

**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

SC3/120/2023-Home Dated, Thiruvananthapuram (25-03-2025)

Sub: Home Department - Banning of Unregulated Deposit Schemes Act, 2019 - Provisional attachment of all movable & immovable properties of M/s Dhanakodi Chits 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. D3 - 189054/2022/PHQ dated 16.06.2023 of the State Police Chief.

4. Proceedings No. SC3/120/2023/Home dated 26-08-2023

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. DCWYD/4808/2024-C1 dated 03/09/2024 from the District Collector, Wayanad.

ORDER

The State Police Chief, Kerala as per letter read as 3rd paper above has furnished report on the crime cases registered against Dhanakodi Chits. The District Police Chief, Kannur Rural has reported that a crime case has been registered at Irikkur Police station as Crime No. 575/2023 u/s 420 IPC and section 3 r/w 21, 4 r/w 22, 5 r/w 23 of BUDS Act against the firm and the investigation reveals that the management of DHANAKODI CHITS (P) LTD. (Reg. No. U65992KL-2007 PTC 021301) Head Office, City Towers, Sulthan Bathery- 673 592 and DHANAKODI NIDHI LIMITED (CIN; U65999KL2019PLC059003

cheated the depositors by collecting money towards Chitty and other types of deposit schemes. Investigation conducted so far reveals that the above companies have been conducting Chitty and deposit schemes without authorisation/registration. The Company had defaulted the repayment of deposits and closed their offices in various districts. Several crime cases were registered in various police stations of Wayanad, Kannur and Kozhikode districts based on the complaints received from the investors.

The details of the accused is as below.

1. Saji @ M J Sebastian, Muthirakkalayil, Cherukattoor, Panamaram, Wayanad
2. Yohannan, S/o Mathai, Mattathil House, Fairland Colony, Sulthan Bathery, Wayanad.
3. George M J, S/o Joseph, Muthirakkalayil House, Anakkuzhi, Cherukattoor.
4. Sony Jacob, S/o Jacob, Thazhathekudiyil House, Mylambadi

Since the firm had conducted chitty and deposit schemes without authorisation and subsequently failed to return the amount as promised, provisional attachment order as per 4th paper above was issued attaching the properties of the above firm.

Now the District Collector, Wayanad vide letter 7th paper above has informed they could not file the application under section 14 of the BUDS Act before the Designated Court within the stipulated time frame 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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