



**Overview – Palestine
Jurisdiction Update Palestine**

Anti Money Laundering Overview

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The principal anti-money laundering legislation in Palestine is the Prevention and Suppression of Money Laundering Activities Law based on a Presidential Decree in 2006. The Law has been amended in order to keep abreast of international best practice and fully conforms with the revised 40 Recommendations of the Financial Action Task Force.

The Law's principal objectives are to prevent the laundering of proceeds of serious criminal offences ("predicate offences"), including terrorist financing and related activities, to detect and prosecute money laundering activities and to provide for the confiscation of illicit funds. The Law contains powers to confiscate the assets of persons convicted of a predicate offence and to restrain the assets of such persons and of persons reasonably suspected of involvement in money-laundering activities.

Predicate offences

Predicate offences are defined as all criminal offences punishable with imprisonment exceeding one year from which proceeds in any form were generated that may become the subject of a money laundering offence. It is immaterial whether the predicate offence is subject to the jurisdiction of courts in Cyprus.

The Ratification Law of the United Nations Convention for Suppression of the Financing of Terrorism, enacted in 2001 specifically provides that terrorist financing and related activities constitute predicate offences for the purposes of the Law.

The FFU Unit: The Financial Follow-Up Unit established under the provisions of this law. An independent unit shall be established under this law to combat the crime of money laundering. It shall be designated the "Financial Follow-Up Unit" headquartered at the PMA to act as the national information center and shall be responsible for the following functions:

1. The receipt and request of information on transactions suspected of involving money laundering operations from entities subject to this law.
2. Analysis of the information mentioned in paragraph 1 of this article.
3. Dissemination of information and the results of information analyses on the proceeds of crimes suspected of involving money-laundering operations under this law.

1. The Unit shall perform its functions independently. Neither the Committee nor any other entity may interfere in the Unit's functions or attempt to influence its decisions.
2. The Unit shall be funded by the Monetary Authority based on the budgets approved by the Committee for an interim period not to exceed three years. The annual budget allocated for the Unit shall be included in the general budget.

The director of the Unit shall prepare the following reports:

1. The periodic report stipulated by the rules and regulations issued under this law, and the annual report submitted to the Committee on the Unit's activities and activities relating to money-laundering operations. The annual report shall be published in the format approved by the Committee.
2. The Unit director shall issue a statistical report on anti-money laundering trends, mechanisms, methods, and cases.
 1. It shall be prohibited for members of the Committee and the director and employees of the Unit to disclose or divulge any information that comes into their possession by virtue of their work in the Committee or Unit, even after their employment is terminated.



2. This shall apply to persons who are able to obtain any information, whether directly or indirectly, by virtue of their contact with the Committee or Unit. The competent authority should establish departments or divisions tasked with coordinating with the Unit to furnish the Unit with information on transactions suspected of involving money-laundering operations according to the mechanisms established by the Committee insofar as doing so does not conflict with the laws observed with respect to the competent authority.

Information obtained under this law may be used solely to implement this law.

Based on the Unit's request, the competent authority or entities required to report under Article 14 of this law must furnish or apprise the Unit of any additional information relating to the Unit's duties under this law within five days of the Unit's submission of the request.

The unit must notify the supervisory authority of any financial institution or nonfinancial business or profession that does not comply with the provisions of this law.

If the Unit has reasonable grounds to suspect that a transaction involves the crime of money laundering, it must:

1. Suspend the execution of the financial transaction for a period not to exceed three working days.
2. Submit reports on transactions suspected of involving the crime of money laundering to the public prosecutor within the period stipulated in paragraph 1 of this article. The public prosecutor shall decide on the adoption of the necessary precautionary measures.
3. The contents of the Unit's report mentioned in paragraph 2 of this article shall be considered official and probative.

The public prosecutor shall be authorized to extend the suspension of the execution of a transaction for up to seven working days.

The public prosecutor shall, based on a decision issued by the competent court, be authorized to:

1. Monitor bank accounts and similar other accounts.
2. Have access to computer systems and networks and computer mainframes.
3. Monitor or track communications.
4. Make audio and visual recordings of, or photograph, actions, behavior, or conversations.
5. Intercept and seize correspondence.
6. Impose precautionary seizure on property and means linked to the crime of money laundering for up to 15 days.

Any person assigned officially to investigate and collect evidence on money laundering or to track the proceeds thereof shall be exempt from punitive, civil, or administrative liability.

Any person who enters the National Authority's territories must disclose what he possesses in the way of currency, negotiable bearer bonds, electronic currency, or precious stones and precious metals whose value equals or exceeds the value set by the Committee under instructions issued by the Committee in this regard.

The Customs Department shall be responsible, through Customs Security, for the seizure or impoundment of all or a portion of any sum of currency or negotiable bearer bonds not declared if it becomes evident to the Department that some of the bonds are involved in the crime of money laundering or a false declaration is made in regard thereto. The Customs Department must furnish the Unit with any information requested by the Unit.



Palestinian Authority Chairman Mahmoud Abbas has signed an anti-money laundering decree that could make it harder for Hamas to bring in funds and is also meant to reassure foreign banks that they can do business with their Palestinian counterparts.

Hamas officials acknowledged that the new regulations would make it harder for the Islamic militant group to bring in funds.

"This law may have some effect on the movement, but eventually it won't succeed in fulfilling its goal of drying up the financial sources of the Hamas movement,".

No bank will deal directly with Hamas. However, Palestinian officials from Abbas' Fatah movement have alleged that Hamas has made deals with moneychangers and merchants to receive funds from Iran, Arab countries and Islamic charities abroad. Cash is also believed to be smuggled through tunnels into Gaza.

Under the new regulations, violators face three to 15 years in prisons and fines of up to NIS 600,000.

Jihad Alwazir, the deputy governor of the Palestine Monetary Fund, said the regulations were put together with the help of the International Monetary Fund and were in line with international standards.

Alwazir said the new rules should reassure foreign banks that they can do business with their Palestinian counterparts without running afoul of U.S. and Israeli counter-terrorism regulations.

Two Israeli banks, Bank Hapoalim and Israel Discount Bank, that they were severing their ties with Gaza's banks. The Israeli banks are wary of inadvertently funneling money to Hamas.

Penalties

Without prejudice to any more severe penalty stipulated in the Penal Code or any other law, a person who commits the crime of money laundering shall be punished by the following penalties:

1. If he committed the crime of money laundering stemming from a predicate offense that is a felony, the person shall be punished by imprisonment of 3-15 years and/or a fine of JD 10,000 – JD 100,000 or the equivalent in the currency in legal circulation.
2. If a person commits the crime of money laundering stemming from a predicate offense that is a misdemeanor, the person shall be punished by imprisonment of 1-3 years and/or a fine of JD 5000 - JD 50,000 or the equivalent in the currency in legal circulation.
3. If he attempts to commit the crime of money laundering, or aids, abets, facilitates, or consults regarding the commission of this crime, he shall be punished by one-half of the penalty imposed on the primary perpetrator.

Any criminal who undertakes to report, to the Unit, the crime of money laundering before the Unit or any competent authority has knowledge of the crime, shall be exempt from the penalty established in this law. If the report occurs after the Unit or another competent authority has knowledge of the crime, in order for the criminal to be exempt, the report must



lead to the arrest of the other criminals or seizure of the property that is the object of the crime.

1. A legal entity that commits the crime of money laundering shall be punished, without prejudice to the liability of any natural person subordinate to the legal entity, by a fine of JD 10,000 - JD 200,000 or the equivalent in currencies in circulation.
2. A person responsible for the actual management of a violating legal entity shall be punished by the penalty stipulated in paragraphs 1 and 2 of Article 37 of this law if his knowledge of the crime is demonstrated, or if the offense occurred as a result of his breach of his employment duties.
3. A legal entity shall be jointly liable for payment of adjudicated fines and damages if the crime that occurred in violation of this law was committed by one of its employees on its behalf and to its benefit.

1. In addition to the sentences stipulated in Articles 37 and 39 of this law, the physical confiscation of the following shall also be ruled:

- a. Property constituting the proceeds of the crime, including property mixed with, derived from, or exchanged for, such proceeds, or funds whose value equals such proceeds.
 - b. Property constituting the object of the crime.
 - c. Property constituting income or other benefits obtained from such property or proceeds of the crime.
 - d. Means.
 - e. Property mentioned in clauses a-d of this article that is transferred to a party deemed by the court to be the owner thereof, even if the owner obtained the property by paying a fair price or in exchange for providing services equal in value to the property, or on any legal basis, without being aware of the illegal source of the property.
2. In the case of property mentioned in clause 1 of this article, which is owned directly or indirectly by a person convicted of the crime of money laundering or a predicate offense, which property was acquired during the 10 years before the person was charged with the crime, the court may decide to confiscate such property if reasonable grounds exist to indicate that such property constitutes the proceeds of the crime for which the person was convicted, and the person is unable to prove that the property was obtained legally.
3. If a person convicted of money laundering is a fugitive or deceased, the court may decide to confiscate the property if it receives adequate evidence indicating that the property constitutes the proceeds of a crime as provided under this law.
4. The court must specify, in its judgments, the necessary details and location of the property to be confiscated.

The court may cancel the effect of any legal title that precludes the confiscation of property under Article 40 of this law. The sum actually paid [for the property] shall be repaid to the party that acquired the property in good faith.

Unless stipulated otherwise in this law, the National Authority shall have title to confiscated property, and laws in effect shall apply thereto.

1. Any person who violates the provisions of Articles 4, 5, 6, 7, 8, 9, 10, 11, 14, 15, 16, 29,



and 35 of this law shall be punished by imprisonment of 1-3 years and/or a fine of JD 5000 – JD 100,000 or the equivalent in the currency in circulation.

2. The court may issue a temporary or permanent injunction prohibiting a person from engaging in his activity if the person has been convicted of violating the provisions of the articles specified in paragraph 1 of this article.

1. Any person who violates the provisions of the articles of Chapters 3 and 6 of this law and does not comply with these requirements deliberately or through gross neglect shall be deemed to have committed an administrative violation. The supervisory authority may, upon detection the commission of such violation by financial institutions and nonfinancial businesses and professions, adopt measures and impose one or more of the following penalties:

a. A warning to comply with specific instructions.

b. Submission of periodic reports by the concerned financial institution or nonfinancial business or profession stating the measures which it takes, or stating compliance with the specified instructions.

c. Written warnings.

d. Imposition of a fine of JD 1,000 - JD 50,000 or the equivalent in the currency in circulation.

e. Prohibition of persons from employment in financial institutions and nonfinancial businesses and professions.

f. Replacement or restriction of the authorities granted to the managers, chiefs, or controlling owners, including the appointment of a special director.

g. Suspension, restriction, or withdrawal of a license, and a prohibition on continued engagement in the business or profession.

2. Information on the measures taken under paragraph 1 of this article may be published to inform the public.