



COURT SANCTIONS ARAB BANK FOR NON-COMPLIANCE

Numerous victims of Palestinian terrorism filed lawsuits against the Arab Bank, one of the largest banking institutions in the Middle East, in 2004. The plaintiffs alleged that the bank had administered a Saudi-funded reward program that made cash payments to Palestinian terrorists who were killed in suicide attacks or captured by Israel's security forces.

In the course of pre-trial discovery, the plaintiffs demanded that the Arab Bank turn over banking records concerning the accounts administered on behalf of the Saudi and Hamas charities which would prove the bank's involvement with the terrorist organizations.

However, the Arab Bank has refused to furnish all of the records, arguing that "bank secrecy" regulations of the foreign countries where the accounts are held prohibited the bank from turning over the documents. Thus, the plaintiffs moved the court for sanctions against the defendants arguing that the refusal to provide the records would greatly harm their abilities to prove the case. In the wake of the Arab Bank's non-production of the records, the plaintiffs asked the court to order that many of the allegations in their complaint be deemed admitted and to preclude the defendants from using testimony from witnesses that would require cross examination using documents being withheld by the bank.

After a long wait, a federal magistrate has finally handed down his recommendation levying sanctions against the Arab Bank. The court recommended that the jury may infer that the withheld records would prove that Arab Bank provided financial services on behalf of the Saudi charity to numerous terrorists or to the family members of terrorists affiliated with Hamas, Islamic Jihad and the PFLP and the Martyrs of al-Aqsa! In addition, the jury will be permitted to infer that the withheld banking records would prove that the Arab Bank directly provided services to foreign terrorist groups. Moreover, the defendant cannot utilize trial witnesses or documents containing information that was withheld from the plaintiffs during discovery.

This ruling is an important procedural win for the families of the terror victims.

For a copy of the recommendation [Click Here \(http://shurathadin.dev.digicode.ua/uploadimages/image/060309pohorelsky.pdf\)](http://shurathadin.dev.digicode.ua/uploadimages/image/060309pohorelsky.pdf).