

**PROCEEDINGS OF THE COMPETENT AUTHORITY &
ADDITIONAL CHIEF SECRETARY TO GOVERNMENT,
BANNING OF UNREGULATED DEPOSIT SCHEMES ACT
UNDER SECTION 7(3) OF THE BUDS ACT (2019)**

PRESENT: Sri. BISHWANATH SINHA IAS

HOME (SC) DEPARTMENT

SC3/473/2023-Home Dated,Thiruvananthapuram (03-04-2025)

Sub: Home Department - Banning of Unregulated Deposit Schemes Act, 2019 - Provisional attachment of all movable & immovable properties of the accused in Crime Branch EOW Crime No. 2576/CB -EOW/MLPM/R/2023-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. 643/CB - EOW/2023 dated 14.11.2023 from the Deputy Superintendent of Police (EOW), Malappuram.

4. Proceedings No. SC3/473/2023/Home dated 25/11/2023.

5. Judgment in WP(C)No.22737/2024-Home dated 05/11/2024 by the Hon.High Court of Kerala.

6. Judgment in CrI.M.P. 4358/2024 & CrI. M.P. 4359/2024 dated 28.01.2025 of the Additional Sessions Court III, Thrissur.

7. Letter No.DCMPM/3507/2025-E6 dated 11/03/2025 from the District Collector, Malappuram.

ORDER

The Deputy Superintendent of Police, Economic Offence Wing, Malappuram as per letter read as 3rd paper above, has furnished report u/s 29 of BUDS Act regarding the crime case registered into the financial fraud committed by an employee of Federal Bank, Malappuram in the name of a non – existent mutual fund “**Pure Growth Fund**”.

The accused (A1) Fasal Rahman, S/o Moideen, Veral Thodiyil

House, Kadungallur, Puliyakode Post, near GUP School, Kadungallur, Malappuram, employed with Federal Bank Branch at Malappuram, as Priority Relationship Manager, along with his brother Ajmal (A2) had defrauded the customers of the bank under the pretext of investing their funds in a fake/non existent mutual fund named "Pure Growth Fund" during the period from 01-01-2019 to 30-08-2022. The amount misappropriated was credited either to the account of Mr. Fasalu Rahman or to the account of Ajmal. The misappropriated amount was invested in M/s Tummy and Me LLP, which operated a chain of restaurants across Kerala, of which the accused Fasalu Rahman is the Chairman and his brother, Ajmal, Managing Director. Fasalu Rahman collected an amount of Rs.24 crore from the customers of the Federal Bank under a fake mutual fund called "Pure Growth Fund". He made the customers believe that this fund is operated by Federal Bank directly and offered 10 to 14 percentage monthly profit. Around 130 customers invested their money in this mutual fund and thus lost an amount of Rs.24 Crore. For giving assured profit returns, he created a UPI ID "pure fund @ Paytm" and connected that UPI-ID with the bank accounts of Fasalu Rahman at HDFC bank.

Since the firm had violated BUDS rules, provisional attachment order as per 4th paper above was issued attaching the properties of the above firm.

Now the District Collector, Malappuram vide letter 7th paper above has informed that they could not file the application under section 14 of the BUDS Act before the Designated Court within the stipulated time frame as reports was not received from many departments and has requested to reissue the proceedings.

As per the judgment in reference 5th cited, the Hon'ble High Court directed the Additional Sessions Court III, Thrissur, to determine whether the Competent Authority is permitted to initiate fresh proceedings or re-issue a previously issued provisional attachment order.

In compliance with this directive, the Additional Sessions Court III, Thrissur, in its judgment in reference 6th cited, held that the Competent Authority is fully justified in reissuing the provisional attachment order.

Therefore, it is concluded that there are no legal impediments to reissuing a provisional attachment order in cases where the application for making the order absolute was not filed before the respective designated courts within the prescribed time.

Therefore, in exercise of powers conferred under Section 7(3) of the BUDS Act, 2019, I hereby reissue the proceedings referred to as the 4th paper above to safeguard the interests of innocent depositors. Accordingly, all movable and immovable properties, along with any deposits held by the Deposit Taker, as well as any money or property acquired either in the name of the Deposit Taker or in the name of any other person on their behalf, are hereby attached again.

The Inspector General of the Registration Department is hereby directed to freeze the sale, mortgage, or any other transaction of immovable properties of the firm and the Deposit Taker, if not already done. The Transport Commissioner, Motor Vehicles Department, is directed to seize all vehicles owned by the firm, the Deposit Taker, its partners, or allied firms and to take necessary steps to prohibit the transfer of vehicle registrations and report to the respective District Collectors, if not already done.

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.

The District Collectors are further directed to publish the order of provisional attachment in a leading newspaper, both in Malayalam and 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 BUDS Act, 2019.

The above order shall not be applicable to districts where the designated courts have already confirmed the provisional attachment order. In such cases, the District Collectors shall proceed with the sale of properties in accordance with Section 14 of the BUDS Act.

(Sd.)
BISHWANATH SINHA

Forwarded/By order

Section Officer.

To:

The State Police Chief
All District Collectors
The Additional Director General of Police (Crimes)
The Inspector General of Police (EOW), Police Headquarters
All District Police Chiefs
The Inspector General of Registration Department
The Transport Commissioner
The Registrar of Co-operative Societies
The Lead Bank Managers.

General Managers of KSFE/District Managers of KFC(through
District Collectors)

I & PR (Web & New Media) Department.

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