

DBS.CO.PPD.5105/11.01.005/2011-12

October 10, 2011

The Chairman / Chief Executive
All Scheduled Commercial Banks
(Excluding RRBs)

Dear Sir / Madam

**Remittance towards Participation in Lottery,
Money Circulation Schemes, Other fictitious offers of Cheap funds etc.**

Please refer to the Circular A.P. (DIR Series) No.54 dated May 26, 2010 addressed to all Authorised Dealer Category - I banks by Foreign Exchange Department, RBI, alerting banks on a spate of fictitious offers of cheap funds from fraudsters using banking channels and advising them to exercise due caution and to be extra vigilant while opening and allowing transactions in these accounts. While reiterating the above instructions, banks are advised to be more careful in opening and operating such accounts taking into account the type of business and inherent risk associated with such activity. Banks should have strong KYC / AML systems in place to trigger alerts to identify such accounts and take appropriate measures particularly where multiple credits are received from different centres in cash and simultaneously withdrawn. Further, we advise that bank/s will be held responsible for losses incurred by customers by way of deposits in / remittances from such accounts if they are found to be in violation of regulations, KYC / AML and / or other regulatory / statutory requirements.

2. Banks were also advised to bring the contents of the Circular dated May 26, 2010 to the notice of their constituents and all concerned and give wide publicity to the instructions contained in the circular and the Press Releases dated December 7, 2007, July 30, 2009 and May 28, 2010 whereby RBI had cautioned the public to be cautious about fictitious offers of cheap funds / lottery winnings etc. from abroad. It has however been observed that websites of many banks do not display the RBI advisory message on 'Beware of fictitious offers / lottery winnings / cheap funds offers' on their home page. Banks are therefore advised to post the above RBI advisory message / links to other related Press Releases issued by RBI on the subject, on the home page of their website immediately and report compliance. Further the RBI advisory may be forwarded to all your customers via email / letters / SMS.

3. Please acknowledge receipt and advise us of the action taken in this regard by October 21, 2011.

Yours faithfully,

Sd/-

(G. Jaganmohan Rao)
Chief General Manager-in-charge