

Sub.: Summary of Order-in-Original No. 6/DIR/FIU-IND/2020 in the matter of The Utkal Co-operative Bank Ltd. -reg.

RBI had shared findings of its inspection of 'The Utkal Co-operative Bank Ltd.' with FIU-IND wherein it was pointed out that the Bank had not submitted CTRs to FIU-IND despite there being transactions more than ₹ 10.00 lakh in a month and that the Bank had allowed cash transaction more than ₹ 10.00 lakh in a month without PAN in an account.

2. Accordingly vide Show Cause Notice dated November 20, 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, 7 and 9 of the Rules, 2005 for non-reporting of CTRs and failure of doing proper KYC and ongoing due diligence in respect of one account.

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. 6/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 November 20, 2019, and in exercise of the powers conferred under section 13(2)(d) of the Act imposed monetary penalty of **Rs. Eight Lakh Only (Rs. 8,00,000/-)** for non-compliances of section 12 of the Act read with rules 3, 7 and 9 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 do proper KYC and ongoing due diligence under section 12 of the Act read with Rule 9(1) 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 14 accounts 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.