

Before Amir M. Khan Afridi, Director/HOD (Adjudication-I)

**In the matter of Show Cause Notice issued to Rural Community Development Program**

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Dates of Hearing

June 16, 2021

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**Order-Redacted Version**

Order dated December 30, 2021 was passed by Director/Head of Department (Adjudication-I) in the matter of Rural Community Development Program. Relevant details are given as hereunder:

<b>Nature</b>	<b>Details</b>
1. Date of Action	Show cause notice dated June 02, 2021.
2. Name of Respondent	Rural Community Development Program, (the Respondent and/or the Company)
3. Nature of Offence	Alleged contraventions of <u>regulation 25(1) read with regulation 31 of the Securities and Exchange Commission of Pakistan (Anti Money Laundering and Countering Financing of Terrorism) Regulations, 2020 (AML Regulations); rules 4(1) and 6(1) of the AML/ CFT Sanction Rules, 2020 (AML Rules) and Section 6(A)(2)(h) of the Anti-Money Laundering Act, 2010 (the AML Act).</u>
4. Action Taken	Key findings were reported in the following manner:  I have considered the written as well as verbal submissions of the Respondent and its Representatives and is of the view that justifications provided by the Respondent and its Representatives are not cogent as the non-compliance highlighted in the SCN is based on key information required for screening of clients' database against the proscribed persons/ entities, as notified by NACTA and MOFA. Owing to entry of unreliable, inaccurate and incomplete information about the clients in MIS of the Company, the accuracy and integrity of data was compromised and it resulted in ineffective screening of the clients of the Respondent. Therefore, it is imperative that only verified data must be entered in MIS, which would enable the Company to properly and effectively fulfill its obligations for screening of its clients, their beneficiaries and nominees. The Respondent needs to be more vigilant and careful to ensure effective maintenance and screening of the client's database.

	<p>In view of the aforesaid, I am of the considered view that the Respondent prior to inspection and the proceedings at hand did not grasp the severity and gravity of issues being addressed by the AML/ CFT regime. The Respondent's approach towards screening of its customers was not effective. The Respondent had fiduciary responsibility to ensure compliance of the regulatory regime. The negligence shown by the Respondent has exposed it to breach regulation 25(1)(a) of AML Regulations, which is liable to penalty. Therefore, in exercise of the powers conferred under Section 6 (A) (2) (h) of the AML Act, I, hereby, impose a fine of <b>Rs. 255,000/- (Rupees Two Hundred and Fifty-five Thousand Only)</b> on the Respondent on account of the aforesaid established and conceded non-compliance of regulation 25(1)(a) of the AML Regulations.</p>
5. Penalty Imposed	Rs. 255,000/-
6. Current Status of Order	Penalty deposited and No Appeal has been filed by the respondent.