



Money Laundering and Asset Recovery Section

Washington, D.C. 20530

April 30, 2020

David H. Braff  
Christopher J. Dunne  
Sullivan & Cromwell LLP  
125 Broad Street  
New York, New York 10004-2498

**Re: Bank Hapoalim B.M. and Hapoalim (Switzerland) Ltd. criminal investigation**

Dear Mr. Braff and Mr. Dunne:

The United States Department of Justice, Criminal Division, Money Laundering and Asset Recovery Section and the United States Attorney's Office for the Eastern District of New York (collectively the "Offices") and Bank Hapoalim B.M. ("BHBM") and Hapoalim (Switzerland) Ltd. ("BHS") (collectively the "Bank") pursuant to authority granted by BHBM's and BHS's respective Boards of Directors as reflected in Attachment B, enter into this Non-Prosecution Agreement ("Agreement"). On the understandings specified below, the Offices will not criminally prosecute the Bank or Hapoalim (Latin America) S.A., which is a wholly-owned BHBM subsidiary, for any crimes, including conspiracy to launder monetary instruments, in violation of 18 U.S.C. § 1956(h), (and except for any criminal tax violations, as to which the Offices do not make any agreement) relating to: (1) any of the conduct described in the Statement of Facts attached hereto as Attachment A ("Statement of Facts"), or (2) any information pertaining to the conspiracy to bribe soccer officials, including information regarding the customers, employees, and payments described in Attachment A, that the Bank disclosed prior to the Agreement. To the extent there is conduct disclosed by the Bank that is not described in (1) or (2) of the preceding sentence, such conduct will not be exempt from prosecution and is not within the scope of, or relevant to, the Agreement. The Bank, pursuant to authority granted by BHBM's and BHS's respective Boards of Directors, also agrees to the terms and obligations of the Agreement described below.

The Offices enter into the Agreement based on the individual facts and circumstances presented by this case, and as summarized in the attachments to this Agreement, including:

- (a) the Bank did not receive voluntary disclosure credit because it did not voluntarily and timely disclose to the Offices the conduct described in the Statement of Facts;
- (b) the Bank received full credit for its exemplary cooperation with the Offices' investigation, including: conducting an extensive internal investigation, including the review of more than 250,000 documents and hundreds of audio recordings in multiple countries; making

factual presentations to the Offices on a wide variety of topics, including the provision of relevant facts about individual wrongdoers; producing more than 330,000 pages of documents, including the voluntary production of many documents, and the production of documents from foreign countries in ways that did not implicate applicable laws; providing factual, non-privileged summaries of witness interviews; making employees available for interviews; collecting, analyzing, and organizing voluminous evidence and information for the Offices; producing translations of key documents and transcriptions of audio files; litigating and appealing in foreign courts in an attempt to obtain permission to disclose certain employee identities and documents for production to the Offices; and apprising the Offices of developments in the Bank's investigation and remediation, including consulting with the Offices frequently about changes to the Bank's corporate structure and employee discipline;

(c) to the extent consistent with Swiss and Uruguayan law, the Bank provided to the Offices all relevant facts known to it, including information about the individuals involved in the conduct described in the attached Statement of Facts and conduct disclosed to the Offices prior to the Agreement;

(d) the Bank engaged in extensive remedial measures, including: representing that it will exit the private banking business outside of Israel and that it has substantially completed that exit as of the time of this agreement; closing Hapoalim (Latin America) S.A.; closing BHBM's branch office in Miami, Florida; closing BHBM's network of representative offices throughout Latin America; and representing that it will take all necessary steps to close BHS and surrender its banking license and that the Bank has completed the sale of most BHS accounts as of the time of this agreement;

(e) the nature and seriousness of the offense conduct, including: (1) the duration of the Bank's involvement in the offense; (2) the willful participation of at least two relationship managers in executing the bribe payments; (3) the involvement of multiple Bank affiliates in executing the bribe payments; and (4) BHS's failure to address and end the ongoing money laundering scheme after a BHS compliance employee questioned certain payments and relationships and repeatedly escalated them to his supervisor, who was then a member of BHS management, as well as to the relevant relationship manager, who was then the head of BHS's South American desk and a senior manager of BHS's Zurich branch;

(f) the Bank has no prior criminal history in the United States; and

(g) the Bank has agreed to continue to cooperate with the Offices in any ongoing investigation of the conduct of the Bank and its officers, directors, employees, agents, and external asset managers relating to violations of U.S. money laundering laws.

After considering (a) through (g) above, the Offices believe that an appropriate resolution of this case is a non-prosecution agreement for the Bank, an aggregate discount of 25 percent off of the bottom of the applicable U.S. Sentencing Guidelines fine range, and forfeiture in the amount of the bribes laundered through the Bank. In consideration of the Bank's remediation, including closing the business units involved in the misconduct and committing to

exit, and substantially exiting, its private banking business outside of Israel, the Offices have determined that an independent compliance monitor is unnecessary.

The Bank admits, accepts, and acknowledges that it is responsible under U.S. law for the acts of its officers, directors, employees, and agents as set forth in the attached Statement of Facts, and that the facts described therein are true and accurate and constitute a violation of law, specifically conspiracy to launder monetary instruments, in violation of 18 U.S.C. § 1956(h). The Bank expressly agrees that it shall not, through present or future attorneys, officers, directors, employees, agents, or any other person authorized to speak for the Bank, make any public statement, in litigation or otherwise, contradicting the acceptance of responsibility by the Bank set forth above or the facts described in the attached Statement of Facts. The Bank agrees that if it or any of its direct or indirect subsidiaries or affiliates issues a press release or holds any press conference in connection with this Agreement, the Bank shall first consult the Offices to determine: (a) whether the text of the release or proposed statements at the press conference are true and accurate with respect to matters between the Offices and the Bank; and (b) whether the Offices have any objection to the release.

The Bank's obligations under the Agreement shall have a term of three years from the date on which the Agreement is executed (the "Term"). The Bank agrees, however, that, in the event the Offices determine, in their sole discretion, that the Bank, or any of its subsidiaries, branches, or affiliates, has knowingly violated any provision of this Agreement or has failed to completely perform or fulfill each of the Bank's obligations under this Agreement, an extension or extensions of the Term may be imposed by the Offices, in their sole discretion, for up to a total additional time period of one year, without prejudice to the Offices' right to proceed as provided in the breach provisions of this Agreement below. Any extension of the Agreement extends all terms of this Agreement for an equivalent period. Conversely, in the event the Offices find, in their sole discretion, that there exists a change in circumstances sufficient to eliminate the need for the Bank's reporting requirements in Attachment C, and that the other provisions of this Agreement have been satisfied, the Offices may terminate the Agreement early.

The Bank shall cooperate fully with the Offices in any and all matters relating to the conduct described in the Agreement and the attached Statement of Facts and other conduct under investigation by the Offices at any time during the Term, until the later of the date upon which all investigations and prosecutions arising out of such conduct are concluded, or the conclusion of the Term. At the request of the Offices, the Bank shall also cooperate fully with other domestic or foreign law enforcement and regulatory authorities and agencies in any investigation of the Bank, its present or former subsidiaries or affiliates, or any of its present or former officers, directors, employees, agents, consultants, external asset managers or any other party, in any and all matters relating to the conduct described in this Agreement and the attached Statement of Facts and other conduct under investigation by the Offices at any time during the Term. The Bank agrees that its cooperation shall include, but not be limited to, the following:

a. The Bank shall truthfully disclose all factual information with respect to its activities, the activities of its present and former subsidiaries and affiliates, and the activities of its present and former directors, officers, employees, agents, consultants, and external asset

managers, including any evidence or allegations and internal or external investigations, about which the Bank has any knowledge or about which the Offices may inquire. This obligation of truthful disclosure includes, but is not limited to, the obligation of the Bank to provide to the Offices, upon request, any document, record, or other tangible evidence about which the Offices may inquire of the Bank.

b. Upon request of the Offices, the Bank shall use best efforts to designate knowledgeable employees, agents, or attorneys to provide to the Offices the information and materials described above on behalf of the Bank. It is further understood that the Bank must at all times provide complete, truthful, and accurate information.

c. The Bank shall use its best efforts to make available for interviews or testimony, as requested by the Offices, present or former officers, directors, employees, agents, consultants, and external assets managers of the Bank. This obligation includes, but is not limited to, sworn testimony before a federal grand jury or in federal trials, as well as interviews with domestic or foreign law enforcement and regulatory authorities. Cooperation shall include identification of witnesses who, to the knowledge of the Bank, may have material information regarding the matters under investigation.

d. With respect to any information, testimony, documents, records, or other tangible evidence provided to the Offices pursuant to this Agreement, the Bank consents to any and all disclosures to other governmental authorities, including United States authorities and those of a foreign government, of such materials as the Offices, in their sole discretion, shall deem appropriate.

In addition, during the Term, should the Bank learn of any evidence or allegation of a violation of U.S. federal law, the Bank shall report such evidence or allegation to the Offices within thirty (30) days. Sixty (60) days before the Term expires and again on the date that the Term expires, the Bank, represented by the Chief Executive Officer of BHBM, the Chief Compliance Officer of BHBM, the Chief Executive Officer of BHS, and the Chief Compliance Officer of BHS (or, in the event BHS no longer has employees in these roles, an agent designated to represent BHS), will certify to the Offices that it has met its disclosure obligations pursuant to this Agreement. If BHS dissolves prior to the expiration of the Term, the Chief Executive Officer of BHS and Chief Compliance Officer of BHS (or, in the event BHS no longer has employees in these roles, an agent designated to represent BHS) shall certify to the Offices that BHS has met its disclosure obligations pursuant to this agreement sixty (60) days prior to dissolution of BHS and again on the date that BHS dissolves. Each certification will be deemed a material statement and representation by the Bank to the executive branch of the United States in the Eastern District of New York for purposes of 18 U.S.C. § 1001.

The Bank represents that it has implemented and will continue to implement an Anti-Money Laundering (“AML”) program designed to prevent and detect violations of applicable AML laws including the Bank Secrecy Act (“BSA”) and U.S. money laundering statutes, throughout its operations, including those of its affiliates, subsidiaries, joint ventures, agents, and external asset managers. To address any deficiencies in its AML program, the Bank represents that it has undertaken, and will continue to undertake in the future, in a manner consistent with

all of its obligations under this Agreement, a review of its existing AML controls, policies, and procedures, as well as its compliance with applicable AML laws. Whenever necessary or appropriate, the Bank agrees to adopt new AML controls, policies, and procedures to ensure that it maintains a rigorous AML program designed to effectively detect and deter violations of the BSA, U.S. money laundering statutes, and other applicable laws. As set forth in Attachment C, the Bank agrees that it will report to the Offices annually during the Term regarding remediation and implementation of its AML measures (“AML reports”). For the duration of this Agreement, the Bank shall provide the Offices, upon request, access to any and all non-privileged books, records, accounts, correspondence, files, and any and all other documents or other electronic records, including emails, of the Bank and its representatives, agents, affiliates, and employees, relating to any matters described or identified in the AML reports. The Offices shall have the right to interview any officer, employee, agent, consultant, or representative of the Bank concerning any non-privileged matter described or identified in the AML reports. The Bank has represented that it will close BHS and surrender BHS’s banking license. If, in the sole judgment of the Offices, the Bank makes best efforts to close BHS and surrender BHS’s banking license, the obligations of this paragraph and Attachment C shall not apply to BHS.

The Bank shall promptly notify the Offices of: (a) any deficiencies, failings, or matters requiring attention with respect to the Bank’s AML program identified by any regulatory authority within 30 business days of any such regulatory notice, provided that the regulatory authority has granted the Bank permission to notify the Offices; and (b) any steps taken or planned to be taken by the Bank to address the identified deficiency, failing, or matter requiring attention. The Offices may, in their sole discretion, direct the Bank to provide other reports about its AML compliance program.

The Bank agrees to pay a monetary penalty of \$9,329,995 (the “Monetary Penalty”) and, additionally, to forfeit to the United States the sum of \$20,733,322 (the “Forfeiture Amount”). The Forfeiture Amount is based on the minimum amount of funds – at least \$20,733,322 – that was involved in transactions or attempted transactions through accounts at the Bank that were intended to either promote the bribery scheme described in Attachment A or to conceal the proceeds thereof. The Bank agrees that the Offices could institute a civil and/or criminal forfeiture action against funds held by the Bank in the amount of the Forfeiture Amount, and that such funds would be forfeitable pursuant to 18 U.S.C. §§ 981(a)(1)(A) and 982(a)(1), as property involved in the violation of 18 U.S.C. § 1956(h). The Bank shall pay the Monetary Penalty and Forfeiture Amount, plus any associated transfer fees, within seven business days of the date on which the Agreement is signed, pursuant to payment instructions provided by the Offices in their sole discretion. The Bank releases any and all claims it may have to the Forfeiture Amount, agrees that the forfeiture of such funds may be accomplished either administratively or judicially at the Offices’ election, and waives the requirements of any applicable laws, rules or regulations governing the forfeiture of assets, including notice of the forfeiture. If the Offices seek to forfeit the Forfeiture Amount judicially, the Bank consents to entry of an order of forfeiture directed to such funds. If the Offices seek to forfeit the Forfeiture Amount administratively, the Bank consents to the entry of a declaration of forfeiture and waives the requirements of 18 U.S.C. § 983 regarding notice of seizure in non-judicial forfeiture matters. The Bank agrees to sign any additional documents necessary to complete forfeiture of the Forfeiture Amount. The Bank also agrees that it shall not file any petitions for remission, restoration, or any other assertion of

ownership or request for return relating to the Forfeiture Amount, or any other action or motion seeking to collaterally attack the seizure, restraint, forfeiture, or conveyance of the Forfeiture Amount, nor shall it assist any others in filing any such claims, petitions, actions, or motions. The Bank acknowledges that it shall not claim, assert, or apply for, either directly or indirectly, any tax deduction, tax credit, or any other offset with regard to any U.S. federal, state, or local tax or taxable income in connection with the payment of any part of the Monetary Penalty and/or Forfeiture Amount. The Bank shall not seek or accept directly or indirectly reimbursement or indemnification from any source with regard to the Monetary Penalty or Forfeiture Amount that the Bank pays pursuant to the Agreement or any other agreement entered into with an enforcement authority or regulator concerning the facts set forth in the attached Statement of Facts. This provision is not intended to relate to derivative claims that have been or may be brought on behalf of the Bank.

The Forfeiture Amount paid is final and shall not be refunded should the Offices later determine that the Bank has breached this Agreement and commence a prosecution against the Bank and/or Hapoalim (Latin America) S.A. In the event of a breach of this Agreement and subsequent prosecution, the Offices are not limited to the Forfeiture Amount. The Offices agree that in the event of a subsequent breach and prosecution, they will recommend to the Court that the amounts paid pursuant to this Agreement be offset against whatever forfeiture or fine the Court shall impose as part of its judgment. The Bank understands that such a recommendation will not be binding on the Court.

The Offices may use any information related to the conduct described in the attached Statement of Facts against the Bank and/or Hapoalim (Latin America) S.A.: (a) in a prosecution for perjury or obstruction of justice; (b) in a prosecution for making a false statement; (c) in a prosecution or other proceeding relating to any crime of violence; or (d) in a prosecution or other proceeding relating to a violation of any provision of Title 26 of the United States Code. This Agreement does not provide any protection against prosecution for any future conduct by the Bank or any of its present or former subsidiaries or affiliates. In addition, the Agreement does not provide any protection against prosecution of any individuals, regardless of their affiliation with the Bank or any of its present or former subsidiaries or affiliates.

If, during the Term of the Agreement: (a) the Bank commits any felony under U.S. federal law; (b) the Bank provides in connection with this Agreement deliberately false, incomplete, or misleading information, including in connection with its disclosure of information about individual culpability; (c) the Bank fails to cooperate as set forth in the Agreement; or (d) the Bank otherwise fails to completely perform or fulfill each of its obligations under the Agreement, regardless of whether the Offices become aware of such a breach after the Term is complete, the Bank and Hapoalim (Latin America) S.A. shall thereafter be subject to prosecution for any federal criminal violation of which the Offices have knowledge, including, but not limited to, the conduct described in the attached Statement of Facts, which may be pursued by the Offices in the Eastern District of New York, or any other appropriate venue. Determination of whether the Bank has breached the Agreement and whether to pursue prosecution of the Bank and/or Hapoalim (Latin America) S.A. shall be in the Offices' sole discretion. Any such prosecution may be premised on information provided by the Bank, its subsidiaries or affiliates, or its personnel, among others. The decision whether conduct or statements of any current

director, officer, or employee, or any person acting on behalf of, or at the direction of, the Bank, will be imputed to the Bank for the purpose of determining whether the Bank has violated any provision of this Agreement shall be in the sole discretion of the Offices.

Any such prosecution relating to the conduct described in the attached Statement of Facts or relating to conduct known to the Offices prior to the date on which the Agreement was signed that is not time-barred by the applicable statute of limitations on the date of the signing of the Agreement may be commenced against the Bank, notwithstanding the expiration of the statute of limitations, between the signing of this Agreement and the expiration of the Term plus one year. Thus, by signing the Agreement, the Bank agrees that the statute of limitations with respect to any such prosecution that is not time-barred on the date of the signing of this Agreement shall be tolled for the Term plus one year. In addition, the Bank agrees that the statute of limitations as to any violation of U.S. federal law that occurs during the Term will be tolled from the date upon which the violation occurs until the earlier of the date upon which the Offices are made aware of the violation or the duration of the Term plus five years, and that this period shall be excluded from any calculation of time for purposes of the application of the statute of limitations.

In the event the Offices determine that the Bank has breached this Agreement, the Offices agree to provide the Bank written notice of such breach prior to instituting any prosecution resulting from such breach. The Bank shall have 30 days upon receipt of notice of a breach to respond to the Offices in writing to explain the nature and circumstances of such breach, as well as the actions taken to address and remediate the situation, which explanation the Offices shall consider in determining whether to pursue prosecution of the Bank and/or Hapoalim (Latin America) S.A.

In the event that the Offices determine that the Bank has breached the Agreement: (a) all statements made by or on behalf of the Bank to the Offices or to a court, including the attached Statement of Facts, and any testimony given by the Bank before a grand jury, a court, or any tribunal, or at any legislative hearings, whether prior or subsequent to this Agreement, and any leads derived from such statements or testimony, shall be admissible in evidence in any and all criminal proceedings brought by the Offices against the Bank; and (b) the Bank shall not assert any claim under the United States Constitution, Rule 11(f) of the Federal Rules of Criminal Procedure, Rule 410 of the Federal Rules of Evidence, or any other federal rule that any such statements or testimony made by or on behalf of the Bank prior or subsequent to the Agreement, or any leads derived therefrom, should be suppressed or are otherwise inadmissible.

Except as may otherwise be agreed by the parties in connection with a particular transaction, and excluding the dissolutions of BHS and Hapoalim (Latin America) S.A. and related asset sales and/or liquidations, the Bank agrees that in the event that, during the Term, it undertakes any change in corporate form, including if it sells, merges, or transfers business operations that are material to the Bank's consolidated operations, or to the operations of any subsidiaries or affiliates involved in the conduct described in the attached Statement of Facts, as they exist as of the date of the Agreement, whether such change is structured as a sale, asset sale, merger, transfer, or other change in corporate form, it shall include in any contract for sale, merger, transfer, or other change in corporate form a provision binding the purchaser, or any successor in interest thereto, to the obligations described in this Agreement. The purchaser or

successor in interest must also agree in writing that the Offices' ability to determine that there has been a breach under the Agreement is applicable in full force to that acquiring or successor entity. The Bank agrees that the failure to include the Agreement's breach provisions in the transaction will make any such transaction null and void. The Bank shall provide notice to the Offices at least thirty (30) days prior to undertaking any such sale, merger, transfer, or other change in corporate form. The Offices shall notify the Bank prior to such transaction (or series of transactions) if it determines that the transaction(s) will have the effect of circumventing or frustrating the enforcement purposes of this Agreement. In addition, if at any time during the Term the Offices determine in their sole discretion that the Bank has engaged in a transaction(s) that has the effect of circumventing or frustrating the enforcement purposes of the Agreement, it may deem it a breach of the Agreement pursuant to the breach provisions of the Agreement. Nothing herein shall restrict the Bank from indemnifying (or otherwise holding harmless) the purchaser or successor in interest for penalties or other costs arising from any conduct that may have occurred prior to the date of the transaction, so long as such indemnification does not have the effect of circumventing or frustrating the enforcement purposes of the Agreement, as determined by the Offices.

The Bank shall take all steps necessary to ensure that, regardless of the dissolution of BHS, BHS's relevant records and information will be preserved and remain accessible in order to comply with its obligations under the Agreement.

This Agreement is binding on the Bank and the Offices, but specifically does not bind any other component of the Department of Justice, other federal agencies, or any state, local or foreign law enforcement or regulatory agencies, or any other authorities, although the Offices will bring the cooperation of the Bank and its compliance with its other obligations under the Agreement to the attention of such agencies and authorities if requested to do so by the Bank.

It is further understood that the Bank and the Offices may disclose this Agreement to the public. Nothing in the Agreement shall require the Bank to violate any applicable law or regulation. The Agreement sets forth all the terms of the agreement between the Bank and the Offices. No amendments, modifications, or additions to this Agreement shall be valid unless they are in writing and signed by the Offices, the attorneys for the Bank, and a duly authorized representative of the Bank.

Sincerely,

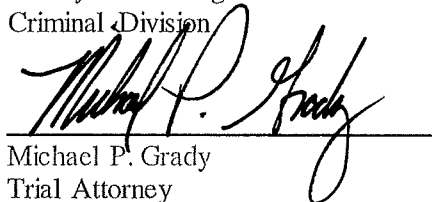
RICHARD P. DONOGHUE  
United States Attorney  
Eastern District of New York

By:



Lauren H. Elbert  
Assistant United States Attorney

DEBORAH L. CONNOR  
Chief  
Money Laundering and Asset Recovery Section  
Criminal Division




Michael P. Grady  
Trial Attorney  
Bank Integrity Unit



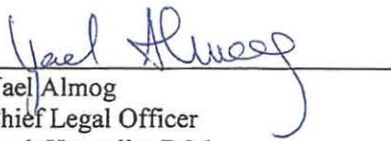
AGREED AND CONSENTED TO:

Bank Hapoalim B.M.

Date: 22/4/2020

By:   
Dov Kotler  
CEO  
Bank Hapoalim B.M.

Date: 22/4/2020

By:   
Yael Almog  
Chief Legal Officer  
Bank Hapoalim B.M.

Date: 4-23-2020


By:   
David H. Braff  
Christopher J. Dunne  
Sullivan & Cromwell LLP

Hapoalim (Switzerland) Ltd.

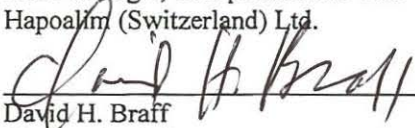
Date: 4-23-2020

By:   
Barry Elram  
CEO  
Hapoalim (Switzerland) Ltd.

Date: 4-23-2020

By:   
Claudia Spiess  
Head of Legal, Compliance and Tax  
Hapoalim (Switzerland) Ltd.

Date: 4-23-2020

By:   
David H. Braff  
Christopher J. Dunne  
Sullivan & Cromwell LLP

## ATTACHMENT A

### **STATEMENT OF FACTS**

The following Statement of Facts is incorporated by reference as part of the Non-Prosecution Agreement (the “Agreement”) between the United States Department of Justice, Criminal Division, Money Laundering and Asset Recovery Section and the United States Attorney’s Office for the Eastern District of New York (collectively the “Offices”) and BANK HAPOALIM B.M. (“BHBM”) and HAPOALIM (SWITZERLAND) LTD. (“BHS”) (collectively the “Bank”). The Bank hereby agrees and stipulates that the following information is true and accurate. The Bank also admits, accepts, and acknowledges that under the laws of the United States it is responsible for the acts of its officers, directors, employees, and agents as set forth below:

1. The Bank admits that its conduct, through the acts of its employees, as described herein, violated 18 U.S.C. § 1956(h), which makes it a crime to conspire to launder monetary instruments. Specifically, the Bank admits that, from on or about December 10, 2010 to on or about February 20, 2015, certain of its relationship managers, one of whom became an external asset manager during the relevant time period, conspired with sports marketing executives and soccer officials to execute at least \$20,733,322 in bribe payments in furtherance of a scheme in which sports marketing companies bribed soccer officials in exchange for broadcasting rights to soccer matches. In conspiring to execute those payments, the relationship managers intended to promote honest services wire fraud. With respect to certain other payments, the relationship managers conspired to conceal and disguise the proceeds of bribery. In executing the payments and maintaining the relationships, the relationship managers also intended, at least in part, to benefit the Bank, which in fact did realize fees and profits from the accounts in question. A

compliance employee at BHS questioned and escalated certain of the payments, but the Bank failed to take appropriate action.

***Relevant Bank Entities and Employees***

2. BHBM is a multinational financial services company organized and based in Tel Aviv, Israel. BHBM stock is listed on the Tel Aviv Stock Exchange, and the bank is supervised by the Bank of Israel.

3. BHS is a wholly-owned subsidiary of BHBM that is organized in Switzerland and supervised by the Swiss Financial Market Supervisory Authority (“FINMA”). During the relevant time period, BHS maintained branches in Zurich and Geneva, Switzerland and Luxembourg, among other locations, and focused on cross-border private banking. BHS has sold substantially all of its assets and is preparing to surrender its Swiss banking license.

4. Hapoalim (Latin America) S.A. is a wholly-owned subsidiary of BHBM that specialized in private banking in Latin America. Hapoalim (Latin America) S.A. was organized and licensed in Uruguay and maintained branches in Montevideo and Punta del Este, among other locations. Hapoalim (Latin America) S.A. ceased operations in or around 2017.

5. At all relevant times, BHBM maintained a branch in Miami, Florida, among other locations, that focused on private banking for Latin American customers. BHBM’s Miami branch was supervised by the Federal Reserve Bank of Atlanta and the Florida Office of Financial Regulation. BHBM closed its Miami branch in or around 2017.

6. Co-Conspirator 1, whose identity is known to the Offices and to the Bank, is a Uruguayan national who, during the relevant period, served as a relationship manager and, during the summer months, the head of Hapoalim (Latin America) S.A.’s branch in Punta del Este, Uruguay.

7. Co-Conspirator 2, whose identity is known to the Offices and to the Bank, is a national of Switzerland who served at various times during the relevant period as Deputy Branch Manager at BHS's Zurich branch, Branch Manager at BHS's Zurich branch, and Head of the South America Desk at BHS. In these roles, Co-Conspirator 2 oversaw the operations of BHS's Zurich branch as well as its private banking business in Latin America.

8. Relationship Manager 1, whose identity is known to the Offices and to the Bank, is an American national and was a relationship manager in BHBM's Miami branch from approximately 2007 to 2011.

9. Compliance Employee 1, whose identity is known to the Offices and to the Bank, was, during the relevant time period, an employee in the compliance department at BHS in Zurich, Switzerland.

10. Compliance Employee 2, whose identity is known to the Offices and to the Bank, was, during the relevant time period, a supervisor in the compliance department at BHS and directly supervised Compliance Employee 1 in Zurich, Switzerland. Compliance Employee 2 left BHS in approximately 2019.

#### ***Relevant Sports Marketing Companies and Executives***

11. Full Play Group S.A. ("Full Play") is a sports media and marketing business with its principal place of business in Argentina. Full Play had a number of subsidiaries and affiliates, including Bayan Group S.A. ("Bayan"), Cross Trading, S.A. ("Cross Trading"), and Yorkfields, S.A. ("Yorkfields"), with accounts at the Bank. Specifically, Bayan held an account at BHS; Cross Trading held two accounts at BHS; and Yorkfields held an account at BHBM's Miami branch. On or about March 18, 2020, Full Play was charged along with others in a superseding

indictment in the Eastern District of New York with racketeering conspiracy, wire fraud conspiracy, money laundering conspiracy, and wire fraud (the “Superseding FIFA Indictment”).

12. Hugo Jinkis and Mariano Jinkis are Argentinean citizens and were the controlling principals of Full Play during the relevant time period. On or about May 20, 2015, Hugo and Mariano Jinkis were first charged along with others in an indictment in the Eastern District of New York (the “FIFA Indictment”) with racketeering conspiracy, wire fraud conspiracy, and money laundering conspiracy. The charges arose in part from the facts and bribery schemes described herein. Hugo Jinkis and Mariano Jinkis were also charged with these offenses, as well as wire fraud, in the Superseding FIFA Indictment.

#### ***Relevant FIFA Entities and Soccer Officials***

13. The Fédération Internationale de Football Association (“FIFA”) is an international body that governs and promotes the sport of soccer throughout the world. FIFA is organized and registered under Swiss law and its headquarters is located in Zurich, Switzerland. FIFA is comprised of six continental confederations, various regional federations, and more than 200 member associations, each representing organized soccer in a particular nation or territory.

14. The Confederación Sudamericana de Fútbol (“CONMEBOL”) is one of the six continental soccer confederations affiliated with FIFA. CONMEBOL, which is domiciled and headquartered in Paraguay, governs soccer in South America and has 10 national soccer association members. Among other tournaments, CONMEBOL organizes the Copa América, Copa Libertadores, and Copa Sudamericana.

15. Rafael Esquivel is a citizen of Venezuela. At various times, he served as the president of the Venezuelan Football Federation and a member of CONMEBOL’s executive committee. Between approximately 2009 and 2014, Esquivel received at least 34 bribe

payments, totaling approximately \$9,416,362, from the Yorkfields account at BHBM's Miami branch and the Cross Trading and Bayan accounts at BHS. On or about November 10, 2016, Esquivel pleaded guilty in the Eastern District of New York to racketeering conspiracy and multiple counts of wire fraud conspiracy and money laundering conspiracy. The charges arose in part from the facts and bribery schemes described herein.

16. Luis Bedoya is a citizen of Colombia. At various times, he served as the president of the Colombian Football Federation, a vice president of CONMEBOL, and a member of FIFA's executive committee. Between approximately 2008 and 2015, Bedoya received at least 19 bribe payments from accounts associated with Hugo and Mariano Jinkis, totaling approximately \$3,815,000, into accounts that Bedoya held at BHBM's Miami branch and BHS under the name Flemick S.A. ("Flemick"). On or about November 12, 2015, Bedoya pleaded guilty in the Eastern District of New York to racketeering conspiracy and wire fraud conspiracy. The charges arose in part from the facts and bribery schemes described herein.

17. Luis Chiriboga is a citizen of Ecuador who served as president of the Ecuadorian Football Association. Between approximately 2009 and 2014, Chiriboga's son, Jose Luis Chiriboga, received at least 12 bribe payments, totaling approximately \$2,125,000, on behalf of his father from accounts associated with Hugo and Mariano Jinkis at BHS and BHBM's Miami branch. On or about November 25, 2015, Luis Chiriboga was charged in a superseding indictment with racketeering conspiracy, as well as multiple counts of wire fraud conspiracy and money laundering conspiracy. The charges arose in part from the facts and bribery schemes described herein.

18. Sergio Jadue is a citizen of Chile who served as the president of the National Football Association of Chile and a vice president of CONMEBOL. In or around 2014, Jadue

received at least three bribe payments, totaling approximately \$1,546,500, from the Bayan account at BHS. On or about November 23, 2015, Jadue pleaded guilty in the Eastern District of New York to racketeering conspiracy and wire fraud conspiracy. The charges arose in part from the facts and bribery schemes described herein.

19. Eugenio Figueredo is a citizen of the United States and Uruguay, and has maintained a residence in Arcadia, California since approximately 2005. Figueredo was the president of CONMEBOL from in or around April 2013 to August 2014, a member of FIFA's executive committee from in or around May 2013 to May 2015, and previously served as a vice president of CONMEBOL and president of the Uruguayan Football Association. Between approximately 2012 and 2014, Figueredo received at least three bribe payments, totaling approximately \$950,000, from accounts at BHS. On or about May 20, 2015, Figueredo was charged in the FIFA Indictment with racketeering conspiracy, wire fraud conspiracy, money laundering conspiracy, unlawful procurement of naturalization, and aiding and assisting in the preparation of false and fraudulent tax returns.

#### ***The Bank's Participation in the FIFA Bribery Schemes***

20. Between approximately 2010 and 2015, Bank personnel, including Co-Conspirators 1 and 2, conspired with Hugo Jinkis, Mariano Jinkis, Rafael Esquivel, Luis Bedoya, and others to launder funds through accounts at the Bank in furtherance of several bribery schemes related to FIFA. During this same time period, Bank personnel failed to properly investigate and address indicia of money laundering and red flags raised by certain bank employees in connection with the various accounts held by Full Play and its affiliates.

### National Football Federation Bribery Schemes

21. Beginning in or around 2007, Full Play bribed numerous soccer officials affiliated with the national soccer federations of Colombia, Venezuela, Ecuador, and Bolivia in exchange for the broadcasting rights to the respective national soccer teams of those federations. Full Play made at least 15 bribe payments, totaling approximately \$1,740,000, from the Yorkfields account at BHBM's Miami branch to accounts owned and/or controlled by soccer officials, or for the benefit of soccer officials. Four of those payments were wire transfers to banks located outside the United States. Full Play also made another bribe payment of approximately \$130,000 from a Cross Trading account at another bank in the United States to Bedoya's account at BHBM's Miami branch.

22. Relationship Manager 1, who served as the primary relationship manager for the Yorkfields account at BHBM's Miami branch from approximately 2007 to 2009, understood that Full Play was making payments to soccer officials in exchange for their assistance in the award of broadcasting rights. In a call report dated on or about July 7, 2008, Relationship Manager 1 stated that Bedoya was the president of the Colombian Football Federation and that Bedoya was opening an account at BHBM's Miami branch because he had "decided to commence a new venture in which he has established a new company that will be in the business of securing transmission rights to transmit soccer games throughout Colombia not only involving the local teams, but where the Colombian National team is involved as well." Relationship Manager 1 went on to explain that "[t]he initial payment to open the account is appx. \$500K, which as I mentioned earlier is derived from payments received from Mr. Jinkis for the assistance Mr. Bendoya's (sic) company provided to the Jinkis[es] in obtaining the rights for the transmission of soccer matches throughout Colombia."



23. Many of the bribe payments from the Yorkfields account triggered the Bank's internal anti-money laundering alerts. These alerts generally required Relationship Manager 1 to provide an explanation to the Bank's compliance department for the payment in question, after which a Bank compliance analyst would be required to review and approve the explanation and remove the alert before the payment could be made. Despite the alerts and the red flags raised by certain of the explanations given to the Bank's compliance department for these bribe payments, the bribe payments were ultimately approved.

24. For example, on or about November 7, 2007, Yorkfields executed a payment of approximately \$200,000 to a casa de cambio, or currency exchange house, for further payment to a Bolivian Football Federation official as compensation for the award of broadcasting rights by the Bolivian Football Federation to Full Play for the Bolivian national team. In response to questions from the Bank's compliance department, Relationship Manager 1 drafted a call report explaining: "On 11/7/07 there was a wire made in the amount of 200K to [the Bolivian Football Federation official] through [the casa de cambio official] (Casa de Cambio). This payment was made to pay for broadcasting rights for the Bolivian National Team." A BHBM compliance employee subsequently performed an internet search and confirmed that the individual was "an executive with the Bolivian Football Federation," and Relationship Manager 1 informed the compliance employee that the soccer official had instructed that the payment be made to the casa de cambio. After receiving this additional information, the BHBM compliance employee cleared the alert and took no further action, notwithstanding the fact that Yorkfields was purportedly paying an individual, "an executive with the Bolivian Football Federation," for rights to the Bolivian national team and directing that the payment be made to an unrelated third party, the casa de cambio.

25. On or about May 19, 2009, the Bank's compliance department requested an explanation for an approximately \$150,000 payment from the Yorkfields account to an individual whom the compliance department could not identify via web searches. Relationship Manager 1 responded that the recipient: "is affiliated with [the] Colombian Futbol Federation [and] this is a payment for rights to transmit the Colombian National Team on TV." Notwithstanding the fact that Yorkfields was paying an individual for rights to the Colombian national team, the Bank's compliance department responded that it had found no negative information about the recipient and wrote: "No further information required."

26. On or about June 18, 2009, Yorkfields made a wire transfer of approximately \$200,000 to Benz Corporation, a company owned by Esquivel. The prior day, Relationship Manager 1 had a call with Mariano Jinkis about the payment, in anticipation of questions from the Bank's compliance department. Jinkis told Relationship Manager 1 that Benz was an "offshore" and that the requested wire transfer was for "the payment of television rights of the Venezuelan Football Federation." The following day, BHBM executed the payment as requested.

#### The Copa América and Copa América Centenario Bribery Scheme

27. From approximately 1987 to 2011, Traffic Sports ("Traffic"), a Brazilian sports marketing company, held the commercial rights to CONMEBOL's Copa América soccer tournament. At various times during that period, Traffic agreed to pay bribes to various CONMEBOL officials in exchange for their support for Traffic's position as the exclusive holder of those rights.

28. In or around 2009, a group of six presidents of the traditionally less-powerful member associations of CONMEBOL formed a bloc to obtain greater control over decisions

relating to the governance of CONMEBOL and the sale of CONMEBOL's commercial properties, decisions which previously had been dominated by the representatives of soccer powers Argentina and Brazil. Starting in or around 2009, the members of the "Group of Six," as the members of the bloc were known, demanded that they, too, receive annual bribe payments in exchange for their support for the award of broadcasting rights.

29. In or around 2010, CONMEBOL terminated its longstanding relationship with Traffic and entered into an agreement with Full Play, granting Full Play exclusive media and marketing rights for the 2015, 2019, and 2023 editions of the Copa América, among other tournaments. To win that contract, Full Play's principals, Hugo and Mariano Jinkis, agreed to pay bribes to various CONMEBOL officials.

30. Hugo and Mariano Jinkis used the Cross Trading and Bayan accounts at BHS to execute bribe payments in furtherance of this scheme. With regard to Cross Trading, between approximately March 5, 2010 and March 13, 2014, BHS executed at least 53 bribe payments, totaling more than \$14,029,822, from the Cross Trading account to Bedoya, Chiriboga, Esquivel, Figueredo, and others. Between approximately January 21, 2014 and February 20, 2015, BHS executed at least fifteen bribe payments, totaling approximately \$4,833,500, from the Bayan account to Bedoya, Chiriboga, Esquivel, Figueredo, Jadue, and others. Many of the bribe payments were wire transfers from BHS to accounts in the United States, including accounts in the name of Jose Luis Chiriboga at three financial institutions in the United States and Esquivel's accounts at two financial institutions in the United States.

#### Willful Participation in the Bribery Schemes

31. Co-Conspirators 1 and 2, both senior managers at Hapoalim (Latin America) S.A. and BHS, respectively, willfully furthered the bribery schemes by enabling their clients to use

accounts at the Bank to pay bribes in furtherance of those schemes. By approximately 2010, Co-Conspirators 1 and 2 understood that Hugo and Mariano Jinkis were paying bribes to FIFA officials. On or about December 10, 2010, Co-Conspirator 1 wrote in an email to Co-Conspirator 2: “The Js [Jinkises] are going to grow like 5 million net in 2011. With the [a Swiss-based bank unaffiliated with Bank Hapoalim], they handle the ‘bribes’ that they have to give, and hopefully it will continue like that.” Co-Conspirator 1 went on to explain that a banker at the Swiss-based bank “opened accounts for all the presidents of the football confederations, so hj [Hugo Jinkis] could pay them from an account that [he] only uses for that, [he] doesn’t have any other investments with them.”

32. At approximately the same time, Co-Conspirators 1 and 2 also knew or soon learned that Hugo and Mariano Jinkis were paying bribes through accounts at BHS.

33. For example, on or about June 15, 2010, Bedoya signed account opening documents for an account at BHS, with Co-Conspirator 2 as the relationship manager. In or around November 2010, Bedoya transferred all funds from his account at BHBM’s Miami branch to this new account at BHS, and closed the account in the United States.

34. Over the next two years, Compliance Employee 1 raised a series of concerns with Co-Conspirator 2 and Compliance Employee 2 about Hugo and Mariano Jinkis, Full Play, and/or its subsidiaries or affiliates making payments to Bedoya in connection with the award of broadcasting rights. For example, on or about March 10, 2011, Compliance Employee 1 wrote to Co-Conspirator 2 and Compliance Employee 2, among others, about two recent payments from Cross Trading to Bedoya, each for \$250,000. Compliance Employee 1 explained that Bedoya was “the President of the Colombian Football Association, Director of the Executive Committee of the South American Football Federation, a member of the marketing commission

of the Colombian Olympic Committee and a member of the FIFA's commission for the football player's statute." Compliance Employee 1 then noted that "CROSS TRADING SA is a company active in the marketing of TV rights for sports events," and requested additional information about "the advisory services rendered by Flemick to Cross Trading SA" and a copy of the underlying advisory agreement.

35. On or about August 30, 2011, Compliance Employee 1 followed up on his request for additional information, writing to Co-Conspirator 2 and Compliance Employee 2: "I think you must discuss the payments with the owner of FLEMICK (Mr. B.); the company that received the payments. We must fully understand the economic background of these payments (for what specific consulting services Flemick received these funds, the underlying contracts etc.).] The payments are not in accordance with the client profile of Flemick (Mr. B.). How does Mr. B. see his consulting activities in relation to his positions with FIFA, CONMEMBOL, Olympic Committee, Colombian Football Association etc.? The reputational risk in regards to this client (PEP) for the bank is substantial."

36. On or about December 22, 2011, Compliance Employee 1 wrote to Co-Conspirator 2 and Compliance Employee 2: "Cross Trading transferred USD 1 Mio. to the account Flemick. The beneficial owner of Flemick is a high ranking football official. Among others he is part of the FIFA leadership. The letter provided is only a general letter. Is there really no written agreement or contract between Flemick and Cross Trading?"

37. Finally, on or about May 30, 2012, Compliance Employee 1 wrote to Compliance Employee 2: "I closed today two alerts from the following clients: Cross Trading (B.O.: Hugo Jinkis, Mariano Jinkis)[;] Flemick S.A. (B.O.: Luiz Bedoya)[.] Hugo and Mariano Jinkis are through Cross Trading and other companies active in the field of trading with TV rights for sport

events including football events and games. Luiz Bedoya is a high ranking sport official from Colombia. Among others, Mr. Bedoya is he currently a member of the FIFA Players' Status Committee and is the President of the Federacion Colombiana de Futbol (Colombian Football Federation). There were payments from the account of Cross Trading to the account of Flemick SA. Both clients issued written statements (see attachments) that they maintain commercial relations regarding to TV rights and publicity related to sports events as well as commercial activities with football players. These payments are related to advisory services provided by Flemick SA to Cross Trading in this respect. According to the clients, they do not have a written agreement between them. As we have classified Mr. Bedoya as a PEP, I would like to bring these transactions to the attention of the Management of our bank."

38. Despite Compliance Employee 1's concerns about Full Play's payments to Bedoya, Co-Conspirator 1 and BHS continued executing payments to soccer officials from the Cross Trading and Bayan accounts. Co-Conspirators 1 and 2 also conspired to launder bribe proceeds in order to conceal the origin and ownership of the funds. For example, on or about December 5, 2013, Co-Conspirator 1 wrote to Co-Conspirator 2: "I recently spoke with the Venezuelan [Esquivel], the account he will open will be under a new corporation that will be handled by Hugo [Jinkis] with his firm. He confirms that both bank sources are from the United States. He asked me if he can send money directly to Hugo's account and then transfer it back to his new account, I mentioned [to] him that it could be difficult, but that I would ask." Co-Conspirator 2 responded: "Will the money come from BENZ [an entity owned by Esquivel] in those banks? Or from where? No, Hugo cannot get caught." The Bank did not ultimately open the referenced account.

39. Co-Conspirator 1's statements on recorded phone calls further confirm that he understood that the payments he helped execute through the Bank's accounts constituted money laundering. For example, on or about May 27, 2015, Co-Conspirator 1 had the following phone conversation with his spouse:

Spouse: Hi.

Co-Conspirator 1: What's up?

Spouse: Hi.

Co-Conspirator 1: I'm f\*\*\*\*d.

Spouse: What?

Co-Conspirator 1: You're f\*\*\*\*d.

Spouse: Oof.

...

Co-Conspirator 1: Listen.

Spouse: I'm listening.

Co-Conspirator 1: Have you seen what I was telling you, today I was looking at the FIFA thing, [INDISCERNIBLE] I told you something about FIFA, right?

Spouse: No, you said ... I heard that they sued six.

Co-Conspirator 1: Six. Yes, six from FIFA.

Spouse: For...

Co-Conspirator 1: Eugenio Figueredo [INDISCERNIBLE].

Spouse: Yes.

Co-Conspirator 1: And the one who's stuck in the mess is Hugo.

Spouse: Seriously?

Co-Conspirator 1: And, since there were wiretaps on the phone, the US government and ... you can imagine! It came out in the news. In I don't know what newspaper, he and the [INDISCERNIBLE].

Spouse: With their names?

Co-Conspirator 1: The names.

Spouse: Noooooooooo.

Co-Conspirator 1: So it seems to me that I'll dedicate myself to my ranch.

...

Spouse: Yeah, but the blame ... he's not involved in this big mess.

Co-Conspirator 1: In the money laundering yes, in helping the laundering, in a way, because it's ... let's say they're accused of corruption, of receiving bribes.

Spouse: Yes

Co-Conspirator 1: And the bribes were given by [INDISCERNIBLE].

Spouse: Ahhhh.

Co-Conspirator 1: Part of the bribes, right?

Spouse: Of course. Yes, because they said there that it was, including things, what was it? Chronic ones too.

Co-Conspirator 1: So early?

Spouse: Hmmm.

Co-Conspirator 1: I'll warn you that yesterday, just yesterday, the department of compliance in Switzerland, after 3 months authorized the seizing of an account that's linked to FIFA.



ATTACHMENT B

**CERTIFICATE OF CORPORATE RESOLUTIONS**

WHEREAS, Bank Hapoalim B.M. (“BHBM”) has been engaged in discussions with the United States Department of Justice, Criminal Division, Money Laundering and Asset Recovery Section and the United States Attorney’s Office for the Eastern District of New York (collectively the “Offices”) regarding BHBM’s involvement in the laundering of monetary instruments in connection with bribe payments from sports marketing companies to soccer officials affiliated with the Fédération Internationale de Football Association (“FIFA”) and other soccer organizations and

WHEREAS, in order to resolve such discussions, it is proposed that BHBM enter into this non-prosecution agreement (the “Agreement”) with the Offices; and

WHEREAS, outside counsel for BHBM has advised the Board of Directors of BHBM of its rights, possible defenses, the U.S. Sentencing Guidelines’ provisions, and the consequences of entering into such agreement with the Offices;

Therefore, the Board of Directors has RESOLVED that:

1. BHBM: (a) enters into this Agreement with the Offices; and (b) agrees to pay, jointly with Hapoalim (Switzerland) Ltd., a total of \$30,063,317 to the United States, which includes a monetary penalty of \$9,329,995 and funds to be forfeited in the amount of \$20,733,322;

2. BHBM accepts the terms and conditions of this Agreement, including, but not limited to: (a) a knowing waiver for purposes of this Agreement and any charges by the United States arising out of the conduct described in the attached Statement of Facts of any objection with respect to venue in the United States District Court for the Eastern District of New York; and (b) a knowing waiver of any defenses based on the statute of limitations for any prosecution relating to the conduct described in the attached Statement of Facts or relating to conduct known to the


Offices prior to the date on which this Agreement was signed that is not time-barred by the applicable statute of limitations on the date of the signing of this Agreement;

3. The Chief Executive Officer of BHBM, Dov Kotler, and Chief Legal Advisor of BHBM, Yael Almog, are hereby jointly authorized, empowered and directed, on behalf of BHBM, to execute the Agreement substantially in such form as reviewed by this Board of Directors at this meeting with such minor changes as either the Chief Executive Officer of BHBM, Dov Kotler, or the Chief Legal Advisor of BHBM, Yael Almog, may approve;

4. The Chief Executive Officer of BHBM, Dov Kotler, and Chief Legal Advisor of BHBM, Yael Almog, are hereby each individually authorized, empowered and directed to take any and all actions as may be necessary or appropriate to approve the forms, terms, or provisions of any agreement or other documents as may be necessary or appropriate, to carry out and effectuate the purpose and intent of the foregoing resolutions; and

5. All of the actions of the Chief Executive Officer of BHBM, Dov Kotler, and the Chief Legal Advisor of BHBM, Yael Almog, which actions would have been authorized by the foregoing resolutions except that such actions were taken prior to the adoption of such resolutions, are hereby severally ratified, confirmed, approved, and adopted as actions on behalf of BHBM.

Date: April 12, 2020

By:   
Chairman  
Bank Hapoalim B.M.

## **CERTIFICATE OF CORPORATE RESOLUTIONS**

WHEREAS, Hapoalim (Switzerland) Ltd. ("BHS") has been engaged in discussions with the United States Department of Justice, Criminal Division, Money Laundering and Asset Recovery Section and the United States Attorney's Office for the Eastern District of New York (collectively the "Offices") regarding BHS's involvement in the laundering of monetary instruments in connection with bribe payments from sports marketing companies to soccer officials affiliated with the Fédération Internationale de Football Association ("FIFA") and other soccer organizations; and

WHEREAS, in order to resolve such discussions, it is proposed that BHS enter into this non-prosecution agreement (the "Agreement") with the Offices; and

WHEREAS, outside counsel for BHS has advised the Board of Directors of BHS of its rights, possible defenses, the U.S. Sentencing Guidelines' provisions, and the consequences of entering into such agreement with the Offices;

Therefore, the Board of Directors has RESOLVED that:

1. BHS: (a) enters into this Agreement with the Offices; and (b) agrees to pay, jointly with Bank Hapoalim B.M., a total of \$30,063,317 to the United States, which includes a monetary penalty of \$9,329,995 and funds to be forfeited in the amount of \$20,733,322;
2. BHS accepts the terms and conditions of this Agreement, including, but not limited to: (a) a knowing waiver for purposes of this Agreement and any charges by the United States arising out of the conduct described in the attached Statement of Facts of any objection with respect to venue in the United States District Court for the Eastern District of New York; and (b) a knowing waiver of any defenses based on the statute of limitations for any prosecution relating to the conduct described in the attached Statement of Facts or relating to conduct known

to the Offices prior to the date on which this Agreement was signed that is not time-barred by the applicable statute of limitations on the date of the signing of this Agreement;

3. The Chief Executive Officer of BHS, Barry Elram, and Head of Legal, Compliance and Tax of BHS, Claudia Spiess, are hereby jointly authorized, empowered and directed, on behalf of BHS, to execute the Agreement substantially in such form as reviewed by this Board of Directors at this meeting with such minor changes as either the Chief Executive Officer of BHS, Barry Elram, or Head of Legal, Compliance and Tax of BHS, Claudia Spiess, may approve;

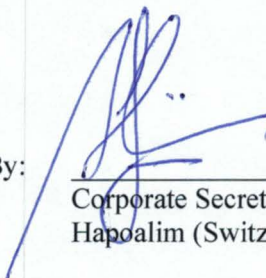
4. The Chief Executive Officer of BHS, Barry Elram, and Head of Legal, Compliance and Tax of BHS, Claudia Spiess, are hereby each individually authorized, empowered and directed to take any and all actions as may be necessary or appropriate to approve the forms, terms, or provisions of any agreement or other documents as may be necessary or appropriate, to carry out and effectuate the purpose and intent of the foregoing resolutions; and

5. All of the actions of the Chief Executive Officer of BHS, Barry Elram, and Head of Legal, Compliance and Tax of BHS, Claudia Spiess, which actions would have been authorized by the foregoing resolutions except that such actions were taken prior to the adoption of such resolutions, are hereby severally ratified, confirmed, approved, and adopted as actions on behalf of BHS.

Date:

April 23, 2020

By:

  
Corporate Secretary  
Hapoalim (Switzerland) Ltd.

BERNARD FISHMAN



ATTACHMENT C  
**REPORTING REQUIREMENTS**

BANK HAPOALIM B.M. and HAPOALIM (SWITZERLAND) LTD. (collectively the “Bank”) agree that they will report to the United States Department of Justice, Criminal Division, Money Laundering and Asset Recovery Section and United States Attorney’s Office for the Eastern District of New York (the “Offices”) periodically, at no less than twelve-month intervals during a three-year term, regarding remediation and implementation of the Bank’s Anti-Money Laundering (“AML”) program. During this three-year period, the Bank shall: (1) conduct an initial review and submit an initial report; and (2) conduct and prepare at least two (2) follow-up reviews and reports, as described below:

1. By no later than one year from the date the Agreement is executed, the Bank shall submit to the Offices a written report setting forth a complete description of its remediation efforts to date, its proposals to improve the Bank’s policies, procedures, and controls to ensure compliance with applicable AML laws, and the proposed scope of the subsequent reviews. The Bank shall send the report to the following individuals: (1) Chief – Bank Integrity Unit, Money Laundering and Asset Recovery Section, Criminal Division, U.S. Department of Justice, 1400 New York Avenue, NW, Bond Building, Tenth Floor, Washington, D.C. 20530, and (2) Chief – Business and Securities Fraud Section, United States Attorney’s Office for the Eastern District of New York, 271 Cadman Plaza East, Brooklyn, New York 11201. The Bank may extend the time period for issuance of the report with prior written approval of the Offices.

2. The Bank shall undertake at least two (2) follow-up reviews and reports, incorporating the Offices’ views on the prior reviews and reports, to further monitor and assess whether the Bank’s policies, procedures and controls are reasonably designed to detect and prevent violations of applicable AML laws.

3. The Bank shall complete the first follow-up review and report no later than one year after submitting the initial report to the Offices. The Bank shall complete and deliver the second follow-up review and report to the Offices no later than thirty (30) days before the end of the Term. In preparing the reports referenced in Attachment C, the Bank shall not be required to violate any applicable law or regulation.

4. The reports will likely include proprietary, financial, confidential, and competitive business information. Moreover, public disclosure of the reports could discourage cooperation, impede pending or potential government investigations and thus undermine the objectives of the reporting requirement. For these reasons, among others, the reports and the contents thereof are intended to remain and shall remain non-public, except as otherwise agreed to by the parties in writing, or except to the extent that the Offices determine in their sole discretion that disclosure would be in furtherance of the Offices' discharge of their duties and responsibilities or is otherwise required by law.

5. The Bank may extend the time period for submission of any of the follow-up reports with prior written approval of the Offices.