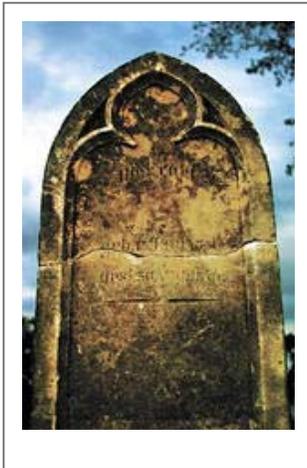



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How Century-Old Burial Societies Were Taken Over by Black-Market Speculators

By **Graham Rayman**

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For California paperhanger Mark Specht, the moment of truth in his long-running fight with a Jewish burial society based in the Lower East Side came a few weeks ago in a tense meeting in the offices of the New York State Attorney General.

For the past four years, Specht has been battling in and out of court with the Lanzuter Benevolent Association over allegations that the organization has not fulfilled its mission to finance the costs of funerals for its members, and has instead warehoused hundreds of grave sites in New York and New Jersey, and even misappropriated money.

Specht and his lawyer, Jamie Forman, had finally secured a face-to-face meeting with the man who runs the society, 94-year-old Ben Sauerhaft, along with his accountant and grandson, Adam Gottlieb, and their lawyer, Martin Cohen. Robert Molic, an assistant attorney general, was there to mediate the dispute.

At the climax of the meeting, Specht and Forman say, Cohen leaned across the table and declared, "If you want to press this, we'll push back."

And then, Cohen invoked the name of one of the three most powerful political figures in state government: "I'll call up Shelly Silver, and we'll push back," Cohen said, referring to the lugubrious Assembly Speaker and charter member of the "Three Men in a Room Club."

"Are you threatening us?" Forman asked.

"I'm just telling you that's what's going to happen," they say Cohen replied.

It was one of those moments in which the old ways meet the new. Whether Cohen could actually make good on his threat or not is an open question, but the exchange illustrated how personal things had gotten in this quiet little fight in the anonymous subculture of burial societies.

The first societies were founded by Jewish immigrants well over a century ago. Lanzuter itself was founded in 1889 so that members could pool their money to buy grave sites and pay for funerals. About 15,000 burial groups exist in New York State, about 6,000 of which are actually active.

Once prominent in the lives of their members, burial societies have, over the past century, faded from the public consciousness—many of them eventually losing all of their members and existing only on paper. Many of the societies, however, have accumulated large sums of money and control up to



hundreds of unused grave sites, with only a very few people positioned to decide what to do with that property and cash.

Increasingly, state officials say, the operations of these societies are generating complaints from members who still remain.

"No one is looking at these organizations—nobody knows what these organizations are doing," a state official tells the *Voice*. "There's no registration and no reporting procedures. There's no way to tell what they are using the money for or what they are doing with their graves."

"There's a bigger picture here," says Forman. "There are a lot of questions, but absolutely no oversight."

"When people came from Europe, they banded together with people from their towns," says Florence Marmor, 75, a woman who studies Jewish genealogy and had her own run-in with a burial society—in her case, over her own grave. She explains that burial societies sprouted up as one way to keep people together. "They didn't register with the government. They had to bury their dead, and they wanted to bury them among their own people."

As time passed, burial societies literally took over some cemeteries—controlling up to 80 percent of the land, particularly in Jewish cemeteries. "In effect, the burial society land is a cemetery within a cemetery," says Joel Barkin, a spokesman for the office of the Secretary of State, which oversees cemeteries.

As the decades rolled forward, burial societies served a powerful function in the lives of their members. But ensuing generations spread to the four corners of the country, and membership in many societies dwindled.

"People were dying; membership was decreasing," Marmor says. "The children just weren't interested. They moved on from their parents' ways."

As membership declined, the societies themselves began to fall apart. Fewer people were interested in maintaining the organizations. But the societies still held titles to the grave sites and still had money in investment accounts.

A quick scan of society tax returns in a state database shows that some societies control millions of dollars in investment accounts, while others control only a few thousand dollars. Every year, a couple of dozen societies are liquidated because they have decided to fold.

It wasn't uncommon for some societies, after years of neglect, to fall under the control of a single person. That person then has control not only of the money in the society investment accounts, which could be substantial, but also of the unused graves—which is kind of like owning real estate. Grave sites, after all, can be bought and sold, just like apartments, houses, or plots of land.

Some societies own hundreds of unused grave sites—holdings that could be worth more than \$1 million on the open market. And with that kind of control, it's not hard to undersell the cemetery operators themselves.

Seeing an opportunity, funeral directors often joined burial societies as regular members. Some directors stretched the meaning of membership and joined up to 100 societies at a time—a clear conflict of interest.

Their memberships gave them an "in" with the societies and helped them draw business to their funeral homes. As time passed, membership dwindled, societies fell apart, and the directors gained de facto control of those associations and their holdings.

Control was key, because the directors now knew where the graves were, where the burial permits were, and how many excess graves they had. It was then a simple matter to sell off the excess graves to non-members, sell graves owned by people who had moved out of state, and even sell active graves out from under their owners.

Officials at the State Division of Cemeteries say that this selling of graves is a significant problem. Matt Glazer, a spokesman for Attorney General Andrew Cuomo, says the Charities Bureau also sees similar complaints.

"Over the years, the funeral directors have sold graves to non-members, which is illegal," Barkin says.

That's what was happening at the Yablokoff Kingsway Memorial Chapel in Brooklyn in 2003 and 2004, until state officials stepped in and put a stop to it.

The funeral director, Steve Wandy, and people running a burial society affiliated with the Odd Fellows Masonic group, were selling excess burial society graves in nearby Washington Cemetery to Russian Jewish immigrant families, records show.

Wandy, sources said, had several burial societies under his control. He would find a family that needed a funeral, sell them a society grave, and issue a burial permit for the grave through the society. And the cemeteries involved had no way of knowing the identity of the real owners of the grave.

"That happens throughout the industry," a state official says.

Wandy and one of the burial society leaders offered cut-rate prices for graves at Mount Hebron Cemetery, Beth David, Wellwood, and others.

"You don't have to be a director if you have access to the graves," a source says. "If you have 60 graves left to sell, and the cemetery charges \$2,000, you charge \$1,500."

In 2005, Wandy agreed to pay the cemeteries \$80,000, transferred a number of the graves that he controlled back to the societies, and severed ties with those societies, records show.

Reached by phone, Wandy declined to discuss the 2005 case, referring the reporter to his attorney, William Cagney, who did not return a call.

But Wandy, speaking in general, did tell the *Voice* that some rules should be changed to address the improper sale of grave sites. Cemeteries, he says, are only allowed to pay a modest amount to buy back grave sites. So burial societies often reject their offers and, instead, either try to sell them to individuals for a lot more or just sit on the grave sites.

"These graves just sit forever," Wandy says. "If they would change that rule, it might be easier for the cemeteries to re-acquire the sites."

By law, cemeteries must buy back graves at only a small percentage above their initial cost. What that means is that if you bought a grave in 1980 for \$800, the cemetery would only have to pay that amount plus a nominal percentage.

Since graves on the open market are worth \$5,000 or more, the cemetery can turn around and resell that grave for a lot more than \$800, making a huge profit.

"Cemeteries have a deal where they grab graves on the cheap and sell them for big bucks," says Cohen.

Mark Specht first waded into the tangled world of his parents' burial society four years before his dramatic meeting at the attorney general's office. The dispute started with a phone call.

The Lanzuter Benevolent Association was founded in 1889 by immigrants from a small Polish town. The current president, treasurer, and vice president all live on the 500 block of Grand Street.

In 2003, Specht contacted the burial society to inquire about the status of his mother's grave. "She was telling me that she hadn't had any dues requests from them for three years," he says. "When I called them up, they threatened to demand back dues that they had never asked for and threatened to take away the plot for my mother that was next to my dad's grave."

After that, Specht and his brother tried to join the society. They were turned down, despite the fact that their parents had been lifelong members. Mark's father, Joe Specht, had been closely involved in the society, attending meetings up to his death in 1999.

Rather than let the issue drop, Specht began to demand more information from the society, which is controlled by a Grand Street fixture, butcher Ben Sauerhaft, along with his son, Solomon, a doctor, treasurer Phillip Kubert, and attorney Martin Cohen.

In his research, Specht learned that the society, whose membership had dwindled to fewer than 50, controls between 300 and 600 graves at Wellwood Cemetery on Long Island. The same people who control Lanzuter also control another burial society, which owns 600 plots at Washington Cemetery in New Jersey. At Wellwood, just 40 of the plots are currently in use, he says.

Altogether, the unused graves have a value at least in the hundreds of thousands of dollars. Specht estimates the total value at close to \$1 million.

Specht also learned that the society's accounts contain about \$200,000 in cash.

"Our lawsuit claims that they failed to hold meetings, keep minutes, hold proper elections, or follow their own bylaws," Forman says.

In addition to accepting no new members, the society has also not been doling out much money for burials. Records show that from 2005 through 2007, the society spent just \$1,000 on endowments.

"The main thing is they can't show where they distribute plots," Specht says. "They are just sitting on the money and the grave sites."

So, where was the money being spent? Records obtained by Forman offer some indication that at least a portion of the money was being spent on questionable things—in one check, Sauerhaft gave \$5,000 to a temple where he is a trustee; in another, the society gave another \$5,000 to the same temple; and, in 2007, the society wrote a third check for \$2,000 to the temple.

The notation "holiday gift" appears on a \$100 check written to Ben Sauerhaft. "Passover gift" appears on another check for \$175. A \$500 check written in 2006 went to pay medical expenses for Sauerhaft's nephew, Forman says. Checks totaling \$580 were written to Kubert with no explanation for the expenses.

"How is that not embezzlement?" Specht says. "I believe the society should be dissolved. It serves no purpose."

In all, Forman says, there was about \$20,000 in questionable expenditures in the cancelled checks that he was given by the society.

For his part, the patriarch, Ben Sauerhaft, sometimes considered the "mayor" of Grand Street, remains uncowed by Specht's lawsuit. "Let him take me to court," he says. "Specht is a stupid man. If he thinks he's going to win something, he's making a mistake."

In an interview, Cohen, the society's lawyer, suggests there is "a touch of anti-Semitism" in the *Voice's* decision to write an article on the dispute, and claims that Forman, Specht's lawyer, is just seeking publicity.

"It's always nice to show how Jewish people fight amongst themselves, and it's not the case," Cohen says. "There are more important things to report on in New York."

He adds that there's nothing improper about a burial society keeping unused graves and put the number at closer to 200. He denies Specht's allegation that the society has sold graves to non-members.

There was nothing improper, Cohen says, about the checks written for purposes other than burials. "No checks were written in violation of the bylaws," he says. "The bylaws allow for benevolent work, not just burials. I don't think that's a problem."

As for the threat to call Shelly Silver, he says, "I don't recall ever saying anything like that."

Of Specht, Cohen says that his desire to "strong-arm" the society is misplaced. "It seems like he wants to dissolve the society. One of the outcomes of that is that each member would divide the assets. His mom would get a few thousand dollars. . . . But the idea of the organization was to live in perpetuity to provide for graves and money for bereavement. That need hasn't ended."

Asked why the society has only disbursed \$1,000 for burials in recent years, Cohen says, "It's the natural ebb and flow of any organization where it is busier at some times than other times. People tend to die in numbers."

Speaker Sheldon Silver, meanwhile, says he knows Cohen from the Lower East Side, but, he says, "I have absolutely no knowledge of the issue you described."

Solomon Sauerhaft, and treasurer Kubert did not return repeated *Voice* phone calls. The society's accountant, Adam Gottlieb, who is also Sauerhaft's grandson and works in Cohen's office, did not call back either.

Specht found seven members of the Lanzuter Association to agree to act as plaintiffs, including his mother, Tobie, and filed a lawsuit in May 2008. The suit alleges that the society acted in secret for eight years, held few meetings, didn't keep minutes, didn't hold elections, and didn't follow its own charter. The lawsuit also claims that society funds were given to Kubert to help him treat his medical condition. Those disbursements were never authorized.

"All that remains of the society are its assets, over which the directors exercise complete control," the lawsuit says.

In addition, there are those unused grave sites. "It seems like what they're doing is waiting for everyone to die out, so whatever is left will go to a surviving family member of one of the officers," Forman says. "At the end of the day, this might all be kosher, but it doesn't look like it."

In 2008, the attorney general's office settled a case against a large funeral home company, Service Corporation International, based in Houston, after alleging that SCI had essentially cornered the market on Jewish funerals in New York City.

In addition to buying Jewish funeral homes, the company was also entering into exclusive agreements with large burial societies. Once SCI had those agreements, they could jack up their prices for what in essence was a captive clientele. (Because Jewish burials are supposed to occur as soon as possible after death, families feel extra pressure to pay the higher prices.)

Even Marmor, the student of Jewish genealogy, has confronted the problem. Marmor says she got involved in a burial society because she couldn't reach the man who was supposed to be running it to get him to check on the status of her own grave, which was located next to that of her husband's, who died in 1988.

"I call the cemetery, and they tell me that everyone has died—that there's no one to reach," she says.

She filed papers to take over the society and learned that it still held many, many unused grave sites. She was also shocked to learn that someone else already occupied the grave she had bought. Someone had given away or sold her grave without her knowledge.

"A Mr. Adler was buried there," she says. "I don't know how it happened. Fortunately, there was a site on the other side of my husband."

It's easy to get a glimpse of the black market in graves by sifting through the pages of Craigslist, noting the individuals selling graves they purportedly own. State Cemetery officials constantly complain to Craigslist that the company must have proof of ownership before posting those ads on the website. Under state law, unless the company has been given proof of ownership, it is illegal to advertise graves.

At times, Barkin says, unscrupulous society directors will demand fees or dues before they release a grave to the family that has purchased it, knowing that Jewish law demands burial as soon as possible. Grieving relatives, faced with this demand, often just cave in and pay the supposed fees, whether owed or not.

"If you just think about the money involved—in the entire United States—between perpetual care and operating expenses . . . we're talking about billions of dollars!" says John Lucker, a Connecticut man currently suing Bayside Cemetery in Queens. "It's understandable that there are problems. Especially when most members are either dead or don't know that they have a stake."

Lucker is suing the managers of the cemetery for failing to keep the site in good condition and using the money set aside for that purpose on other things. The cemetery denies the allegations.

"A lot of cemeteries have unclaimed graves, which probably will never be used because the burial societies have gone away, and the papers that prove what people are entitled to are lost," Lucker says.

If the black-market trade in grave sites owned by burial societies is troubling, so is the notion that so much money gathered from many trusting individuals is now in the hands of a relative few. And tracking whether burial societies are misusing those funds isn't easy. "Burial societies have added risk for abuse because people tend to trust more, the laws are generally lax, and you usually have non-financial experts running it," says Hayden Burrus, a Florida-based expert in the financial management of cemeteries. "When you can pull money out with no oversight, that's going to create a temptation."

The state recommends that burial societies hand over the deeds to individual graves to the members who paid for them. That way, if the society dissolves, the member can still go to the cemetery and prove that they own a plot.

Within the Division of Cemeteries, there is the feeling that burial societies need to be more closely regulated—especially those with large grave holdings and those in control of significant amounts of money.

There has been some talk of late, sources say, for tighter regulation by the attorney general's office, which is supposed to oversee charities. But bills, which seek that increased control, tend to die in Albany's shark tank of a legislature.

Barkin puts that situation this way: "Legislation has been proposed to allow cemeteries to reclaim unused graves from inactive burial societies, but to date, that effort has not been successful."