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## United States Senate

COMMITTEE ON FINANCE  
WASHINGTON, DC 20510-6200

JOSHUA SHEINKMAN, STAFF DIRECTOR  
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May 18, 2023

Mr. Hanan Fridman  
CEO  
Bank Leumi Group  
32 Yehuda Halevi St.  
Tel-Aviv, 65546  
Israel

Dear Mr. Fridman:

In March, the Senate Finance Committee (“the Committee”) published a report detailing the findings of a two-year investigation into Swiss bank Credit Suisse’s compliance with its 2014 plea agreement with the U.S. Department of Justice (DOJ) for enabling tax evasion by thousands of wealthy U.S. individuals.<sup>1</sup> That report uncovered major violations of Credit Suisse’s plea agreement, including a previously unknown, ongoing and potentially criminal conspiracy involving the failure to disclose nearly \$100 million in secret offshore accounts belonging to a single family of dual U.S. – Latin American nationals (“the family”). The Committee stated in its report that some of these funds were secretly transferred to Bank Leumi Group (“Bank Leumi”) by Credit Suisse and members of the family. I write seeking information to better understand the circumstances surrounding the transfer of the family’s funds from Credit Suisse to Bank Leumi, and Bank Leumi’s compliance with its own deferred prosecution agreement with DOJ.

As detailed in the report, during the course of the Committee’s investigation, confidential informants contacted Committee investigators with claims that Credit Suisse failed to properly disclose offshore accounts worth nearly \$100 million held at Credit Suisse by the family. The informants also claimed Credit Suisse employees conspired to help the family conceal the money from the U.S. Internal Revenue Service using several tactics, including intentionally concealing the family’s U.S. citizenship on Credit Suisse internal account paperwork. The Committee’s investigation corroborated these claims.

The Committee’s report also states that in 2012 and 2013, Credit Suisse employees assisted the family in transferring nearly \$100 million out of Credit Suisse to other banks. As part of this scheme, the family transferred tens of millions of dollars to Bank Leumi in 2013. It

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<sup>1</sup> *Credit Suisse’s Role in U.S. Tax Evasion Schemes*, U.S. Senate Finance Committee, Chairman Ron Wyden, Mar. 29, 2023, <https://www.finance.senate.gov/download/sfc-credit-suisse-report-final-32923>.

appears that the members of the family did not disclose the existence of the accounts to U.S. authorities, as required by U.S. law.

As you are aware, the Foreign Account Tax Compliance Act<sup>2</sup> (FATCA) requires foreign financial institutions to use intensive due diligence procedures to determine whether accounts they maintain belong to U.S. persons and to annually report extensive information about accounts held by U.S. persons.<sup>3</sup> In addition, Bank Leumi entered into a deferred prosecution agreement with the DOJ.<sup>4</sup> Bank Leumi acknowledged “that it conspired to aid and assist U.S. taxpayers to prepare and present false tax returns to the Internal Revenue Service (IRS) by hiding income and assets in offshore bank accounts in Israel and elsewhere around the world” and agreed it would “continue to disclose information to the government regarding its cross-border business and provide testimony and information regarding other investigations.”<sup>5</sup> Bank Leumi also agreed to fully comply with this agreement and cease any further facilitation of tax evasion by U.S. persons.

FATCA and the deferred prosecution agreement required Bank Leumi to abide by the *Agreement between the Government of the United States of America and the Government of the State of Israel to Improve International Tax Compliance and to Implement FATCA* (“U.S. – Israel IGA”), including *Enhanced Review Procedures for Preexisting Individual Accounts With a Balance or Value That Exceeds \$1,000,000*.<sup>6</sup> The U.S. – Israel IGA also explicitly counsels that a “Reporting Israeli Financial Institution may not rely on a self-certification or documentary evidence if the Reporting Israeli Financial Institution knows or has reason to know that the self-certification or documentary evidence is incorrect or unreliable.”<sup>7</sup>

In order to better understand the circumstances surrounding the transfer of the family’s funds and Bank Leumi’s due diligence and reporting procedures, please provide the following information:

1. Were any members of the family of dual U.S. – Latin American nationals described in the Committee’s report ever clients of Bank Leumi? If so, for each family member that was a client, please describe:
  - a. the date the family member became a client;
  - b. the nationality recorded for the family member at onboarding;

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<sup>2</sup> Pub. L. No. 111-147, 124 Stat. 97-117.

<sup>3</sup> I.R.C. §1471(c)(1).

<sup>4</sup> *Deferred Prosecution Agreement, United States v. Bank Leumi* (2:14-cr-00731), Doc. 24, Dec. 23, 2014.

<sup>5</sup> *Bank Leumi Admits to Assisting U.S. Taxpayers in Hiding Assets in Offshore Bank Accounts*, U.S. Department of Justice, Dec. 22, 2014, <https://www.justice.gov/opa/pr/bank-leumi-admits-assisting-us-taxpayers-hiding-assets-offshore-bank-accounts>.

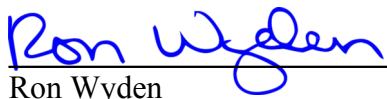
<sup>6</sup> *Agreement between the Government of the United States of America and the Government of the State of Israel to Improve International Tax Compliance and to Implement FATCA*, Annex I, Section II(D), *Enhanced Review Procedures for Preexisting Individual Accounts With a Balance or Value That Exceeds \$1,000,000 as of June 30, 2014, or December 31 of 2015 or Any Subsequent Year (“High Value Accounts”)*, <https://home.treasury.gov/system/files/131/FATCA-Agreement-Israel-6-30-2014.pdf>.

<sup>7</sup> *Agreement between the Government of the United States of America and the Government of the State of Israel to Improve International Tax Compliance and to Implement FATCA*, Annex I, Section VI(A), *Reliance on Self-Certifications and Documentary Evidence*, <https://home.treasury.gov/system/files/131/FATCA-Agreement-Israel-6-30-2014.pdf>.

- c. whether or not the family member is currently a client; and,
  - d. the maximum total value of assets under management in the family member's combined accounts, during each year they were a client.
2. If any of the family members were a client at any time, did Bank Leumi, or any of its employees, have knowledge that the family members were American citizens prior to the publication of the Committee's report?
  - a. If so, please provide a detailed description of the extent to which Bank Leumi employees were aware the family members were U.S. citizens and when Bank Leumi employees first became aware the account holders were U.S. citizens.
  - b. Did Bank Leumi ever report the existence of these accounts to the U.S. Internal Revenue Service, Department of Justice or any other U.S. government entities?
  - c. If the accounts were reported, please describe the report including details of when, how, and to what U.S. government entity the report was made.
3. If any of the family members were a client at any time, after the publication of the Committee's report did Bank Leumi initiate a review of the due diligence procedures used, including those required by its deferred prosecution agreement and FATCA, to onboard the family members?
  - a. If so, please describe this review and any findings it has produced.
4. Were any of the family members still a client of Bank Leumi at the time the Committee's report was published?
  - a. If so, did Leumi report information about the relevant accounts to the Internal Revenue Service, Department of Justice or other U.S. government entity?
  - b. Please describe any disclosure made to U.S. government entities related to the family members after the publication of the Committee's report.
5. Please describe Bank Leumi's customer due diligence procedures, including in particular any methods and practices in place to identify U.S. or dual U.S. citizen clients, or clients with a significant U.S. nexus, and any special considerations made by the bank when transacting with such clients.

I ask that you provide the requested information as soon as possible but no later than June 1, 2023. If you have any questions, you may contact my Senate Finance Committee oversight staff at 202-224-4515. Thank you for your prompt attention to this important matter.

Sincerely,

  
Ron Wyden  
United States Senator  
Chairman, Committee on  
Finance