

# PROHIBITION ON MONEY LAUNDERING LAW, 5760-2000

## Chapter One: Interpretation

### Definitions

1. In this Law -

"stock exchange" as defined as in section 1 of the Securities Law;

"the Postal Bank" shall have the same meaning as in the Postal Bank Law, 5711-1951<sup>1</sup>;

"stock exchange member" means a person who is a member of a stock exchange under the regulations prescribed in the stock exchange rules under section 46 of the Securities Law, excluding a banking corporation;

"the Prohibition of terror financing law" – the Prohibition of terror financing law, 5765-2005;

"the Penal Law" means the Penal Law, 5737-1977<sup>2</sup>;

"the Securities Law" means the Securities Law, 5728-1968<sup>3</sup>;

"provider of currency services" – a person subject to the duty of registration under section 11C;

"currency services" - a service as specified in section 11C(a)(1) to (5);"

"portfolio manager" as defined in section 1 of the Regulation of Occupation in Investment Counseling and Portfolio Management Law, 5765-1995<sup>4</sup>;

"a property transaction" means vesting or receipt of ownership or of any other right in property, whether or not for consideration, as well as a transaction with property amounting to delivery, receipt, holding, conversion, a banking transaction, investment, a securities transaction or possession thereof, brokerage, extension of or taking of credit, import, export and creation of a trust, as well as mixing prohibited property with other property, even where it is not prohibited property;

"the Dangerous Drugs Ordinance" means the Dangerous Drugs Ordinance [New Version], 5733-1973<sup>5</sup>;

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<sup>1</sup>*Sefer Ha-Chukkim* of 5711, p. 219.

<sup>2</sup>*Sefer Ha-Chukkim* of 5737, p. 226.

<sup>3</sup>*Sefer Ha-Chukkim* of 5728, p. 234.

<sup>4</sup>*Sefer Ha-Chukkim* of 5755, p. 416.

<sup>5</sup>*Dinei Medinat Yisrael (Nusach Chadash)*, vol. 27, p. 536.

"the Arrest and Search Ordinance" means the Criminal Procedure (Arrest and Search) Ordinance [New Version], 5729-1969<sup>6</sup>;

"customs officer" means any person authorized for the purpose of this Law by the Director, as defined in the Customs Ordinance<sup>7</sup>;

"property" means immovable and movable property, monies and rights, inclusive of property which is the proceeds of any such property, and any property accruing or originating from the profits of any such property;

"banking corporation" a defined in the Banking (Registration) Law, 5741-1981<sup>8</sup>, in addition to an auxiliary corporation, as defined in that Law, incorporated in Israel.

## **Chapter Two: Offenses**

### **Predicate offense**

2. (a) In this Chapter, "offense" means an offense as specified in the First Schedule.
  - (b) For the purpose of this Chapter, an offense as stated in subsection (a), shall also be deemed an offense when committed in another state, provided that it also constitutes an offense under the laws of that state.
  - (c) The condition stated at the end of subsection (b) shall not apply with respect to the offenses specified in paragraph (18) of the First Schedule and with respect to the offenses specified in paragraphs (19) and (20) of the same Schedule in relation to the offense in paragraph (18).

### **Prohibition on money laundering**

3. (a) A person performing a property transaction provided in paragraphs (1) to (3) hereunder, (in this Law referred to as "prohibited property"), with the object of concealing or disguising its source, the identity of the owners of the rights, the location, movement or disposition with respect to such property, shall be liable to ten years' imprisonment or a fine twenty times greater than the fine specified in section 61(a)(4) of the Penal Law -
  - (1) property originating directly or indirectly in an offense;
  - (2) property used to commit an offense;
  - (3) property enabling the commission of an offense.

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<sup>6</sup>*Dinei Medinat Yisrael (Nusach Chadash)*, vol. 12, p. 284.

<sup>7</sup>*Dinei Medinat Yisrael (Nusach Chadash)*, vol. 3, p. 39.

<sup>8</sup>*Sefer Ha-Chukkim* of 5741, p. 232.

- (b) A person performing a property transaction or delivering false information with the object of preventing any reporting under section 7 or in order not to report under section 9, or to cause incorrect reporting under the aforesaid sections, shall be liable to the penalty prescribed in subsection (a); for the purposes of this section, "transmitting false information" shall include failure to deliver updated information about any item required to be reported.

#### **Prohibition of performing a prohibited transaction with property**

4. A person performing any property transaction, knowing that it is prohibited property, and that such property falls within one of the categories of property specified in the Second Schedule, and at the value determined therein, shall be liable to seven years imprisonment or a fine ten times the fine stated in section 61(a)(4) of the Penal Law; for the purposes of this section, "knowing" does not include disregarding, within the meaning specified in section 20(c)(1) of the Penal Law.

#### **Proof of knowledge**

5. For the purpose of sections 3 and 4 it is sufficient if it is proved that the person performing the act knew that the property was prohibited property, even if he did not know to which specific offense the property is connected.

#### **Restriction on criminal liability**

6. (a) A person shall not bear criminal liability under section 4 if he has done one of the following:
- (1) reported to the police, in the manner and on the date to be prescribed, prior to performing the property transaction, of his intention to perform that transaction with regard thereto, and has acted in accordance with police instructions with respect to such transaction, or has reported to the police, after performance of the property transaction, as soon as possible in the specific circumstances, after the performance thereof;
  - (2) reported under the provisions of section 7 - where the provisions of that section apply to him.
- (b) The Minister for Internal Security, in consultation with the Minister of Justice, shall prescribe the date and methods of reporting under subsection (a)(1).

### **Chapter Three: Obligations Imposed on Providers of Financial Services**

#### **Imposition of obligations on providers of financial services**

7. (a) For the purpose of enforcing this Law, the Governor of the Bank of Israel shall regulate by order, after consultation with the Minister of Justice and the

Minister for Internal Security, regarding the category of matters and property transactions to be specified in the order, that a banking corporation -

- (1) shall not perform a property transaction within the scope of the service it provides unless it possesses the identifying particulars, as specified in the order, of the person receiving the service from the banking corporation; the Governor shall determine by order who is a recipients of a service for this purpose (hereinafter referred to in this section as the "recipient of a service"); this determination may include a beneficiary of the transaction and, in addition, where the act is performed at the request of a corporation or by means of the corporation's account, it may include the person in control of the corporation. For the purpose of this paragraph -
  - (a) "beneficiary" – a person for whom or for whose benefit the property is held or the property transaction is performed, or who is capable of directing a property transaction, all either directly or indirectly;”;
  - (b) "control" a defined as in the Securities Law, and each term in the aforesaid definition shall be interpreted according to the aforesaid Law;
- (2) shall report in the manner prescribed in the order, on property transactions by the recipient of the service, to be specified in the order;
- (3) shall keep and maintain records in the manner and for the period to be prescribed in the order, on the following matters:
  - (a) the identifying particulars stated in paragraph (1);
  - (b) the acts with respect to which an obligation to report, as stated in paragraph (2), has been prescribed;
  - (c) any other matter, to be prescribed in the order, which is necessary in order to enforce this Law.
- (b) For the purpose of enforcing this Law a Minister shall prescribe by order, for any of the entities specified in the Third Schedule within his responsibility, after consultation with the Minister of Justice and the Minister for Internal Security, those obligations to identify, report, record and maintain, as stated in subsection (a), which shall apply to any such entity; such Minister shall also prescribe the methods of fulfilling the obligations prescribed in the order and supervision over their fulfillment.
- (c) Notwithstanding the provisions of any law, the categories of reporting with regard to which disclosure or inspection is prohibited may be prescribed by order; a person disclosing any matter or allowing the review of a report contrary to an order given under this subsection shall be liable to one year’s imprisonment.

- (d) A report under this section shall be transmitted to the data base, as stated in section 28.
- (e) The methods and dates for transmission of a report to the data base shall be prescribed by the Minister of Justice, in consultation with the Minister for Internal Security, as well as with -
  - (1) the Governor of the Bank of Israel - with respect to a banking corporation;
  - (2) the Minister responsible for that entity - with respect to an entity specified in the Third Schedule.

**Person responsible for corporation's obligations**

- 8. (a) A corporation bound by the obligations under the provisions of section 7 shall appoint a person to be responsible for fulfillment of such obligations.
- (b) A person responsible for the fulfillment of the obligations shall ensure compliance with the obligations imposed on the corporation under the provisions of section 7, by training the employees to comply with the aforesaid obligations and supervising the fulfillment thereof.

**Chapter Four: Obligation to report on monies at the time of entry into and exit from Israel**

**Obligation to report on monies at the time of entry into and exit from Israel**

- 9. (a) In this Chapter, "monies" means cash, bankers' drafts and travelers' checks.
- (b) A person entering or leaving the State of Israel shall be obliged to report on the monies he has with him at the time of entry into or exit from Israel, where the value of the monies is of the amounts prescribed in the Fourth Schedule.
- (c) The obligation to report on monies brought into or taken out of Israel, at the rate stated in subsection (b), shall also apply to a person bringing monies into or taking monies out of Israel by mail or by any other method.
- (d) (1) The obligation to report under this section shall not apply to the following:
  - (a) the Bank of Israel;
  - (b) a banking corporation;
  - (c) a person bringing monies into or taking monies out of Israel via a banking corporation or via any entity prescribed by the Minister of Finance, in consultation with the Minister for Internal Security, by order.

- (2) The provisions of this subsection shall not amount to an exemption from the obligations to report under section 7.
- (e) The Minister of Finance, in consultation with the Minister for Internal Security, shall prescribe the methods of reporting under this section, and he may, in consultation with the Minister concerned in the matter, prescribe substituted reporting for the purpose of bringing monies into Israel.
- (f) A report under this section shall be transmitted to the data base referred to in section 28, in the manner and at the dates to be determined by the Minister of Justice, in consultation with the Minister for Internal Security and the Minister of Finance.
- (g) The requirement to report under this section and exercise of authority under section 11(a) shall be, wherever possible, in the language understood by the person bound to report under this section or by the person in respect of whom the authority is exercised.

#### **Breach of obligation to report**

10. A person in breach of the obligation to report imposed on him under section 9 shall be liable to six months' imprisonment or a fine at the rate stated in section 61(a)(4) of the Penal Law, or ten times the amount which was not reported on, all according to the greater amount.

#### **Power to seize monies and use of monies**

11. (a) Where there is a breach of the obligation to report under section 9, a police officer or customs officer may, without a judicial order, seize the monies exceeding the amount exempt from reporting; any monies seized shall remain in the custody of the police or the customs pursuant to the provisions of this section.
- (b) Where no financial sanction has been imposed or no indictment has been filed within ten days of seizing the monies, the monies shall be returned to the person from whom they were seized; however, the court may, on the application of a police or customs officer, order the continued seizure of the monies for a period not exceeding ten further days, to allow for the imposition of a financial sanction or the filing of an indictment, as the case may be.
- (c) The court hearing the application referred to in subsection (b) shall make its decision in the application after hearing the submissions of the person from whom the monies were seized, and of the person claiming a right to the monies, if he is known.
- (d) The court may, at any time, order the return of the monies or any part thereof, under the conditions to be prescribed, after receipt of a bond, or without a bond.

- (e) Where an indictment has been filed against a person in breach of the provisions of section 9, the provisions of Chapter Four of the Arrest and Search Ordinance shall apply, *mutatis mutandis*, to the monies seized; for this purpose, "object" includes monies, as defined in section 9.
- (f) Where the court has convicted the person in breach or imposed on him a fine or a financial sanction, and the fine or financial sanction is not paid by the date determined for payment thereof, the fine or financial sanction may be collected from the monies seized or from the bond given under subsection (d).
- (g) Monies seized under this section and not returned shall be transferred to the fund set up under section 36H of the Dangerous Drugs Ordinance.

## **“Chapter Four1 : Providers of Currency Services**

### **Definitions**

11A In this chapter -

“criminal proceedings – beginning with the commencement of a legally authorized investigation;

“currency” – including bank notes which are the legal tender of any state;

“crime register” – as defined in section 1 of the Crime Register and the Rehabilitation of Offenders Law, 5741-1981<sup>1</sup>

“trustee” - within the meaning of the Trust Law, 5739-1979<sup>2</sup>;

“beneficiary” - as defined in section 7(a)(1)(a);

“office holder in a corporation” – any one of the following: the holder of the controlling interest in a corporation, the general manager, and in the case of a corporation which is not a company – the holder of an office corresponding to or similar to such office;

“control” – as defined in section 7(a)(1)(b);

### **Registrar of Currency Services**

11B (a) The Minister of Finance shall appoint, from among the employees of his department, a Registrar of Currency Services (in this Law referred to as “the Registrar”)

(b) The Registrar shall keep a register, in which he shall register the providers of currency services, under the provisions of this Law, (hereinafter referred to as “the register”); the register shall be open for public inspection.

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<sup>1</sup> *Sefer Ha-Chukkim* of 5741, p. 322; Laws of the State of Israel (LSI), vol. 35, p. 398.

<sup>2</sup> *Sefer Ha-Chukkim* of 5739, p. 128; LSI, vol. 33, p. 154.

(c) The Registrar shall supervise the providers of currency services in accordance with this Law.

**Obligation of registration in the register of providers of currency services**

11C (a) Any person whose occupation is the provision of one of the services enumerated below, even if not as his exclusive occupation (hereinafter in this Law – “the provider of currency services”), shall be obliged to register in the Register:

- (1) conversion of the currency of one state into the currency of another state;
- (2) sale or redemption of travelers’ checks in any type of currency;
- (3) receipt of financial assets in one state in return for making available financial assets in another state; for the purposes of this section “financial assets” means cash, travelers’ checks, checks, bills of exchange, promissory notes, negotiable securities, credit or monetary deposits;
- (4) the exchange of bank notes;
- (5) discounting of checks, bills of exchange and promissory notes.

(b) Notwithstanding the provisions of subsection (a) none of the following shall be obliged to register:

- (1) a public entity established by law;
- (2) a banking corporation;
- (3) an insurer;
- (4) a salaried employee engaged in the provision of currency services within the scope of his employment with an employer who is a registered provider of currency services.

**Application to register a provider of currency services**

11D (a) An application to register a provider of currency services in the register shall be submitted to the Registrar and shall include all of the following:

- (1) The name of the applicant, his identifying particulars and his address, and if he is acting as a trustee - the identifying particulars and address of the beneficiary as well; in the case of the applicant being a corporation, the application shall also include the documents under which the corporation was incorporated or according to which it

functions and the names of the officer holders of the corporation, their identifying particulars and addresses;

- (2) The addresses of the branches which the applicant wishes to operate and their addresses, indicating the main branch and the names of the managers of the branches and, if available, their identification particulars and addresses;
  - (3) details regarding the applicant's other occupations, if relevant;
  - (4) additional particulars prescribed by the Minister of Finance.
- (b) There shall be attached to the application documents attesting to the fulfillment of the conditions for registration, enumerated in section 11E; for purposes of sections 11E (a)(4) and (b), and 11I (a)(2) and (d) to (f) – the respective consents of the applicant, the office holders of the corporation and the manager of a branch, as the case may be, to the Registrar receiving information from the crime register prior to the registration in the register and at any time thereafter, for as long as the registration is in place under this chapter;
- (c) The Registrar may require from the applicant for registration any additional information or document needed for the purpose of examining the application.

- (d) In this section:

“identifying particulars” –identity number; in the case of a foreign citizen under the laws of whose nationality and laws of the state in which he is resident there is no identity document – another official serial identification number used in his state and a valid passport number and the name of the state that issued it;

“address” – statement of at least all of the following particulars: name of the street, house number, name of city and postal code, and if the address is not in Israel – also the name of the state.

### **Conditions for registration of a provider of currency services**

- 11E (a) The Registrar shall register a provider of currency services in the register if he fulfills all of the following, as the case may be:
- (1) in the case of an applicant for registration who is an individual – he is an adult and an Israeli citizen or resident of Israel;
  - (2) in the case of an applicant for registration being a corporation incorporated in Israel – at least one office holder of the

corporation is an adult and an Israel citizen or resident of Israel;

- (3) in the case of an applicant for registration being a corporation that was incorporated outside of Israel – in the state in which the corporation is registered there is legislation prohibiting money laundering and the corporation was legally registered in Israel;
- (4) The applicant for registration has not been convicted of an offense under sections 3 and 4 or of an offense which, in the Registrar’s opinion, due to its nature, severity or circumstances, renders him unsuitable for serving as a provider of currency services; where the applicant for registration is a corporation, an office holder of the corporation has not been convicted of such an offense either; in this paragraph and in subparagraph (b) –

“convicted of an offense – including being convicted of a similar offense in another state;

“applicant for registration” – including the beneficiary, if the applicant was acting as a trustee and the manager of a branch, if relevant.

- (b) Where the Registrar became aware that criminal proceedings are being taken against the applicant for registration or against an office holder in the corporation applying for registration, for one of the offenses referred to in subsection (a)(4), he may delay his decision regarding the application for registration until the termination of the proceedings against such person.

### **Reporting changes to the Registrar**

- 11F (a) Where there was a change in any one of the particulars submitted pursuant to sections 11D (a) and 11E(a), the provider of currency services shall give written notice thereof to the Registrar, within seven days of his becoming aware of the change.
- (b) Where the provider of currency services changed the venue of his activities or the location of one of the branches, he shall give the Registrar written notice thereof within seven days of the change and shall return the registration certificate to him within thirty days of such date.
- (c) Where the provider of currency services ceased to provide currency services, he shall give written notice thereof to the Registrar within seven days of the determining date and shall return the registration certificate to him within 30 days of that date; where the provider of currency services operated a number of branches, he shall return the registration certificates of all of the branches; where the provider of currency services ceased to provide currency

services in some of the branches, he shall only return the registration certificates of the branches in question; for the purposes of this section “the determining date” means the 101<sup>st</sup> consecutive day after it ceased to provide currency services.

(d) Where the Registrar became aware that the provider of currency services is deceased, or has been declared incompetent, he shall order the return of the registration certificate and the closing of his business; however, the Registrar may allow the continuation of the provision of currency services in the name of the deceased person or of the legally incompetent person, in order to protect the rights of the provider of currency services, or of his heirs, or of a third party connected to his occupation; the period for the continued operation of the business in such case shall not exceed 90 days; in his decision the Registrar shall determine who is to provide the currency services instead of the deceased or the legally incompetent person (hereinafter referred to as the temporary operator); at the end of the period in question, the temporary operator shall return the registration certificate to the Registrar; the decision of the Registrar and the identification particulars of the temporary operator shall be registered in the register.

(e) Where the provider of currency services who has ceased to provide such services, decides to renew the provision of such services, he shall submit a new application for registration to the Registrar and shall not engage in the provision of currency services until he is registered anew.

### **Issue of registration certificate and replacement of certificate**

11G. (a) Where the Registrar has decided to register the applicant for registration in the register as a provider of currency services, he shall give him a registration certificate; where the provider of currency services had a number of branches, he shall give him a separate certificate for each branch approved; the certificate shall indicate the address and registration number of the branch; the registration shall be valid *vis a vis* the applicant exclusively at the address indicated in the certificate.

(b) The provider of currency services shall display the registration certificate in a prominent place in every branch, and shall indicate the registration number on all his sign boards or publications as well as upon any document that he issues.

(c) Where the provider of currency services has given notice of a change in address of a branch and returned the registration certificate thereof to the Registrar, the Registrar shall give him a new registration certificate, indicating its new address and indicating the original registration number, and it will annul the previous certificate; changes under this section shall be registered in the Register.

### **Refusal to register a provider of currency services**

11H Where the Registrar refused to register the applicant as a provider of currency services, he shall give his reasons for refusal and give the applicant the opportunity to put his case before him within thirty days of the day the Registrar's decision was served on the applicant.

**Deletion of a provider of currency services from the register or suspension of registration**

11I (a) The Registrar may delete the provider of currency services from the Register in each of the following cases:

- (1) one of the conditions for registration under section 11E(a)(1) to (3) has ceased to apply in respect of the provider of currency services;
- (2) the provider of currency services, and in the case of a corporation, the holder of the controlling interest therein – were convicted of an offense as referred to in section 11E(a)(4);
- (3) the provider of currency services has committed a breach of another provision under this chapter.

(b) Prior to deciding upon the deletion of the provider of currency services from the Register as stated in subsection (a), the Registrar shall give him and the holder of the controlling interest in the corporation, as the case may be, the opportunity to put their case before him within 30 days of the day on which notice by the Registrar was served on the provider of currency services.

(c) Where the Registrar becomes aware that the provider of currency services had breached another provision as stated in subsection (a)(3), he shall require of him before deciding upon his deletion from the register, that he amend whatever requires amendment, and he may, after having given the provider of currency services the opportunity to put his case, suspend his registration in the register for a period that shall not exceed 30 days; where the breach was not rectified within the aforesaid period, the Registrar may delete the provider of currency in breach from the register.

(d) Where the Registrar became aware that criminal proceedings for an offense as referred to in section 11E(a)(4) are being conducted against a registered provider of currency services, and in the case of a corporation - also against the holder of the controlling interest therein, he may suspend his registration in the register until the termination of the criminal proceedings; prior to making his decision regarding the suspension of the provider of currency services from the register, the Registrar shall give him, or the holder of the controlling interest in the corporation, as the case may be, the opportunity to put their case before him within 30 days of the day on which notice by the Registrar was served on the provider of currency services.

(e) Where the Registrar becomes aware that the office holder in a corporation, which is a provider of currency services or the manager of a branch of a provider of currency services, were convicted of an offense as referred to in section 11E(a)(4), the Registrar may, prior to deciding upon the deletion of the provider of currency services from the register, request that he dismiss the person who was convicted of the offense within such period as he shall determine; should the provider of currency services refuse to comply, the Registrar may delete his registration from the register, after having given him and the person convicted, the opportunity to put their case within 30 days of the day on which notice by the Registrar was served on the provider of currency services; for purposes of this subsection, and subsection (f) “office holder in a corporation” – shall exclude the holder of a controlling interest.

(f) The provisions of subsections (d) and (e) shall apply, *mutatis mutandis*, to the office holder in a corporation and a branch manager, against whom criminal proceedings are being conducted for an offense referred to in section 11E(a)(4).

(g) Where the provider of currency services notified the Registrar that he was no longer engaged in the provision of currency services, the Registrar shall delete him.

### **Notice and petition**

11J (a) The Registrar shall give the provider of currency services written notice of his decisions under sections 11E(b), 11F(d), 11H and 11I.

(b) Any person who regards himself as prejudiced by a decision of the Registrar as provided in subsection (a) may submit a petition to the Court of Administrative Affairs against such decision within 30 days of his being served with the decision.

### **Notice to the public**

11K (a) The Registrar shall publish notices in *Reshumot* [Official Gazette] regarding all of the following:

- (1) the registration of the provider of currency services in the register, specifying his name and address, including the addresses of the branches, if any;
- (2) change of address of the provider of currency services, including the change of the address of one of its branches;
- (3) deletion of a provider of currency services, or one of his branches, from the register or suspension of his registration;
- (4) renewal of the registration in the register of a provider of currency services whose registration was suspended;

- (5) the appointment of a temporary operator pursuant to section 11F(d).
- (b) Notice as stated in paragraphs (1) to (3) of subsection (a) shall also be published in the internet; the address of the internet site in which such information is available shall be published with reasonable frequency in three daily newspapers with wide circulation in Israel; provided that at least one of them be in the Hebrew language and one be in the Arabic language.

### **Penalties**

11L (a) A provider of currency services who commits one of the following shall be liable to one year of imprisonment or a fine at a rate of three times the fine stipulated in section 61(a)(4) of the Penal Law:

- (1) is engaged in the provision of currency services without being registered in the register, in contravention of the provisions of sections 11C and 11F(e);
- (2) does not give written notice to the Registrar as required according to section 11F(a) to (c).

(b) A provider of currency services or a temporary operator as provided in section 11F(d), as who has not returned the registration certificate to the Registrar, in contravention of the provisions of section 11F(b) to (d), or has failed to display the registration certificate in the place where he operates in accordance with the provisions of section 11G(b) or has not indicated the registration number under the provisions of that section - shall be liable to a fine as provided in section 61(a)(4) of the Penal Law; an offense under this subsection shall be an offense within the category of strict liability offenses.

## **Chapter Four 2: Inspectors and their powers**

### **Definitions**

11M (a) In this chapter –

“the Supervisor” – any one of the following:

- (1) in the case of a banking corporation – the Supervisor of Banks;
- (2) in the case of a member of the stock exchange and a portfolio manager – the Chairman of the Securities Authority;
- (3) in the case of an insurer or insurance agent – the Superintendent of Insurance;

- (4) in the case of a provident fund or company managing a provident fund – the Commissioner of the Capital Market;
  - (5) in the case of the Postal Bank – the Minister of Communications or a public servant authorized by him for that purpose;
  - (6) in the case of a provider of currency services – the Registrar for Providers of Currency Services within the meaning of section 11B;
  - (7) in the case of any other entity that has been added to the Third Schedule under section 33(b) – the Minister responsible for that entity or a public servant authorized by him for that purpose.
- (b) Notice of the Supervisor’s appointment under paragraphs (5) and (7) of subsection (a), shall be published in *Reshumot* by the Minister responsible for the reported entity in accordance with Chapter Three (hereinafter referred to as “the inspected entity”).

### **Inspectors and their powers**

- 11N (a) (1) For the purpose of supervising the carrying out of the provisions of this Law, the Supervisor shall appoint inspectors who will exercise their powers *vis a vis* the inspected entity pursuant to this Law.
- (2) A person who is not a public servant shall not be appointed as an inspector unless the Israel Police had no objection to the appointment for reasons of public order.
- (3) No person shall be appointed as an inspector unless having received appropriate training as prescribed by the Supervisor.
- (b) In order to fulfill his duties an inspector may:
- (1) require that any person concerned hand over to him information and documents that relate to the activities of the inspected entity with respect to its compliance with its obligations under this Law; in this section “documents” – shall include – computer material and a print out;
  - (2) after, having identified himself, enter any place in which he has reason to presume that an inspected entity is operating, to require that it present him with all of the documents connected to the activities of the inspected entity with respect to the fulfillment of its obligations under this Law and to conduct an examination on the spot; however an inspector shall not enter a

place that serves exclusively for residential purposes, save with a court order;

- (3) to seize a document, if he has reason to presume that such measure is necessary to prevent the breach of the provisions of Chapters Three and Four<sup>1</sup>; however a document shall not be seized if a certified copy thereof is sufficient.

(c) For the purposes of this section “computer material” and “printout” shall have the same definitions as in the Computer Law, 5755-1995.<sup>3</sup>

(d) Where the Commissioner Supervisor have powers of inspection over an inspected entity by virtue of any other law, he may exercise them also in respect of inspection under this law.

### **Law applying to a seized document**

11O (a) The seizure of a document pursuant to section 11N(b)(3), by reason of breach of the provisions of Chapter Four<sup>1</sup>, shall be subject to the provisions of the fourth chapter of the Criminal Procedure (Arrest and Search)(New Version) Ordinance, 5729-1969<sup>4</sup> *mutatis mutandis*.

(b) The seizure of a document pursuant to section 11N(b)(3) by reason of breach of an obligation under Chapter Three, shall be subject to the following provisions:

- (1) The inspector shall give the document seized to the Supervisor, who is permitted to preserve it until its submission to the committee authorized to impose a financial sanction, pursuant to the provisions of Chapter E (hereinafter in this section referred to as “the Committee”);
- (2) Where a document was submitted to the Committee, the Committee shall decide, in its decision concerning the imposition of a financial sanction, whether to return the document to the person from whom it was taken or to continue to hold it;
- (3) Where the inspector has failed to give the document to the Committee within six months of its seizure, it shall be returned to the person from whom it was taken;
- (4) A person in whose possession a document was seized pursuant to section 11N(b)(3), may appeal to the Magistrates’ Court and request its return; where the Committee decides not to return the document, the appeal shall be filed within thirty days from the day he received the Committee’s decision.

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<sup>3</sup> *Sefer Ha-Chukkim* of 5755, p. 366

<sup>4</sup> *Dinei Medinat Yisrael*, [New Version] 12 p. 284; LSI (New Version) vol. 12, p. 29

## **Chapter Five: Financial Sanction**

### **Definition**

12. In this Chapter -

““the Supervisor” – any one of the following:

- (1) the Supervisor as defined in section 11M;
- (2) with respect to Chapter Four – the Director of the Customs and V.A.T. Department;
- (3) an employee of any one of those enumerated in paragraphs (1) and (2), whom they have authorized to be a supervisor for purposes of this chapter.”

"committee" means the committee for imposing financial sanctions under this Chapter.

### **Committee for Imposition of Financial Sanctions**

13. (a) The Governor of the Bank of Israel and the Minister responsible for the Customs and V.A.T. Department or any of the entities specified in the Third Schedule, shall establish, each with regard to the entities for which he is responsible, a committee empowered to impose a financial sanction under this Chapter.

(b) Each committee shall be composed of three members, who shall be: the Supervisor, who shall act as chairman, an employee appointed by the Supervisor from among the staff of his department, and a jurist appointed by the Minister of Justice from among the staff of his department

(c) The Minister of Justice shall lay down working arrangements for the Committee and the criteria for the imposition of a financial sanction, after consulting as follows:

- (1) with respect to a committee pursuant to section 14 – the Governor of the Bank of Israel and the Minister responsible for any one of the entities specified in the Third Schedule;
- (2) with respect to a committee under section 15 – the Minister of Finance.”

(d) The decisions of the committee shall be by a majority vote.

### **Financial sanction for breach of an obligation under sections 7 or 8**

14. (a) Where the committee finds that a person was in breach of the provisions under section 7, it may impose on him, and where he is employed by a corporation - on the corporation, a financial sanction at a rate not exceeding ten times the fine specified in section 61(a)(4) of the Penal Law.
- (b) Where the committee finds that no person has been appointed as responsible for fulfillment of the obligations as stated in section 8(a), it may impose on the corporation a financial sanction at a rate not exceeding the fine prescribed in section 61(a)(4) of the Penal Law.

#### **Financial sanction for breach of an obligation under section 9**

15. (a) Where the committee finds that a person is in breach of the obligation to report, under the provisions of section 9, it may impose on him a financial sanction at a rate not exceeding half of the fine specified in section 61(a)(4) of the Penal Law, or up to five times the amount not reported on, whichever is the higher amount.
- (b) Where a financial sanction has been imposed under this section on any person and has been paid by him, an indictment shall not be filed against him for the breach in respect of which the financial sanction was imposed.

#### **Rate of financial sanction and updating thereof**

16. (a) The Minister of Justice, in consultation as provided in section 13(c), may prescribe, within the limitations of the maximum financial sanction prescribed in sections 14 and 15, various rates of financial sanction for various breaches of the provisions of sections 7, 8 and 9, taking into consideration the scope and circumstances of the breach and the circumstances of the person in breach, including whether it was a further breach.
- (b) Where the Minister of Justice has prescribed rates of financial sanction, as stated in subsection (a), a financial sanction higher than the rate specified under the same subsection shall not be imposed on the person in breach.
- (c) Calculation of the rate of financial sanction under this Chapter shall be at the updated rate of the fine specified in section 61(a)(4) of the Penal Law as of the day of handing down the decision on the imposition thereof was rendered; where an appeal has been filed and the court hearing the appeal or the Commissioner orders a stay of payment of the financial sanction, the updated rate of the aforesaid fine shall be determined according to its rate on the day the decision on appeal was rendered.
- (d) For the purposes of this section, "further breach" means a breach made within two years of the previous breach of the same provision for which the financial sanction was imposed on the person in breach, or for which such person was convicted.

### **Demand for and payment of financial sanction**

17. Prior to the committee's decision to impose a financial sanction, the person upon whom the committee intends to impose a financial sanction shall be granted an opportunity to present his case; where the committee decides to impose a financial sanction, a written demand shall be sent to the person in breach, and the financial sanction shall be paid within 30 days of the day from receipt of the demand.

### **Collection of the financial sanction**

18. The provisions of the Taxes (Collection) Ordinance<sup>10</sup> shall apply to collection of a financial sanction.

### **Linkage differentials and interest**

19. Where a financial sanction is not paid on time, linkage differentials and interest shall be added thereto under the Adjudication of Interest and Linkage Law, 5721-1961<sup>11</sup> (hereinafter referred to as the "linkage differentials and interest") until payment thereof.

### **Appeal against financial sanction**

20. (a) A demand for payment of a financial sanction subject to appeal before the Magistrates' Court.
  - (b) An appeal shall be filed within 30 days of the day on which the demand for payment of the financial sanction was delivered.
  - (c) An appeal shall not defer payment of the financial sanction, unless the committee or the court rules otherwise.
  - (d) Where an appeal is allowed after the financial sanction has been paid, the financial sanction shall be reimbursed with linkage differentials and interest from the date of payment until the date of reimbursement thereof.
  - (e) The decision of the appellate court shall be subject to a further appeal if leave is granted; such further appeal shall be heard by a single judge.

## **Chapter Six: Provisions on Forfeiture**

### **Forfeiture of property in criminal proceedings**

21. (a) Where a person has been convicted of an offense under sections 3 or 4, the court shall order, unless it decides not to do so on special grounds to be

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<sup>10</sup>*Laws of Palestine*, vol. 2, p. 1374.

<sup>11</sup>*Sefer Ha-Chukkim* of 5721, p. 192.

recorded, that in addition to any penalty, property of the convicted person amounting to the value of the following property, shall be forfeited -

- (1) property with which an offense was committed, as well as property used in the commission of an offense which enabled the commission of such an offense or was intended for that purpose;
  - (2) property obtained directly or indirectly as remuneration for the offense or in consequence of commission of the offense, or was intended for that purpose.
- (b) For the purposes of this section, "property of the convicted person" means any property found in his possession, control or account.
- (c) Where no property of the convicted person is found to implement the forfeiture order in full, the court may direct that the order be implemented from the property of another person, the acquisition of which was financed by the convicted person or which he transferred to the other person without consideration; the court shall not order as stated with respect to property which the convicted person financed or transferred to the same person prior to commission of the offense for which he was convicted and with regard to which the forfeiture order was made.
- (d) The court shall not order the forfeiture of property as stated in this section except after having granted the convicted person, the owner of the property, the person in possession or control of the property or claiming a right to the property, if known, an opportunity to state their case.
- (e) Where a person who is not the convicted person claims a right to the property specified in subsection (d) and the court finds, for reasons to be recorded, that an scrutiny of the arguments is likely to impede the continuation of the hearing in the criminal proceedings, it may decide that the hearing on the forfeiture be heard in civil proceedings; where the court has so decided, the provisions of subsection (c) shall apply to the civil proceedings.
- (f) The application of a prosecutor to forfeit property under this section and the details of the property for which forfeiture is requested shall be referred to in the indictment; where further property is discovered forfeiture of which is requested, the prosecutor may amend the indictment at any stage of the proceedings prior to delivery of the sentence.

### **Forfeiture of property in civil proceedings**

22. (a) The District Court, on the application of a District Attorney, may order the forfeiture of property in civil proceedings (hereinafter referred to as "civil forfeiture"), where it is satisfied that the following two conditions have been fulfilled:

- (1) the property was obtained, directly or indirectly, by an offense under sections 3 or 4 as remuneration for such offense, or an offense was committed therewith under the same sections;
  - (2) the person suspected of committing such an offense is not present permanently in Israel or cannot be found and thus an indictment cannot be filed against him, or the property specified in paragraph (1) was discovered after the conviction.
- (b) The respondent on the application shall be the person claiming a right to the property, if known; where the court has decided as provided in section 21(h), the convicted person shall also be a respondent in the application under this section.
  - (c) A decision of the court under this section shall be appealable in the same manner as an appeal is made in a civil matter.
  - (d) There shall be no forfeiture under this section of any property not belonging to the suspect, unless it is proved that -
    - (1) the owner of the right to the property knew that the property was used for an offense or agreed thereto; or
    - (2) the owner of the right to the property did not acquire his right for consideration and in good faith.

### **Application of laws and designation of fines**

- 23. The provisions of sections 36C to 36J of the Dangerous Drugs Ordinance shall apply *mutatis mutandis* to forfeiture of property and forfeited property under this Law, in addition to fines imposed thereunder; for the purposes of this section, "fines" includes a financial sanction imposed under this Law.

### **Chapter Seven: Exemption from Liability and Auxiliary Powers**

#### **Exemption from liability**

- 24. (a) Failure to perform in good faith any property transaction, including one with prohibited property, disclosure or non-disclosure, reporting or any other act or omission under the provisions of this Law, shall not constitute a breach of the obligation of confidentiality and trust or any other breach under the provisions of any law or agreement, and any person who acts or fails to act as stated shall not bear criminal, civil or disciplinary liability for the act or omission.
- (b) Where a person is exempt from civil liability, as provided in subsection (a), the court may order him to do one of the following, if it deems just to do so in the specific circumstances, and in the manner it sees fit:

- (1) to return what he received from the other party or to pay the value thereof; or
  - (2) to perform the counter-obligation, in whole or in part, if the other party has performed his obligation.
- (c) Notwithstanding the provisions of this Law, an attorney shall act in accordance with the provisions of section 90 of the Chamber of Advocates Law, 5721-1961.

### **Restrictions on disclosure of report**

25. (a) Notwithstanding the provisions of any law, the identity of any person who acted as provided in section 6 shall not be disclosed, except to the inspector appointed according to Chapter Four<sup>2</sup> for the purpose of fulfilling his function, except in accordance with subsection (b).
- (b) A report received by the police under section 6(1) or at the data base under section 7(d) shall not be regarded as investigation material under section 74 of the Criminal Procedure Law [Consolidated Version], 5742-1982<sup>12</sup>, and shall not be admissible as evidence in any legal proceedings, except -
- (1) in legal proceedings under this Law for breach of the obligation to report under this section or for false or deceptive reporting under this Law;
  - (2) as intelligence material presented only for the inspection by the judge during the course of the application for a judicial order.

### **Auxiliary powers**

26. (a) The powers of search and seizure under the Arrest and Search Ordinance shall apply, *mutatis mutandis*, also with respect to property in relation to which a forfeiture order may be granted under this Law.
- (b) For the purpose of enforcing this Law a police or customs officer shall have the powers under sections 174, 177, 184 and 185 of the Customs Ordinance, and for this purpose, property of a suspect connected to an offense under this Law, shall be deemed as goods the import or export of which is prohibited.
- (c) For the purpose of enforcing this Law a police or customs officer shall have the power of search provided in section 28(b)(4) of the Dangerous Drugs Ordinance<sup>13</sup>; the provisions of section 28(e) and (f) of the aforesaid Ordinance shall apply to a search under this subsection.

### **Powers to disclose customs offenses**

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<sup>12</sup>*Sefer Ha-Chukkim* of 5742, p. 43.

<sup>13</sup>*Dinei Medinat Yisrael [New Version]*, vol. 27, p. 526.

27. (a) In order to implement the provisions of this Law, the Director of Customs may demand from any person who is the owner of goods under the supervision of the Customs Authority or from any person entering or leaving Israel, to hand over any information in connection with the matter..
- (b) Where there are grounds to suspect that an offense under this Law has been committed, a customs officer who is competent to investigate (hereinafter referred to as an "investigating customs officer"), may -
- (1) investigate a person connected with an offense; for this purpose, he shall have the same powers as a police officer under section 2 of the Criminal Procedure (Evidence) Ordinance<sup>14</sup> and the provisions of sections 2 and 3 thereof, shall apply to the investigation;
  - (2) demand that a person, referred to in paragraph (1), present himself before him for investigation;
  - (3) enter any place to perform a search therein, as provided in section 25 of the Arrest and Search Ordinance, *mutatis mutandis*, if the regional commissioner for investigations has given his approval;
  - (4) apply to a judge of the Magistrates' Court to grant a search warrant under section 23 of the Arrest and Search Ordinance;
  - (5) seize an object relating to an offense under this Law or likely to serve as evidence in proceedings regarding the aforesaid offense.
- (c) The provisions of sections 23A, 24, 26 to 29 and 33 to 42 of the Arrest and Search Ordinance shall apply to search and seizure under subsection (b) (3) to (5).
- (d) In this section, "offense" means -
- (1) an offense under sections 3 and 4, committed relating to property originating in the offense of smuggling goods under sections 211 and 212 of the Customs Ordinance or under the Import and Export Ordinance [New Version], 5739-1979<sup>15</sup>, in addition to offenses under section 117(b)(3) of the Value Added Tax Law, 5735-1975<sup>16</sup>, committed in aggravated circumstances;
  - (2) an offense under section 10.
- (e) In an offense referred to in subsection (d)(1), an investigating customs officer shall have the powers of detention, arrest and release given to a police under the Criminal Procedure (Enforcement Powers) (Arrests) Law, 5756-1996<sup>17</sup> (hereinafter referred to as the "Arrests Law") officer and the regional

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<sup>14</sup>*Laws of Palestine*, Chapter XXXIV, vol. 1, p. 439.

<sup>15</sup>*Dinei Medinat Yisrael (Nusach Chadash)*, vol. 32, p. 325.

<sup>16</sup>*Sefer Ha-Chukkim* of 5735, p.

<sup>17</sup>*Sefer Ha-Chukkim* of 5756, p. 338.

commissioner for investigations and his deputy shall also have the powers of detention, arrest and release conferred on a police officer and a responsible officer, and the provisions of the Arrests Law shall apply, *mutatis mutandis*.

- (f) For the purposes of this section, regional investigation offices shall be deemed a police station.

## **Chapter Nine: Data Base, Competent Authority, Transmission and Preservation of Information**

### **Data base**

28. The Minister of Justice shall establish at the Ministry of Justice, a data base of reports received under this Law and under the Prohibition on terror financing law (in this Law referred to as "the data base"); the Minister shall prescribe rules for the management of the data base and the security of the data therein.

### **Competent authority**

29. (a) The Minister of Justice shall establish at the Ministry of Justice a competent authority for the purpose of the data base (in this Law referred to as "the competent authority"); the authority shall be headed by a person qualified to be appointed as a District Court judge and possessing the qualifications prescribed by the Minister; the Minister of Justice shall appoint the head of the competent authority with the approval of the Government. The name of the competent authority shall be the Israel Money Laundering and terror financing Prohibition Authority.
- (b) The competent authority shall manage the data base, process the information in the base and ensure that such information is secure, decide on the transfer of information to the entity competent under this Law to receive it, and transfer such data to the aforesaid entity, all for the implementation of this Law and the Prohibition on terror financing law .
- (c) A person shall not be employed by the competent authority unless the Inspector General of the Israel Police, or any person authorized by him for this purpose, has given notice that there is no impediment to his employment on grounds of public security.
- (d) Access to the data base shall be by persons holding positions at the competent authority, as determined by the head of the competent authority with the consent of the Inspector General of the Israel Police.

### **Restrictions after retirement**

- 29A The head of the Competent Authority and any employee authorized under section 29(d) to have access to the data base, shall not be allowed to work or

to receive any right or benefit from a reporting entity under Chapter Three, unless one year has passed from the date of their retirement from the Competent Authority, or if they received a permit from the Committee for the grant of permission, established pursuant to section 11 of the Public Service (Restrictions after Retirement) Law, 5729-1969<sup>5</sup>.”

### **Transmission of information from the data base**

30. (a) Notwithstanding the provisions of Chapter Four of the Protection of Privacy Law, 5741-1981<sup>18</sup>, the competent authority shall not transmit information from the data base, except in accordance with the provisions of this Law and to the authorities as specified herein.
- (b) (1) For the purpose of implementing this Law and the Prohibition on terror financing law , the competent authority may transmit information from the data base to the Israel Police; transmission of the information shall be upon a reasoned application, pursuant to the rules prescribed by the Minister of Justice, with the consent of the Minister for Internal Security; the rules shall determine, *inter alia*, those persons holding positions for the Israel Police who may apply for and receive the information.
- (2) The Israel Police may include in its application and reasons any information held in its possession, including information from the criminal register and the competent authority may inspect such information.
- (c) For the purpose of prevention and investigation of activities of terrorist organizations and declared terror organizations , of terror activity and of financing of organizations or activities as set stated or of damage to State security, the competent authority may transmit information from the data base to the General Security Service; transmission of the information shall be upon a reasoned application, pursuant to the rules determined by the Minister of Justice with the consent of the Prime Minister; the rules shall determine, *inter alia*, those persons holding office in the General Security Service who may request and receive the information; the provisions of subsection (b)(2) shall apply with respect to an application under this subsection, *mutatis mutandis*.
- (d) (1) Where the competent authority decides not to transmit information as requested, the person requesting the information may submit an objection on the decision of the authority to the Attorney General.

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<sup>5</sup> *Sefer Ha-Chukkim* of 5729, p. 144

<sup>18</sup>*Sefer Ha-Chukkim* of 5741, p. 128.

- (2) The Attorney General may allow or dismiss the objection, or make the transmission of information dependent on the conditions which he shall prescribe.
- (3) In order to finalize his decision on the objection, the Attorney General may review the information in the data base.
- (e) The competent authority may, on its initiative, transmit information from the data base to any person competent to receive information under this Law, for the purpose of preventing any offenses under this Law and under the prohibition on terror financing law , defending state security or combating terrorist organizations,.
- (f) In order to implement this Law and the Prohibition on terror financing law , the competent authority may transmit information from the data base managed by it to an authority of the same category in another state and request information from such authority, provided that the information relates to property originating in an offense, provided in section 2 or terror property; the provisions of the Legal Assistance Between States Law, 5758-1998<sup>19</sup>, shall apply in this matter.
- (g) Information transmitted to the Israel Police or to the General Security Service under this Law shall only be used for the implementation of this Law and the prohibition on terror financing law, the defense of state security or to combat terrorist organizations, activities of terrorist organizations and declared terror organizations; however, such entities may, within the scope of their functions, make use of any such information in order to investigate and prevent further offenses not under this Law, detect convicted persons and bring them to trial and prevent and investigate activities of terrorist organizations or harm to state security, all in accordance with rules to be prescribed.
- (h) Notwithstanding the provisions of any law, information received under this section shall not be transmitted to another authority except for the implementation of this Law or the prohibition on terror financing law or for the objectives specified in subsection (g).
- (i) The Minister of Justice shall prescribe the additional offenses in respect of which the aforesaid information may be used for their investigation or prevention as provided in subsection (g)
- (j) In this section, “terror organization”, “declared terror organization”, “act of terror” and “terror property” – as defined in the Prohibition on terror financing law.

### **Obtaining information**

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<sup>19</sup>*Sefer Ha-Chukkim* of 1998, p.

31. (a) The competent authority may demand from a tax authority information which it requires in order to enforce this Law or the prohibition on terror financing law; the Minister of Finance, within the scope of his authority under the provisions on confidentiality in the fiscal laws, shall examine the application as soon as possible in the specific circumstances, and information which he decides to deliver shall be delivered to the authority without delay.
- (b) The Minister of Justice and the Minister of Finance may prescribe in rules the procedures for speedy handling of applications under subsection (a).
- (c) The head of the competent authority may demand from those entities having obligations imposed on them under Chapter Three, any information required by the authority in order to complete a report received in a data base, connected with the aforesaid report and relating to a person with regard to whom the report was received.
- (d) In this section, "tax authority" has the same meaning as in the Tax Law Amendment (Exchange of Information between Tax Authorities) Law, 5727-1967<sup>20</sup>.

### **Confidentiality**

- 31A (a) A person who, in the performance of his duty or in the course of his employment receives information in accordance with Chapter Three or Chapter Four or Chapter Four Z, shall maintain its confidentiality, and shall not disclose it to any other person, nor make any use thereof, except in accordance with the provisions of this Law, or pursuant to a court order; a person who contravenes the provisions of this subsection shall be liable to imprisonment for three years or a fine under section 61(a)(3) of the Penal Law.
- (b) A person who negligently causes the disclosure of information to another person, in contravention of the provisions of subsection (a) in breach of one of the provisions that was prescribed for the securing of information under this Law, or while in breach of a rule or procedure established by the head of the competent authority under the said provisions, shall be liable to one year's imprisonment or a fine under section 61(a)(2) of the Penal Law.

### **Reporting to the Knesset**

- 31B (a) The head of the Competent Authority shall, on an annual basis, submit a written report to the Constitution, Law and Justice Committee of the Knesset regarding all of the following:
- (1) The number of reports that were received by the Competent Authority under Chapter Three, and

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<sup>20</sup>*Sefer Ha-Chukkim* of 5727, p. 136.

pursuant to the orders that were issued by virtue of section 48(a) of the Prohibition on terror financing Law classified according to the category of the reporting entity as determined in that chapter;

- (2) The number of reports that were transmitted to the competent authority under Chapter Four;
  - (3) The number of applications for information and the number of transmissions of information from the data base to entities permitted to receive information as stated, in accordance with the following classification:
    - (a) the Israel Police
    - (b) the General Security Service
    - (c) a foreign authority, as provided in section 30 (f)
  - (4) The number of providers of currency services who registered in accordance with Chapter Four1;
  - (5) The acts of inspection which were reported in accordance with section 31C.
- (b) The Committee shall discuss the report as stated in subsection (a)(3) *in camera*.

### **Receipt of report**

- 31C (a) A supervisor as defined in section 11M and the Director of the Customs and V.A.T. Department shall transmit to the head of the competent authority, periodic reports dealing with their activities with respect to the execution of the provisions of this Law.
- (b) The Minister of Justice, with the consent of the Governor of the Bank of Israel and the Minister responsible for the Supervisor, shall prescribe the rules and the dates for the transmission of the reports to the competent authority.”

## **Chapter Nine: Miscellaneous Provisions**

### **Implementation and regulations**

32. (a) The Minister of Justice is charged with the implementation of this Law except for Chapters Four1 and Four2”; and he may, in consultation with the

Minister for Internal Security, enact regulations and prescribe rules on any matter concerning its implementation.

- (a1) The Minister of Finance is charged with the implementation of Chapter Four<sup>1</sup> and he may make regulations for any matter concerning its implementation; the Minister of Finance is similarly permitted to prescribe fees for the registration of providers of currency services in the register of providers of such services, amendment of registration, granting of registration certificates to the branches and the amendment of registration certificates, as well as an annual fee.
  
- (a2) (1) Any Minister, who is responsible for one of the entities specified in the Third Schedule, is charged with the implementation of Chapter Four<sup>2</sup> *vis a vis* the entity for which he is responsible and he may, in consultation with the Minister of Justice and the Minister for Internal Security, enact regulations in any matter concerning its implementation with respect to the entity for which he is responsible.  
  
(2) The Minister of Finance is charged with the implementation of Chapter Four<sup>2</sup> with respect to a banking corporation; the Governor of the Bank of Israel may by order, with respect to such a corporation, in consultation with the Minister of Finance, the Minister of Justice and the Minister for Internal Security, make provisions for its implementation.”
  
- (b) The Minister of Justice shall prescribe procedural rules for appeals against financial sanctions under Chapter Five.
  
- (c) Regulations, rules and orders under this Law shall be made with the approval of the Constitutional, Law and Justice Committee of the Knesset.

### **Alteration and updating of Schedules**

- 33. (a) The Minister of Justice, in consultation with the Minister for Internal Security, may, by order, alter the First and Second Schedules.
  
- (b) The Minister of Finance, in consultation with the Minister of Justice and the Minister for Internal Security, may, by order, amend the Third and Fourth Schedules, provided that with respect to the Third Schedule he also consults with the Minister responsible for the entity regarding which the amendment is requested.
  
- (c) The Minister of Justice shall publish on 1<sup>st</sup> January of each year the amounts specified in the Second and Fourth Schedule, as updated according to the rate of increase of the new index against the base index: the updated amounts shall be rounded up to multiples of 5,000;

In this subsection -

"index" means the consumer price index published by the Central Bureau of Statistics;

"new index" means the index published most recently prior to the day of the update;

"base index" means the index published most recently prior to the previous day of the update, and with respect to the first day of the update after the commencement of this Law, this means the index published in July 2000.

### **Applicability**

34. The provisions of sections 3 and 4 shall also apply to property originating in an offense as defined in section 2 committed prior to the commencement of this Law.

### **Commencement**

35. (a) The Minister of Justice shall establish the data base and the competent authority within the meaning of sections 28 and 29, by no later than the expiry of eighteen months after the publication of this Law.
- (b) Chapters Three to Five shall come into effect on the date to be prescribed by the Minister of Justice, in consultation with the Minister for Internal Security and with the Governor of the Bank of Israel or the Minister concerned in the matter, as the case may be; provided that the date of entry into force of those Chapters shall be within the period stated in subsection (a) and after establishment of the competent authority and the data base.
- (c) The Minister of Justice may, by order, as provided in this section, prescribe various dates for the entry into force of the aforesaid Chapters, or any part thereof.
- (d) The commencement of section 4 shall be on the date of the entry into force of the regulations under section 6(b).

### **Transitional provisions**

36. Notwithstanding the provisions of section 14, in the first year of the entry into force of sections 7 and 8, no financial sanction shall be imposed on a person in breach for his first breach, but a written warning shall be sent to him regarding the breach.

## **Chapter Ten: Statutory Amendments**

### **Amendment of Dangerous Drugs Ordinance**

37. In the Dangerous Drugs Ordinance [New Version], 5733-1973, the following shall be inserted in section 36H(b) after paragraph 4:

"(5) performance of police and customs functions under this Ordinance and under the Prohibition of Money Laundering Law, 5760-2000, including forfeiture of property under the aforesaid Laws;

(6) performance of the functions of the competent authority under the Prohibition of Money Laundering Law, 5760-2000, as well as financing of the data base under the aforesaid Law."

#### **Amendment of Legal Assistance Law**

38. In the Legal Assistance Between States Law, 5758-1998<sup>21</sup>, the following shall be inserted in the Second Schedule after Item A:

"B. Offenses under sections 3 and 4 of the Prohibition of Money Laundering Law, 5760-2000, committed with property which is prohibited property within the meaning of section 3 of the aforesaid Law".

#### **Amendment of the Protection of Privacy Law**

39. In the Protection of Privacy Law, 5741-1981<sup>22</sup>, the following shall be inserted in section 13(e), after paragraph (5):

"(6) to a data base established under section 28 of the Prohibition of Money Laundering Law, 5760-2000."

### **First Schedule**

#### **(Section 2)**

#### **Specification of offenses**

The offenses specified hereunder:

- (1) Offenses under the Dangerous Drugs Ordinance, not being offenses of self-use of a drug, possession of a drug for self-use, possession of premises for personal consumption of a drug and possession of instruments for self-use of a drug;
- (2) Offenses of illegal trading in arms under section 144 of the Penal Law;
- (3) Offenses connected to acts of prostitution pursuant to sections 199, 201, 202, 203, 203b, 204 and 205 of the Penal Law;

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<sup>21</sup>*Sefer Ha-Chukkim* of 5755558, p. 356.

<sup>22</sup>*Sefer Ha-Chukkim* of 5741, p. 128.

- (4) Offenses of sale and distribution of obscene publications under section 214 of the Penal Law;
- (5) Gambling offenses under sections 225 and 228 (first part) of the Penal Law;
- (6) Offenses of bribery under Article Two of Chapter Nine of Part Two of the Penal Law;
- (7) Offenses of murder and attempted murder under sections 300 and 305 of the Penal Law;
- (8) Offenses against the person under Article Seven of Chapter Ten of Part Two of the Penal Law;
- (9) Offenses against property under sections 384, 390 to 393, 402 to 404 and 411 of the Penal Law;
- (10) Offenses of theft of a vehicle, obtaining a vehicle or stolen parts and trading in a vehicle or stolen parts, as provided in Article Eight of Chapter Eleven of Part Two of the Penal Law, excluding offenses under sections 413C, 413D(a), 413E, the first part of 413F and 413G;
- (11) Offenses under Article Six of Chapter Eleven of Part Two of the Penal Law, excluding offenses under sections 416, 417 and 432;
- (12) Offenses of forgery of money and coins, under Articles One and Two of Chapter Twelve of Part Two of the Penal Law, excluding offenses under sections 463, 466, 467, 480, 481 and 482, as well as the offense of installation of a tool for making stamps under section 486;
- (13) Offenses under sections 16, 17 and 18 of the Debit Cards Law, 5746-1986<sup>23</sup> ;
- (14) Offenses under sections 52C, 52D and 54 of the Securities Law, 5728-1968<sup>24</sup>;
- (15) Offenses of smuggling goods under sections 211 and 212 of the Customs Ordinance<sup>25</sup> or under the Import and Export Ordinance [New Version], 5739-1979<sup>26</sup>;
- (16) Offenses related to infringements of copyrights, patents, designs and trademarks, under the Copyrights Ordinance<sup>27</sup>, the Patents Law, 5727-1967<sup>28</sup>,

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<sup>23</sup>*Sefer Ha-Chukkim* of 5746, p. 187.

<sup>24</sup>*Sefer Ha-Chukkim* of 5728, p. 234.

<sup>25</sup>*Dinei Medinat Yisrael (Nusach Chadash)*, vol. 3, p. 39.

<sup>26</sup>*Dinei Medinat Yisrael (Nusach Chadash)*, vol. 32, p. 625.

<sup>27</sup>*Laws of Palestine*, vol. 1, p. 364.

<sup>28</sup>*Sefer Ha-Chukkim* of 5727, p. 148.

Patents and Designs Ordinance<sup>29</sup>, the Trademarks Ordinance [New Version], 5732-1972<sup>30</sup>, and the Merchandise Marks Ordinance<sup>31</sup>;

- (17) An offense under section 117(b)(3) of the Value Added Tax Law, 5735-1975, committed in aggravated circumstances;
- (18) offenses pursuant to the Prevention of Terror Ordinance, pursuant to the Defense (Emergency) Regulations, 1945, pursuant to sections 8 and 9 of the Prohibition of Funding of Terrorism Law or pursuant to Articles Two through Six of Chapter 7 of Part B of the Penal Law;
- (18a) crimes pursuant to sections 2, 3 and 4 of the Struggle Against Crime Organizations Law, 5763-2003;
- (18b) a crime pursuant to section 80(b) regarding a foreign worker or pursuant to section 80(c) of the Employment Service Law, 5719-1959; this clause shall remain valid during the period of three years beginning with the effective date of the Employment Service (Amendment no. 14) Law, 5764-2004; the Minister of Industry, Trade and Employment, with the approval of the Labor, Welfare and Health Committee of the Knesset, may issue an order to extend the validity of this clause for an additional period that shall not exceed two years.
- (19) Offenses of money laundering under section 3 of the Law, originating in one of the offenses specified herein;
- (20) Conspiracy to commit one of the offenses specified herein.

## **Second Schedule**

### **(Section 4)**

#### **Categories of Property**

- A. Categories of property as specified hereunder, provided that the value of the property is NIS120,000 or more, whether in a single property transaction or several property transactions, together totaling the aforesaid amount, within a period of three months:
  - (1) objets d' art;
  - (2) ritual objects and Judaica;

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<sup>29</sup>*Laws of Palestine*, vol. 2, p. 1053.

<sup>30</sup>*Dinei Medinat Yisrael (Nusach Chadash)*, vol. 26, p. 511.

<sup>31</sup>*Laws of Palestine*, vol. 2, p. 889.

- (3) means of transportation, including vessels and aircraft;
  - (4) precious stones and precious metals;
  - (5) securities;
  - (6) real estate;
  - (7) antiquities
  - (8) carpets.
- B. Monies in excess of the amount of NIS400,000, whether within a single property transaction or a several property transactions, together totaling the aforesaid amount, within a period of three months; where monies were given in consideration for property as specified in item A, the restriction on the value of the property according to that item shall apply with regard thereto; for these purposes, "monies" includes travelers' cheques, bankers' drafts, and financial assets which are financial deposits, savings, investments in providential and pension funds, as well as options and contracts, as defined in section 64 of the Joint Investment Trust Law, 5754-1994<sup>34</sup>.

### **Third Schedule**

**(section 7(b))**

#### **Additional Entities to whom the Obligations under Chapter Three apply**

1. A member of the stock exchange.
2. A portfolio manager.
3. An insurer or insurance agent, within the definition in section 1 of the Supervision of Insurance Business Law, 5741-1981<sup>35</sup>.
4. A management company as defined in the Supervision of Financial Services Law, 5765-2005, regarding the providential funds under its management.
5. provider of currency services.
6. The company as defined in the Postal Law, 5746-1986, when providing services pursuant to section 88a of such law”.

### **Fourth Schedule**

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<sup>34</sup>*Sefer Ha-Chukkim* of 5754, p. 386.

<sup>35</sup>*Sefer Ha-Chukkim* of 5741, p. 208.

(Section 9(b))

**Amounts of Monies Required to be Reported**

NIS80,000 or more; if a person first enters the State of Israel under an immigrant's visa under the Law of Return, 5710-1950<sup>37</sup> - NIS1,000,000 or more.

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<sup>37</sup>*Sefer Ha-Chukkim* of 5710, p. 159.