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Joint Release

**Financial Crimes Enforcement Network  
Federal Deposit Insurance Corporation  
New York State Banking Department**

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For immediate release

October 31, 2006

**Financial Crimes Enforcement Network, Federal Deposit Insurance Corporation,  
and New York State Banking Department Assess Civil Money Penalty Against  
Israel Discount Bank of New York**

The Financial Crimes Enforcement Network (FinCEN), Federal Deposit Insurance Corporation (FDIC), and the New York State Banking Department (NYSBD) today announced the assessment of civil money penalties of \$12 million against Israel Discount Bank of New York for violations of federal and state anti-money laundering laws and regulations. This is in addition to the \$8.5 million already paid to the New York District Attorney's Office pursuant to an agreement reached with the bank in December 2005. Israel Discount Bank of New York, without admitting or denying the allegations, consented to payment of the civil money penalties.

In taking these actions, FinCEN, FDIC, and NYSDBD determined that Israel Discount Bank of New York failed to implement an adequate Bank Secrecy Act/anti-money laundering program, with internal controls and appropriate measures to detect and report money laundering and other suspicious activity in a timely manner. The agencies found that the deficiencies in the Bank Secrecy Act/anti-money laundering program included failure to establish appropriate, specific due diligence policies, procedures and controls reasonably designed to detect and report instances of money laundering through its correspondent accounts for non-U.S. persons, as required by section 312 of the USA PATRIOT Act and its implementing regulations.

"This joint civil money penalty is an example of extremely effective collaboration among federal and state agencies," said FDIC Chairman Sheila C. Bair. "The significant penalty assessed in this case emphasizes the importance for banks of having strong internal controls to assure compliance with anti-money laundering regulations and to detect and report potential money laundering or other illicit financial activities."

"I am very pleased we were able to reach a settlement in this case," said New York State Superintendent of Banks, Diana L. Taylor. "The size of the settlement should serve as a reminder to all financial institutions that detecting and reporting violations of Bank Secrecy Act and anti-money laundering regulations is necessary if we are to keep our financial system free from fraud and abuse."

"To be effective in combating illicit finance, federal and state agencies depend on our partners in the banking industry," noted FinCEN Director Robert W. Werner. "A solid anti-money laundering program not only enables banks to protect themselves, but also serves to generate information on illegal activity that can be used for investigative and regulatory purposes. When a program is deficient we have lost valuable data that may have been crucial to the protection of other institutions and individuals."

Copies of the agencies' enforcement actions are attached.

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**Attachments:**

Federal Deposit Insurance Corporation

Order to Pay Civil Money Penalty

<http://www.fdic.gov/bank/individual/enforcement/2006-10-00.pdf> - PDF 53k ([PDF Help](#))

New York State Banking Department

Order of Assessment of a Civil Money Penalty

<http://www.banking.state.ny.us/ea061020.pdf> - PDF 146k ([PDF Help](#))

Financial Crimes Enforcement Network

Assessment of Civil Money Penalty

[http://www.fincen.gov/fincen\\_assessment\\_of\\_civil\\_money\\_penalty.pdf](http://www.fincen.gov/fincen_assessment_of_civil_money_penalty.pdf) - PDF 2mb ([PDF Help](#))

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