

Sub: Summary of Order-in-Original No. 9/DIR/FIU-IND/2019 in the matter of Indian Overseas Bank - Reg.

In order to assess the compliance of **Indian Overseas Bank** (the Bank) with regard to its obligations under the Prevention of Money Laundering Act, 2002 (the Act) and the Prevention of Money Laundering (Maintenance of Records) Rules, 2005 (the Rules) inquiry under Chapter IV of the Act was made by FIU-IND by way of a questionnaire based review of the Bank in terms of section 12A of the Act.

2. Based on the findings of the inquiry, vide Show Cause Notice dated March 26, 2019, the Bank was called upon to show cause as to why suitable directions including direction of imposition of penalty should not be passed against the Bank under Section 13 of the Act read with Section 12 of the Act and Rules 3, 4, 5, 7, 8 and 9 of the Rules, 2005 for several non-compliances of the provisions of the Act and the Rules.

3. The Bank submitted its detailed reply to the SCN and in terms of the principles of natural justice the Bank was granted opportunities of personal hearing through its authorised representatives.

4. After considering the submission of the Bank, vide Order-in-Original No. 9/Dir/FIU-IND/2019 dated July 29, 2019, the Director, FIU-IND disposed of the adjudication proceedings initiated against the Bank vide the Show Cause Notice dated March 26, 2019, and in exercise of the powers conferred under section 13(2)(d) of the Act imposed monetary penalty of **Rs. Ten Lakh and Forty Thousand only (Rs. 10,40,000/-)** for non-compliances of sections 12 and 12A of the Act read with rules 3, 4, 5, 7 and 8 of the Rules by the Bank, viz. failure to file certain threshold based reports within timeline prescribed by the Rules, failure to evolve and implement effective internal mechanism for suspicious transactions reports, etc.

5. Further, in exercise of the power conferred under section 13(2)(a) of the Prevention of Money Laundering Act, 2002, the Director, FIU-IND issued warning to Indian Overseas Bank for non-compliances of section 12 of the Act read with rule 9 of the PML Rules, including failure to fully implement a Client Due Diligence Programme approved by its Board specifically with regard to screening names of prospective customers in the latest UNSC sanction list.

6. The Bank has also been advised to be observant in future regarding compliance with the provisions of the Prevention of Money Laundering Act, 2002 and the Rules made thereunder.

Disclaimer: The summary of the instant Order-in-Original is only representational in nature and does not hold any legal significance or cannot be relied upon or referred to as a precedence in any other case.