (in the same direction).

Our objective is to examine such differences in SAMO's and SPI's bookkeeping, and to conduct inquiries with the relevant entities.

Platform Israel Foundation (Stichting Platform Israel) - SPI

Special Audit - Review of Preliminary Survey Findings

B. Summary of the Findings of the Preliminary Survey and Points for Discussion (continuation)

B.10. Financing of SPI's Activities by Means of SAMO (continuation)

- Paragraph 21 of CPA Dekel's first report indicates that as of **2010**, there is no mention in **SPI's** books of funding received from **SAMO**.

According to him, he was informed that in 2009, a discussion took place in which it was decided that SPI is not entitled to receive funds directly from SAMO and therefore, the transfer of Money from SAMO to SPI was halted.

CPA Dekel indicated that the minutes of the above discussion could not be located. CPA Dekel further noted that following the cessation of the provision of office services to SAMO by means of SPI, SAMO's management requested of Mr Avraham Roet that he find an alternative solution to manage/finance the activities. Therefore, Mr Avraham Roet established the "Maror Studies 2 Ltd" company (which is owned exclusively by him), through which SAMO operated in Israel.

According to CPA Dekel's report, amounts were transferred to "Maror 2" in the sum of approximately €87,000 during the course of 2010 – 2012.

In the supplementary report issued by CPA Dekel, he indicates (in section 2F) that the above details are also supported by the declaration of Mr Baruch Bartel, who was the chairman of SPI in 2009.

This subject also arose in section 5.8 of the EY report, in which a description was provided of the money transferring process, which detailed the amounts transferred.

The circumstances and the logical justification for transferring the management services and the payment with respect thereto from SPI to "Maror 2" was not examined by CPA Dekel or by EY, and they will be examined later on.

Platform Israel Foundation (Stichting Platform Israel) - SPI

Special Audit - Review of Preliminary Survey Findings

C. Outline for Further Examination

- An analysis of the documents we have received until now (audited financial statements of the various associations and the various documents which we received) gives rise, as aforesaid, to many doubts and apparent suspicion regarding irregular activities connected to the transfer of "Maror" Money from the associations in the Netherlands to the collective organisations in Israel.
- Various directions will be examined, based on additional documents and data which we will receive and will analyse, and we will receive explanations from various professional entities who were involved in accounting entries, formulating financial statements, management reports, etc.
- Below is a list of the primary actions which will be required to be performed and a list of additional documents which must be examined, with the purpose of examining whether there are documents, data, and explanations which address the doubts detailed, above:
 - ◆ Conversations with, and inquiries of, the various associations' auditors in the Netherlands and in Israel, in order to make various reconciliations and to receive various explanations.
 - ◆ Receive detailed bookkeeping data for the various associations (primarily bookkeeping files, bank statements, etc.), *inter alia*, in order to make various reconciliations, examine the reasonableness of certain expenses, and so forth.
 - ◆ Examination of a sampling of requests for funding by means of KAMER III and performance reports.
 - ◆ Conversations with, and inquiries of, managers in the associations which were funded and received the "Maror" Money by means of KAMER III.
 - ◆ Examination of original bank statements for SAMO's bank accounts in Israel and reconciliation of activities to entries in SAMO's financial statements.
 - ◆ Conversations with, and inquiries of, various officials in the various associations during the relevant time periods.

The number of hours required to complete these examinations and inquiries will be determined subject to your instructions.

We will only know and be able to report to you about the status of the materials after we contact the auditors and bookkeepers of the various associations.

We will also note that after conducting the examinations specified, above, and formulating conclusions, the relevant officials will be given the right to respond and address the findings of the audit. The final report will be submitted after receiving the responses, examining them, and integrating them into the report.