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CENTRAL DIST. OF CALIF.
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UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA,
Plaintiff,
v.
BANK LEUMI LE-ISRAEL B.M.,
THE BANK LEUMI LE-ISRAEL TRUST
COMPANY LTD.,
BANK LEUMI (LUXEMBOURG) S.A.,
LEUMI PRIVATE BANK S.A., and
BANK LEUMI USA,
Defendants.

No. CR 14-0731
I N F O R M A T I O N
[18 U.S.C. § 371: Conspiracy]

The United States Attorney charges:

INTRODUCTORY ALLEGATIONS

At all relevant times relevant to this Information:

1. Defendant BANK LEUMI LE-ISRAEL, B.M. ("BANK LEUMI-ISRAEL") was a public company, registered with the Registrar of Companies in Israel and traded on the Tel-Aviv stock exchange. Defendant BANK LEUMI-ISRAEL was the parent company of the Leumi Group, which included defendant THE BANK LEUMI LE-ISRAEL TRUST COMPANY LTD. ("BANK LEUMI TRUST"); defendant BANK LEUMI

1 (LUXEMBOURG) S.A. ("BANK LEUMI-LUXEMBOURG"); defendant LEUMI
2 PRIVATE BANK S.A. ("LPB" and formerly "BANK LEUMI-SWITZERLAND");
3 and defendant BANK LEUMI USA.

4 2. An "undeclared account" was a financial account owned
5 by an individual subject to U.S. tax and maintained in a foreign
6 country that had not been reported by the individual account
7 owner to the U.S. government on an income tax return and a
8 Report of Foreign Bank and Financial Accounts, Form TD F 90-22.1
9 ("FBAR").

10 3. These introductory allegations are incorporated as if
11 re-alleged in full in Count One of this Information.

12 **COUNT ONE**

13 A. THE OBJECT OF THE CONSPIRACY

14 4. From at least in or about 2000 and continuing until at
15 least in or about early 2011, defendants BANK LEUMI-ISRAEL, BANK
16 LEUMI TRUST, BANK LEUMI-LUXEMBOURG, BANK LEUMI-SWITZERLAND, BANK
17 LEUMI USA (collectively, the "Defendants") did unlawfully,
18 voluntarily, intentionally, and knowingly conspire, combine,
19 confederate, and agree together and with others both known and
20 unknown to the United States Attorney to commit the following
21 offense against the United States: to willfully aid, assist in,
22 procure, counsel, and advise the preparation and presentation of
23 false income tax returns and other documents to the Internal
24 Revenue Service of the Treasury Department (the "IRS"), in
25 violation of Title 26, United States Code, Section 7206(2).

26 B. THE MANNER AND MEANS OF THE CONSPIRACY

27 5. The object of the conspiracy was carried out, and was
28 to be carried out, in substance, as follows:

1 a. Defendants BANK LEUMI-ISRAEL, BANK LEUMI TRUST,
2 BANK LEUMI-LUXEMBOURG, and BANK LEUMI-SWITZERLAND aided,
3 assisted, and advised their U.S. clients to either sell all of
4 the U.S. securities in their accounts or advised their clients
5 to set up a nominee offshore entity which was controlled by the
6 client, all in order to avoid U.S. tax reporting requirements;

7 b. Defendants BANK LEUMI-ISRAEL and BANK LEUMI-
8 SWITZERLAND aided and assisted U.S. taxpayer-clients, who were
9 exiting an illegal U.S. cross-border business they were
10 conducting with Swiss Bank A, to open accounts at defendants
11 BANK LEUMI-ISRAEL and BANK LEUMI-SWITZERLAND, knowing that the
12 U.S. taxpayer-clients were seeking to maintain accounts that
13 were undeclared to U.S. authorities;

14 c. Defendants BANK LEUMI-ISRAEL, BANK LEUMI-
15 LUXEMBOURG, and BANK LEUMI-SWITZERLAND used account features
16 such as "Hold Mail," "Assumed Name," "Numbered Accounts," and
17 defendant BANK LEUMI TRUST established accounts for U.S. clients
18 that listed defendant BANK LEUMI TRUST as the nominee account
19 holder, all to reduce the likelihood that their clients' U.S.
20 accounts would be disclosed to or discovered by U.S.
21 authorities; and

22 d. Defendants BANK LEUMI-ISRAEL, BANK LEUMI-
23 LUXEMBOURG, BANK LEUMI-SWITZERLAND and BANK LEUMI USA agreed to
24 a plan whereby loans issued by defendant BANK LEUMI USA to U.S.
25 clients would be backed by the U.S. clients' undeclared offshore
26 assets held in accounts at defendants BANK LEUMI-ISRAEL, BANK
27 LEUMI-LUXEMBOURG, and BANK LEUMI-SWITZERLAND, in order to allow
28 the U.S. clients to enjoy the economic benefits of the funds in

1 their undeclared accounts without directly repatriating the
2 funds or creating a paper trail that could potentially disclose
3 the existence of the undeclared accounts to U.S. authorities.

4 C. OVERT ACTS

5 6. In furtherance of the conspiracy, and to accomplish
6 its object, Defendants, together with others known and unknown
7 to the United States Attorney, committed and willfully caused
8 others to commit the following overt acts, among others, in the
9 Central District of California and elsewhere:

10 CLIENT 1

11 a. In or about November 2007, in Tel Aviv, Israel,
12 Client 1, a U.S. citizen residing in Malibu, California, opened
13 an undeclared account at defendant BANK LEUMI-ISRAEL in Tel
14 Aviv, Israel.

15 b. In or about July 2008, Client 1, with assistance
16 from Banker 1, an employee of defendant BANK LEUMI-ISRAEL in Tel
17 Aviv, Israel, and Banker 2, an employee of defendant BANK LEUMI
18 USA in Los Angeles, California, opened an account at defendant
19 BANK LEUMI USA in Los Angeles, California.

20 c. In or about November 2008, Client 1, with
21 assistance from Banker 1 and Banker 2, caused defendant BANK
22 LEUMI USA in Los Angeles, California, to extend a \$7 million
23 credit facility to Client 1, collateralized by Client 1's
24 undeclared account at defendant BANK LEUMI-ISRAEL.

25 d. On or about October 21, 2009, from the Central
26 District of California, Client 1 filed with the IRS a false and
27 fraudulent U.S. Individual Income Tax Return, Form 1040, for tax
28

1 year 2008 that failed to report the undeclared account at
2 defendant BANK LEUMI-ISRAEL.

3 CLIENT 2

4 e. In or about 1997, Client 2, a U.S. citizen
5 residing in Beverly Hills, California, opened an undeclared
6 account at defendant BANK LEUMI-LUXEMBOURG.

7 f. In or about 2009, Client 2 traveled to
8 Luxembourg, and met with Banker 3, an executive employed by
9 defendant BANK LEUMI-LUXEMBOURG, and Banker 4, an employee of
10 defendant BANK LEUMI-LUXEMBOURG. At that meeting, Banker 3 and
11 Banker 4 provided Client 2 with a German cellular phone, pre-
12 programmed with the Bankers' phone numbers in Luxembourg.

13 g. In or about 2009, Banker 3 and Banker 4
14 instructed Client 2 to never call them from Client 2's personal
15 phone, but to only call them using the German cellular phone
16 they provided to Client 2.

17 h. Between in or about 2009 and in or about 2011,
18 from the Central District of California, and elsewhere, Client 2
19 called Banker 3 and Banker 4 using the German cellular phone
20 they had provided in order to discuss Client 2's undeclared
21 account at defendant BANK LEUMI-LUXEMBOURG.

22 i. On or about February 17, 2011, from the Central
23 District of California, Client 2 filed with the IRS a false and
24 fraudulent U.S. Individual Income Tax Return, Form 1040, for tax
25 year 2009 that failed to report the undeclared account and
26 related income associated with the undeclared account at
27 defendant BANK LEUMI-LUXEMBOURG.

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1 CLIENT 3

2 j. On or about January 5, 2004, Client 3, a U.S.
3 citizen residing in Tarzana, California, sent Banker 5, an
4 employee of defendant BANK LEUMI-ISRAEL in Tel Aviv, Israel, a
5 fax asking that his name be added as a beneficial owner of two
6 undeclared accounts with in excess of \$12 million on deposit at
7 defendant BANK LEUMI-ISRAEL in Tel Aviv, Israel.

8 k. On or about April 16, 2009, from the Central
9 District of California, Client 3 filed with the IRS a false and
10 fraudulent U.S. Individual Income Tax Return, Form 1040, for tax
11 year 2008 that failed to report the undeclared account and
12 related income associated with the undeclared account at
13 defendant BANK LEUMI-ISRAEL.

14 l. On or about October 2010, Banker 6, an employee
15 of defendant BANK LEUMI USA in Beverly Hills, California, caused
16 defendant BANK LEUMI USA in Beverly Hills, California, to renew
17 a \$6.5 million credit facility extended to Client 3,
18 collateralized by Client 3's undeclared account at defendant
19 BANK LEUMI-ISRAEL.

20 CLIENT 4

21 m. In or about September 2008, Client 4, a U.S.
22 citizen residing in Hollywood, Florida, flew to Switzerland to
23 close his account at Swiss Bank A, and during that trip met with
24 Banker 7, an employee of defendant BANK LEUMI-SWITZERLAND, in
25 order to transfer his funds at Swiss Bank A to defendant BANK
26 LEUMI-SWITZERLAND.

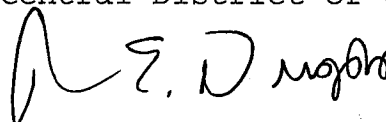
27 n. In or about September 2008, Banker 7 facilitated
28 the opening of a numbered account at defendant BANK LEUMI-

1 SWITZERLAND by directly communicating with one or more bankers
2 at Swiss Bank A.

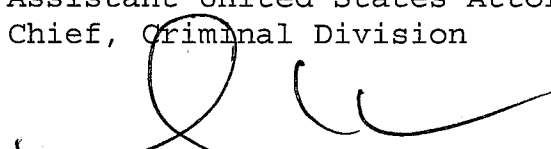
3 o. In or about September 2008, Banker 7 suggested to
4 Client 4 that Client 4 should have his mail from defendant BANK
5 LEUMI-SWITZERLAND held at the bank to help prevent Client 4's
6 account at defendant BANK LEUMI-SWITZERLAND from being disclosed
7 to the United States Government.

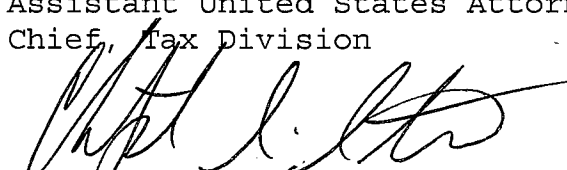
8 p. In or about September 2008, Banker 7 instructed
9 Client 4 not to take any bank account opening documents from
10 defendant BANK LEUMI-SWITZERLAND when Client 4 traveled back to
11 the United States.

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