

ORDER in original No. 14/DIR/FIU-IND/2024 in the matter of Bonanza Portfolio Limited u/s Section 13 dated 31.12.2024

1. Bonanza Portfolio Limited by virtue of operating as ‘intermediary’ registered under Section 12 of the Securities and Exchange Board of India Act, 1992, is a ‘reporting entity’ (RE) for the purposes of Section 2(1)(wa) and is registered as such with FIU-IND.
2. Pursuant to an observation by FIU-IND, a comprehensive review of the RE’s operations was undertaken, which uncovered certain irregularities related to KYC/AML compliance.
3. Based on the observations above, and other information available on record, the RE was issued a Notice for non-compliance of Section 12 of the Act read with relevant Rules.
4. After considering the written and oral submissions of the RE, Director, FIU-IND, based on the material available on record, found that the charges against Bonanza Portfolio Limited were substantiated. Consequently, the Director FIU-IND vide order dated 31st December, 2024 in exercise of powers under Section 13 PMLA, imposed a total fine of **₹ 19,40,000 (Rupees Nineteen Lakh Forty Thousand Only)** on the RE with reference to the following violations committed by the RE.
 - i. Violation of Section 12(1) of PMLA, 2002 read with Rule 7(2), Rule 8(2), Rule 3(1)(D) and Rule 7(3) of PML Rules, 2005 –
 - Failure to report suspicious transactions as required under the PMLA and PML Rules in respect of few identified accounts mentioned in the order in respect of several alerted transactions.
 - Failure to properly raise an alert and consider adverse orders of SEBI from the perspective of AML transactional monitoring and reporting obligations SEBI orders against clients of the Reporting Entity.
 - ii. Violation of Section 12(1) of PMLA, 2002 read with Rule 9(12)(i) of PML Rules, 2005 for failure to carry out ongoing due diligence and to examine the transactions to ensure that they are consistent with the knowledge of the client
 - iii. Violation of Section 12(1) of PMLA, 2002 read with Rule 9(12)(ii) of PML Rules, 2005 for failure to review the due diligence measures including verifying again the identity of the clients and obtaining information on the purpose and intended nature of the business relationship in respect of the accounts review.
 - iv. Violation of Section 12(1) of PMLA, 2002 read with Rule 9(12)(iii) of the PML Rules, 2005 for failure to conduct client due diligence of existing clients on the basis of materiality and risk in respect of the account in respect of the accounts under review.
 - v. Violation of Section 12(1) of PMLA, 2002 read with Rule 7(3), Rule 3(1)(D) and Rule 8(2) of PML Rules, 2005 for failure to evolve an internal mechanism to detect and report suspicious transactions in respect of the accounts of clients in question.
5. In addition, in exercise of the powers under Section 13(2)(b), the RE was directed to implement the following measures:
 - a. Review and revise its policies and approach regarding income ranges and related KYC information concerning its clients.

- b. Put in place a suitable policy and mechanism to ensure that robust and meaningful risk assessment or re-assessment of the customers is conducted subsequent to the order of SEBI / LEAs / other government agencies.
- c. Conduct, within a period of 90 days, a re-examination of SEBI orders issued in connection with its clients in the past 3 years to ensure that they were properly processed, underlying transactions and clients were assessed, and any transactions that meet the criterion of 'suspicious' are reported to FIU-IND.
- d. Arrange for the conduct of an audit, by an external agency, of the processes put in place by Bonanza Portfolio Limited to raise/ process / investigate / close alerts. Such audit must be oriented to ensure that the entity implements industry best practices for the consideration and closure of such alerts.
- e. Ensure its AML staff is adequately trained to monitor for new and emerging types of crimes from the perspective of 'proceeds of crime' including with reference to orders/ queries / reports relating to regulatory and law enforcement actions.

Disclaimer: The summary of the instant order is only representational in nature and does not hold any legal significance and cannot be relied upon or referred to as a precedence in any other case.