

Sub.: Summary of Order-in-Original No. 05/DIR/FIU-IND/2020 dated 14th October, 2020 in the matter of Sarva Haryana Gramin Bank -reg.

In order to assess the compliance of Sarva Haryana Gramin 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, 2005), the Bank was issued a Show Cause Notice regarding 664 Fake Indian currency notes (FICNs) of the specified bank notes (SBN) of Rs. 500 and Rs. 1000 detected across 32 separate days having face value of Rs. 5,55,500/- for non-reporting of these FICNs under CCR in terms of the provisions of the Act read with the Rules.

2. Vide Show Cause Notice dated 11th June, 2019, the Bank was called upon 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, 7 and 8 of the Rules, 2005 for several non-compliances of the provisions of the Act and the Rules.

3. The Bank submitted its reply to the SCN and in terms of the principles of natural justice, the Bank was granted opportunity of personal hearing through its authorized representatives, which was conducted by Video Conference.

4. After considering the submissions of the Bank, vide Order-in-Original No. 05/DIR/FIU-IND/2020 dated 14th October, 2020, the Director, FIU-IND disposed of the adjudication proceedings initiated against the Bank vide the Show Cause Notice dated 11th June, 2019, and in exercise of the powers conferred under section 13(2)(d) of the Act imposed monetary penalty of Rs. Nine lacs only (Rs. 9,00,000/-) for non-compliances of section 12(1)(a)(b) read with rules 3(1)(C), 7(2), 7(3) and 8(1) of the Rules, 2005 by the Bank, viz. failure to file CCRs under Rule 3(1)(C) of PML Rules, 2005 and to have an effective internal mechanism for detecting and reporting all cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine.

5. The Bank has also been advised to be observant in the 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.