

**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

SC3/104/2023-HOME Dated,Thiruvananthapuram (15-07-2024)

Sub: Home Department - Banning of Unregulated Deposit Schemes Act, 2019 - Provisional attachment of all movable & immovable properties of Kandala Service Co - operative Bank No. T 197, Kandala P O, Kattakkada, Thiruvananthapuram- Orders issued.

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.400/GL/2023/SHO/MRLR dated 19.10.2023 from the Inspector SHO, Maranalloor Police Station.

4) Proceedings No. SC3/104/2023/Home dated 18.11.2023

5) Letter No. RCS/10527/2023-CP(3) dated 22.05.2024 of the Registrar of Co-operative Societies, Thiruvananthapuram

ORDER

The Inspector SHO, Maranalloor Police Station as per letter read as third paper above has reported that around 62 crime cases are registered against the Kandala Service Co - operative Bank No. T 197, Kandala P O, Kattakkada, Thiruvananthapuram based on the complaints of several depositors regarding the non repayment of money deposited with the Society and during the course of investigation it is found that the deposit schemes offered by the Society does not possess approval of the Regulator concerned i.e., Registrar of Co - operative Societies and has accumulated an amount of Rs. 6,93,66,821/- in the above cases. And hence in addition to sections 420, 409 & 34 IPC , sections 3 r/w 21, 5 r/w 23 of BUDS Act have been added to the crime cases registered against the Society. The President and Secretary of the Society is arrayed as accused in all the crime cases. Consequently, orders for provisional attachment against the deposit taker was issued as per letter read as 4th paper above.

Now the Registrar of Co-operative Societies, Thiruvananthapuram as per letter read as 5th paper above has informed that administration of the bank is currently controlled by an Administrative Committee appointed by the Joint Registrar (General), Thiruvananthapuram and the day to day functioning is carried out by the said committee and the freezing of the bank account will restrict the financial transactions by the committee on behalf of the society which in turn adversely affect the return of deposits to the depositors. Hence, directions was given to the Joint Registrar (General), Thiruvananthapuram, to request District Collector to freeze the bank account of accused members of the general body and to avoid freezing of the bank account of Kandala Service Co-operative Bank for the smooth functioning of the society.

Accordingly, I, Sanjay M Kaul IAS, Competent Authority, BUDS Act 2019 have examined the matter again in detail and found that the accused persons, misused their capacity as administrators of the Kandala Service Cooperative Bank by accepting deposits from the public without prior approval from the Joint Registrar (General) of Co-operative Societies, Thiruvananthapuram, thus amounting to an unregulated scheme. The deposit takers (the erstwhile administrators and officer bearers) have accepted the deposits in contravention of section 3 of the BUDS Act read with section 21 and defaulted in repayment of such deposits.

Given that the daily operations of Kandala Service Cooperative Bank are being managed by the Administrative Committee, which has been duly appointed by the Joint Registrar General of Cooperative Societies, it is appropriate to modify the previous order issued by the Competent Authority. This modification will exempt the bank account(s) of Kandala Service Cooperative Bank, authorizing them to be operated by the newly appointed Administrative Committee.

I, therefore, in exercise of powers conferred under section 7(3) of BUDS Act, 2019, re issue 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 Takers (the erstwhile administrators and officer bearers who are arrayed as accused in the above mentioned crime cases) and the money or other property acquired either in the name of the deposit takers or in the name of any other person on behalf of the deposit takers. However for the smooth administration of the Society, bank account of Kandala Service Co-operative Bank is exempted from attachment.

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 accused members except bank account of the Society. Police Authorities shall identify the accounts of the accused members 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 Inspector Station House Officer, Maranalloor Police Station
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