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**UNITED STATES ANNOUNCES \$19 MILLION SETTLEMENT IN
CASE OF PAINTING STOLEN BY NAZI**

PREET BHARARA, the United States Attorney for the Southern District of New York, and JOHN T. MORTON, the Director of the Department of Homeland Security's United States Immigration and Customs Enforcement ("ICE"), announced today that the United States has entered into a settlement agreement with the Leopold Museum Privat-Stiftung (the "Foundation") and LEA BONDI JARAY's estate (the "Estate") to resolve the civil forfeiture action against *Portrait of Wally* ("Wally"), an oil painting by EGON SCHIELE that a Nazi stole from a Jewish woman in 1939. According to the terms of the settlement agreement, the Leopold Museum will pay BONDI's Estate \$19 million in exchange for the painting.

EGON SCHIELE painted *Wally* in 1912. The painting depicts VALERIE NEUZIL, SCHIELE's primary model and his lover from about 1911 until he married EDITH ANNA HARMS in 1915. In the decades following World War II, SCHIELE became one of the most prominent Austrian artists of the twentieth century.

BONDI, an Austrian Jew and owner of an art gallery (the "Würthle Gallery") in Vienna, acquired *Wally* some time before 1925. In March of 1938, in what is known as the Anschluss, German troops occupied Austria and annexed it to Germany. Pursuant to German Aryanization laws prohibiting Jews from owning businesses, the Würthle Gallery was designated as "non-Aryan" and subject to confiscation. BONDI thereafter sold the Würthle Gallery to a Nazi art collector named FRIEDRICH WELZ. In 1939, on the eve of BONDI's escape to England, WELZ went to BONDI's apartment to discuss the gallery. He saw *Wally* hanging on the wall and demanded that BONDI give it to him. She resisted, as *Wally* was part of her private collection and had never been part

of the Würthle Gallery. BONDI ultimately relented at the behest of her husband, however, who reminded her that they intended to flee Austria and that WELZ could prevent their escape.

After the war, United States military forces in Austria arrested WELZ and seized *Wally* and other artworks. These artworks were transferred to the Austrian Government, in accordance with the policy and practice of the United States military to return property seized from Nazis to the governments of the countries of origin. *Wally* was ultimately delivered to the government-owned Austrian National Gallery in the Belvedere Palace (the "Belvedere").

In 1953, Dr. RUDOLPH LEOPOLD, an Austrian collector of artwork by SCHIELE, visited BONDI during a trip to London. During this visit, BONDI told LEOPOLD that the painting belonged to her and asked him to go to the Belvedere and recover it on her behalf. LEOPOLD agreed to help her. Instead of helping BONDI recover her painting, however, LEOPOLD entered into an agreement with the Belvedere whereby he exchanged a SCHIELE painting from his own collection for *Wally*. When BONDI later discovered that LEOPOLD had acquired *Wally* for himself, she retained lawyers to attempt to convince LEOPOLD to return the painting to her, to no avail. BONDI continued to fight to recover her beloved painting until her death in 1969.

In 1994, LEOPOLD's art collection, including *Wally*, became part of the newly-formed Leopold Museum. In 1997, the Leopold Museum loaned part of its SCHIELE collection, including *Wally*, to New York's Museum of Modern Art (the "MoMA"). *Wally* was shipped to New York in September 1997.

On September 21, 1999, United States Magistrate Judge JAMES C. FRANCIS IV issued a federal seizure warrant for *Wally* based upon a finding of probable cause that the painting was stolen property imported into the United States in violation of federal law. Pursuant to the warrant, the United States Customs Service seized the painting.

The next day, the United States commenced a civil action in order to forfeit *Wally* and return it to its rightful owner, BONDI's estate. The United States Attorney's Office for the Southern District of New York filed a civil Complaint in Manhattan federal court and alleged that *Wally* was forfeitable as stolen property knowingly imported into, and about to be exported from, the United States in violation of the National Stolen Property Act, 18 U.S.C. § 2314. The Estate, the Leopold Museum, and MoMA filed claims to the painting in the forfeiture proceeding. During the litigation, the Museum maintained that

WELZ did not steal the painting and that LEOPOLD did not know it was stolen property when it was imported into the United States.

On September 30, 2009, United States District Judge LORETTA A. PRESKA issued a 109-page decision on the parties' summary judgment motions. The Court rejected the Museum's position that *Wally* was not stolen property, and concluded that the painting was BONDI's personal property, that WELZ had stolen it, and that the property remained stolen when it was imported into the United States. The Court further ruled that the Government had made a probable cause showing that LEOPOLD knew *Wally* was stolen property when it was imported into the United States. Thus, the only issue to be resolved at trial was whether the Leopold Museum could overcome the Government's evidence and prove that Leopold did not know that *Wally* was stolen property when it was imported into the United States. The Court scheduled a trial for July 26, 2010, to decide this single issue.

Today, the Government, the Estate, and the Leopold Museum reached a settlement agreement that resolves the litigation. Under the terms of the agreement, the Leopold Museum will pay the Estate \$19 million in exchange for *Wally*.

The civil forfeiture action brought public attention to the struggle of victims of Nazi crimes to recover art and other property stolen by the Nazis.

United States Attorney PREET BHARARA stated: "More than 70 years after *Portrait of Wally* was stolen, today's settlement marks another small step towards justice for victims of property crimes during WWII. Lea Bondi Jaray and her family were steadfast in their long battle to restore their rightful ownership of *Portrait of Wally*. Their determination provides hope for others who lost precious property and art to Nazi theft. Without the hard work and dedication of this Office's Asset Forfeiture Unit and ICE, the true provenance of *Portrait of Wally* would not have been uncovered nor justice done after so many years."

ICE Director JOHN T. MORTON stated: "A seven-decade-old injustice was made right today by this settlement. Thanks to the intrepid investigative work of ICE agents in our New York office and the years of unwavering legal work by the U.S. Attorney for the Southern District of New York, the heirs of an art dealer robbed of this exquisite painting by the Nazis will be compensated. We are proud that this case has caused those who deal in art to be extremely vigilant about works caught up in the Holocaust and to join us in trying to rectify the past."

Mr. BHARARA praised the investigative work of ICE. He also thanked the Treasury Executive Office for Asset Forfeiture, the United States Customs and Border Protection, and the Manhattan District Attorney's Office for their assistance in this case.

Assistant United States Attorneys SHARON COHEN LEVIN, ANNA E. ARREOLA, and BARBARA A. WARD are in charge of the forfeiture proceeding.

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