

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 targeted 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of the fraud have also been persuaded to deposit the amount in accounts with banks in India, and such amounts have been withdrawn immediately.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

ANNEXURE 2

DEPARTMENT OF COMMUNICATION,
Central Office, S.B.S. Marg, Mumbai 400001
RESERVE BANK OF INDIA
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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 disbursal 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.

Press Release : 2009-2010/168

Alpana Killawala
Chief General Manager

ANNEXURE 3

PRESS RELATIONS DIVISION,
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RESERVE BANK OF INDIA
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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 disbursement 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 disbursement.

Press Release : 2007-2008/770

G. Raghuraj
Deputy General Manager

ANNEXURE 4**Remittance towards Schemes involving money circulation
A.P. (DIR Series) Circular No.22 (December 7, 2000)**

RESERVE BANK OF INDIA
EXCHANGE CONTROL DEPARTMENT
CENTRAL OFFICE
MUMBAI-400 001

A.P. (DIR Series) Circular No.22

December 7, 2000

To

All Authorised Dealers in Foreign Exchange

Dear Sirs,

Remittance towards Schemes involving money circulation

References have been received in Reserve Bank in the recent past from individuals/authorized dealers seeking approvals/clarifications for effecting remittances in foreign currency towards purchase of websites. Many such schemes offer earnings in US Dollars and/or in other foreign currency, on incremental basis, depending on the number of new clients/customers added to the chain, thereby making the operation of such schemes akin to money circulation. It is clarified that authorized dealers should not allow remittances to operators of such schemes and/or to any other overseas company carrying on such types of activities.

2. Authorised dealers may, however, allow remittance if they are satisfied that the website is being sold unconditionally and the remitter is purchasing it for developing it for his present/future business and not for the purpose of adding further members to the chain. For this purpose authorized dealers should satisfy themselves about the bonafides of the overseas company and/or the operators and the scheme, through proper documents.

3. Authorised dealers may bring the contents of this circular to the notice of their constituents concerned.

4. The directions contained in this circular have been issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and any contravention or non-observance of these directions is subject to the penalties prescribed under the said Act.

Yours faithfully,

P.K. BISWAS
Chief General Manager

ANNEXURE 5

Remittance for participation in lottery etc. schemes

A.P.(DIR Series) Circular No.2 (July 27, 2001)

**RESERVE BANK OF INDIA
EXCHANGE CONTROL DEPARTMENT
CENTRAL OFFICE
MUMBAI 400 001**

A.P.(DIR Series) Circular No.2

July 27, 2001

To

All Authorised Dealers in Foreign Exchange

Dear Sirs

Remittance for participation in lottery etc. schemes

It has come to the notice of the Reserve Bank that certain overseas organisations have been advising individuals in India that they have won prizes in lotteries etc. and that they should arrange to remit some amount in US Dollars, as fees.

2. Attention of the authorised dealers is drawn to Item 3 of Schedule I to the Government of India Notification G.S.R. 381(E) dated May 3, 2000, which prohibits, inter alia, remittances for the purchase of lottery tickets. **Authorised dealers are, therefore, advised to suitably inform the members of public that remittance in any form towards participation in lottery schemes are 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 like money circulation scheme, or remittances for the purpose of securing prize money/awards etc.**

3. The directions contained in this circular have been issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999). Any contravention or nonobservance of these directions is subject to the penalties prescribed under the Act.

Yours faithfully

K.J. UDESHI
Chief General Manager

ANNEXURE 6**PRESS RELEASE****RESERVE BANK OF INDIA**www.rbi.org.inwww.rbi.org.in/hindi[e-mail: helpdoc@rbi.org.in](mailto:helpdoc@rbi.org.in)**PRESS RELATIONS DIVISION, Central Office, Post Box
406, Mumbai 400001****Phone: 2266 0502 Fax: 2266 0358, 2270 3279****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.

Press Release : 2009-2010/1606**Alpana Killawala**
Chief General Manager