

Palestine Monetary Authority



سلطة النقد الفلسطينية

Ref: 166 GVNR/08/2010
Date: 25/08/2010

The Honorable Nina Gershon
United States District Court
Eastern District of New York
225 Cadman Plaza East
Brooklyn, New York 11201

Re: Linde, et al. v. Arab Bank, PLC
Case No. 04-2799 (E.D.N.Y.)(NG)(VVP) and related actions

Dear Judge Gershon,

I am the Governor of Palestine Monetary Authority ("PMA") and write to supplement the two letters to Your Honor from George T. Abed, former Governor of PMA, dated April 3, 2006 and September 19, 2007. I also understand that Dr. Ali Kashan, the Palestinian Authority's Minister of Justice, submitted a letter, dated September 29, 2007, to Your Honor.

I understand that, by Order dated July 12, 2010, the Court imposed sanctions on defendant Arab Bank, PLC for failing to comply with Orders that would have required the Arab Bank to violate Article 26 of the Palestinian Banking Law No (2) of 2002, which requires that all present and former directors, officers, and employees of banks shall keep confidential all information and documents regarding their customers. I request the opportunity to briefly emphasize the importance of the bank confidentiality provisions in the law at issue.

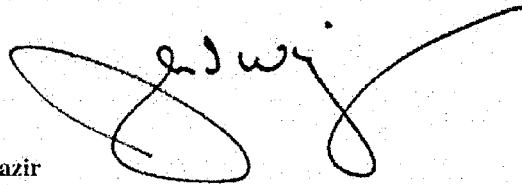
PMA, which functions as the central bank for the Palestinian Territories, shares the goals of all nations that have enacted bank confidentiality laws and other similar legislation. Preventing domestic and foreign private parties from having unrestricted access to the confidential records of banking customers is vital. Failing to comply with such international standards and best practices not only undermines the willingness of ordinary, law-abiding banking customers to utilize, and thereby strengthen, the banking system, but moreover will negatively impact the financial stability and cause distress to the economy.

PMA cannot perform its functions if Palestinians are disincentivized from utilizing the banking system within the Palestinian Territories because of the risk that any party local or foreign, including any resident of Israel, could file a lawsuit, with or without merit, and request through discovery the production of banking records of Palestinians, regardless of substantive merit or relevance. The obvious effect, apparent to anyone who is familiar with the actual conditions and circumstances in the Palestinian Territories, would be the flight of individual customers from the Palestinian banking system, with the residual impact on the ability of the PMA to regulate that system, including the identification and interdiction of unauthorized or illegal monetary transactions. The PMA since its establishment played a vital role in setting foundations for a sound and transparent banking system in compliance with international laws and standards. It is determined to maintain and strengthen this sector under such international standards amongst them bank secrecy.

PMA is committed to the goal of achieving a banking system that is devoid of illegal transactions, particularly those that are intended to support or contribute to violence or terrorism. PMA is playing a critical role in enforcing anti-money laundering law and anti-terrorism banking regulation in the West Bank and Gaza. If customers are discouraged from utilizing the banking system by events such as Your Honor's issuing her July 12, 2010 Order, the impact on the banking system and the economy in the Palestinian Territories will be dramatic, the means of eliminating illegal banking activity will be thwarted, and the potential risk of that activity will be elevated. I respectfully request that the Court reconsider its Order and the impact it will have.

I am happy to answer any questions the Court might have regarding the foregoing or the issues pending before the Court on the Arab Bank's motion for reconsideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jihad Al Wazir', with a large, stylized flourish extending to the right.

Dr. Jihad Khalil Al Wazir
Governor