

RBI's caution to Public against Fictitious Offers of Remitting Cheap Funds for Fictitious Offers/Lottery Winnings/Cheap Fund Offers

The Reserve Bank has advised banks on May 26, 2010, to exercise due caution and to be extra vigilant concerning the fictitious offers whereby bank accounts are opened and/or transactions made in the accounts for receiving payments styled as transaction charges, etc, towards the so-called transfer of prize money/award money, etc. The Reserve Bank has clarified that any person resident in India collecting and effecting/remitting such payments directly /indirectly outside India is liable to be proceeded against with, for contravention of the Foreign Exchange Management Act, 1999 besides being liable for violation of regulations relating to Know Your Customer (KYC) norms/Anti Money Laundering (AML) standards.

The Reserve Bank has also re-iterated that the Foreign Exchange Management Act, 1999 prohibits remittance in any form towards participation in lottery schemes. These restrictions are also applicable to remittances for participation in lottery like schemes existing under different names, such as, money circulation scheme or remittances for the purpose of securing prize money/awards, etc.

In its circular issued to banks, the Reserve Bank has stated that there has been a spate of fictitious offers of cheap funds in recent times from fraudsters. These came through letters, e-mails, mobile phones, SMS, etc. Detailing the modalities of the fraudsters, the Reserve Bank stated that communication was being sent on fake letterheads of the Reserve Bank and purportedly signed by its top executives/senior officials to targeted people. Many residents have been victims of such teasing offers and have lost huge sums of money in the process. It was further brought to the Reserve Bank's notice that fraudsters sought money from gullible people, under different heads, such as, processing fees/ transaction fees/ tax clearance charges/ conversion charges, clearing fees, etc. The fraudsters open multiple accounts in banks in the name of individuals or proprietary concerns in different bank branches for collecting transaction charges, etc. The fraudsters persuade the victims to deposit certain amount in these accounts. The amounts are withdrawn immediately leaving the victims in a quandary.

The Reserve Bank has alerted the public on several occasions in the past about such fictitious schemes/offers through the print and the electronic media. Customers can refer RBI press release on the subject on www.hdfcbank.com remittances section.