



State of Israel
Ministry of Justice
Office of the State Attorney
Jerusalem

To the Competent Authorities of the United Kingdom:

Request for Legal Assistance in a Criminal Matter

1. In accordance with the European Convention on Mutual Assistance in Criminal Matters, the State of Israel hereby requests that the competent authorities of the United Kingdom grant legal assistance and execute Letters Rogatory in the manner provided for by its laws. This assistance is required in order to procure evidence relating to the offenses detailed below.
2. This Request is signed and submitted by the Director of the Department of International Affairs of the Ministry of Justice, who is authorized to submit requests for legal assistance on behalf of Israel.

Factual Background

3. "**One.f.i.**" is an investment company that operated in Jerusalem, Israel. The Israel Police received a complaint that the funds, entrusted to "One.f.i." for investment by members of the public, were stolen.
4. The prime suspect in the Israeli investigation is Israeli attorney **Amos Avidan**, Israeli I.D. number 033122920 (hereinafter: "**Avidan**"), who was the General Manager and owner of "**One.f.i.**" (hereinafter: "**the company**").

Episode A:

5. The company offered the public its investment services, entailing automatically generated, constantly re-occurring investments through use of computerized algorithms, which identified exchange differentials involving various foreign currency exchange rates. The company advertised its investment services with the promise that returns would be higher than those of investors in the stock market.
6. Initially, the company published information showing high rates of returns, but it is suspected that this information was falsified and the company had operated a "Ponzi scheme" to provide initial investors with returns on their investments. Statements were provided to investors by the company, showing that their principal was maintained and their portfolios were accumulating profits that were being re-invested by the company. It is suspected that these statements were falsified deliberately. From 2015 onward, investors with the company discovered that their invested principal funds had lost almost all their value. When they demanded the return of the small percentage of equity remaining, their demands were ignored and no funds were transferred to the investors. The loss to the public is estimated at tens of millions of New Israeli Shekels. Furthermore, the investigation discovered that the company had operated without the license mandated by law for the management of investment portfolios.
7. Avidan departed from Israel on June 1, 2017, together with his family, and is believed to be living in the United Kingdom. He has not been in contact with investors.
8. The company's computers and documents have been seized by the Israel Police. Statements to investigators by other persons involved in the company, indicate that investors' funds were transferred by Avidan to a brokerage company named "Leverate" and that only Avidan had access to the computerized investment system and the investors' funds.
9. The Israel Police examined documents of 29 different investors and found evidence that they had entrusted to the company a total of 35 million New Israeli Shekels (approximately equivalent to 10 million dollars). The Israel Police found that only 200,000 New Israeli Shekels remained in the company's Israeli bank

account (at Bank Leumi), following Avidan's departure from Israel. No evidence, as of yet, has been discovered regarding funds transferred to "Leverate".

Episode B:

10. On August 6, 2017, **Moshe Rachman** (hereinafter: "**Rachman**") filed a complaint against Avidan with the Israel Police, according to which Avidan stole 14 million New Israeli Shekels that Rachman, in the framework of his company "Ramat-Nave Investment Fund LP", had invested with him in September of 2015 and in October of 2016, along with interest due to Rachman according to an agreement signed between the parties. The amount of interest accrued was in excess of 2,617,868 New Israeli Shekels. (The total loss was equivalent to around \$4,734,435 as of June 2017, when Avidan departed from Israel). The 14,000,000 New Israeli Shekels had been transferred by Rachman to a company controlled by Avidan named "**Avidan City Tower Holdings, Inc.**" (hereinafter: "**City Tower**"). The purpose of the transfers was a loan of funds to be invested in an Israeli real estate project. According to the agreement between the parties, this loan was to be secured by a lien, recorded in the land registry, against said real estate of City Tower, in favor of Ramat-Nave Investment Fund LP. The documents that Avidan transferred to Rachman, purporting to prove the registration of said lien, were forged and no lien had been filed.
11. Of the above amount, four million New Israeli Shekels were transferred to Avidan's personal bank account in the United Kingdom. The 2,000,000 New Israeli Shekels were transferred on December 1, 2016 and an additional 2,000,000 New Israeli Shekels were transferred on January 1, 2017.
12. Israeli investigators found a connection between the company and a British brokerage house "Finotec Trading, UK" (hereinafter: "**Finotec**"). To the best of the knowledge of Israeli investigators, Finotec is located at Holland House, 1-4 Bury Street, London EC3A/5AW. Documents gathered by Israeli investigators indicate that Avidan might have transferred to Finotec some of the funds stolen from Israeli investors. **Furthermore, it is suspected that Avidan might have made those transfers from either his personal bank account or the accounts**

of the following entities: One FX (Foreign Exchange) Ltd., One F. Inv Ltd, One Growth Investments Ltd, or the afore-referenced company (One.Fi).

(הערה: מתי? מי חברות אלו? מדוע לא קיבלתי הסברים כלשהם בנוגע לחברות אלו? כיצד הם קשורות לפרשיות הפליליות? לחודש? יש מקום להוסיף מידע לסעיף זה)

Purpose of the Request

13. The British authorities are requested to investigate Finotec's role in receiving and investing funds transferred to it by the company/and or Avidan and also the possible re-transfer of those funds.

Details of the Request

14. The British authorities are requested to investigate any investments or transfers of funds to Finotec by any of the following :

Avidan or his family members **(יש להעביר לי שמותיהם ומספרי הדרכונים שלהם)**, One FX (Foreign Exchange) Ltd., One F. Inv Ltd, One Growth Investments Ltd, or the afore-referenced company (One.Fi).

15. The British authorities are requested also to investigate any transfers or withdrawals out of Finotec on behalf of any of the fore-referenced persons or entities.

16. The British authorities are requested to transfer to the Israeli authorities all relevant documents regarding the above, including *inter alia* all trading portfolio documents, bank documents, other investment documents, power of attorney or signatory rights documents, and documents involved in the opening of relevant trading portfolio accounts, other investment accounts or bank accounts.

Time Constraints

17. This Request is deemed urgent due to severe damage inflicted upon Israeli investors and the need to prevent further laundering of the funds stolen. The British authorities therefore kindly are requested to comply with this Request on an urgent basis.

(האם זה נכון?)

Confidentiality

18. There is no requirement to maintain confidentiality.

The Relevant Provisions of Israeli Law

19. "PROHIBITION ON MONEY LAUNDERING LAW, 5760-2000

...

Prohibition on money laundering

3. (a) A person performing a property transaction provided in paragraphs (1) to (3) hereunder, (in this Law referred to as "prohibited property"), with the object of concealing or disguising its source, the identity of the owners of the rights, the location, movement or disposition with respect to such property, shall be liable to ten years' imprisonment or a fine twenty times greater than the fine specified in section 61(a)(4) of the Penal Law -

(1) property originating directly or indirectly in an offense;

(2) property used to commit an offense;

(3) property enabling the commission of an offense.

(b) A person performing a property transaction or delivering false information with the object of preventing any reporting under section 7 or in order not to report under section 9, or to cause incorrect reporting under the aforesaid sections, shall be liable to the penalty prescribed in subsection (a); for the purposes of this section, "transmitting false information" shall include failure to deliver updated information about any item required to be reported.

Prohibition of performing a prohibited transaction with property

4. A person performing any property transaction, knowing that it is prohibited property, and that such property falls within one of the categories of property specified in the Second Schedule, and at the value determined therein, shall be liable to seven years imprisonment or a fine ten times the fine stated in section 61(a)(4) of the Penal Law;

for the purposes of this section, "knowing" does not include disregarding, within the meaning specified in section 20(c)(1) of the Penal Law.

...Chapter Four: Obligation to report on monies at the time of entry into and exit from Israel

Obligation to report on monies at the time of entry into and exit from Israel

9. (a) In this Chapter, "monies" means cash, bankers' drafts and travelers' checks.
- (b) A person entering or leaving the State of Israel shall be obliged to report on the monies he has with him at the time of entry into or exit from Israel, where the value of the monies is of the amounts prescribed in the Fourth Schedule.
- (c) The obligation to report on monies brought into or taken out of Israel, at the rate stated in subsection (b), shall also apply to a person bringing monies into or taking monies out of Israel by mail or by any other method. ...

Breach of obligation to report

10. A person in breach of the obligation to report imposed on him under section 9 shall be liable to six months' imprisonment or a fine at the rate stated in section 61(a)(4) of the Penal Law, or ten times the amount which was not reported on, all according to the greater amount....".

20. The Penal Law of 1977:

Obtaining a thing by deceit: Section 415:

A person who obtains a thing by deceit is liable to imprisonment for three years; if the offence is committed under aggravating circumstances, he is liable to imprisonment for five years.

Forgery: Section 418:

A person who forges a document is liable to imprisonment for one year; a person who forges a document with intent to obtain any thing by means thereof is liable to imprisonment for three years; if the offence is committed under aggravating circumstances he is liable to imprisonment for five years.

Use of a forged document - Section 420:

A person who submits or utters or otherwise uses a forged document, knowing it be forged, shall be treated as if he had forged it."

Theft by a director – Section 392:

"If a director or officer of a body corporate steals any property of the body corporate, he is liable to seven years imprisonment."

Theft by agent - Section 393:

"If a person does one of the following, he is liable to seven years imprisonment:

- (1) he steals property which he has received with a power of attorney for its disposition;
- (2) he steals property which was entrusted to him – alone or jointly with another – to keep in safe custody, or to apply all or part of it or of its proceeds to a particular purpose, or to deliver all or part of it or its proceeds to a particular person;
- (3) he steals property which he received – alone or jointly with another – for or on account of another person;
- (4) he steals proceeds of a security, or of the disposition of any asset under a power of attorney, having received instructions to use the same for a particular purpose or to pay it to a particular person."

סעיף 39(א) חוק הסדרת העיסוק בייעוץ השקעות, בשיווק השקעות ובניהול תיקי השקעות, תשנ"ה-1995

39(א)(3) עסק בניהול תיקים, בניגוד להוראות סעיף 9(א); (בפניית החוקרים צוינה עבירה לפי סעיף 39(א)(3) אך זו טעות היות וסעיף זה מבוסס על סעיף 9(א) שאינו רלוונטי לענייננו. לפיכך נראה לי כי העבירות הן לפי סעיף 2(א) ו-1(ב) והעונשים נקבעים לפי סעיף 39(א)(1) ו-2(2) – להתייחסות החוקרים - נינה)

עונשין

39. (א) מי שעשה אחד מאלה, דינו – מאסר שנתיים או קנס פי חמישה מן הקנס הקבוע בסעיף 61(א)(3) לחוק העונשין, ואם הוא תאגיד – כפל הקנס האמור:
- (1) עסק בייעוץ השקעות, בשיווק השקעות או בניהול תיקי השקעות, בלי שיש בידו רשיון, בניגוד להוראות סעיף 2(א) עד (ב)1);
 - (2) העסיק בשיווק השקעות מי שאינו בעל רשיון משווק, בניגוד להוראות סעיף 2(ב)2);

חובת רישוי

2. (א) לא יעסוק אדם בייעוץ השקעות אלא אם כן הוא בעל רשיון יועץ; יחיד בעל

רשיון יועץ רשאי לעסוק בייעוץ השקעות כיחיד או כעובד בחברה שהיא בעלת רשיון יועץ, או בעלת רשיון מנהל תיקים העוסקת גם בייעוץ, כעובד או שותף בשותפות שהיא בעלת רשיון יועץ או כעובד באגודת פיקדון ואשראי.

(ב) לא יעסוק אדם בניהול תיקי השקעות אלא אם כן הוא בעל רשיון מנהל תיקים, ואם הוא יחיד - הוא בעל רשיון ועובד בחברה שהיא בעלת רשיון מנהל תיקי השקעות.

(1ב) לא יעסוק אדם בשיווק השקעות אלא אם כן הוא בעל רשיון משווק; יחיד בעל רשיון משווק רשאי לעסוק בשיווק השקעות כיחיד או כעובד בחברה שהיא בעלת רשיון משווק, או בעלת רשיון מנהל תיקים העוסקת גם בשיווק, או כעובד או שותף בשותפות שהיא בעלת רשיון משווק.

Supplementary Information

21. The State of Israel will submit any additional information which the British authorities may require in order to enable them to accede to this request.
22. The Department of International Affairs of the Office of the State Attorney in the Ministry of Justice may be contacted with respect to any issues or questions regarding this Request. Attorney Nina Mansur is handling this matter and can be reached by telephone at +972-2-5419613/4, by fax at +972-2-5419644 or by e-mail: Ninah@justice.gov.il.
23. The State of Israel takes this opportunity to express its appreciation to the authorities of the United Kingdom for their co-operation and assistance in this case and offers its assurances of reciprocal assistance.

Jerusalem, _____ of _____, 5778
_____ of _____, 2018

Yuval Kaplinsky
Director
Department of International Affairs
Office of the State Attorney
Ministry of Justice
State of Israel