

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

HOME (SC) DEPARTMENT

SC3/341/2023/Home Dated,Thiruvananthapuram (31-07-2024)

Sub: Home Department - Banning of Unregulated Deposit Schemes Act, 2019 - Provisional attachment of all movable & immovable properties of Chemmannur Nidhi Limited, Ambika Arcade, MG Road, Thrissur - Orders Re -issued

- Ref: 1) GO(P) No. 69/2020/Home dated 18.12.2020 published as SRO No. 887/2020.
2) GO(Rt) No. 2959/2020/Home dated 22.12.2020 published as SRO No. 894/202.3.
3)Letter No.1081/TDR/ACP/C Branch/2023 dated 25.08.2023 from the Assistant Commissioner of Police, Thrissur City.
4) Proceedings No: SC3/341/2023/Home Dated, 21-11-2023.
5)Letter No. DCTSR/10485/2020-C8 dated 01/07/2024 from the District Collector, Thrissur.

ORDER

The Asst Commissioner of Police, C - Branch Thrissur City has furnished report regarding the crime case registered against M/s Chemmannur Nidhi Limited. The case No. 1302/2022 u/s 406, 420, 34 IPC and section 3 r/w 21(1) (2) (3) and 5 r/w 23 of BUDS Act was registered against the Company for accepting deposits offering 12% interest from various persons and for defaulting its repayment. Around 56 cases have been registered against the firm and its Directors in Thrissur East Police Station and a round 2.5 Crores is found swindled by the accused Jaison Chemmannur from the depositors.

The company has been registered with Registrar of Companies, Ernakulum and the Registrar of Companies has informed that the Company

has not filed NDH - 4 as stipulated by Rule 3 A of Nidhi Rules, 2014 for declaring it as a Nidhi company.

During the investigation it is found that the accused Jaison has registered the company in the name of Chemmannoor Nidhi Ltd before Registrar of Companies on 28.06.2018 and Abhilash S/o Pushkaran, 11/249 Kanaressery House Manathala Chavakkad P.O Thrissur, Sabhitha W/o Abhilash, 11/249 Kanaressery House, Manathala Chavakkad P.O Thrissur etc were included in the list of Directors. As per the Memorandum of Association, the object of company is only for lending loans to the members on the security of immovable properties either by way of registered mortgage or by deposit or by deposit of title deed, various types of deposit receipts, movable assets such as Gold, Silver, Jewellery, Kisan Vikas Patras, National Savings Certificate, Insurance policies etc.

The investigation revealed that Chemmannur Nidhi Limited with deliberate intention of cheating the public used the money obtained under the Recurring Deposit Schemes, fixed deposits etc and purchased immovable properties in the name of the accused and his wife.

The accused received Recurring Deposits, long and short term deposits, Gold pledged deposits etc from the investors through wide publicity by promising higher returns and given to the investors fake certificates for their deposits and thus violated the provisions of Nidhi Rules, 2014.

Vide Proceedings read as 4th 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 5th 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 accepted long and short term deposits, Gold pledged deposits etc from the investors through wide publicity by promising higher returns and fake certificates given to the investors for their deposits thus amounting to an

unregulated scheme. The deposit taker have accepted the deposits in contravention of section 3 of the BUDS Act read with section 21 and defaulted in repayment of such deposits.

I, therefore, in exercise of powers conferred under section 7(3) of BUDS Act, 2019, reissue the proceedings read as 4th 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:

All District Collectors.
The State Police Chief.
The Additional Director General of Police (Crimes).
The Inspector General of Police (EOW), Police Headquarters
All District Police Chiefs.
The Assistant Commissioner of Police, C- Branch, Thrissur City.
The Inspector General of Registration Department.
The Transport Commissioner.
The Registrar of Co-operative Societies.
General Managers of KSFE/District Managers of KFC (through District Collectors).
The Finance/ Law/Revenue/Taxes Departments.
I & PR (Web & New Media) Department.
Stock file/Office Copy.