

Sub.: Summary of Order-in-Original No. 3/DIR/FIU-IND/2021 in the matter of The Northern Railway Multi State Primary Co-operative Bank Ltd. -reg.

RBI had shared findings of its inspection of 'The Northern Railway Multi State Primary Co-operative Bank Ltd.' with FIU-IND wherein it was pointed out that the transactions in the account of staff members do not commensurate with their annual income.

2. Accordingly vide Show Cause Notice dated September 15, 2020, 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 5 and 7 of the Rules, 2005 for failure to put in place an internal effective 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. 3/DIR/FIU-IND/2021 dated February 02, 2021, the Director, FIU-IND disposed of the adjudication proceedings initiated against the Bank vide the Show Cause Notice dated September 15, 2020, 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 rules 5 and 7 of the Rules, 2005 by the Bank, viz. failure to put in place an internal effective mechanism to detect and report suspicious transactions under section 12 of the Act read with Rule 5(2 and 7(3) of the PML Rules, 2005.

5. 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.