

Sub.: Summary of Order-in-Original No.15 /DIR/FIU-IND/2020 in the matter of Youth Development Co-operative Bank Ltd. Kolhapur-reg.

RBI had shared findings of its inspection of 'Youth Development Co-operative Bank Ltd.' with FIU-IND wherein it was pointed out that the Bank had not reported a single FICN under CCR to FIU-IND. However the branches reported to have detected 34 FICNs.

2. Accordingly vide Show Cause Notice dated January 14, 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 CCRs in respect of 17 FICNs, delayed filing of CCRs in respect of 13 FICNs and for failure to put in place an effective internal mechanism, having regard to the guidelines issued for detecting the transactions referred to in Rule 3(1) (C) of the PML Rules, 2005; and for furnishing information about such 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. 15/DIR/FIU-IND/2020 dated December 19, 2020 the Director, FIU-IND disposed of the adjudication proceedings initiated against the Bank vide the Show Cause Notice dated January 14, 2019, and in exercise of the powers conferred under section 13(2)(d) of the Act imposed monetary penalty of ₹ Five Lakh ninety fifty thousand Only (₹ 5,95,000/-) for non-compliances of section 12 of the Act read with rules 3 and 8 of the Rules, 2005 by the Bank, viz. failure to file CCRs under the Rule 3(1) (C), 8(1) and 8(4) of PML Rules, 2005; delay reporting of CCRs in term of Rule 8(4) read with Rule 3(1)(C) and Rule 8(1) and for failure to put in place an effective internal mechanism having regard to the guidelines issued for detecting the transactions referred to in Rule 3(1) (C) of the PML Rules, 2005; and for furnishing information about such transactions.

5. In terms of section 13(2)(b) of the Act, the Director, FIU-IND directed the Bank to file the CCRs in respect of 17 Forged Indian Currency Notes 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.