

Sub.: Summary of Order-in-Original No. 7/DIR/FIU-IND/2020 in the matter of Nagarik Sahakari Bank Ltd., Raipur -reg.

RBI had shared findings of its inspection of 'The Nagarik Sahakari Bank Ltd.' Raipur with FIU-IND wherein it was pointed out that deposit of more than ₹ 10 lakh had been made in 2 or more accounts collectively and which appear to be structured; and that the Bank did not have an effective internal mechanism to detect and report suspicious transactions in terms of the provisions of the Act.

2. Accordingly vide Show Cause Notice dated August 01, 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 Rule 5 and 7 of the Rules, 2005 for not having an effective internal mechanism to detect and report suspicious transactions.

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. 7/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 August 01, 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/-)** for non-compliances of section 12 of the Act read with Rule 5 and 7 of the Rules, 2005 by the Bank, viz. failure to put in place an effective internal mechanism to detect and report suspicious transactions under the Rule 5(2) and 7(3) of PML Rules, 2005.

5. In terms of section 13(2)(b) of the Act, the Director, FIU-IND directed the Bank to evolve an effective internal mechanism to detect and report suspicious transactions in terms of Section 12 of the Act read with Rule 5(2) and 7(3) of the PML Rules, 2005. within **60 days** of the receipt of this 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.