



ಕರ್ನಾಟಕ ಸರ್ಕಾರ

ಸಂಖ್ಯೆ: ಎಫ್‌ಡಿ-ಸಿಎಎಂ/66/2020

ಕರ್ನಾಟಕ ಸರ್ಕಾರದ ಸಚಿವಾಲಯ

ಬಹುಮಹಡಿ ಕಟ್ಟಡ

ಬೆಂಗಳೂರು, ದಿನಾಂಕ:12.11.2021

ಅಧಿಸೂಚನೆ

ವಿಷಯ: ಅನಿಯಂತ್ರಿತ ರೇವಣಿ ನಿಷೇಧ ಕಾಯ್ದೆ 2019 (ಬಡ್ಸ್ ಆಕ್ಟ್ -2019) ಪ್ರಕಾರ ಸಕ್ಷಮ ಪ್ರಾಧಿಕಾರಿಗಳ ಮತ್ತು ಇತರರ ಪಾತ್ರ, ಜವಾಬ್ದಾರಿಗಳನ್ನು ವಿವರವಾಗಿ ಸೂಚಿಸುವ ಕುರಿತಾದ ("ಸ್ಕ್ವಾಂಡರ್ಡ್ ಆಪರೇಟಿಂಗ್ ಪ್ರೋಸೀಜರ್"ನ) ಪ್ರಮಾಣಿತ ಕಾರ್ಯಾಚರಣೆಯ ವಿಧಾನಗಳು.

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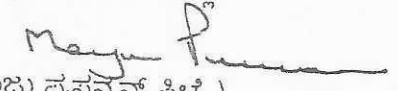
ಅನಿಯಂತ್ರಿತ ರೇವಣಿ ನಿಷೇಧ ಕಾಯ್ದೆ 2019 (ಬಡ್ಸ್ ಆಕ್ಟ್ -2019) ಪ್ರಕಾರ ಸಕ್ಷಮ ಪ್ರಾಧಿಕಾರಿಗಳ ಮತ್ತು ಇತರರ ಪಾತ್ರ, ಜವಾಬ್ದಾರಿಗಳನ್ನು ವಿವರವಾಗಿ ಸೂಚಿಸುವ "ಸ್ಕ್ವಾಂಡರ್ಡ್ ಆಪರೇಟಿಂಗ್ ಪ್ರೋಸೀಜರ್ (SOP)"ನ್ನು ರಚಿಸಲು ಹಾಗೂ ಅನಧಿಕೃತ ಹಣದ ಸಂಗ್ರಹಣೆಗೆ ಸಂಬಂಧಿಸಿದಂತೆ ಸಾಕಷ್ಟು ಸಾಕ್ಷಾದಾರಗಳಿರುವಲ್ಲಿ, ಅನಿಯಂತ್ರಿತ ರೇವಣಿ ನಿಷೇಧ ಕಾಯ್ದೆ 2019 (ಬಡ್ಸ್ ಆಕ್ಟ್ -2019) ಸೂಕ್ತ ಕ್ರಮಗಳನ್ನು ಕೈಗೊಳ್ಳಲು ಅಧಿಕಾರಗಳನ್ನು ನಿರ್ಧರಿಸುವುದು ಮತ್ತು ಅವರ ಪಾತ್ರ ಮತ್ತು ಜವಾಬ್ದಾರಿಗಳನ್ನು ನಿಗದಿಪಡಿಸುವ ಸಲುವಾಗಿ "ಸ್ಕ್ವಾಂಡರ್ಡ್ ಆಪರೇಟಿಂಗ್ ಪ್ರೋಸೀಜರ್ (SOP)"ನ್ನು ರಚಿಸಲು, 50ನೇ ರಾಜ್ಯ ಮಟ್ಟದ ಸಮನ್ವಯ ಸಮಿತಿಯ ಸಭೆಯಲ್ಲಿ ಸರ್ಕಾರದ ಮುಖ್ಯ ಕಾರ್ಯದರ್ಶಿಗಳಾದ ಆದೇಶಿಸಿದಂತೆ ಹೆಚ್ಚುವರಿ ಆರಕ್ಷಕ ಮಹಾ ನಿರೀಕ್ಷಕರು, ಸಿಐಡಿ, ಬೆಂಗಳೂರುರವರ ಅಧ್ಯಕ್ಷತೆಯಲ್ಲಿ ಸಮಿತಿಯನ್ನು ರಚಿಸಲಾಗಿತ್ತು.

ಸದರಿ ಸಮಿತಿಯ ಹಾಲಿ ಅಧ್ಯಕ್ಷರಾದ ಹೆಚ್ಚುವರಿ ಪೊಲೀಸ್ ಮಹಾನಿರ್ದೇಶಕರು ಅನುಮೋದಿಸಿದ "ಅನಿಯಂತ್ರಿತ ರೇವಣಿ ನಿಷೇಧ ಕಾಯ್ದೆ 2019 (ಬಡ್ಸ್ ಆಕ್ಟ್ -2019) ಯ ಪ್ರಮಾಣಿತ ಕಾರ್ಯಾಚರಣೆಯ ವಿಧಾನಗಳು" ನ್ನು ಲಗತ್ತಿಸಿದೆ.

ತಮ್ಮ ಅಧೀನದಲ್ಲಿ ಬರುವ ಅನುಷ್ಠಾನ ಇಲಾಖೆಗಳು ಸದರಿ "ಪ್ರಮಾಣಿತ ಕಾರ್ಯಾಚರಣೆಯ ವಿಧಾನ" ("ಸ್ಕ್ವಾಂಡರ್ಡ್ ಆಪರೇಟಿಂಗ್ ಪ್ರೋಸೀಜರ್") ಗಳನ್ನು ಪಾಲಿಸತಕ್ಕದ್ದು.

ಕರ್ನಾಟಕ ರಾಜ್ಯಪಾಲರ ಆದೇಶಾನುಸಾರ

ಮತ್ತು ಅವರ ಹೆಸರಿನಲ್ಲಿ

  
(ಮಂಜು ಪ್ರಸನ್ನನ್ ಪಿಳ್ಳೆ) 12/11/2021

ಸರ್ಕಾರದ ಕಾರ್ಯದರ್ಶಿ

(ವಿತ್ತೀಯ ಸುಧಾರಣೆ)

ಆರ್ಥಿಕ ಇಲಾಖೆ

ಇವರಿಗೆ:

1. ಪ್ರಧಾನ ಮಹಾಲೇಖಪಾಲರು (ಜಿ & ಎಸ್‌ಎಸ್‌ಎ) / (ಇ & ಆರ್‌ಎಸ್‌ಎ) / (ಎ & ಇ), ಕರ್ನಾಟಕ ಸರ್ಕಾರ, ಬೆಂಗಳೂರು.

2. ಸರ್ಕಾರದ ಅಪರ ಮುಖ್ಯ ಕಾರ್ಯದರ್ಶಿ, ಒಳಾಡಳಿತ ಇಲಾಖೆ, ವಿಧಾನ ಸೌಧ, ಬೆಂಗಳೂರು.
3. ಸರ್ಕಾರದ ಪ್ರಧಾನ ಕಾರ್ಯದರ್ಶಿ, ಕಂದಾಯ ಇಲಾಖೆ, ಬಹುಮಹಡಿಗಳ ಕಟ್ಟಡ, ಬೆಂಗಳೂರು.
4. ಸರ್ಕಾರದ ಪ್ರಧಾನ ಕಾರ್ಯದರ್ಶಿ, ಕಾನೂನು ಇಲಾಖೆ, ವಿಧಾನ ಸೌಧ, ಬೆಂಗಳೂರು.
5. ಡೈರೆಕ್ಟರ್ ಜನರಲ್ & ಇನ್ಸ್‌ಪೆಕ್ಟರ್ ಜನರಲ್ ಆಫ್ ಪೊಲೀಸ್, ನೃಪತುಂಗ ರಸ್ತೆ, ಬೆಂಗಳೂರು.
6. ಡೈರೆಕ್ಟರ್ ಜನರಲ್ ಆಫ್ ಪೊಲೀಸ್, ಸಿಐಡಿ, ಕಾರ್ಲಟನ್ ಹೌಸ್, ಪ್ಯಾಲೆಸ್ ರಸ್ತೆ, ಬೆಂಗಳೂರು.
7. ನಿರ್ದೇಶಕರು, ಅಭಿಯೋಜನೆ ಹಾಗೂ ಸರ್ಕಾರಿ ವ್ಯಾಜ್ಯಗಳ ಇಲಾಖೆ, 6ನೇ ಮಹಡಿ, KHB ಕಾಂಪ್ಲೆಕ್ಸ್, ಕಾವೇರಿ ಭವನ, ಬೆಂಗಳೂರು.
8. ಎಲ್ಲಾ ಜಿಲ್ಲೆಗಳ ಜಿಲ್ಲಾಧಿಕಾರಿಗಳು,
9. ಎಲ್ಲಾ ಜಿಲ್ಲೆಗಳ ಪೊಲೀಸ್ ಆಯುಕ್ತರು / ಎಲ್ಲಾ ಜಿಲ್ಲೆಗಳ ಪೊಲೀಸ್ ಅಧೀಕ್ಷಕರು.
10. ಎಲ್ಲಾ ಕಂದಾಯ ಉಪ ವಿಭಾಗಗಳ ಸಹಾಯಕ ಆಯುಕ್ತರು.
11. ಸಂಚಾಲಕರು, ರಾಜ್ಯ ಮಟ್ಟದ ಸಮನ್ವಯ ಸಮಿತಿ & ಪ್ರಾದೇಶಿಕ ನಿರ್ದೇಶಕರು, ಭಾರತೀಯ ರಿಸರ್ವ್ ಬ್ಯಾಂಕ್, ನೃಪತುಂಗ ರಸ್ತೆ, ಬೆಂಗಳೂರು.
12. ನೋಡಲ್ ಕೋಶ - ಕೆಪಿಐಡಿ, ಒಳಾಡಳಿತ ಇಲಾಖೆ, ವಿಧಾನ ಸೌಧ, ಬೆಂಗಳೂರು.

ಪ್ರತಿಯನ್ನು ಮಾಹಿತಿಗಾಗಿ:

1. ಸರ್ಕಾರದ ಮುಖ್ಯ ಕಾರ್ಯದರ್ಶಿರವರ ಆಪ್ತ ಕಾರ್ಯದರ್ಶಿ, ವಿಧಾನ ಸೌಧ, ಬೆಂಗಳೂರು.
2. ಸರ್ಕಾರದ ಅಪರ ಮುಖ್ಯ ಕಾರ್ಯದರ್ಶಿ ಮತ್ತು ಅಭಿವೃದ್ಧಿ ಆಯುಕ್ತರುರವರ ಆಪ್ತ ಕಾರ್ಯದರ್ಶಿ, ವಿಧಾನ ಸೌಧ, ಬೆಂಗಳೂರು.
3. ಸರ್ಕಾರದ ಅಪರ ಮುಖ್ಯ ಕಾರ್ಯದರ್ಶಿ ಆಪ್ತ ಕಾರ್ಯದರ್ಶಿರವರ, ಆರ್ಥಿಕ ಇಲಾಖೆ, ವಿಧಾನ ಸೌಧ, ಬೆಂಗಳೂರು.
4. ಸರ್ಕಾರದ ಕಾರ್ಯದರ್ಶಿ (ಆಯವ್ಯಯ & ಸಂಪನ್ಮೂಲ) ರವರ ಆಪ್ತ ಕಾರ್ಯದರ್ಶಿ, ಆರ್ಥಿಕ ಇಲಾಖೆ, ವಿಧಾನ ಸೌಧ, ಬೆಂಗಳೂರು.
5. ಶಾಖಾ ರಕ್ಷಾ ಕಡತ.
6. ಕಛೇರಿ ಪ್ರತಿ.

No. /Misc/CT&R/CID/2018

Office of the Director General of Police,  
CID, Special Units and Economic Offences,  
Carlton House, Palace Road,  
Bengaluru-560001.  
Date:30.10.2021.

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To,

Chief Secretary/ Chairman SLCC  
Government of Karnataka,  
Bengaluru-560001

Sir,

Sub: Submission of Standard Operating Procedures (SOP) in  
respect of Banning of Unregulated Deposit Schemes Act-  
2019.

Ref: Proceedings of SLCC Meeting, Dated: 07.10.2020.

\* \* \*

With reference to the above subject, as per the action points of the 50<sup>th</sup> meeting of  
SLCC held on October 7<sup>th</sup> 2020, a technical committee headed by ADGP, CID with the  
same members who framed the SOP for KPIDFE Act-2004 was constituted to frame the  
SOP for BUDS Act-2019.

The committee under the chairmanship of ADGP, CID has finalized the SOP. after  
discussions and getting the inputs from all the members. The draft SOP was sent and after  
obtaining views from others members it is finalized.

The SOP for BUDS Act-2019 is submitted herewith for further necessary action.

Thanking you,

Yours faithfully,

*[Handwritten Signature]*  
20/10/2021

(Umesh Kumar, IPS)

Additional Director General of Police.  
Economic Offences,  
CID, Bengaluru.

Copy to:

The Additional Chief Secretary, Home Department, Government of Karnataka, Bengaluru.

*[Handwritten notes and signatures]*  
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STANDARD OPERATING PROCEDURES (SOP)  
IN RESPECT OF THE BANNING OF UNREGULATED  
DEPOSIT SCHEMES ACT, 2019

The followings are the Standard Operating Procedures (SOP) to be adopted by the State Government under The Banning of Unregulated Deposit Scheme Act, 2019 (Here in after called 'Act')

Definitions: For the purpose of this SOP following terms are defined as under:-

- a) Appropriate Government means the Government of Karnataka.
- b) Competent Authority means the Principal Secretary Revenue (vide Notification No.FD27/CAM/2019, Dated: 17/06/2020, issued by the State Government
- c) Assisting Officer (Herein after called AO) means Assistant Commissioners of districts (vide Govt., Notification No.RD14/JRC/2018(Part-1), Dated: 24/09/2020.)
- d) "properties" means and includes all cash, immovable, movable, shares and debentures, valuable tangible assets, investment made in any others form.

- Appointment of Competent Authority and Assisting Officers.

As per section 7(1) of the BUDS Act, 2019 the State Government has appointed the Principal Secretary Revenue as the competent authority (Vide Notification No.FD27/CAM/2019, Dated: 17/06/2020) and as per Section 7(3) of the act, appointed Assistant Commissioners of the Districts as Assisting Officers to the Competent Authority.(vide Govt., Notification No.RD14/JRC/2018 (Part -1), Dated: 24/09/2020.

### Chapter-1

#### Roles and functions of Competent Authority and Assisting Officers

As per sub sections (1) and (2) of Section 7 of the BUDS Act, 2019 the State Government has appointed the Principal Secretary Revenue as the Competent Authority (Herein after called CA) and the Assistant Commissioners of District as Assisting Officers (Herein after called AO). The Role and functions of the CA and AO shall be in accordance with the provisions of the BUDS Act, 2019, the BUDS

Rules 2020, and The Karnataka Banning of Unregulated Deposit Schemes Rules 2020(KBUDS Rules).

Functions:

1. On receipt of information of complaint:

a) Suo moto or on receipt of –

- 1) any complaint against the promotion or operation of an Unregulated Deposit Scheme, whether the complainant is a depositor in the said Unregulated Deposit scheme or not;
- 2) any information received from the Central Government, or any State Government or Union territory Administrations, or any law enforcement authority or agency or body under the charge of such Governments or administrations, regarding the promotion or operation of an Unregulated Deposit Scheme;
- 3) information of any advertisement, whether in print or electronic media or both, inducing another person to invest in, or become a member or participant of any Unregulated Deposit Scheme; and
- 4) any other information that the CA or AO have, that a deposit taker is soliciting or accepting deposits in contravention of the provisions of the Act.

Then immediately he shall go through such information or complaint.

- b) If the alleged fraudulent activities of the Deposit taker is found restricted in one or two adjoining districts, then CA may make over the complaint which he received to any one of the Assistant Commissioner Revenue for further course of action.
- c) If the alleged fraudulent activities, violation of the provisions of the BUDS Act, are found to be spread over among many districts, then the CA without making over of the complaint to the concerned AO shall take next course of action.

2. **Made of Identifying the nature of Deposit Scheme either regulated or unregulated:**

- a) The CA/AO shall immediately verify the nature of alleged deposit scheme either as Regulated or Unregulated by verification of the central date base maintained by the Authority constituted by the Central Govt. as mentioned under Rule, 6 of the BUDS Rules, 2020 by going through –

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- i) list of deposit takers operating in India, the extent and areas of their operation;
  - ii) any action taken under any law for the time being in force against any deposit taker for collection of deposits; and
  - iii) updates regarding proceedings for restitution of depositors under Chapter V of the Act.
- b) Along with verification of Central Database the concerned officer shall also write to Regional Office of Reserve Bank of India Bangalore (who will undertake the responsibility of coordinating among all the regulators). It is expected that the RBI in return within 7 days from the date of receipt of the requisition provide the information.
- c) If the RBI submits or informs that the deposit scheme of the alleged deposit takers is regulated one, and the deposit taker has obtained requisite permission or approval from the concerned Regulator Authority, then the CA shall forthwith transfer the complaint or information to the concerned Regulatory Authority for the next course of action under the BUDS Act and Rules.
- d) If the RBI submits that the questioned deposit schemes of the alleged deposit taker is neither regulated nor registered with any Regulatory Authority then the CA shall deem it that, the Deposit Scheme in question of alleged Deposit taker in unregulated one and violated the provisions of the BUDS Act, 2019.

## Chapter-2

### Investigation/Inquiry by Competent Authority

That, on getting confirmation that, the questioned deposit Schemes is of unregulated one and the deposit taker has violated the provisions of the BUDS Act, 2019, the CA shall carry on the investigation of identify the properties standing in the name of deposit takers or of any other person on behalf of the deposit taker.

Further, the CA shall collect the information such as number of the victims affected, quantum of financial frauds taken place by verifying the financial records and reports of the Deposit taker. During this course of investigation the CA shall exercise the following powers, namely:-



- a) Discovery and inspection
- b) Enforcing the attendance of any person, including any officer of a reporting entity and examining him on oath;
- c) Compelling the production of records;
- d) Receiving evidence on affidavits;
- e) Issuing commissions for examinations of witnesses and documents; and
- f) Any other matter which may be prescribed.
- g) To summon any person whose attendance he considers necessary whether to give evidence or to produce any records during the course of any investigation or proceeding under this section.

The CA should formulate a detailed SOP from time to time for exercising above duties/responsibilities.

The CA/AO, while initiating the investigation shall issue notices in FORM A, FORM B, and FORM C, whichever is applicable at that time, as per the Rule 4 of the KBUDS Rules, 2020

The CA/AO in the course of identification of properties of the deposit taker, can ask or procure the information and records. It may also ask for any other assistance from law enforcing or investigation Authorities, Department of the Government and any other person who posses such information. It shall be the obligation and duty of such Authorities or departments or person to share or provide the requisite information or records within 15 days without fail to the CA/AO.

- The CA/AO Shall share the information collected during the investigation with the police and other stake holders under the Act.
- **Public Notification:** The CA/AO shall publish or cause to publish regarding initiation of investigation against the deposit taker in the two papers having large circulation in the State and National level and one of them shall be in Kannada language. In the said publication the CA shall request the victims if any to approach the CA and furnish the details of their deposits with documents and call for the information from the public regarding properties of the deposit taker.

• **Impounding and retention of records:-**

- (1) The person from whose custody records are impounded under sub-section (8) of section 7 of the Act may make copies thereof, or take extracts there from, in the presence of an officer Authorized by the Competent Authority, at such and time as the Competent Authority may appoint in the behalf.
- (2) The AO shall retain such records in his custody without taking approval from the Competent Authority for a period up to three months, and if the records are necessary to be retained beyond the said period, approval of the Competent Authority shall be required.
- (3) If the person from whose custody records are impounded objects for any reason to the records being impounded, he may make an application to the Competent Authority stating therein the reasons for such objection and requesting for the return of the records, and the Competent Authority may, after giving the applicant an opportunity of being heard, pass such orders as he thinks fit.
- (4) The officer shall ensure the safe custody of the records impounded and retained in his custody.

• **Completion of the Investigation:** The CA/AO Shall as far as possible, complete the investigation within 21 days from the date of confirmation as to the questioned deposit scheme is unregulated and in contravention of the provisions of the BUDS Act. On completion of the investigation, he shall prepare the report of properties identified.

Provided, the CA/AO Shall keep the investigation process continued even after, submitting the application to the Special Court for seeking the order for absolute attachment of the properties provisionally attached by the CA/AO under Section 7(3) of the BUDS Act or during the proceedings before the Special Court also.

• **Report of properties identified:** The CA/AO, on collection of information as to the properties standing in the name of deposit taker and in any other names on behalf of the deposit taker, he shall prepare a detailed report narrating the specific details of the respective properties prescribing the related numbers, survey numbers, features, boundaries and other requisites for correct identification of the properties identified with revenue records, registered documents, agreements,



memorandum of agreements and irrevocable General of Special Power of Attorney.

### Chapter-3 Provisional Attachment of Properties

The CA/AO is conferred with power to attach the properties standing in the name the deposit taker or in any other person on behalf of the deposit taker provisionally under Sub Section 3 of Section 7 of the BUDS Act.

On preparing the report of the properties identified, the CA/AO shall without any delay, pass the order for provisional attachment of those properties in writing with all reasons and findings which compelled him to believe the fraudulent activities or contravention of provisions of BUDS Act,2019 by the deposit taker in respect of unregulated deposit schemes.

- **Contents of Provisional Attachment Order:** Provisional Attachment Order shall contain the followings as mentioned in the Rule 4 of KBUD rules 2020-
  - i) Details of the Complaint;
  - ii) Details of the deposit Taker or Financial entity;
  - iii) Inquiry report from the Police if any;
  - iv) Report received from regulator if any;
  - v) Complaints/ information received from public;
  - vi) Details of the proceedings reasons for attaching such properties, effective date of attachment;
  - vii) Copies of the Notices issued or served and delivery proof, if any;
  - viii) Summary of the findings;
  - ix) Details of property attached, bank account numbers, amount attached, securities including shares and bonds, attached movable property, approximate value of such property, and in case of immovable property the extent of land, survey numbers and boundaries of such property and name of the title holder of such property; and
  - (x) Conclusion; and
  - (xi) Evidences (attach the evidence or proof).

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The proceedings of the Competent Authority shall record the proceedings of Provisional attachment of Properties under sub section (3) of section 7 and shall follow due procedure of law diligently.

• **After passing provisional attachment order-**

The CA/AO, after passing the provisional attachment order in respect of the identified properties, shall take up the following steps immediately-

- (1) A copy of the order of provisional attachment shall be served on 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.
- (2) The order of provisional attachment shall be published in leading newspapers (both in vernacular language and in English) having wide circulation in the area or jurisdiction in which the deposit taker is located.
- (3) Where the CA/AO is not able to serve the order of provisional attachment to a person who claims to be in possession of the property or any other person who has an interest in the said property, then such person shall be deemed to be served the order by the publication of the order in the manner provided under clause (2) as mentioned in Rule 4 of Central BUDS Rule 2019.

• **Administration of Attached Properties-**

Immediately publishing and serving the Provisional Attachment order in the News Papers or to a person who claims to be in possession of the property or any other person who has an interest in the said property, the CA shall take up the steps for administration of the provisionally attached properties till future order of the Special Court as under-

- a) The Competent Authority shall take possession of the immovable property by affixing the order of provisional attachment at a conspicuous place of such immovable property.
- b) Where the property to be attached is a moveable property, the Competent Authority shall take actual physical possession of such property and retain it in his custody or the custody of any other officer appointed to assist him.
- c) If the attached property is Bank Account or Share or debentures in digital form or any kind of intangible, then the CA shall forward the attachment order to the Concerned Bank or Regulatory Authority or

Government or Private office or the Department/ Autonomous body or any other person with instruction to restrain from any kind of alienation or transfer or withdrawal to any person as they are attached.

- **If the attached Property is Perishable in nature**

If the attached property is found to be of perishable in nature, then the CA shall recording his reasons in this regard keeping the best interest of the depositors in mind take steps for the sale of such attached property as soon as possible and collect the proceeds.

- **If the Debtor of the deposit taker wishes to remit the amount to CA:**

The CA shall allow any secured or unsecured debt or either under any agreement or instrument or decree or award of the Deposit taker if desire to remit such debt to the CA.

- **Opening Bank Account:**

The CA is entitled to open Bank Accounts in any Scheduled commercial bank and credit all monies realized, proceeds of sale, seized cash, attached bank deposits or remitted debts and operate such bank accounts while dealing with the money received in his capacity as CA.

- **Maintenance of Records:**

The Competent Authority shall maintain a record of the property provisionally attached which shall include details of any expenditure incurred or any costs of management of the property and of any income received from the property.

- **Assessment Report:** The Competent Authority shall assess the assets and the liabilities of the deposit taker and prepare a complete record of depositors from whom the deposit taker has collected deposits pursuant to an Unregulated Deposit scheme. For this purpose the CA can-

- a) Appoint a valuer for the purpose of assessing the assets of the deposit taker.

- (1)
- b) Appoint Auditor or Forensic Auditor for auditing of financial records, accounts and for detecting trail of money within 15 days of receipt of the request of the Investigating Officer or as and when required.
  - c) Publish the advertisement in the News Papers or in electronic media calling up on the claimants and depositors to register their claims with CA with necessary documents.

On getting full details of assets and liabilities and claims then with assistance of the Auditors so appointed prepare the Assessment Report with report of the experts.

- As the BUDS Act and Rules are silent about the powers of AO regarding opening Bank Accounts and its operation etc., then on getting the written order from the CA, the AO shall do all the acts and discharge responsibilities to look after the properties and administration of proceeds.

## Chapter-4

### Steps for Confirmation of provisional attachments Order

The Competent Authority shall, within a period of 15 days, which may extend up to thirty days, for reasons to be recorded in writing, from the date of the order of provisional attachment, file an application with such particulars as may be prescribed, before the Designated Court for making the provisional attachment absolute, and for permission to sell the property so attached by public auction or, if necessary by private sale.

In case where the money or property has been attached on the order passed by a Designated Court in another State or Union territory, the application for confirmation of such attachment shall be filed in that Court.

The CA for the purpose of this proceeding shall take following steps-

- a) To determine the jurisdiction of the Designated Court, following facts be considered-
  - i) Where the Head Office/Branch Office /Place of business of Deposit taker is situated, or

- ii) Where the Deposit taker is residing, or
- iii) Where the immoveable properties of proceeds of the fraudulent acts are situated.
- b) Appoint any of the AO to act as litigation Conduction Officer (LCO)
- c) Take assistance of Government Pleader appointed and attached to the designated Court specific instructions to him by the Deputy Commissioner of that District for assistance, appearance and conduction the case before the Designated Court representing the Competent Authority and even for taking possession of the assets and realization of the assets of the Deposit taker.
- d) The Application for confirmation of attachment order shall contain the following particulars.
  - a) A complete list of the property, money or deposits attached;
  - b) In case of immoveable property, the name or names and particulars of the owner of the property, any person who claims to be in possession of the property, and any other person who has an interest in the said property;
  - c) The record of the provisionally attached property and the valuation/Assessment report, if any.
  - d) A list of the depositors from whom the deposit taker has accepted or collected deposits;
  - e) A list of dues owed to depositors including amounts that may be realized from sale of any attached property of the deposit taker.
- e) Further, the CA/LCO shall make an application and proceed with for-
  - (1) to approve the statement of dues of the deposit taker due from various debtors;
  - (2) to assess the value of the assets of the deposit taker and finalize the list of the depositors and their respective dues;
  - (3) to direct the CA/LCO to take possession if any assets belonging to or in the control of the deposit taker and to sell, transfer or realize the attached assets, either by public auction or by private sale as it deems fit depending upon the nature of assets and credit the sale proceeds thereof to its bank account;
  - (4) to approve the necessary expenditure to be incurred by the Competent Authority for taking possession and realization of the assets of the deposit taker;



(5) to pass an order for full payment to the depositors by the Competent Authority or an order for proportionate payment to the depositors in the event, the money so realized is not sufficient to meet the entire deposit liability;

(6) to direct any person, who has made profit or averted loss by indulging in any transaction or activity in contravention of the provisions of this Act, to disgorge an amount equivalent to the wrongful gain made or loss averted by such contravention; and

(7) to pass any other order which the Designated Court deems fit for realization of assets of the deposit taker and for repayment of the same to the depositors of such deposit taker or on any other matter or issue incidental thereto.

- Once the attached properties are realized and proceeds of it are distributed or apportioned among the depositors and claimants including the expenditures incurred by CA, as per the orders of the Designated Court then the CA shall prepare a detailed report and submit to the Government.
- If any amount still remains in the Bank account maintained for this purpose then CA shall remit the surplus money to the deposit takers account after completion of the entire process.

### Chapter-5

#### Registration and Investigation of BUDS Act Offences

The Section 28 of the BUDS Act, 2019 state 'Notwithstanding anything contained in the Code of Criminal Procedure, 1973 every offence punishable under this act, except the offence under section 22 and section 26, shall be cognizable and non-bailable'

Consequently, the following offences of BUDS Act, 2019 are cognizable viz

- a) Sec 21;
- b) Sec 24 and
- c) Sec 25.

Hence the Station House officers shall on receipt of oral or written complaint/information regarding violations of the above provisions of this act, or commission of cognizable offences immediately register the case as per section 154 CR.P.C



- **Forwarding copy of FIR to CA and Assisting Officer.** This SHO Shall forward the copy of the FIR with necessary details gathered so far to the CA and the Assisting Officer of that District without delay.
- **Forwarding FIR and production of arrested accused before Designated Court only:** Section 32 of BUDS says 'The Designated Court may take cognizance of offences under this Act without the accused being committed to it for trial'. Hence the SHO Shall forward the FIR directly to the designated Court. The Investigating Officer shall produce the Accused arrested, before the Designated Court only.
- **Written authorization of an officer not below the rank of Superintendent of Police before Search is compulsory ;** Whenever any police officer, not below the rank of an officer in-charge of a police station has reason to believe that anything necessary for the purpose of an investigation into any offence under this act may be found in any place within the limits of the police station of which he is in-charge, or to which he is attached, such officer may, with the written authorization of an officer not below the rank of Superintendent of Police, and after recording in writing so far as possible, the thing for which the search is to be made and subject to the rules made in this behalf, authorize any officer subordinate to him for the purpose of search and seized under the Act. (See Section 31 of the act)
- **The Authorizing Officer's mandatory duty:-**When the Superintendent of Police or his Superior officer in rank, who grant Authorization order to the Investigation Officer for search of any place, premises or conveyance, then that officer shall within a time of seventy-two hours send a copy thereof to the Designated Court in a sealed envelope and the owner or occupier of the building, conveyance or place (see section 31 of the Act)
- The Investigation officer shall share the information collected during the investigation to the CA and other stake holders under the Act regarding collection of money from the public. In other words the details of depositors, properties identified, seized and frozen by the investigation

officers shall be communicated and shared to CA as soon as possible preferably within 15 days of the receipt of the complaint. The Investigating Officers shall put all his effort to complete the investigation as early as possible and file final Report to the concerned designated court.

- After the registration of the FIR, the IO shall, as and when required during the Investigation, send the request for appointment of forensic Auditor to the Competent Authority.

**If the Investigation reveals commission of below offences**

- a) In the BUDS offences cases in which the fraud amount involved is found to be more than Rs. 50 Crores, then that case may be transferred to CID through proper channel. (vide GO No.OE/93/CID/2020, Bengaluru, Dated: 25-01-2021)
- b) If the fraudulent activities of the accused are spread over among various States or outside India and the Total value of the amount involved is of such magnitude as to significantly affect the public interest, then he shall request the CA to refer the case for investigation to the CBI.

• **Reference of the Criminal Case Investigation to CBI**

Under Section 30(1) of the Act, on receipt of information under section 29 or otherwise, if the Competent Authority has reason to believe that the offence relates to a deposit scheme or deposit schemes in which-

- a) The depositors, deposit takers or properties involved are located in more than one State or Union territory in India or outside India: and
- b) The total value of the amount involved is of such magnitude as to significantly affect the public interest, the Competent Authority then after collecting necessary information, record and enquiry reports including investigation reports and on going through all such collected materials if to his satisfaction prima facie appears that, to

the best interest of the depositors and for comprehensive investigation and prosecution shall refer the matter to the Central Government for investigation by the Central Bureau of Investigation.

- The SHO, after registering the FIR, shall take steps to ascertain, whether the accused is running any regulated deposit schemes or not by verifying with the central database, communicating with RBI or other regulatory bodies mentioned in schedule of BUDS Act 2019

- If the report from RBI / Regulatory Authority disclosed that the Deposit Schemes run by the Accused is regulated, then the Investigation Officers/SHO Shall inform the concerned designated court. The information should be shared with the concerned regulated authority for next course of action along with all evidences collected during the investigation through proper channel.

#### Chapter-6

#### MISCELLANEOUS

When in any newspaper or other publication of any nature, contains any statement information or advertisement promoting, soliciting deposits for, or inducing any person to become a member of any Unregulated Deposit scheme, then this fact must be brought to the notice of the State Government either by CA or AO or any Investigation Officer or any person through proper channel with such proof along with report.

On receipt of such information and report the state Government need to consider and take steps for retraction of such advertisement.

- Manner of Retraction of advertisement-

- (1) The State Government shall direct the owner of any newspaper or other publication of any nature either in print or in electronic form, to publish a full and fair retraction, unequivocally withdrawing any offer, promotion or inducement made earlier in any advertisement, statement or information to any person to become a member of any Unregulated Deposit scheme.

- (2) The retraction shall be as prominent as the original advertisement, statement or information and be in such a format

and font that immediately catches the attention of any reader or recipient.

- (3) The retraction shall be published free of cost within two days from the date of the direction of the appropriate Government.
- (4) Where the appropriate Government is of the view that the retraction published has not sufficiently engaged the attention of the readers of the newspaper or such other publication, that Government may direct re-publication of the retraction.

• **Duties and responsibilities of the stake holders in sharing of the information**

As per Sec 11 of the BUDS Act, 2019 the stake holders under the Act Shall mutually share the information as under:

- (1) The Competent Authority shall share all information received under Sec 29 with the Central Bureau of Investigation and with the authority which may be designated by the Central Government under section 9.
- (2) The appropriate Government, any Regulator. Income-tax authorities or any other investigation agency, having any information or documents in respect of the offence investigated under this Act by the police or the Central Bureau of Investigation, shall share all such information or documents with the police or the Central Bureau of Investigation.
- (3) Where the principal officer of any banking company, a corresponding new bank, the State Bank of India, a subsidiary bank, a regional rural bank, a co-operative bank or a multi-State co-operative bank has reason to believe that any client is a deposit taker and is acting in contravention to the provisions of this Act, he shall forthwith inform the same to the Competent Authority.

**Note:-**

If any difficulties arises in giving effect to the provisions of this SOP by the stakeholders then to their convenience depending upon the nature of the cases and transaction may formulate their own subsidiary Standard Operating Procedure and formats if required which shall not be in derogation with the provisions of the BUDS Act,2019 and this SOP.

### Time Schedule

Sl. No.	Particulars	Time Prescribed
1.	When the Competent Authority or Assisting Officer receives the complaint or information and during enquiry it is found that the deposit taker is acting in detrimental to the interest of the depositors with an intention to defraud them or actually fraudulently acts have been committed pass a speaking order of provisional or ad interim attachment of the properties of deposit taker.	Within 21 days from date of receipt of the complaint.
2.	Get the order published in the official gazette and to news papers having wide circulation.	Within 7 days from date of passing of provisional / ad-interim attachment order.
3.	The Competent Authority shall make an application with an affidavit, narrating the details as mentioned in Sec.14 of the BUDS Act for making the order passed under sub section 3 of Sec 7 by the Competent Authority or the Assisting Officers as a case may be absolute, before the designated Special Court.	Within 30 days from the date of provisional attachment order.
4.	Issue notice either individually or by means of affective media publication inviting the claims by secured creditors, if any and also the depositors of the financial Establishments to submit their claims with proper proof to establish the same	Within 15 days from the date of application to the designated court.
5.	If new claimants are identified then the Competent Authority shall prepare additional Assessment Report and submit it to special Court.	Within a reasonable time but not extending beyond 15 days from the date of expiry of the period of one month from the date of publication of notice.



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**FORMAT FOR PROPERTY ATTACHMENT NOTIFICATION  
UNDER BUDS ACT 2019**

Whereas, upon considering the reports of \_\_\_\_\_ and after due investigation of the Complaints of depositors it has come to the notice of the Complaint Authority, that the \_\_\_\_\_ are involved in fraudulent transactions by clandestinely and illegally collecting deposits or money following with the definition of 'deposit' under proviso to sub clause (1) of clause (4) of section 2 of the Banning of Unregulated Deposit Scheme Act, 2019 (Central Act 21 of 2019) from the general public and thereafter have failed to return the same either after maturity or on demand made by the depositors or complainants with promised interest or on demand made by the depositors or complainants with promised interest and other assured benefits and thereby have failed to render the services promised to them.

And whereas, it has further come to the notice of the Competent Authority that \_\_\_\_\_ and people associating with them have been acquiring lands, movable and immovable properties, cash and others from and out of the deposits or money so collected, from the depositors or complainants and thereby deviating from the intended purposes of accepting the deposits or money and failed to refund the deposits.

And whereas the Government of Karnataka in exercise of the powers conferred by sub section (1) of section 7 of the Banning of Unregulated Deposit Scheme Act, 2019 (Central Act 21 of 2019) has appointed the principal Secretary to Government, Revenue Department as Competent Authority for the purpose of the said Act vide Notification No. FD 27 CAM 2019 dated 17.06.2020.

And whereas, the Competent Authority has reason to believe that the actions of the \_\_\_\_\_ and people associating with them have violated section 3 and 5 of the Banning of unregulated Deposit Scheme Act, 2019(Central Act 21 of 2019) and are acting in and detrimental to the interest of the depositors, or complainants whose intension was to defraud the innocent depositors and it has become necessary to protect the interest of said depositors.



And whereas, now the Competent Authority after considering the report of the \_\_\_\_\_ and

Satisfying itself about the urgent need to protect the interest of the depositors and in exercise of the powers conferred by sub-section (3) of section 7 of the Banning of Unregulated Deposit Schemes Act, 2019 (Central Act 21 of 2019) hereby makes the following order, namely:-

“ORDER”

Now therefore, in exercise of the powers conferred by sub-section (3) of Section 7 of the Banning of Unregulated Deposit Schemes Act, 2019 (Central Act 21 of 2019), the Competent Authority under the circumstances stated above having satisfied that in order to protect the interest of depositors it is necessary to attach the movable and immovable properties' believed to belong to \_\_\_\_\_,

Therefore, the Competent Authority hereby attaches all movable and immovable properties as specified in Annexure to this order believed to have been acquired by the \_\_\_\_\_ in its own name or in the name of any other person from and out of the deposits collected by the \_\_\_\_\_ and where it transpires that such money or such other properties of the said financial establishment, or the personal assets of the promoters, partners, directors, managers or members or any other person of the said financial establishment is not sufficient for the repayment of the deposits or interest or such other assured benefits to the depositors.

**Note:** All the aforesaid movable and immovable properties, from the date of publication of this order in the Official Gazette, shall forthwith vest with the Competent Authority, who has been appointed by the State Government, pending further order from the Special Court.

## Annexure-1

ಕ್ರಮಂ	ಸ್ವತ್ತಿನ ವಿವರ (ಚೆಕ್ಕ್ ಬಂದಿ ಒಳಗೊಂಡಂತೆ)	ದಾಖಲೆಗಳ ಪ್ರಕಾರ ಸ್ವತ್ತಿನ ಮಾಲೀಕರ	ದಾಖಲಾತಿ ವಿವರ	ಪ್ರಸ್ತುತ ಮಾರುಕಟ್ಟೆ ದರ (ರೂ.ಗಳಲ್ಲಿ)	ಖರೀದಿ ದರ (ರೂ.ಗಳಲ್ಲಿ)	ಷರಾ

## Annexure-2

Sl No	Name and Address of Account Holder	Name of the Bank and its Branch	Account Number	Amount available in Rs.
Total in Rupees:				

## Annexure-2A

Sl No	Name and Address of Account Holder	Bonds/Shares	Investment	Bank/Company	Amount

Annexure-3

Details of Seized Vehicles

Sl No	Registration No.	Vehicle Details	Present Market Value (in RS.)
Total			

Annexure-4

Details of Seized Furnitures

Sl No	Details of Furniture (Description)	Present Market Value (in RS.)
Total		