

CA Final – Paper 4 (Law) – MCQ

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(Covering ICAI SM, MTPs & RTPs till Nov. 2022 applicable for May/Nov. 2023 Exams)

Chapter - 17: Prevention of Money Laundering Act, 2002

1	<p>Mr. Roshan gave ₹ 2,00,000 each in cash to two of his friends, Mr. Manav and Mr. Vivian since they were in dire need of money for their own businesses. Later on, at the time of repayment, he asked both of them to buy his products at inflated rates via credit cards and online transfer of funds. The payments were to be made in installments in next couple of months for which he issued bills and started adjusting the amount in his books of account. Is this 'payment system' originating through credit cards and online transfer mode covered under the Prevention of Money Laundering Act, 2002? Choose the correct answer from the following options:</p> <p>(a) Since payments are made through credit cards and online transfers, hence all the transactions are genuine and not covered under the Prevention of Money Laundering Act, 2002.</p> <p>(b) Money laundering transactions executed through credit cards and online transfers come under the Prevention of Money Laundering Act, 2002.</p> <p>(c) Since Mr. Manav and Mr. Vivian are not getting any benefit from these transactions, hence they are not covered under the Prevention of Money Laundering Act, 2002.</p> <p>(d) Since the transactions are not done with shell companies, they are not covered under the Prevention of Money Laundering Act, 2002.</p>
2	<p>On the basis of material in possession with the Director, Mr. Q was under remand evidencing that he is in possession of proceeds of crime falling under the offence said to be committed in PMLA. Director may order for provisional attachment of the property of Mr. Q for a period _____.</p> <p>(a) within 90 days from the date of the order.</p> <p>(b) exceeding 180 days from the date of the order.</p> <p>(c) within 180 days from the date of the order.</p> <p>(d) not exceeding 280 days from the date of the order. [MTP-April. 19]</p>
3	<p>Who is empowered to designate court of session as special courts for trial of offence of money laundering?</p> <p>(a) Central Government in consultation with the Chief Justice of Supreme Court.</p> <p>(b) High Court in consultation with the Chief Justice of Supreme Court.</p> <p>(c) Central Government in consultation with the Chief Justice of Session Court.</p> <p>(d) Central Government in consultation with the Chief Justice of High Court. [RTP-May 19]</p>

4	<p>Mr. X took multiple loans for the same home from three different banks. The total amount is greatly in excess of the actual value of the property, which is ₹ 2 crores. Out of this amount, he invested ₹ 50 lakh in shell companies abroad. He bought one property in his son name at Jaipur worth ₹ 30 lakh out of which he took loan of ₹ 10 lakh. Mr. X gifted a diamond set to his wife worth ₹ 10 lakh. Mr. X bought one house in London for ₹ 1 Crore via Mr. Z a hawala broker. Mr. X gave his driver M, ₹ 10 lakh to keep it in safe place. Mr. A, a financial manager of Mr. X knew about all the transactions. Who all are liable in these chain of transactions?</p> <p>(a) Mr. X and Mr. Z. (b) Mr. X, his wife and son, Mr. Z and Mr. A. (c) Mr. X, Mr. Z, Mr. A and Mr. M. (d) Mr. X, Mr. Z and Mr. M.</p> <p style="text-align: right;">[MTP-Oct. 19]</p>
5	<p>Adjudicating authority received a complaint against Mr. R for being involved in activities connected to the proceeds of crime due to his unlawful association. On the basis of available evidence, Adjudicating authority called Mr. R to give details of his sources of income, earning or assets etc. The notice period of summoning to Mr. R will be:</p> <p>(a) not less than 15 days. (b) less than 30 days. (c) not less than 30 days. (d) 60 days</p> <p style="text-align: right;">[MTP-Oct. 19]</p>
6	<p>Mr. Ram gave two of his friends' cash amount of ₹ 2 lakh each for their business purposes. Later at the time of return, he asked both of them, in lieu of the same, to buy his product via credit card and online transfers in installments through next couple of months' time for which he issued bills to adjust the amount in his account books. Does this payment system through credit card and online transfer mode are covered under Money Laundering Act?</p> <p>(a) No, because payment are made through credit cards & being an online transfers, it's a genuine transaction. (b) Yes, money laundering transactions done via credit card and online payments comes under the Prevention of Money Laundering Act. (c) No, it is not money laundering as none of Mr. Ram friends are benefiting from this transaction. (d) No, because the transactions are not done with shell companies.</p> <p style="text-align: right;">[RTP-Nov. 19]</p>
7	<p>Which of the following terms are not included within arrangements entered into by the Central Government with another country, in relation to reciprocal arrangements under PMLA, 2002?</p> <p>(a) Enforcement of the provisions of PMLA, 2002. (b) Prevention of offence in India under the corresponding PMLA law in force in the other country. (c) Exchange the history of person if it is wilful offender under the PMLA on annual basis. (d) Exchange information to prevent any offence under PMLA, 2002.</p> <p style="text-align: right;">[RTP-May 20]</p>
8	<p>Mr. Kamal is accused of an offence as mentioned in Part B of Schedule to the PMLA, 2002. What must be the minimum amount of the offence for which Mr. Kamal is accused of?</p>

	<p>(a) INR 25 Lakhs</p> <p>(b) INR 50 Lakhs</p> <p>(c) INR 100 Lakhs</p> <p>(d) INR 75 Lakhs</p> <p style="text-align: right;">[RTP-Nov. 20]</p>
9	<p>Mr. Ramnik purchased a property out of an unaccounted money in the joint name of his wife and son. On complaint, Adjudicating Authority, served a notice to seek information regard the sources of income and other particulars. State as per the PMLA, 2002, to whom notice may be served by the Adjudicating Authority:</p> <p>(a) Mr. Ramnik</p> <p>(b) Mr. Ramnik's wife</p> <p>(c) Mr. Ramnik's son</p> <p>(d) To all the three i.e., Mr. Ramnik, his wife and son.</p> <p style="text-align: right;">[MTP-April 21]</p>
10	<p>Proceedings under the Prevention of Money Laundering Act, 2002 were initiated against Mr. Suraj. Through an order, property of Mr. Suraj has been attached under section 8. Mr. Suraj Preferred an appeal to the Appellate Tribunal. Mr. Suraj is adjudicated an insolvent during the pendency of the appeal. What will happen to the proceedings initiated under PMLA in the given case?</p> <p>(a) Proceedings will be dispensed with.</p> <p>(b) His legal representatives will continue proceedings before the Appellate Tribunal.</p> <p>(c) The official assignee or the official receiver, as the case may be, continue the appeal before the Appellate Tribunal.</p> <p>(d) Creditors will continue the proceedings before the Appellate Tribunal.</p> <p style="text-align: right;">[RTP-May 21]</p>
11	<p>The offences under the Prevention of Money Laundering Act, 2002 shall be:</p> <p>(a) Cognizable and Bailable</p> <p>(b) Non-cognizable and non-bailable</p> <p>(c) Cognizable and non-bailable</p> <p>(d) Non-cognizable and bailable</p> <p style="text-align: right;">[MTP-Nov. 21]</p>
12	<p>The term "contracting State" defined under the PMLA, 2002 means :</p> <p>(a) any state in India in respect of which arrangements have been made by the state Governments;</p> <p>(b) any country in respect of which arrangements have been made by the Governments of such country;</p> <p>(c) any country or place outside India in respect of which arrangements have been made by the Central Government with the Government of such country through a treaty or otherwise;</p> <p>(d) Any state in India in respect of which arrangements have been made by the Government of any country outside India through a treaty or otherwise.</p> <p style="text-align: right;">[MTP-March 22]</p>
13	<p>Where a property is involved in money laundering and the said property is provisionally attached by the competent officer. State the time period within which a complaint of such attachment shall be filed before the Adjudicating Authority:</p> <p>(a) thirty days from such attachment</p> <p>(b) Forty five days from such attachment</p> <p>(c) sixty days from the attachment</p> <p>(d) One eighty days from the attachment</p> <p style="text-align: right;">[RTP-Nov. 22]</p>

Answers Key		
Q. No	Answer	
1	(b)	Money laundering transactions executed through credit cards and online transfers come under the Prevention of Money Laundering Act, 2002.
2	(c)	within 180 days from the date of the order.
3	(d)	Central Government in consultation with the Chief Justice of High Court.
4	(c)	Mr. X, Mr. Z, Mr. A and Mr. M
5	(c)	not less than 30 days.
6	(b)	Yes, money laundering transactions done via credit card and online payments comes under the Prevention of Money Laundering Act.
7	(c)	Exchange the history of person if it is wilful offender under the PMLA on annual basis.
8	(c)	INR 100 Lakhs.
9	(d)	To all the three i.e., Mr. Ramnik, his wife and son.
10	(c)	The official assignee or the official receiver, as the case may be, continue the appeal before the Appellate Tribunal.
11	(c)	Cognizable and non-bailable
12	(c)	any country or place outside India in respect of which arrangements have been made by the Central Government with the Government of such country through a treaty or otherwise;
13	(a)	thirty days from such attachment

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