

RBI Cautions Public against Fictitious Offers of Remitting Cheap Funds

Reserve Bank of India has alerted the public on fictitious offers of cheap funds from the fraudsters through letters, e-mails, mobile phones, SMS etc. Do not fall prey to such teasing offers and lose huge sums of money in the process.



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
www.rbi.org.in
www.rbi.org.in/hindi
e-mail: helpprd@rbi.org.in

प्रेस सम्पर्क प्रभाग, केंद्रीय कार्यालय, पोस्ट बॉक्स 406, मुंबई 400 001
फोन: 2266 0502 फैक्स: 2266 0358, 2270 3279

PRESS RELATIONS DIVISION, Central Office, Post Box 406, Mumbai 400001
Phone: 2266 0502 Fax: 2266 0358, 2270 3279

May 28, 2010

Do Not fall Prey to Fictitious Offers of Funds Transfer: RBI Advisory

The Reserve Bank 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. More such public education campaigns are also being planned. The Reserve Bank has asked banks to bring the contents of the circular to the notice of their constituents and customers concerned and to give it wide publicity.

Alpana Killawala
Chief General Manager

Press Release : 2009-2010/1606

Related Press Releases/Notification	
May 28, 2010	Remittance towards participation in lottery, money circulation schemes, other fictitious offers of cheap funds, etc.
Jul 30, 2009	Beware of Fictitious Offers/Lottery Winnings/Cheap Fund Offers: RBI
Dec 07, 2007	RBI cautions Public against Fictitious Offers of Remitting Cheap Funds from Abroad



RESERVE BANK OF INDIA
Foreign Exchange Department
Central Office
Mumbai - 400 001

RBI/2009-10/474
A.P. (DIR Series) Circular No.54

May 26, 2010

To

All Authorised Dealer Category – I Banks

Madam / Sir,

**Remittance towards participation in lottery, money circulation schemes,
other fictitious offers of cheap funds, etc.**

Attention of Authorized Dealer Category - I (AD Category - I) banks is invited to the A.P. (DIR Series) Circular No. 22 dated December 7, 2000, A.P. (DIR Series) Circular No. 02 dated July 27, 2001 and A.P. (DIR Series) Circular No. 49 dated June 4, 2002 in terms of which it was advised that remittance in any form towards participation in lottery schemes are prohibited under the Foreign Exchange Management Act, 1999. Further, these restrictions are also applicable to remittances for participation in lottery like schemes existing under different names like money circulation scheme or remittances for the purpose of securing prize money/awards, etc.

2. It is observed that there has been a spate of fictitious offers of cheap funds in recent times from the fraudsters through letters, e-mails, mobile phones, SMS, etc. Communications on fake letterheads of the Reserve Bank and purportedly signed by its top executives / senior officials are also being sent to targetted people. Many residents have been victims of such teasing offers and lost huge money in the process. The Reserve Bank has already alerted the public on several occasions about such fictitious schemes/ offers, through the print and the electronic media and more such public education campaigns are being planned.

3. It has been brought to the notice of the Reserve Bank that fraudsters are seeking money from the gullible people, under different heads, such as, processing fees/ transaction fees / tax clearance charges / conversion charges, clearing fees, etc. The victims of the fraud have also been persuaded to deposit

the amount in accounts with banks in India, and such amounts have been withdrawn immediately. It is also observed that multiple accounts are being opened in the name of individuals or proprietary concerns, at different bank branches for collecting the transaction charges, etc. AD Category - I banks are, therefore, advised to exercise due caution and to be extra vigilant while opening or allowing transactions in such accounts. It is clarified that any person resident in India collecting and effecting / remitting such payments directly /indirectly outside India would make himself/ herself 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.

4. AD Category-I banks may also bring the contents of this circular to the notice of their constituents and customers concerned. Authorised Dealers may also give wide publicity to the instructions contained in the A.P. (DIR Series) Circulars referred to above and the Press Releases issued by the Reserve Bank of India dated December 07, 2007 and July 30, 2009 on Fictitious Offers/Lottery Winnings/Cheap Fund Offers (copies enclosed).

5. The directions contained in this circular have been issued under sections 10(4) and 11 (1) of the Foreign Exchange Management Act, 1999 (42 of 1999).

Yours faithfully,

(Salim Gangadharan)

Chief General Manager-in-Charge

**भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA**वेबसाइट : www.rbi.org.in/hindiWebsite : www.rbi.org.inइ-मेल email: helpdoc@rbi.org.in

संचार विभाग, केंद्रीय कार्यालय, एस.बी.एस.मार्ग, मुंबई 400001

DEPARTMENT OF COMMUNICATION, Central Office, S.B.S. Marg, Mumbai 400001
फोन/Phone: 91 22 2266 0502 फैक्स/Fax: 91 22 2270 3279

July 30, 2009

Beware of Fictitious Offers/Lottery Winnings/Cheap Fund Offers: RBI

The Reserve Bank of India has, today once again clarified that remittance in any form towards participation in lottery schemes is prohibited under the Foreign Exchange Management Act, 1999. Further, these restrictions are applicable also to remittances for participation in lottery-like schemes functioning under different names, such as, money circulation scheme or remittances for the purpose of securing prize money / awards, etc. The Reserve Bank has clarified that it neither maintains any account in the name of individuals / companies / trusts in India to hold funds for disbursement nor does it allow individuals to open an account to deposit money with the Reserve Bank. It also does not issue any certificates or advices or confirmations, evidencing receipt and holding of money in these accounts.

The Reserve Bank has advised the public not to remit or deposit money in such accounts in response to fictitious offers/representations. The public may immediately bring the details of such offers to the notice of local police authorities for booking the culprits.

The Reserve Bank advice came in the wake of many residents falling prey to such tempting offers and losing money in the recent past.

The Reserve Bank of India has, on several occasions in the past, cautioned the members of public not to fall prey to fictitious offers / lottery winnings / remittance of cheap funds in foreign currency from abroad by certain foreign entities / individuals, including Indian residents acting as representatives of such entities / individuals. These offers are generally made through letters, e-mails, mobile phones, SMSs, etc.

The Reserve Bank of India has stated that in addition to the typical modalities adopted in the past, the fraudsters have now resorted to issuing certificates, letters, circulars, etc., on letterhead that looks like that of the Reserve Bank of India's and purportedly signed by its executives / senior officials to make such offers look genuine. The fraudsters also convince the victims by impersonating as senior officials of the Reserve Bank with telephone numbers and/or fictitious e-mail IDs. Many fraudsters have even opened accounts with banks in India and advised public to deposit money in these accounts towards various charges, taxes, duties, etc. Once the money is deposited in their account, people mailing such offers withdraw the money and then vanish. The victim thus loses the money already paid.

The Reserve Bank has also urged members of public to read the ticker on the Reserve Bank's website (www.rbi.org.in) for details.



December 7, 2007

RBI cautions Public against Fictitious Offers of Remitting Cheap Funds from Abroad

The Reserve Bank of India has advised members of public not to fall prey to fictitious offers for release of cheap funds claimed to have been remitted by overseas entities to banks in India / Reserve Bank of India. Members of public should also not make any remittance towards participation in such schemes/offers from unknown entities.

Describing the typical modality of such offers, the Reserve Bank of India stated that certain foreign entities / individuals, including Indian residents acting as representatives of such entities / individuals, make offers through letters / emails, etc., of huge money in foreign currency to resident individuals / entities (including schools / hospitals), on the pretext of helping them in their business / ventures in India. Once the contact is established, the offer is followed by a request seeking details of bank account of the Individuals / Indian entity and asking some amount to be remitted to them as initial deposit / commission so that the offer money could be transferred. Likewise, references have been also received in the Reserve Bank in the recent past from individuals / authorised dealers seeking approvals / clarifications for effecting remittances in foreign currency towards commission / fees for receiving prizes won in overseas lottery schemes etc. It has also come to the notice of the Reserve Bank that certain overseas organisations have been advising individuals / companies / trusts in India that huge sums of money for disbursal of loans in India at cheap rates has been kept in an account with the Reserve Bank and the funds would be released after approval from the Reserve Bank. To substantiate their claims, even copies of certificate / deposit receipts purported to have been issued by the Reserve Bank are produced by such operators.

The Reserve Bank of India has today clarified that remittance in any form towards participation in lottery schemes is prohibited under Foreign Exchange Management Act, 1999. Further, these restrictions are also applicable to remittances for participation in lottery-like schemes functioning under different names, such as, money circulation scheme or remittances for the purpose of securing prize money / awards, etc. The Reserve Bank of India has further clarified that it does not maintain any account in the name of individuals / companies / trusts in India to hold funds for disbursal.