Fugitive Economic Offenders Act, 2018

Recently, assets worth Rs. 329.66 crore of the Punjab National Bank (PNB) fraud mastermind Nirav Modi have been confiscated under Section 12(2) and (8) of the Fugitive Economic Offenders Act, 2018.

- In this money laundering case, the Enforcement Directorate (ED) has so far attached properties valued at Rs. 2,348 crore.
- The properties were earlier attached under the Prevention of Money Laundering Act, (PMLA) 2002.

To proactively detect such frauds, the Reserve Bank of India (RBI) is in the process of putting together an exclusive wing for banking fraud oversight. This wing will have teams for meta-data processing and analysis, artificial intelligence analysis units, as well as proactive risk assessment cells.

Fugitive Economic Offenders Act, 2018: It seeks to confiscate properties of economic offenders who have left the country to avoid facing criminal prosecution or refuse to return to the country to face prosecution.

Fugitive economic offender: A person against whom an arrest warrant has been issued for committing an offence listed in the Act and the value of the offence is at least Rs. 100 crore.

Some of the offences listed in the act are:

- Counterfeiting government stamps or currency.
- Cheque dishonour.
- Money laundering.
- Transactions defrauding creditors.

Declaration of a Fugitive Economic Offender:

- After hearing the application, a special court (designated under the PMLA, 2002) may declare an individual as a fugitive economic offender.
- It may confiscate properties which are proceeds of crime, Benami properties and any other property, in India or abroad.
- Upon confiscation, all rights and titles of the property will vest in the central government, free from encumbrances (such as any charges on the property).
- The central government may appoint an administrator to manage and
dispose of these properties.

Bar on Filing or Defending Civil Claims:

- The Act allows any **civil court or tribunal to prohibit** a declared fugitive economic offender, from **filing or defending any civil claim**.
- Further, any **company or limited liability partnership** where such a person is a majority shareholder, promoter, or a key managerial person, may also be **barred from filing or defending civil claims**.
- The authorities may **provisionally attach properties of an accused**, while the application is pending before the Special Court.

Powers:

The authorities under the **PMLA, 2002 will exercise powers given to them under the Fugitive Economic Offenders Act**. These **powers will be similar to those of a civil court**, including the search of persons in possession of records or proceeds of crime, the search of premises on the belief that a person is an FEO and seizure of documents.