

ICAI's Committee on Economic, Commercial Laws & Economic Advisory

6 days Certificate Course on Anti Money Laundering Laws



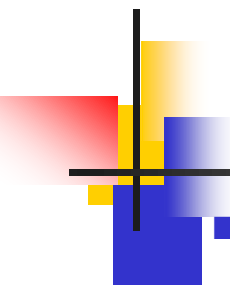
Overview of the Foreign Exchange Management Act, 1999 with respect to Anti Money Laundering

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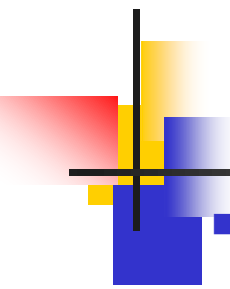
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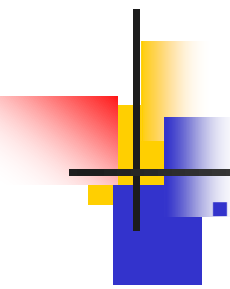
Overview of FEMA

- Foreign Exchange Management Act – Overview
 - Important definitions under FEMA
 - Fundamentals of FEMA
 - FEMA Practice



Overview of PMLA

- Objectives
- Money Laundering- Meaning & Process
- Money Laundering & FEMA
- Methods of money laundering
- Structure of PMLA
- Enforcement Process
- Financial Intelligence Unit (FIU)
- Directorate of Enforcement (ED)
- Adjudicating Authority
- Appellate Tribunal
- Special Court
- Civil Court & PMLA
- Instances of prosecution by ED



FEMA - Abbreviations

■ Abbreviations: Authorised Dealer (AD),
Capital Account transaction (CAP),
Current Account Transaction (CAT),
Foreign Exchange (FE),
Government of India (GOI) ,
Notification no. (Notf.),
Person Resident Outside India (PROI),
Person Resident in India (PRII),
Non Resident Indian (NRI),
Person of Indian Origin (PIO),
Overseas Citizen of India (OCI),
Reserve Bank of India (RBI),
Non-repatriable basis (NRB).
Repatriable basis (RB).
Subject to (SBT).
Foreign Portfolio Investor (FPI),
Alternate Investment Fund (AIF),
Foreign Venture Capital Investor (FVCI),
Indian Venture Capital Undertaking (IVCU)



Overview of Foreign Exchange Management Act

- Applies to whole of India and all branches, offices and agencies outside India, which are owned or controlled by person resident in India – Extra territorial jurisdiction
- Broadly, the objectives of FEMA are: (i) To facilitate external trade and payments; and (ii) To promote the orderly development and maintenance of foreign exchange market. The Act has assigned an important role to the RBI in the administration of FEMA.
- FEMA has total 49 sections in which sections 1 to 9 are substantive and the rest are procedural /administrative to carry out function such as Appellate, Investigation, search and authorization to various statutory bodies to make rules, regulations, amendments
- Section 46 of the Act grants power to Central Government to makes rules and section 47 (as amended by Finance Act, 2015) of the Act grants power to RBI to make regulations to implements its provisions and the rules made there under; also provides that earlier regulations made by RBI, for which power now vests with Central Govt. remain valid until amended / rescinded by Central Govt.
- Every Rule and Regulation made under this Act shall be laid before each house of parliament Section 48.
- Section 49 deals with Repeal and savings
- **Finance Act, 2015 has amended Sections 2, 6, 13, 18, 46 & 47 and inserted new Section 37A**

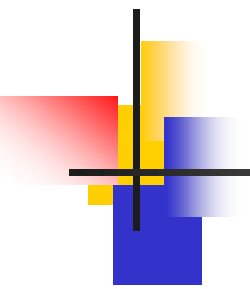


Overview of Foreign Exchange Management Act

Section	Description
1	Application and commencement of FEMA w.e.f. 1/6/2000
2	Definitions (amended by Finance Act, 2015 to include "Authorised Officer" and "Competent Authority")
3 to 9	Substantive provisions, Dealing in FE, No drawal of FE, CAT, CAP, Export & Import, Repatriation, Possession of FE etc. (Section 6 amended by Finance Act, 2015 to provide that equity flows shall be under Central Govt.)
10 to 12	Authorized person Delegation of power by RBI ,ADs & Documents
13 to 15	Contraventions and penalties (Section 13 amended by Finance Act, 2015 for penalty for holding foreign exchange, security or property in excess of threshold specified in new S. 37A)
16 to 38	Adjudication, Appeal and Directorate of enforcement [new Section 37A vide Finance Act, 2015: Special provisions relating to assets held outside India in contravention of section 4]
39 to 49	Miscellaneous provisions, Power of RBI, Power of Government of India, Procedure for issue of Notification etc. Sunset clause for FERA upto 31 st May 2002, Repeal and Savings

Overview of Foreign Exchange Management Act

Section	Description
3	Dealing in foreign exchange by any Person in India. Receipt by PRII without Remittance, Payment in India by PRII with a right O/I
4	Holding of foreign exchange, Security and Immovable property by PRII.
5	Current account transactions, List and Restrictions
6	Capital account transactions-Powers of RBI, Central Govt. and the list.
7	Export of goods and services- Declaration, Information, Direction to receive FE.
8	Realisation and repatriation of foreign exchange
9	Exemption from realization and repatriation in certain cases And possession of FE



Section 6 of FEMA - amendments by Finance Act, 2015

(1) Subject to the provisions of sub-section (2), any person may sell or draw foreign exchange to or from an authorized person for a capital account transaction.

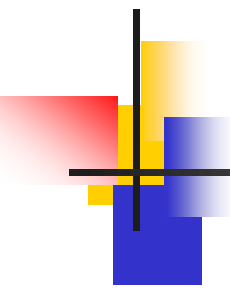
- (2) The Reserve Bank may, in consultation with the Central Government, specify—
 - (a) ~~any class or classes of capital account transactions which are permissible;~~ any class or classes of capital account transactions, involving debt instruments, which are permissible;
 - (b) the limit up to which foreign exchanges shall be admissible for such transactions:
 - (c) any conditions which may be placed on such transaction

Provided that the Reserve Bank or the Central Government shall not impose any restriction on the drawal of foreign exchange for payment due on account of amortization of loans or for depreciation of direct investments in the ordinary course of business.

- (2A) The Central Government may, in consultation with the Reserve Bank, prescribe—
 - (a) any class or classes of capital account transactions, not involving debt instruments, which are permissible;
 - (b) the limit up to which foreign exchange shall be admissible for such transactions; and
 - (c) any conditions which may be placed on such transactions.

- (3) Omitted;

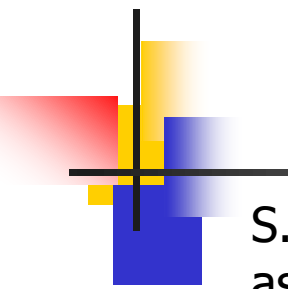
- (7) For the purposes of this section, the term “debt instruments” shall mean, such instruments as may be determined by the Central Government in consultation with the Reserve Bank.



Section 46 of FEMA – as amended by Finance Act, 2015

Power to make rules.—

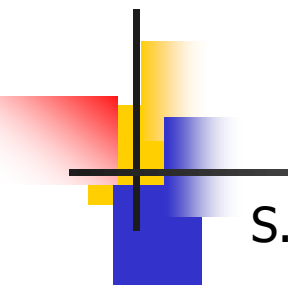
- (1) The Central Government may, by notification, make rules to carry out the provisions of this Act
- (2) Without prejudice to the generality of the foregoing power, such rules may provide for,—
 - (a) the imposition of reasonable restrictions on current account transactions under section 5;
 - **(aa) the instruments which are determined to be debt instruments under sub-section(7) of section 6;**
 - **(ab) the permissible classes of capital account transactions in accordance with sub-section(2A) of section 6, the limits of admissibility of foreign exchange, and the prohibition, restriction or regulation of such transactions;”;**
 - **(gg)the aggregate value of foreign exchange referred to in subsection (1) of section 37A**



Important Definitions under FEMA

S. 2(e) "capital account transaction" means a transaction which alters the assets or liabilities, including contingent liabilities, outside India of persons resident in India or assets or liabilities in India of persons resident outside India, and includes transactions referred to in sub- section (3) of section 6

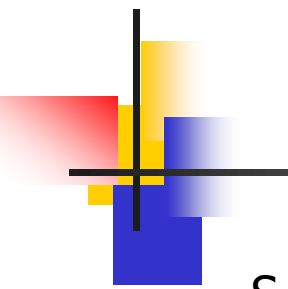
- S. 2(j) "current account transaction" means a transaction other than a capital account transaction and without prejudice to the generality of the foregoing such transaction includes,-
 - (i) payments due in connection with foreign trade, other current business, services, and short- term banking and credit facilities in the ordinary course of business,
 - (ii) payments due as interest on loans and as net income from investments,
 - (iii) remittances for living expenses of parents, spouse and children residing abroad, and
 - (iv) expenses in connection with foreign travel, education and medical care of parents, spouse and children



Important Definitions under FEMA

S. 2(v) " person resident in India" means-

- (i) a person residing in India for more than one hundred and eighty- two days during the course of the preceding financial year but does not include-
 - (A) a person who has gone out of India or who stays outside India, in either case-
 - (a) for or on taking up employment outside India, or
 - (b) for carrying on outside India a business or vocation outside India, or
 - (c) for any other purpose, in such circumstances as would indicate his intention to stay outside India for an uncertain period;
 - (B) a person who has come to or stays in India, in either case, otherwise than-
 - (a) for or on taking up employment in India, or
 - (b) for carrying on in India a business or vocation in India, or
 - (c) for any other purpose, in such circumstances as would indicate his intention to stay in India for an uncertain period;



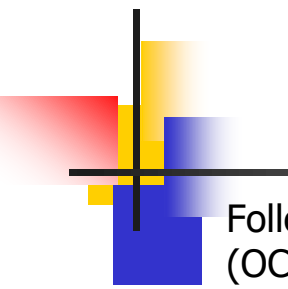
Important Definitions under FEMA

- S. 2(v) " person resident in India" means – (con't)
 - (ii) any person or body corporate registered or incorporated in India,
 - (iii) an office, branch or agency in India owned or controlled by a person resident outside India,
 - (iv) an office, branch or agency outside India owned or controlled by a person resident in India
- S. 2(w) " person resident outside India" means a person who is not resident in India



Important Definitions under FEMA

- 'Non-Resident Indian' (NRI) means an individual resident outside India who is a citizen of India or is an 'Overseas Citizen of India' cardholder ('OCI') within the meaning of section 7 (A) of the Citizenship Act, 1955.
- 'Persons of Indian Origin' cardholders registered as such under Notification No. 26011/4/98 F.I. dated 19.8.2002 issued by the Central Government are now deemed to be 'Overseas Citizen of India' cardholders w.e.f. 12.05.2015
- OCI is wider in scope than PIO which used to be up to 3 generations of foreign citizens. Now up to 4th generation of foreign citizens can be considered as OCI. Further, there are additional conditions in case of spouses that marriage should have subsisted for at least two years prior to application for OCI card.

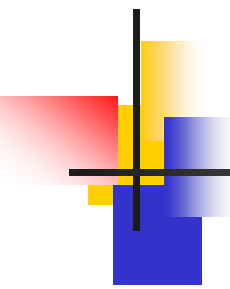


Important Definitions under FEMA

Following categories of foreign nationals are eligible for registration as Overseas Citizen of India (OCI) Cardholder:-

- (1) Who was a citizen of India at the time of, or at any time after the commencement of the Constitution i.e. 26.01.1950; or
- (2) who was eligible to become a citizen of India on 26.01.1950; or
- (3) who belonged to a territory that became part of India after 15.08.1947; or
- (4) who is a child or a grandchild or a great grandchild of such a citizen; or
- (5) who is a minor child of such persons mentioned above; or
- (6) who is a minor child and whose both parents are citizens of India or one of the parents is a citizen of India; or
- (7) spouse of foreign origin of a citizen of India or spouse of foreign origin of an Overseas Citizen of India Cardholder registered under section 7A of the Citizenship Act, 1955 and whose marriage has been registered and subsisted for a continuous period of not less than two years immediately preceding the presentation of the application.

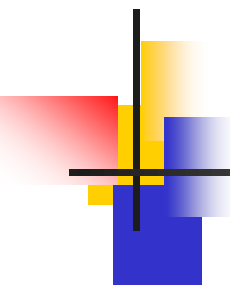
- Note : No person, who or either of whose parents or grandparents or great grandparents is or had been a citizen of Pakistan, Bangladesh or such other country as the Central Government may, by notification in the Official Gazette, specify, shall be eligible for registration as an Overseas Citizen of India Cardholder.



Fundamentals of FEMA

Foreign Exchange belongs to Govt. of India except permitted.(Sec 5 about Current Account Transaction and Sec 6 about Capital Account Transactions)

- Dealing in Foreign Exchange by PRII as well as by PROI is regulated(Section 3 of The FEMA)
- Dealing between PRII and PROI in Rupees is also regulated(Borrowing and Lending in Rupees, deposit in Rupees, Gifts in India by PROI except to relatives etc)
- Permissible Capital Account or Current Account Transaction -Drawal of Foreign Exchange are specific to purposes for which they are granted.



Fundamentals of FEMA

SEC. 3: Dealing in foreign exchange, etc.

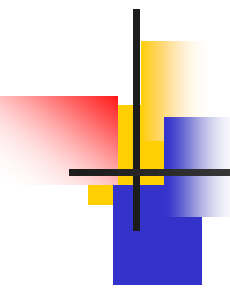
Save as otherwise provided in this Act, rules or regulations made there under, or with the general or special permission of the Reserve Bank, no person shall-

- (a) deal in or transfer any foreign exchange or foreign security to any person not being an authorized person;
- (b) make any payment to or for the credit of any person resident outside India in any manner;
- (c) receive otherwise through an authorized person, any payment by order or on behalf of any person resident outside India in any manner.

Explanation.- For the purpose of this clause, where any person in, or resident in, India receives any payment by order or on behalf of any person resident outside India through any other person (including an authorized person) without a corresponding inward remittance from any place outside India, then, such person shall be deemed to have received such payment otherwise than through an authorized person;

- (d) enter into any financial transaction in India as consideration for or in association with acquisition or creation or transfer of a right to acquire, any asset outside India by any person.

Explanation.- For the purpose of this clause, " financial transaction" means making any payment to, or for the credit of any person, or receiving any payment for, by order or on behalf of any person, or drawing, issuing or negotiating any bill of exchange or promissory note, or transferring any security or acknowledging any debt.



Fundamentals of FEMA

SEC. 4: Holding of foreign exchange, etc.

Save as otherwise provided in this Act, no person resident in India shall acquire, hold, own, possess or transfer any foreign exchange, foreign security or any immovable property situated outside India.

SEC. 5: Current account transactions

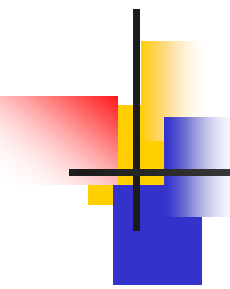
- **Any person may** sell or draw foreign exchange to or from an authorized person if such sale or drawal is a current account transaction:

Provided that the Central Government may, in public interest and in consultation with the Reserve Bank, impose such reasonable restrictions for current account transactions as may be prescribed.

SEC. 6: Capital account transactions **(before amendments by Finance Act, 2015)**

- (1) Subject to the provisions of sub- section (2), any person may sell or draw foreign exchange to or from an authorized person for a capital account transaction.
- (2) The Reserve Bank may, in consultation with the Central Government, specify-
 - (a) any class or classes of capital account transactions which are permissible;
 - (b) the limit up to which foreign exchange shall be admissible for such transactions:

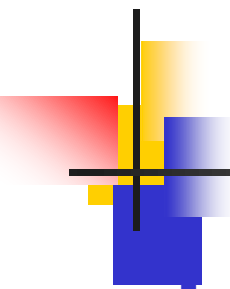
Provided that the Reserve Bank shall not impose any restriction on the drawal of foreign exchange for payments due on account of amortization of loans or for depreciation of direct investments in the ordinary courts of business.



Fundamentals of FEMA

SEC. 6: Capital account transactions (con't)

- (3) Without prejudice to the generality of the provisions of sub- section (2), the Reserve Bank may, by regulations, prohibit, restrict or regulate the following-
 - (a) transfer or issue of any foreign security by a person resident in India;
 - (b) transfer or issue of any security by a person resident outside India;
 - (c) transfer or issue of any security or foreign security by any branch, office or agency in India of a person resident outside India;
 - (d) any borrowing or lending in foreign exchange in whatever form or by whatever name called;
 - (e) any borrowing or lending in rupees in whatever form or by whatever name called between a person resident in India and a person resident outside India;
 - (f) deposits between persons resident in India and persons resident outside India;
 - (g) export, import or holding of currency or currency notes;
 - (h) transfer of immovable property outside India, other than a lease not exceeding five years, by a person resident in India;
 - (i) acquisition or transfer of immovable property in India, other than a lease not exceeding five years, by a person resident outside India;
 - (j) giving of a guarantee or surety in respect of any debt, obligation or other liability incurred-
 - (i) by a person resident in India and owed to a person resident outside India; or
 - (ii) by a person resident outside India.



Fundamentals of FEMA

SEC. 6: Capital account transactions (con't)

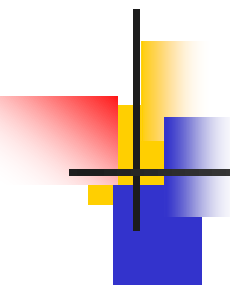
(4) A person resident in India may hold, own, transfer or invest in foreign currency, foreign security or any immovable property situated outside India if such currency, security or property was acquired, held or owned by such person when he was resident outside India **or inherited from a person who was resident outside India.**

Thus Asset held abroad can be inherited however for asset in India one may have to look for the concerned notification for inheritance two residents of such asset outside India

- (5) A person resident outside India may hold, own, transfer or invest in Indian currency, security or any immovable property situated in India if such currency, security or property was acquired, held or owned by such person when he was resident in India **or inherited from a person who was resident in India.**

This is similar to note on 6(4) for inheritance of assets in India between two non Residents

- (6) Without prejudice to the provisions of this section, the Reserve Bank may, by regulation, prohibit, restrict, or regulate establishment in India of a branch, office or other place of business by a person resident outside India, for carrying on any activity relating to such branch, office or other place of business.

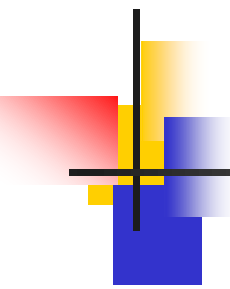


Fundamentals of FEMA

SEC. 8: Realisation and repatriation of foreign exchange. –

Save as otherwise provided in this Act, where any amount of foreign exchange is due or has accrued to any person resident in India, such person shall take all reasonable steps to realize and repatriate to India such foreign exchange within such period and in such manner as may be specified by the Reserve Bank.

Note: The above is dealt with by Foreign Exchange Management (Realisation, repatriation and surrender of foreign exchange) Regulations, 2015 issued under Notification No. FEMA 9 (R)/2015-RB dt. December 29, 2015



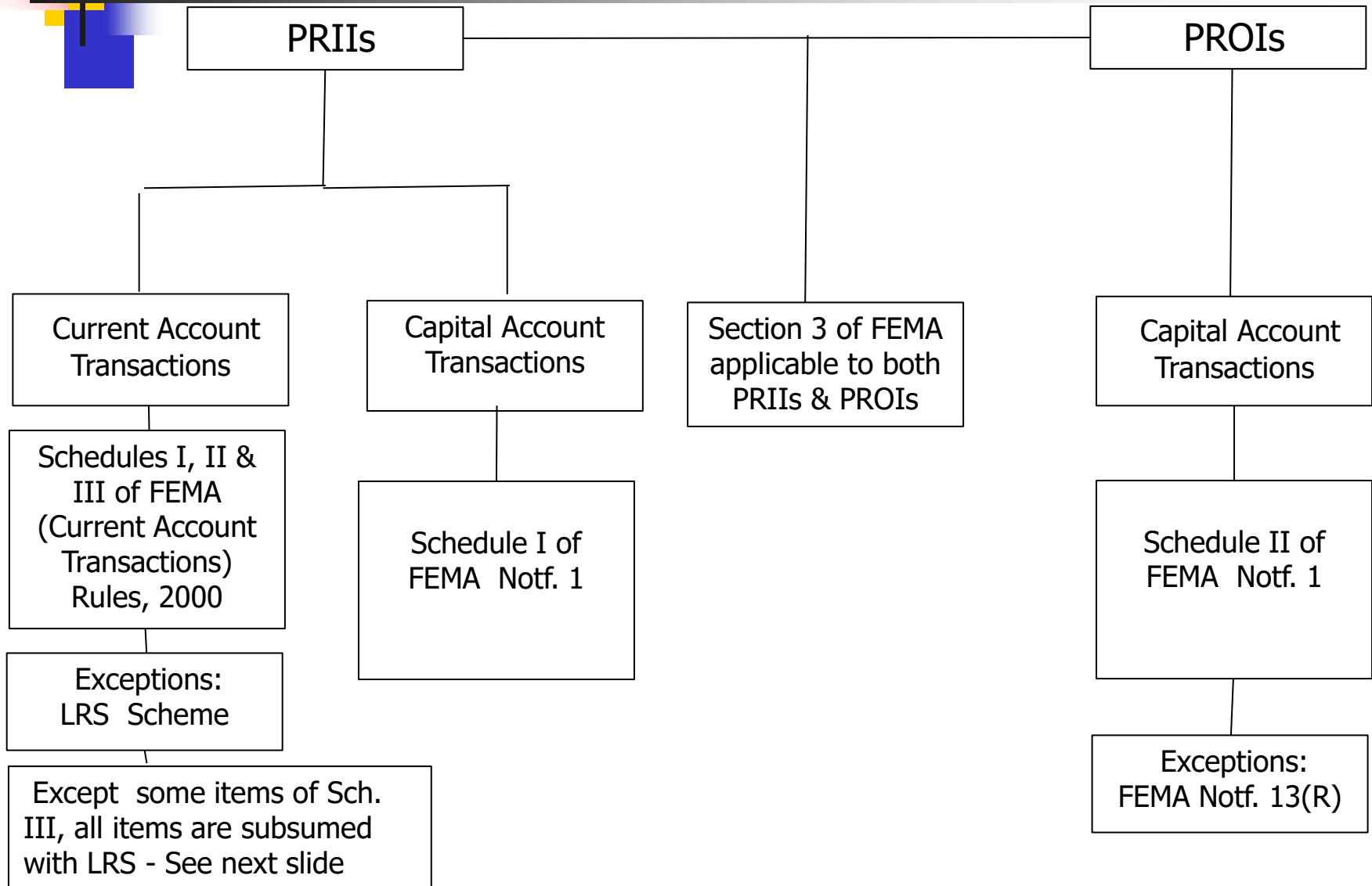
Fundamentals of FEMA

SEC. 9: Exemption from realization and repatriation in certain cases. – The provisions of sections 4 and 8 shall not apply to the following, namely:-

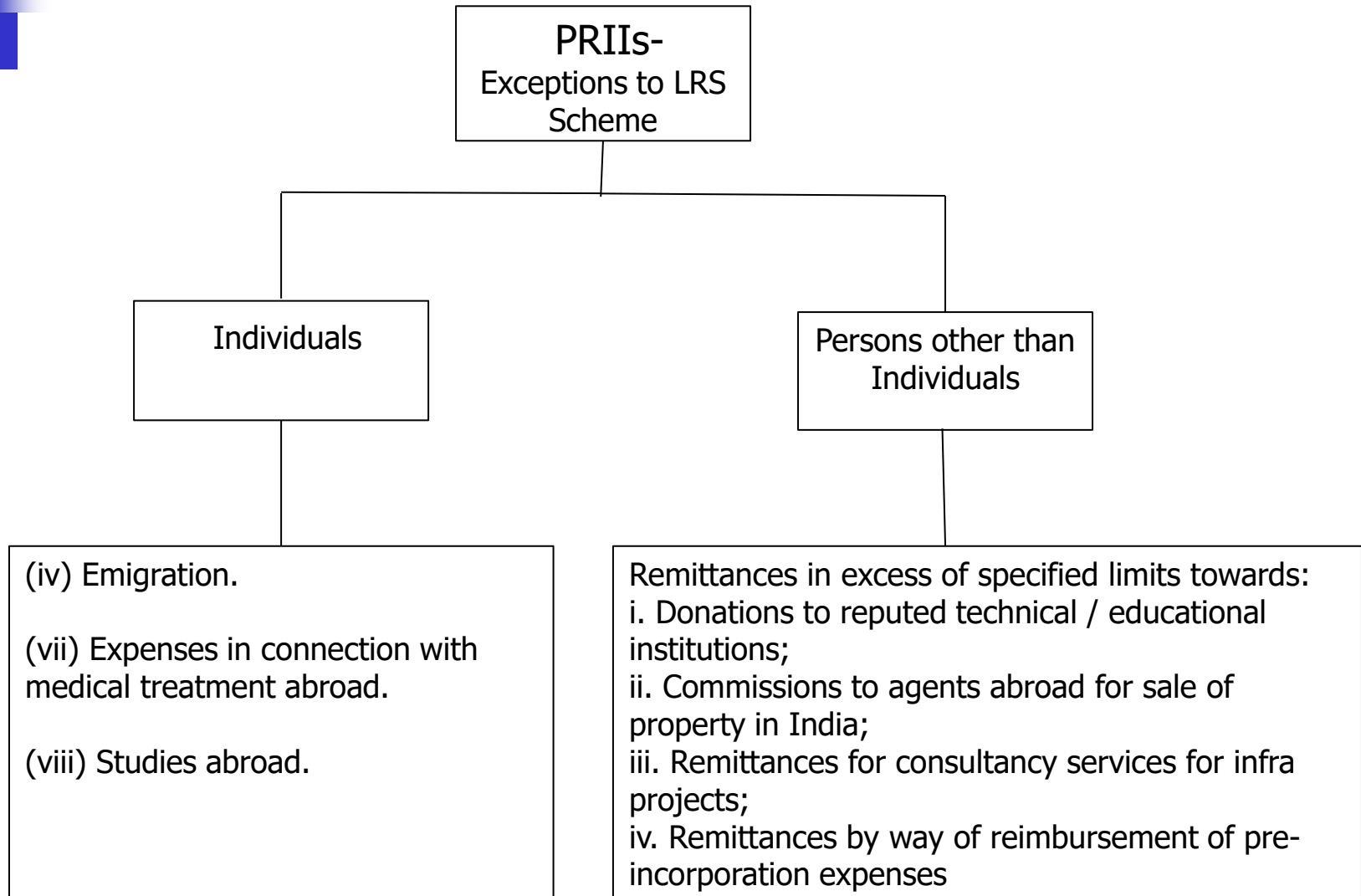
- (a) possession of foreign currency or foreign coins by any person up to such limit as the Reserve Bank may specify;
- (b) foreign currency account held or operated by such person or class of persons and the limit up to which the Reserve Bank may specify;
- (c) foreign exchange acquired or received before the 8th day of July, 1947 or any income arising or accruing thereon which is held outside India by any person in pursuance of a general or special permission granted by the Reserve Bank;
- (d) foreign exchange held by a person resident in India up to such limit as the Reserve Bank may specify, if such foreign exchange was acquired by way of gift or inheritance from a person referred to in clause (c), including any income arising there from;
- (e) foreign exchange acquired from employment, business, trade, vocation, services, honorarium, gifts, inheritance or any other legitimate means up to such limit as the Reserve Bank may specify y; and
- (f) such other receipts in foreign exchange as the Reserve Bank may specify.

Note: The above is dealt with by Foreign Exchange Management (Possession and Retention of Foreign Currency) Regulations, 2015 issued under Notification No. FEMA 11 (R)/2015-RB dt. December 29, 2015 and Foreign Exchange Management (Export & Import of Currency) Regulations, 2015 issued under Notification No. FEMA 6 (R)/2015-RB dt. December 29, 2015

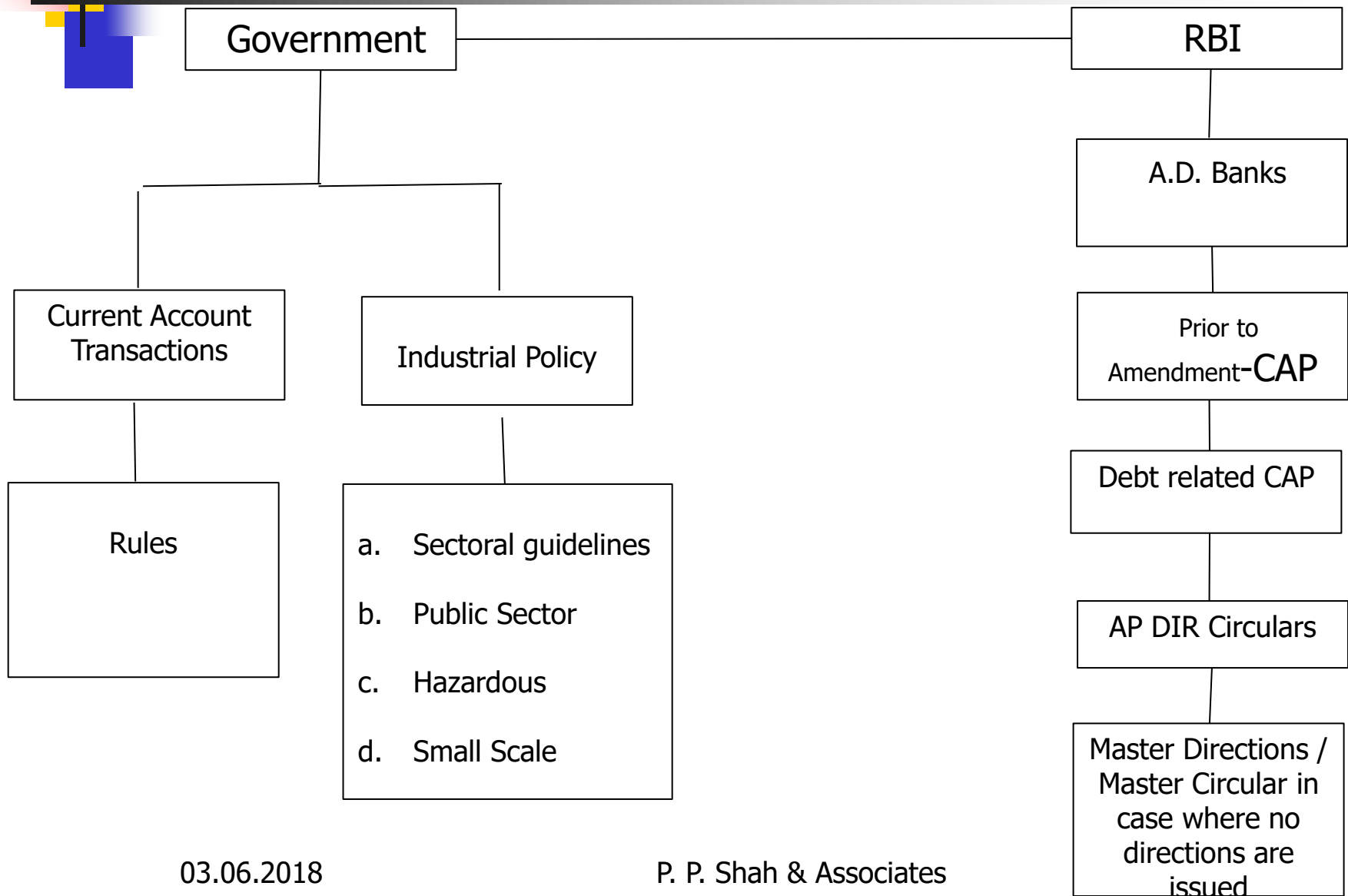
FEMA Practice



FEMA Practice



FEMA Practice



FEMA Practice

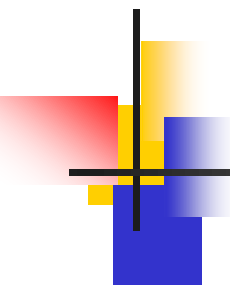
	PROI		
	Foreign Citizen	NRI	Other entities
Deposit- Notf.5(R) –Banking Accounts of PROI plus few cases in Notf. 10(R)	[Can open for limited purpose as mentioned in Notf.5(R) & 10(R)]	√ [Notf.5(R)]	√ [Notf.10 (R)]
Branch /Liaison - Notf. 22(R)	NA	NA	Prior approval through AD √ [except citizen of 8 countries]
Project office	NA	NA	Auto Route with conditions except 7 citizens
Immovable property in India- Notf.21(R)	X	√	√ [For branch, office or other place of business for carrying on in India any activity, excluding a liaison office]

FEMA Practice

	PROI		
	Foreign Citizen	NRIs	Other entities
Partnership business in India- Notf.24 [Now subsumed under Ntf. 20(R) w.e.f. 07.11.2017]	X (Prior approval on Repatriation basis)	√ (Auto Route on non repatriation basis, Repatriation -Prior approval)	(Prior approval on repatriation basis)
Borrowings in rupees	Restricted only to rupee borrowings		
Notf 4		-From relative SBT End use restrictions.(Reg 8B) -Special provision for housing loan by AD in rupee to non resident and loan against security of shares and immovable property (Reg.8 and 7) -body corporate registered or incorporated in India may grant rupee loan to its employees who is a non-resident Indian or a Person of Indian Origin(Regulation 8A) -Loan for acquiring share of Indian co. under ESOP (Reg.7) -loan granted to a non-resident by an authorised dealer, in accordance with Regulation 7 , may be repaid by any relative of the borrower in India by crediting the borrower's loan account through the bank account of such relative.(Reg7A)	

FEMA Practice

	PROI		
	Foreign Citizen	NRIs	Other entities
Lending in FE		Close relative in Foreign exchange- Notf.3	ECB
Lending in rupee		Indian co- NCD- Notf.4 Notf.5 – against fund held in account	
Lending by way of Deposits		Schedule 6 & 7 of notf.5(R) , Loan from NRO account, Commercial paper	
Portfolio Investment	Notf. 20(R) – schedule 2, 5,8	[Notf. 20(R) - schedule 3 and 5]	Notf. 20(R) – schedule 2, 5,8
FDI	Notf. 20(R) - schedule 1,6,7,8	Notf. 20(R) - schedule 1,4, 6,7	Notf. 20 (R)- schedule 1,6,7,8



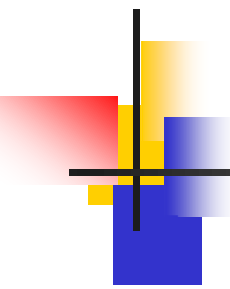
FEMA Practice

Structure the transaction as compliant with conditions of Automatic route

- Permissible transactions of every person either PRII or that of PROI are specific as to General or Specific Approval.

eg. Schedule 1 to 10 of Notf20(R) and Purpose of Notf 20/21/FDI. Purpose of drawal-Specific to use.

- Ability to structure any transaction as Current account transaction
- Interpretation of the provision, intention and philosophy is preferable over the literal meaning.
- A Circular law- Dynamics



FEMA Practice – Recent issue of Master Directions

Foreign Exchange Management Act was **enacted in 1999** with 25 original notifications came into force with effect from June 1, 2000.

- Over the years the regulations framed under FEMA have had **over 330+ amendments**.
- Keeping in view the objective of promoting ease of doing business, a need was felt **to consolidate the regulations and rationalise them** in the light of evolving business environment and changing practices in cross-border transactions relating to external trade and payments.
- **17 Master Directions issued on 04 January 2016 and 1 Master Direction on FDI issued on 04 January 2018** - **Consolidated** relevant A.P (DIR Series) Circulars issued so far
- All master regulations will be **fully updated and placed online**.
- Reserve Bank will issue Master Directions **on all regulatory matters**.
- The **Master Directions to be issued will consolidate instructions on rules and regulations framed by the Reserve Bank under various Acts** including banking issues and foreign exchange transactions.
- The process of issuing Master Directions involves issuing one Master Direction for each subject matter covering all instructions on that subject. **Any change** in the rules, regulation or policy will be communicated during the year **by way of circulars**. The **Master Directions will be updated suitably** and simultaneously whenever there is a change in the rules/regulations or there is a change in the policy.
- All the changes will get reflected in the Master Directions available on the RBI website **along with the dates on which changes are made**.
- **Explanations of rules and regulations** will be issued by way of **Frequently Asked Questions (FAQs)** after issue of the Master Directions **in easy to understand language wherever necessary**.
- The existing set of **Master Circulars** issued on various subjects will **stand withdrawn** with the issue of the Master Direction **on the subject**.

FEMA Practice - Revised Notifications & Master Directions

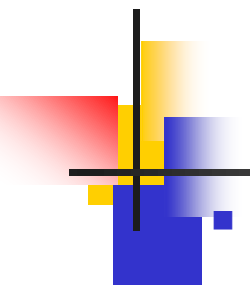
NTF. No.	Subject	Revised NTF. No., if issued	Master Direction, if issued
1	Permissible Capital Account Transactions	-	-
2	Issue of Security in India by a branch, office or agency of a PROI	-	-
3	Borrowing and lending in Foreign currency	-	FED No. 5 / 2015-16
4	Borrowing and lending in Rupees	-	FED No. 6 / 2015-16
5	Deposits by NRs	FEMA 5(R)_ FEM (Deposit) Regn. 2016 dt. 01.04.2016	FED No. 14 / 2015-16
6	Export and Import of foreign currency	FEMA 06(R)_ FEM (Import & Export of Currency) Regn 2015 dt 29.12.2015	
7	Acquisition and transfer of immovable properties outside India	FEMA 7(R)_ FEM (Acquisition and Trnsfr of Immovable Properties outside India) Regn 2015 dt 21.01.2016	FED No. 12 / 2015-16
8	Guarantees	-	-
9	FE realisation, repatriation, surrender	FEMA 09(R)_ FEM (Realisation, repatriation, surrender of FX) Regn 2015 dt 29.12.2015	-
10	Foreign Currency Accounts by a PRII	FEMA 10(R)_ FEM (Foreign Currency Accounts by PRII) Regn 2015 dt 21.01.2016	FED No. 14 / 2015-16
11	Possession and retention of Foreign currency	FEMA 11(R)_ FEM (Possession and Retention of FC) Regn 2015 dt 29.12.2015	-
12	Insurance	FEMA 12(R)_ FEM (Insurance) Regn 2015 dt 29.12.2015	FED No. 9 / 2015-16
13	Remittance of assets in India	FEMA 13(R)_ FEM (Remittance of Assets) Regn 2016 dt 01.04.2016	FED No. 13 / 2015-16

FEMA Practice - Revised Notifications & Master Directions

NTF. No.	Subject	Revised NTF. No., if issued	Master Direction, if issued
14	Manner of receipt and payment	FEMA 14(R)_ FEM (Manner of Receipt and Payment) Regn 2016 dt 02.05.2016	-
15	Definition of Currency	FEMA 15(R)_ FEM (Currency) Regn 2015 dt 29.12.2015	-
16	Receipt and payment to person outside India	-	-
17	Transaction in Indian rupees with resident of Nepal and Bhutan	-	-
18	Post Office (Postal Money Orders)	FEMA 18(R)_ FEM (Postal Money Order) Regn 2015 dt 29.12.2015	-
19	Overseas Direct Investment	-	FED No. 15 / 2015-16
20	FDI, PIS	FEMA 20(R)_ (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 dt. 07.11.2017	FED No. 11 / 2017-18
21	Immovable property in India	FEMA 21(R)_ FEM (Acquisition and Transfer of Immovable Property in India) Regulations, 2018 dt. 26.03.2018	FED No. 12 / 2015-16
22	Branch etc in India	FEMA 22(R)_ FEM (Branch Liaison Project office) Regn 2016 dt 31.03.2016	FED No. 10 / 2015-16
23	Export of Goods & Services	FEMA 23(R)_ FEM (Export of Goods & Services) Regn 2015 dt 12.01.2016	FED No. 16 / 2015-16
24	Investment in Firm or Proprietary concern in India	SUBSUMED IN FEMA 20(R) w.e.f. 07.11.2017	-
25	Foreign exchange derivative contracts	-	-

FEMA Practice - Revised Notifications & Master Directions

Subject	Master Direction
Import of Goods & Services	FED No. 17 / 2015-16
Liberalized Remittance Scheme	FED No. 7 / 2015-16
Compounding of Contraventions	FED No. 4 / 2015-16
Other Remittance facilities (current account)	FED No. 8 / 2015-16
Reporting under FEMA	FED No. 18 / 2015-16
Misc Directions that do not figure in other Master Directions (TDS on remittances, repatriation of assets abroad & under LRS, Medical expenses of NRI, Routing of funds to India, SIT - sharing of information, IFSC guidelines, FEMA & Black Money Act)	FED No. 19 / 2015-16
Money Changing Activities	FED No. 3 / 2015-16
Vostro Accounts by Non-Resident Exchange Houses	FED No. 2 / 2015-16
Gold Monetisation Scheme 2015 dt 22.10.2015_amended to 21.01.2016	DBR.IBD.No.45/ 23.67.003 / 2015-16

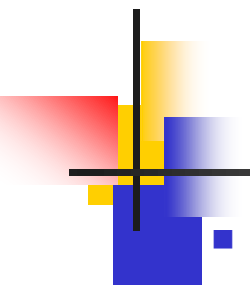


PMLA OBJECTIVES

- Preamble of PMLA
'An Act to prevent money-laundering and to provide for confiscation of property derived from, or involved in, money-laundering and for matters connected therewith or incidental thereto'

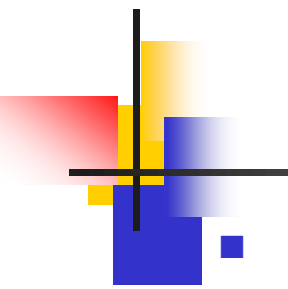
- The PML Act seeks to combat money laundering in India and has three main objectives:
 - To prevent and control money laundering
 - To confiscate and seize the property obtained from the laundered money; and
 - To deal with any other issue connected with money laundering in India.

- The Act also proposes punishment under sec.4



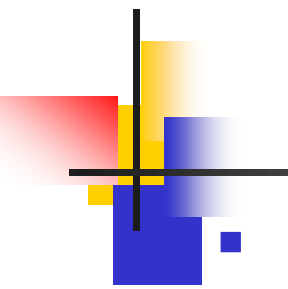
MONEY LAUNDERING & WHY

- Illegal arms sales, smuggling, and other organized crime, including drug trafficking and prostitution rings, can generate huge amounts of money.
- Embezzlement, insider trading, bribery and computer fraud schemes can also produce large profits and create the incentive to “legitimize” the ill-gotten gains through money laundering.
- The money so generated is tainted and is in the nature of ‘dirty money’.
- Money Laundering is the process of conversion of such proceeds of crime, the ‘dirty money’, to make it appear as ‘legitimate’ money.



WHAT IS MONEY LAUNDERING

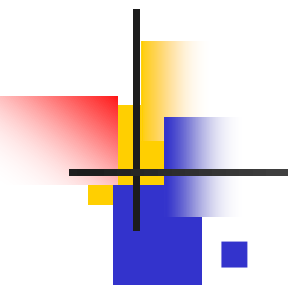
- Sec. 3 of PMLA defines offence of money laundering as: “whosoever directly or indirectly attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime and projecting it as untainted property shall be guilty of offence of money-laundering.”
- Definition: Proceeds of crime (Sec. 2(u)):
"proceeds of crime" means any property derived or obtained, directly or indirectly, by any person as a result, of criminal activity relating to a scheduled offence or the value of any such property



WHAT IS MONEY LAUNDERING (con't)

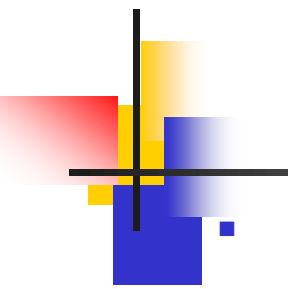
- **Scheduled Offence:**

- The offences listed in the schedule to PMLA, 2002 are scheduled offence. There are 2 parts – Part A & Part C
- Part A comprise of offences under: IPC, NDPC, Explosive Substances Act, Unlawful Activities (Prevention) Act, Arms Act, Wild Life (protection) Act, Immoral Traffic (Prevention) Act, Prevention of Corruption Act, Antiquities and Arts treasures Act etc
- Part C deals with trans border crimes



MONEY LAUNDERING & FEMA

- Violations of FEMA provisions
 - Compounding Procedure
 - Compounding with RBI & ED
 - Seizures & Penalties under FEMA



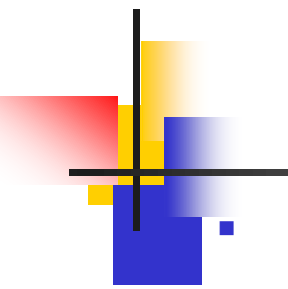
Penalties under S.13 of FEMA

- Penalties.

13. (1) If any person contravenes any provision of this Act, or contravenes any rule, regulation, notification, direction or order issued in exercise of the powers under this Act, or contravenes any condition subject to which an authorisation is issued by the Reserve Bank, he shall, upon adjudication, be liable to a penalty up to thrice the sum involved in such contravention where such amount is quantifiable, or up to two lakh rupees where the amount is not quantifiable, and where such contravention is a continuing one, further penalty which may extend to five thousand rupees for every day after the first day during which the contravention continues.

(1A) If any person is found to have acquired any foreign exchange, foreign security or immovable property, situated outside India, of the aggregate value exceeding the threshold prescribed under the proviso to sub-section (1) of section 37A, he shall be liable to a penalty up to three times the sum involved in such contravention and confiscation of the value equivalent, situated in India, of the foreign exchange, foreign security or immovable property.

(1B) If the Adjudicating Authority, in a proceeding under sub-section (1A) deems fit, he may, after recording the reasons in writing, recommend for the initiation of prosecution and if the Director of Enforcement is satisfied, he may, after recording the reasons in writing, may direct prosecution by filing a Criminal Complaint against the guilty person by an officer not below the rank of Assistant Director.



Penalties under S.13 of FEMA (con't)

- Penalties (con't)

13.(1C) If any person is found to have acquired any foreign exchange, foreign security or immovable property, situated outside India, of the aggregate value exceeding the threshold prescribed under the proviso to sub-section (1) of section 37A, he shall be, in addition to the penalty imposed under sub-section (1A), punishable with imprisonment for a term which may extend to five years and with fine.

(1D) No court shall take cognizance of an offence under sub-section (1C) of section 13 except as on complaint in writing by an officer not below the rank of Assistant Director referred to in sub-section (1B).

(2) Any Adjudicating Authority adjudging any contravention under sub-section (1), may, if he thinks fit in addition to any penalty which he may impose for such contravention direct that any currency, security or any other money or property in respect of which the contravention has taken place shall be confiscated to the Central Government and further direct that the foreign exchange holdings, if any of the persons committing the contraventions or any part thereof, shall be brought back into India or shall be retained outside India in accordance with the directions made in this behalf.

Penalties under S.13 of FEMA (con't), S.14 & S.14A

■ Penalties (con't)

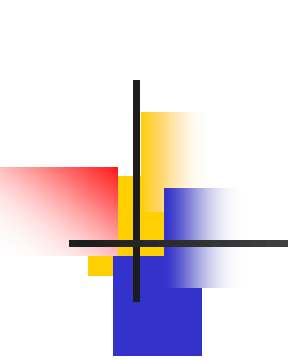
Explanation.—For the purposes of this sub-section, "property" in respect of which contravention has taken place, shall include—

- (a) deposits in a bank, where the said property is converted into such deposits;
- (b) Indian currency, where the said property is converted into that currency; and
- (c) any other property which has resulted out of the conversion of that property.

Sections 1A – 1D of Section 13 inserted by the Finance Act, 2015, w.e.f. 9-9-2015

S.14: Enforcement of the Orders of the Adjudicating Authority

S.14A: Power to recover arrears of penalty

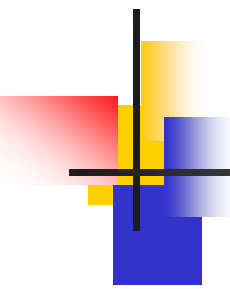


Power to Compound contravention under S. 15 of FEMA

- **Power to compound contravention**

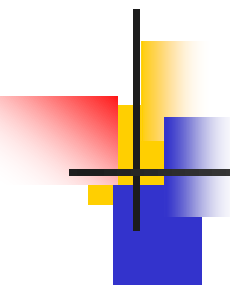
15. (1) Any contravention under section 13 may, on an application made by the person committing such contravention, be compounded within one hundred and eighty days from the date of receipt of application by the Director of Enforcement or such other officers of the Directorate of Enforcement and Officers of the Reserve Bank as may be authorised in this behalf by the Central Government in such manner as may be prescribed.

(2) Where a contravention has been compounded under sub-section (1), no proceeding or further proceeding, as the case may be, shall be initiated or continued, as the case may be, against the person committing such contravention under that section, in respect of the contravention so compounded.



Appeals & Adjudication under FEMA

- **S. 16: Appointment of Adjudicating Authority**
- **S. 17: Appeal to Special Director (Appeals)**
- **S. 18: Appellate Tribunal**
- **S.19: Appeal to Appellate Tribunal**
- **S. 34: Civil Court not to have jurisdiction**
- **S. 35: Appeal to High Court**



S. 36: Directorate of Enforcement

Directorate of Enforcement.

- **36.** (1) The Central Government shall establish a Directorate of Enforcement with a Director and such other officers or class of officers as it thinks fit, who shall be called officers of Enforcement, for the purposes of this Act³⁶.
- (2) Without prejudice to the provisions of sub-section (1), the Central Government may authorise the Director of Enforcement or an Additional Director of Enforcement or a Special Director of Enforcement or a Deputy Director of Enforcement to appoint officers of Enforcement below the rank of an Assistant Director of Enforcement.
- (3) Subject to such conditions and limitations as the Central Government may impose, an officer of Enforcement may exercise the powers and discharge the duties conferred or imposed on him under this Act.

Power of search, seizure, etc. under S. 37 of FEMA

■ **Power of search, seizure, etc.**

37. (1) The Director of Enforcement and other officers of Enforcement, not below the rank of an Assistant Director, shall take up for investigation the contravention referred to in section 13.

(2) Without prejudice to the provisions of sub-section (1), the Central Government may also, by notification, authorise any officer or class of officers in the Central Government, State Government or the Reserve Bank, not below the rank of an Under Secretary to the Government of India to investigate any contravention referred to in section 13.

(3) The officers referred to in sub-section (1) shall exercise the like powers which are conferred on income-tax authorities under the Income-tax Act, 1961 (43 of 1961) and shall exercise such powers, subject to such limitations laid down under that Act.

Special provisions relating to assets held outside India under S. 37A of FEMA

■ **Special provisions relating to assets held outside India in contravention of section 4**

37A. (1) Upon receipt of any information or otherwise, if the Authorised Officer prescribed by the Central Government has reason to believe that any foreign exchange, foreign security, or any immovable property, situated outside India, is suspected to have been held in contravention of section 4, he may after recording the reasons in writing, by an order, seize value equivalent, situated within India, of such foreign exchange, foreign security or immovable property:

Provided that no such seizure shall be made in case where the aggregate value of such foreign exchange, foreign security or any immovable property, situated outside India, is less than the value as may be prescribed.

(2) The order of seizure along with relevant material shall be placed before the Competent Authority, appointed by the Central Government, who shall be an officer not below the rank of Joint Secretary to the Government of India by the Authorised Officer within a period of thirty days from the date of such seizure.

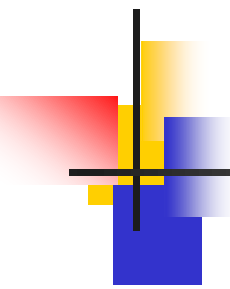
Special provisions relating to assets held outside India under S. 37A of FEMA (con't)

37A. (3) The Competent Authority shall dispose of the petition within a period of one hundred eighty days from the date of seizure by either confirming or by setting aside such order, after giving an opportunity of being heard to the representatives of the Directorate of Enforcement and the aggrieved person.

Explanation.—While computing the period of one hundred eighty days, the period of stay granted by court shall be excluded and a further period of at least thirty days shall be granted from the date of communication of vacation of such stay order.

(4) The order of the Competent Authority confirming seizure of equivalent asset shall continue till the disposal of adjudication proceedings and thereafter, the Adjudicating Authority shall pass appropriate directions in the adjudication order with regard to further action as regards the seizure made under sub-section (1):

Provided that if, at any stage of the proceedings under this Act, the aggrieved person discloses the fact of such foreign exchange, foreign security or immovable property and brings back the same into India, then the Competent Authority or the Adjudicating Authority, as the case may be, on receipt of an application in this regard from the aggrieved person, and after affording an opportunity of being heard to the aggrieved person and representatives of the Directorate of Enforcement, shall pass an appropriate order as it deems fit, including setting aside of the seizure made under sub-section (1).



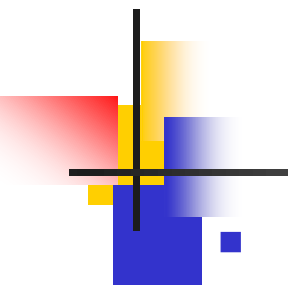
Special provisions relating to assets held outside India under S. 37A of FEMA (con't)

37A.

(5) Any person aggrieved by any order passed by the Competent Authority may prefer an appeal to the Appellate Tribunal.

(6) Nothing contained in section 15 shall apply to this section.

Section 37A inserted by the Finance Act, 2015, w.e.f. 9-9-2015



PROCESS OF MONEY LAUNDERING

- **Placement**

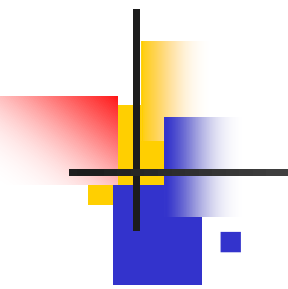
- Dirty money being inserted in financial system

- **Layering**

- Separates the proceeds from their criminal origin by moving them through a series of financial transactions

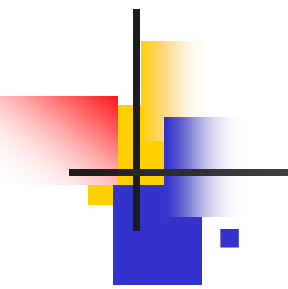
- **Integration**

- Creating a legitimate explanation for their sources of funds, allowing them to be retained, invested or used, to acquire goods or assets



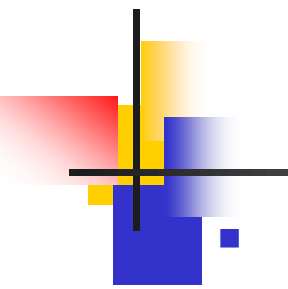
PLACEMENT

- Refers to the process of transferring the proceeds from illegal activities into financial system in a manner not detectable by governmental authorities.
- Involves:
 - Placing of money in the financial system which is done by breaking up large amounts of cash into less conspicuous smaller sums that are then deposited directly into a bank account, or by purchasing a series of monetary instruments (cheques, money orders, etc.)
 - Placing of money in the retail economy by buying high value goods such as precious metals, artwork, etc that can be resold later for payment by cheque
 - Smuggling out of the country



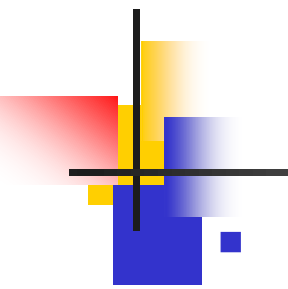
LAYERING

- Refers to a process of disassociating the illegal money from the source of the crime by creating a complex web of financial transactions for concealing its source, trail and ownership.
- Involves creation of complex layers of financial transactions for concealing or disguising the source of the ownership of the funds.
- Involves:
 - channeling through the purchase and sale of investment instruments such as bonds, stocks, and traveler's cheques or the launderer might simply wire the funds through a series of accounts at various banks across the globe, particularly to those jurisdictions that do not cooperate in anti-money laundering
 - disguising the transfer as payments for goods or services, thus giving them a legitimate appearance.



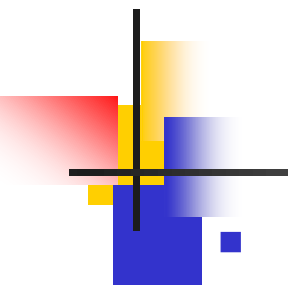
LAYERING (con't)

- A number of rotations to slush funds are given through banks and this complex layer of financial transactions are carried out to divorce the illicit proceeds from their source and mislead the investigating agencies.
- The high-value goods and monetary instruments are resold and the proceeds are invested in real estate and legitimate businesses, particularly in the leisure and tourism industries.
- Shell companies i.e. paper companies / bogus companies) serve as front and are registered in offshore havens.



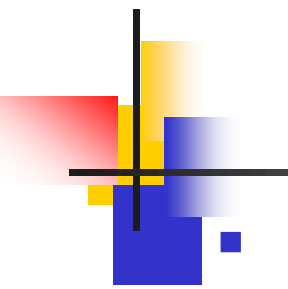
INTEGRATION

- Refers to the process of integrating the now 'clean' money into the regular economy.
- Involves assimilation of layered money into the legitimate economic and financial system for later extraction
- It involves making the wealth derived from crime appear legitimate
- By this stage, it is exceedingly difficult to distinguish legal and illegal wealth



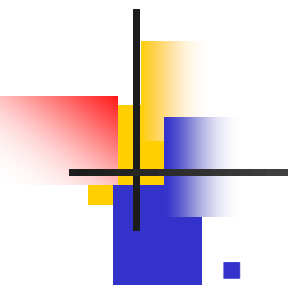
METHODS OF MONEY LAUNDERING

- Smurfing: It involves many individuals who deposit cash into bank accounts or buy bank drafts in amounts in small amounts to avoid the reporting threshold.
- Bank Complicity: Bank complicity occurs when a bank employee is involved in facilitating part of the money laundering process
- Money Services and Currency Exchanges: they provide a service that enables individuals to exchange foreign currency that can then be transported out of the country
- Asset Purchases with Bulk Cash
- Electronic Funds Transfer
- Postal Money Orders
- Credit cards
- Casino winnings



METHODS OF MONEY LAUNDERING

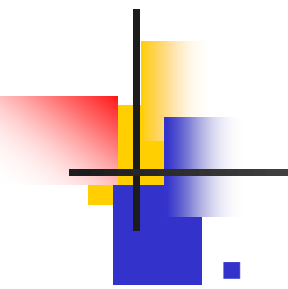
- Refining: This involves the exchange of small denomination bills for larger ones at a number of different banks in order not to raise suspicion. This serves to decrease the bulk of large quantities of cash
- Co-mingling of Funds with legitimate business
- Value Tampering: sale of property at a price below its actual value and then accepting the difference of the purchase price "under the table"
- Loan back: where paperwork for loan or mortgage is created in exchange for a sum of illegitimate money. This is followed by regular loan payments creating further legitimacy



STRUCTURE OF PMLA

■ Structure

Section No.	Description
3	Offence of Money-laundering
4	Punishment for Money-laundering
5	Attachment of Property involved in Money-laundering
6	Adjudicating authorities, composition, powers, etc.
7	Staff of Adjudicating authorities
8	Adjudication
9	Vesting of Property in Central Government
10	Management of Properties confiscated
11	Power regarding summons, evidence, etc.
12	Obligation of Banking companies, FIs & intermediaries
12A	Access to information from reporting entity

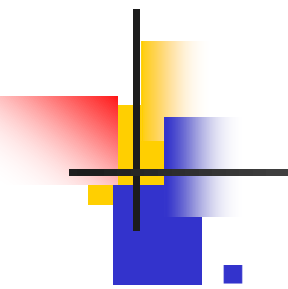


STRUCTURE OF PMLA (con't)

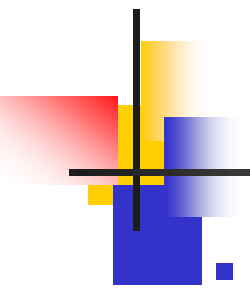
- Structure of PMLA

Section No.	Description
17	Search & Seizure
18	Search of persons
19	Power to arrest
26	Appeal to Appellate Tribunal
50	Powers of authorities regarding summons, production of documentation and to give evidence, etc.
58	Assistance to a Contracting State in certain cases
58A	Special Court to release Property
58B	Letter of request of a Contracting State or authority for confiscation or release of Property

PMLA - OVERVIEW OF ENFORCEMENT PROCESS

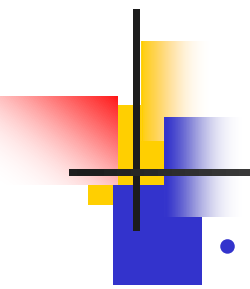


- PMLA empowers Enforcement Directorate to carry out investigations in cases involving offence of money laundering and also to attach the property involved in money laundering.
- PMLA envisages setting up of an Adjudicating Authority to exercise jurisdiction, power and authority conferred by it essentially to confirm attachment or order confiscation of attached properties.
- It also envisages setting up of an Appellate Tribunal to hear appeals against the order of the Adjudicating Authority and the authorities like Director FIU-IND



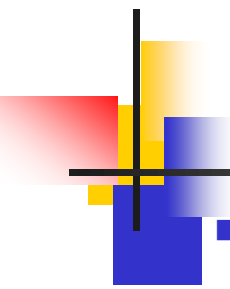
Financial Intelligence Unit-India (FIU)

- FIU is the central national agency responsible for receiving, processing, analyzing and disseminating information relating to suspected financial transactions.
- Powers and functions include:
 - receiving information and reports from Reporting Entities
 - processing, analysing and disseminating information to any authority in law in relation to suspected financial transactions.



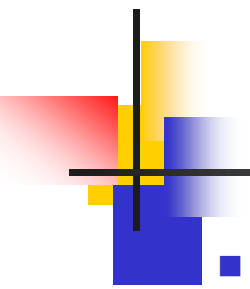
Directorate of Enforcement

- Responsible for investigating cases of money laundering, initiate proceedings for attachment of property and to launch prosecution in the Special Court.
- Powers and functions include:
 - survey, search, seizure, arrest, attachment, prosecution against offender;
 - providing and seeking mutual legal assistance to/from contracting states in respect of attachment/confiscation of proceeds of crime and transfer of accused persons;
 - rendering cooperation to foreign countries in matters related to money laundering and restitution of assets.



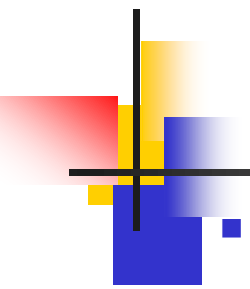
Adjudicating Authority

- The adjudicating authority consists of a chairperson and 2 members. It functions within Department of Revenue, Ministry of Finance.
- The Adjudicating Authority is not bound by the procedure laid down in the CPC but “*shall be guided by the principles of natural justice*” and shall be entitled to regulate its own procedure.
- The role of Adjudicating Authority is to consider attachments made by authorities and grant or refuse permission for retention and confiscation of seized property.
- The Director or any person aggrieved by an order made by the Adjudicating Authority may prefer an appeal to the Appellate Tribunal. Appeal has to be filed within a period of forty-five days.



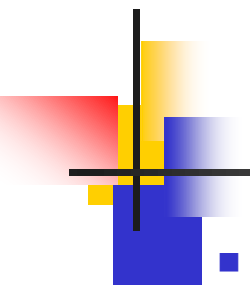
Appellate Tribunal

- Appellate Tribunal: is empowered to hear appeals against the decision of Adjudicating Authority and other authorities under this Act. It consists of a Chairperson and two other members.
- Further appeal can be made against the order of the Tribunal to High Court within 60 days.
- Appellate Tribunal is vested with powers of a civil court. It can also review its decisions and decide cases ex parte.



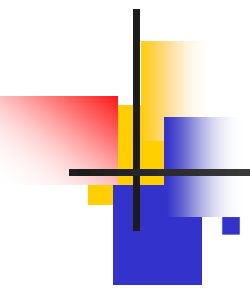
Special Court

- For trial of offence punishable under section 4 of PMLA, 2002, the Central Government, in consultation with the Chief Justice of the respective High Courts, by notification, has designated one or more Courts of Session as Special Court or Special Courts for such area or areas or for such case or class or group of cases as specified in the notifications.
- While trying an offence of money laundering under PMLA, 2002, a Special Court has also to try the offences, with which the accused may, under the Code of Criminal Procedure, 1973 (2 of 1974), be charged at the same trial [Section 43] i.e. offence under PMLA plus the offence at the trial court
- The Special court can take cognizance of any offence of money laundering upon a complaint being made by an authority, without the accused being committed to it for trial.
- The provisions of the CrPC shall apply to the proceedings before a Special Court.



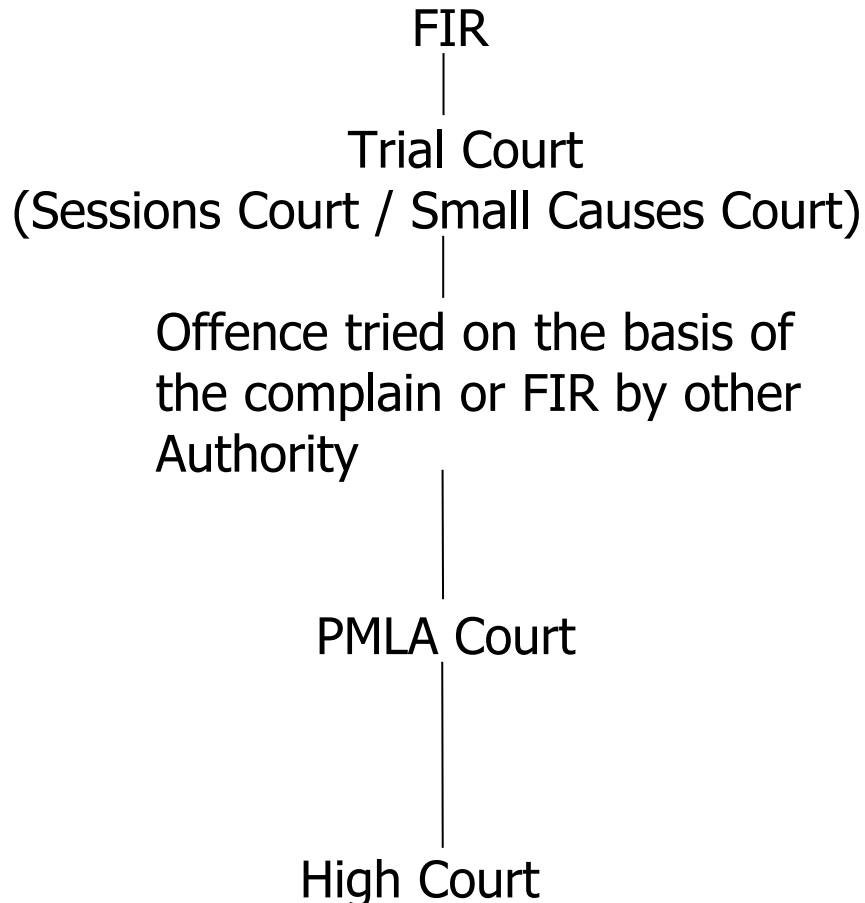
Special Court (con't)

- In case a trial court has taken cognizance of a scheduled offence, then in such cases, on an Application by the authority authorized to file a complaint under PMLA, the trial court (which has taken cognizance of the scheduled offence) shall commit the case relating to the scheduled offence to the Special Courts under PMLA.
- The Special Court, PMLA, on receipt of such case committed to it, shall proceed to deal with it from the stage at which it is committed [Section 44(1)(c)].
- The High Court may exercise, so far as may be applicable, all the powers conferred by Chapter XXIX or Chapter XXX of the Code of Criminal Procedure, 1973 (2 of 1974), on a High Court, as if a Special Court within the local limits of the jurisdiction of the High Court were a Court of Session trying cases within the local limits of the jurisdiction of the High Court [Section 47].

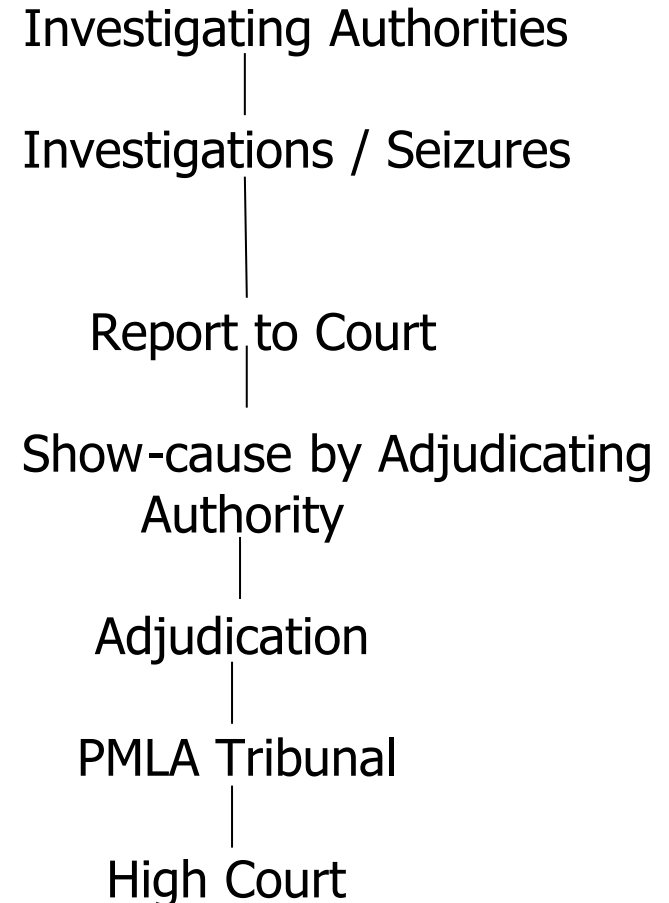


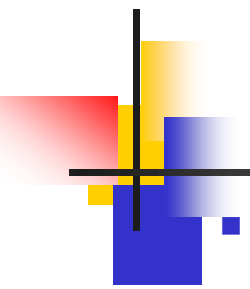
Parallel Streams of Proceedings

PMLA COURT



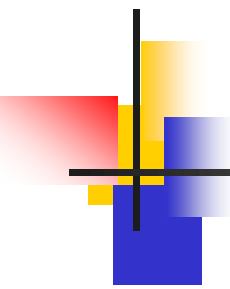
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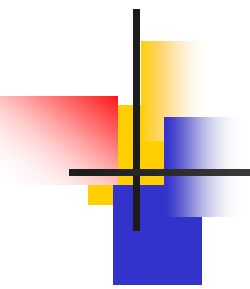
Parallel Streams of Proceedings (con't)

- Once the Complaint Report is filed with the Special Court by the office of the ED, the investigation / attachment proceedings before the Director and/or the Adjudicating Authority will continue and in parallel, trial proceedings before the Special Court will also be continuing by the prosecution for determining proof of guilt of the accused 'beyond reasonable doubt' and the establishment of 'mens rea' in order to demonstrate that there is "substantial probable cause" to form opinion that the property under attachment is proceeds of crime.
- Thus, there is the possibility of a matter under PMLA going from Special Court to High Court and in parallel, going from adjudicating officer to Appellate Tribunal to High Court. The matter may continue under both the streams of proceedings unless the Special Court decides in favour of the accused. In such a case, probably the adjudicating officer during adjudication process or at the stage of Appellate Tribunal, as the case may be, will have to consider the findings of the Special Court to decide the matter.



Civil Courts and PMLA

- No suit can be brought in any civil court to set aside or modify any proceeding taken or order made under PMLA, 2002 and no prosecution, suit or other proceeding shall lie against the Government or any officer of the Government for anything done or intended to be done in good faith under the PMLA, 2002 [Section 67].
- Thus, jurisdiction of civil courts is barred. The offence of money laundering is triable only by a special court constituted for the area in which the offence has been committed.



PMLA and Other Acts / Laws

- **Conflict between PMLA and Other Acts / Laws**

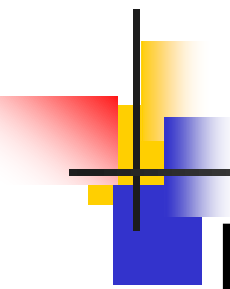
The provisions of PMLA, 2002 have over-riding effect, notwithstanding anything inconsistent therewith contained in any other law for the time being in force [Section 71].

Instances of prosecution by Enforcement Directorate

	Brief details
Black money & tainted assets post-demonetisation	As per official report issued in Nov. 2017, the ED is investigating over 3,700 cases of money laundering and hawala transactions, involving tainted assets worth Rs. 9,935 crore, as part of its action against black money generated post demonetisation. The central probe agency also carried out a "risk assessment" of these cases, registered post the notes ban on November 8 last year, and found that a majority of (43%) the financial crimes were carried out by perpetrating bank frauds and cheating financial institutions through a maze of shell firms. The other category of post-notes ban financial crimes being probed by the ED include cases of corruption (31 per cent), drugs and narcotics trade (6.5 per cent), arms and explosives (4.5 per cent) and others (8.5 per cent).

Instances of prosecution by Enforcement Directorate (con't)

	Brief details
Sterling Biotech	The Enforcement Directorate conducted raids in Nov. 2017 while investigating a Rs 5,000-crore money laundering probe against directors and associates of Gujarat-based pharma firm Sterling Biotech in connection with an alleged bank fraud case. The CBI alleged that the company took loans of over Rs 5,000 crore from a consortium led by Andhra Bank which have turned into non-performing assets.
Karthi Chidambaram	The ED has found in a search in March 2016 that Karthi has made investments in real estate assets and other businesses in many countries, including England, United Arab Emirates, Thailand, Singapore, Malaysia, South Africa, USA, Switzerland, Philippines, Sri Lanka, British Virgin Island, France, Greece and Spain
Rs. 1000 crore Basmati Rice scandal	According to the probe done by the DRI in March 2016, over two lakh metric tonnes of Basmati rice was illegally offloaded in Dubai over the previous year instead of in Bandar Abbas in Iran. The case is now being investigated by ED.



Instances of prosecution by Enforcement Directorate

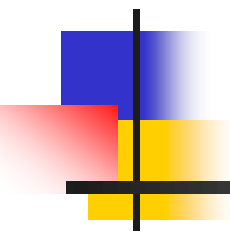
	Brief details
Vijay Mallya	The ED has registered a money-laundering case on March 7, 2016 under PMLA against Vijay Mallya and the CFO of Kingfisher Airlines A. Raghunathan to trace the transactions pertaining to a suspected diversion of funds in connection with the CBI's probe into the alleged default of a Rs. 900- crore loan in collusion with IDBI officials.
Lalit Modi	The ED has invoked PMLA along with sections 420 (cheating) and 120-B (criminal conspiracy) of IPC to probe if BCCI IPL and the exchequer had been cheated in the award of telecast rights for the T-20 tournament in 2009. A special court in Mumbai on March 1, 2016 issued an order allowing the ED to begin extradition proceedings against former IPL chairman Lalit Modi in connection with its money laundering probe against him and others.

Instances of prosecution by Enforcement Directorate (con't)

	Brief details
Odisha chit fund & mining scams	The ED attached assets worth Rs. 485 crores of three mining companies and a chit fund in connection with its money laundering probe resulting from detection of large-scale alleged irregularities by the State mines dept.
Dawood Ibrahim	The ED is investigating all properties linked to D-gang and other associates such as attorneys and politicians who may have helped in laundering the crime proceeds. The ED has also approached enforcement agencies in UK, Cyprus, Turkey, Spain & Morocco with information of bank accounts and properties
Rose Valley	In April 2015, ED filed charge sheet in the Rose Valley ponzi scam case against six persons on the basis of SEBI complaint to ED that Rose Valley had garnered more than Rs.15,000 crore from the public through issue of various financial instruments, which did not have sanction of the capital market regulator. ED has also frozen numerous bank accounts and fixed deposits of the Rose Valley group.

Instances of prosecution by Enforcement Directorate (con't)

	Brief details
Sahara India	In 2014, ED has registered a money laundering case against Sahara Group under PMLA Act, in connection with non-payment of crores of rupees to depositors as probed by capital markets regulator SEBI. Around 1/8th (Rs 3600 crore) money of the total suspected amount (Rs 17000 crore) has been laundered to US and UK to acquire a hotel in UK.
Money laundering at branch of BOB	Six persons were arrested in the case involving alleged laundering of black money to the tune of Rs. 6000 crore at a branch of Bank of Baroda in Oct, 2015. Money was being transferred through 59 accounts at the bank's Ashok Vihar branch to companies in Hong Kong and Dubai. The money was disguised as payments for imports. A search revealed that addresses given by at least 50 companies for bank records were fake. Interrogation of the bank officials revealed that some of the employees acted as middle-men for these companies.



Thank You
