

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

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

"money changer" means a person engaged in providing the service of currency conversion;

"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>;

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

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

"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**

### **Original 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.
- (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

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

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

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" shall have the same meaning as in the Trust Law, 5739-1979<sup>9</sup>;
- (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 -

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<sup>9</sup>*Sefer Ha-Chukkim* of 5739, p. 128.

- (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 Five: Financial Sanction**

#### **Definition**

12. In this Chapter -

"the Supervisor" -

- (1) with respect to a banking corporation – the Supervisor of Banks;
- (2) with respect to any of the entities specified in the Third Schedule - the Minister responsible for the entity in question, or the person who each Minister has authorized for this purpose from among the staff of his department;
- (3) with respect to Chapter Four - the Director of Customs, or the person whom he has authorized for this purpose from amongst the staff of the Customs and VAT Division;

"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 any one 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, in consultation with the Governor of the Bank of Israel, with respect to a banking corporation, and with respect to any of the entities specified in the Third Schedule, in consultation with the Minister responsible for the entity in question, shall lay down working arrangements for the committee and criteria for the imposition of financial sanctions.
- (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 with the Governor of the Bank of Israel, with respect to a banking corporation, and with respect to any of the entities specified in the Third Schedule, in consultation with the Minister responsible for the entity in question, 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 Seven: Provisions on Forfeiture**

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

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

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

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 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 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.

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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.

## **Powers to disclose customs offenses**

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

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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.

the Criminal Procedure (Enforcement Powers) (Arrests) Law, 5756-1996<sup>17</sup> (hereinafter referred to as the "Arrests Law") officer and the regional 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 (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.
- (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.
- (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.

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

### 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, 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 or of acts against national 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.
- (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, defending state security or combating terrorist organizations,.
- (f) In order to implement this Law, the competent authority may transmit information from the data base managed by it to an authority of the same

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

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; 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, the defense of state security or to combat terrorist 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 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); however, the aforesaid information shall not be used for the prevention or investigation of fiscal offenses.

### **Obtaining information**

31. (a) The competent authority may demand from a tax authority information which it requires in order to enforce this 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>.

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

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



## Chapter Nine: Miscellaneous Provisions

### **Implementation and regulations**

32. (a) The Minister of Justice is charged with the implementation of this Law and he may, in consultation with the Minister for Internal Security, enact regulations and prescribe rules on any matter concerning 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:

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

"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 related to acts of prostitution under sections 199, 201, 202, 203, 203A, 203B, 204 and 205 of the Penal Law;
- (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;

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

- (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>, 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 under the Prevention of Terrorism Ordinance<sup>32</sup>, under the Defense (Emergency) Regulations, 1943<sup>33</sup> or under Articles Two to Six of Chapter Seven of Part Two of the Penal Law;
- (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.

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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.

<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.

<sup>32</sup>*Iton Rishmi* of 5708, First Schedule p. 73.

<sup>33</sup>*Iton Rishmi* of 1945, Second Schedule, p. 1055.

## **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;
  - (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.

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

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 provident fund, within the meaning of section 47(a)(2) of the Income Tax Ordinance<sup>36</sup>.
5. A money changer.
6. The Postal Bank.

#### **Fourth Schedule**

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

<sup>36</sup>*Dinei Medinat Yisrael (Nusach Chadash)*, vol. 5, p. 120.

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