

Sub.: Summary of Order-in-Original No. 9/DIR/FIU-IND/2020 in the matter of The Gandhidham Co-operative Bank Ltd. -reg.

RBI had shared findings of its inspection of 'The Gandhidham Co-operative Bank Ltd.' with FIU-IND wherein it was pointed out that the Bank had not put in place suitable system to identify and report receipts in the account of Non-Profit Organization exceeding ₹ 10.00 lakh and 9 instances of such receipts by two non-profit organizations which were not reported as NTRs to FIU-IND was mentioned.

2. Accordingly vide Show Cause Notice dated July 29, 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 not having internal mechanism to identify and report transactions pertaining to non profit organisations in terms of the provisions of the Act.

3. The Bank submitted its reply to the SCN and in view 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.9 /DIR/FIU-IND/2020 dated October 27, 2020 the Director, FIU-IND disposed of the adjudication proceedings initiated against the Bank vide the Show Cause Notice dated July 29, 2019, and in exercise of the powers conferred under section 13(2)(d) of the Act imposed monetary penalty of ₹ **Five lakh fifty thousand Only (₹ 5,50,000/-)** 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 9 NTRs under the Rule 3(1) (BA) of PML Rules, 2005; and failure to put in place an effective internal mechanism to detect and report to Director, FIU-IND information in respect of transactions in the nature of receipts of value of more than ₹. 10.00 lakh or its equivalent by non profit organisations under section 12 of the Act read with Rule 5(2) and 7(3) of the PML Rules, 2005.

5. Further, Director, FIU-IND also advised the Bank 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.