

Sub.: Summary of Order-in-Original No. III/DIR/FIU-IND/2020 in the matter of Shri Vinayak Sahakari Bank Ltd. reg.

In order to assess the compliance of **Shri Vinayak Sahakari Bank Ltd.** (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 for its comments on the observation shared by RBI for its failure to do client due diligence at the time of opening the lockers account in terms of the provisions of the Act.

2. Vide Show Cause Notice dated October 30, 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 rule 9 of the Rules, 2005 for 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 authorised representative.

4. After considering the submissions of the Bank, vide Order-in-Original No. III/DIR/FIU-IND/2020 dated March 03, 2020, the Director, FIU-IND disposed of the adjudication proceedings initiated against the Bank vide the Show Cause Notice dated October 30, 2019, and in exercise of the powers conferred under section 13(2)(d) of the Act imposed monetary penalty of **Rs. One Lakh Only (Rs. 1,00,000/-) only** for non-compliance of section 12 of the Act read with rule 9 of the Rules, 2005 by the Bank, viz. failure to do client due diligence at the time of opening locker accounts under the Rule 9(1) of PML Rules, 2005;

5. The Director, FIU-IND advised the Bank to exercise caution in future regarding compliance with the obligations under 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.