

Sub.: Summary of Order-in-Original No.1 /DIR/FIU-IND/2021 in the matter of Sri Rama Co-operative Bank Ltd. -reg.

RBI had shared findings of its inspection of 'Sri Rama Co-operative Bank Ltd.' with FIU-IND wherein it was pointed out that the Bank had not submitted all cash transactions of ₹ 10.00 lakh and above in CTR to FIU-IND. The Bank was taking into account only cash receipts and payments into SB and current accounts. The loan repayments through cash were not being reported in CTR.

2. Accordingly vide Show Cause Notice dated September 30, 2019, the Bank was called upon to explain 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, 5 and 7 of the Rules, 2005 for non-reporting of CTRs in loan accounts and for failure to put in place an effective internal mechanism to detect and report cash transactions reportable as CTRs.
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 authorised representatives.
4. After considering the submissions of the Bank, vide Order-in-Original No. 1/DIR/FIU-IND/2021 dated January 05, 2021 the Director, FIU-IND disposed of the adjudication proceedings initiated against the Bank vide the Show Cause Notice dated September 30, 2019, and in exercise of the powers conferred under section 13(2)(d) of the Act imposed monetary penalty of ₹ Three Lakh fifty thousand Only (₹ 3,50,000/-) for non-compliances of section 12 of the Act read with rules 3, 5 and 7 of the Rules, 2005 by the Bank, viz. failure to file CTRs under the Rule 3(1) (A), 3(1)(B), 7(2) and 7(4) of PML Rules, 2005; and failure to put in place an effective internal mechanism to detect and report CTRs under section 12 of the Act read with Rule 5(2 and 7(3) of the PML Rules, 2005.
5. In terms of section 13(2)(b) of the Act, the Director, FIU-IND directed the Bank to file the CTRs in respect of loan accounts for the month of November 2015, December 2015 and January 2016 within 30 days from the receipt of this penalty order. The Bank has also been advised to exercise caution 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.