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Bank Hit With Sanctions in Suit Over Terrorist Aid

By A. G. SULZBERGER
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A bank based in Jordan that had been accused of providing financial services to terrorists was hit with judicial sanctions on Tuesday for repeatedly failing to obey a court order to produce requested documents in the case — a six-year-old lawsuit filed by the victims of terrorist attacks.

Judge [Nina Gershon](#) of United States District Court in Brooklyn said that the “recalcitrance” of Arab Bank in releasing records required her, out of fairness to the plaintiffs, to instruct the jury that it may infer that the bank knowingly and purposefully worked on behalf of the terrorist organizations, including processing and distributing payments made by a Saudi organization to the relatives of suicide bombers. “The withheld evidence is not only relevant but also essential to proof of their claims,” she wrote.

A trial date has not been set.

The decision represents a major setback for [Arab Bank](#), which has said it is unwilling to release the documents in question because they cannot be disclosed without violating foreign bank secrecy laws — an argument that the court previously rejected. The bank released a statement after the ruling saying it was examining its legal options.

“In compliance with the New York court’s orders in this litigation, Arab Bank has produced hundreds of thousands of documents and successfully sought waivers from bank secrecy laws in several countries where it operates,” the statement said. “Where the bank was unable to obtain such waivers from the appropriate authorities in certain countries, it elected not to violate these laws. The bank’s actions were taken in good faith.”

Lawyers for the plaintiffs — which include about 100 Americans and 700 foreigners, mostly Israelis, who were injured or killed during attacks in Israel and their family members — praised the decision. They said the documents that they had sought, including internal e-mail messages and memos, would have demonstrated that the bank was aware of the identity of its customers.

“This will be a precedent that will help victims of terrorism bring cases against banks and others who help finance terrorism,” said Mark Werbner, one of the lawyers.

The [lawsuit](#), which was the first to go after an international bank for its role in financing terrorism when it was filed in 2004, alleges that Arab Bank administered the accounts of the Saudi Committee in Support of the Intifada Al Quds, which provided payments of

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\$5,316 to the families of [Palestinians](#) who were killed in attacks on Israel, including suicide bombers. It also alleges that the bank administers accounts for other individuals and organizations involved in terrorism, including [Hamas](#).

The bank, which said it had assets of \$50 billion and operations in more than 30 countries worldwide, including a branch in New York, has strongly denied that it knowingly provided banking services to terrorists, calling its actions routine and lawful. Shortly after the lawsuit was filed, the bank agreed to pay a \$24 million civil fine for having inadequate controls to protect against money laundering at the New York branch. (This May it closed two of its three branches in the Gaza Strip, which is now controlled by Hamas, which is listed as a terrorist organization in the United States and Europe.)

Judge Gershon said that the public record was already sufficient to demonstrate that the Arab Bank withheld evidence that would support the plaintiffs' claims, pointing to the bank's admission that it maintained accounts for individuals and organizations involved with terrorism and allowed transfers to them.

"I am satisfied that plaintiffs have shown the high likelihood that the withheld documents would show repeated transfers by the bank to terrorists, terrorist organizations or their fronts, or on their behalf," she wrote.

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