

**PROCEEDINGS OF THE COMPETENT AUTHORITY &
SECRETARY TO GOVERNMENT, BANNING OF
UNREGULATED DEPOSIT SCHEMES ACT UNDER SECTION
7(3) OF THE CENTRAL BUDS ACT (2019)
PRESENT: SRI. SANJAY M KAUL IAS**

HOME(SC) DEPARTMENT

SC3/193/2022/Home Dated,Thiruvananthapuram (31-07-2024)

Sub: Home Department - Banning of Unregulated Deposit Schemes Act, 2019 - Provisional attachment of all movable & immovable properties of giveNtake.world (Prasanth Panachikkal Marketing Private Limited)- Orders Reissued

- Ref: 1.G.O(P) No. 69/2020/Home, dated 18.12.2020 published as S.R.O No.887/2020.
2.G.O(Rt) No.2959/2020/Home, dated 22.12.2020 published as S.R.O No. 894/2020.
3.Letter No.ROCK/RBI/09 -46962/2566/2022 dated 11.11.2022 from the Registrar of Companies, Kerala & Lakshadweep.
4. Letter No.D3 -12841/2023/PHQ dated 28.01.2023 from the State Police Chief.
5. Letter No.Ptn - 26217/2022/CB dated 23.01.2023 from the Additional Director General of Police (Crimes)
6.Proceedings No: SC3/193/2022/Home Dated, 01/03/2023.
7. Letter No. DCTSR/10485/2020-C8 dated 01.07.2024 of the District Collector, Thrissur

ORDER

The Registrar of Companies has forwarded a complaint for enquiry as per letter read as third paper above regarding the operation of binary money chain scheme by giveNtake.world web platform designed and developed by Prasanth Panachikkal Marketing Private Limited.

The Company was incorporated on 05.10.2016 as Prasanth

Panachikkal Marketing Private Limited and changed to its present name giveNtake.world with effect from 01.12.2021. As per the latest Memorandum of Association filed by the company, its main objects are marketing of various goods, Mobile Applications and other services produced or rendered by others for consideration, either on its own or as franchise or associate or as a marketing agent or in any other capacity, directly or indirectly or by appointing agents through online marketing or by using affiliated marketing programmes or any other methods of marketing.

The company had given a statement to the Registrar of Companies that "it is neither conducting any money chain scheme nor paying any sum to any, enrolled members. The company is providing a platform to identify needy peoples, to help each other. The members who log in and admitting as affiliated members have to pay platform maintenance fee for using service of company mobile application, upon that the company regularly paying the GST without any default. The members are helping each other using their individual bank account without looping the company channels, and the same is the Individual liability of members. The various Bank Statement of the Company would show that there is no pay out happening to the account of members from company. The company is also not taking any deposits from outside. Likewise, the corporate giants Uber, Swiggy, Zomato, the Company is only accepting platform maintenance fee from customers for using various application".

However it is concluded that the binary money chain scheme, which is a service product of the company seems to be a pyramid scheme which is an unsustainable business model. The company cannot claim excuse stating that it is providing only a platform. The company is actually canvassing the public to deposit money into accounts of other individuals through the algorithm developed for the website. There is a possibility that the public loses the money when addition of new members ceases. The State Police Chief as per letter read as fourth paper above has reported that a crime case was registered against the Company as Crime No. 822/2020 u/s 3 r/w 4, 5 (b) of Prize Chits & Money Circulation (Banning) Act, 1978 and the case is pending trial as CC 80/2021 before the Hon'ble ACJM Court, Thrissur.

The Company conducts money chain business which is a punishable offence under Prize Chits & Money Circulation (Banning) Act,

1978. As per section 6 of the Banning of Unregulated Deposit Schemes Act, it is clarified that a prize chit or a money circulation scheme banned under the provisions of the Prize Chits and Money Circulation Scheme (Banning) Act, 1978 will be an Unregulated Deposit Scheme. Hence action under section 7(3) of BUDS Act can be invoked against the Company for conducting an online money chain business in violation of the Prize Chits & Money Circulation Schemes (Banning) Act which is also deemed to be an unregulated deposit scheme.

Vide Proceedings read as 6th paper above the Competent Authority issued provisional attachment of all movable/immovable properties and all other deposits held by the Deposit Taker and the money or other property acquired either in the name of the deposit taker in the name of any other person on behalf of the deposit taker.

As per section 14 of the BUDS Act application for confirmation of attachment and sale of property had to filed within 30 days which might extend up to 60 days before the Designated Court. But the District Collector, Thrissur vide letter read as 7th paper above reported that the exercise could not be completed within the stipulated time

Accordingly, I, Sanjay M Kaul IAS, Competent Authority, BUDS Act 2019 have examined the matter again in detail and found that the accused have conducted money chain business which is banned under Prize Chits & Money Circulation (Banning) Act 1978. Since Section 6 of BUDS Act 2019 states that a prize chit or a money circulation scheme banned under the provisions of the Prize Chits and Money Circulation Scheme (Banning) Act, 1978 will be an Unregulated Deposit Scheme. Hence action under section 7(3) of BUDS Act can be invoked against the Company for conducting an online money chain business in violation of the Prize Chits & Money Circulation Schemes (Banning) Act which is also deemed to be an unregulated deposit scheme.

I, therefore, in exercise of powers conferred under section 7(3) of BUDS Act, 2019, reissue the proceedings read as 6th paper above to safeguard the interest of the innocent depositors, hereby attach all movable/ immovable properties and all other deposits held by the Deposit Taker and the money or other property acquired either in the name of the deposit taker or in the name of any other person on behalf of the deposit taker.

The Inspector General of Registration Department is hereby directed to freeze the sale/mortgage or any other transaction of immovable properties of the firm and the Deposit Taker. The Transport Commissioner, Motor Vehicles Department is directed to seize all vehicles owned by the firm/deposit taker/its partners or allied firms and to take necessary steps to prohibit the transfer of registration of vehicles and to report to the respective District Collectors.

The Lead Bank Managers of all Districts concerned/Registrar of Co-operative Societies/General Managers of KSFE/ District Managers of KFC and all other financial institutions are directed to take necessary steps to freeze all the accounts of the financial institution and its allied firms. Police Authorities shall identify the accounts of the firm and the deposit takers and take action to freeze the accounts by intimating the provisional attachment orders to the respective Banks where the accounts are maintained. The Police shall also report the details of the current/ any future accused persons from time to time directly to the concerned District Collectors for provisionally attaching the properties within the stipulated time limit.

The District Collectors appointed as officers to assist the Competent Authority under section 7(2) of BUDS Act are directed to serve the copy of the provisional attachment to the owner of the property or any person who claims to be in possession of the property or any other person who has an interest in the said property and to prepare and maintain details of the properties so attached and the expenditure incurred in this regard in Form No. 2.

The District Collectors are further directed to publish the order of provisional attachment in a leading newspaper both in Malayalam and in English having wide circulation in the area or jurisdiction in which the deposit taker is located.

The District Collectors appointed as officers to assist the Competent Authority under section 7(2) of BUDS Act are directed to issue attachment orders separately against the properties of the accused and file application with particulars of the attachment effected before the Designated Courts constituted read as 2nd paper above, of the respective District, within the stipulated time of 30 days for making the provisional attachment absolute and for permission to sell the property so attached

by public auction or, if necessary, by private sale according to section 14 of Central BUDS Act, 2019.

(Sd.)
SANJAY M KAUL

Forwarded/By order

Section Officer.

To:

The Registrar of Companies, Kerala & Lakshadweep, First floor,
Company Law Bhavan, BMC Road, Thrikkakkara Kochi - 682 021.
The State Police Chief
All District Collectors
All District Police Chiefs
The Additional Director General of Police (Crimes)
The Inspector General of Registration Department
The Transport Commissioner
The Lead Bank Managers
Registrar of Co-operative Societies
General Managers of KSFE/District Managers of KFC etc (through
the District Collectors)
The Finance/ Law/Revenue/Taxes Departments
I & PR (Web & New Media) Department.
Stock File/Office Copy