

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES**

LOK SABHA

**UNSTARRED QUESTION NO. 315
TO BE ANSWERED ON MONDAY, JUNE 24, 2019/ASHADHA 3, 1941 (SAKA)
FINANCIAL FRAUD BY PAN CARD CLUBS LIMITED**

315. DR. PRITAM GOPINATHRAO MUNDE; SHRI SRIRANGA APPA BARNE; DR. SHRIKANT EKNATH SHINDE:

Will the Minister of FINANCE be pleased to state:

- (a) Whether more than 5 million investors from across the country have invested more than Rs 7,000 crore in Pan Card Clubs Limited;
- (b) If so, whether the Company had been running illegal collective investment schemes and purchased the properties by using investor's funds, and if so, the details thereof;
- (c) Whether the Government has investigated the fraud committed by the Directors of the Pan Card Clubs Limited, and if so, the outcome thereof and the action taken against the culprits erring officers;
- (d) Whether it is a fact that the Company has 84 properties in India and, if so, the details thereof; and
- (e) Whether there are a few hotel and resorts owned by the Company which are still open and doing business since 2014, and if so, the details thereof along with the corrective steps taken by the Government of India to ensure refund of investors' money?

ANSWER

**FINANCE MINISTER
(SHRIMATI NIRMALA SITHARAMAN)**

(a): Yes, Sir. The Economic Offences Wing (EOW), Mumbai Police has informed that as per the Report of Statutory Auditor, Pan Card Clubs Limited (PCL) had collected investments of Rs. 7,034 crores from 51 lakh investors across the country.

(b): As informed by EOW, Mumbai Police, the company and its directors, without having any permission from the Securities and Exchange Board of India (SEBI) or the Reserve Bank of India (RBI), floated various investment schemes of different duration ranging from 3 to 9 years with a promise of hotel discounting, accidental insurance and high rate of returns, and purchased properties by using investor's funds. SEBI has informed that after issuing a show cause notice and grant of personal hearing to PCL, SEBI held that PCL was operating an unregistered Collective Investment Scheme (CIS).

(c): The Ministry of Corporate Affairs (MCA) has informed that the Ministry has ordered investigation into the affairs of Pan Card Clubs Limited and has assigned it to SFIO for investigation.

The Economic Offences Wing (EOW) of Mumbai has informed that an FIR has been registered against PCL and its Directors for committing the offence under Sections 406, 409, 420 and 34 of the IPC read with Sections 3 and 4 of the Maharashtra Protection of Interests of Depositors Act, 1999.

SEBI has passed an Order dated 29.02.2016, directing PCL and its Directors, inter alia, to refund the money collected under the schemes with returns which are due to its investors as per the terms of offer within a period of 3 months and submit a report within 15 days thereafter in terms of SEBI (Collective Investment Schemes) Regulations, 1999. The Securities Appellate Tribunal (SAT), vide its order dated 12.05.2017 upheld the aforesaid order of SEBI and dismissed an appeal against the order. SEBI also initiated recovery proceedings against PCL and its Directors and simultaneously attached bank accounts, demat accounts, mutual fund folios, etc. SEBI also attached shareholdings of PCL and its Directors held in subsidiaries and sister concerns including Panoramic Universal Ltd. (PUL) and immovable assets of PCL and its CMD. SEBI has recovered Rs.1.08 crore from the bank accounts and sale of shares. SEBI has also launched prosecution against PCL and its directors for violation of Section 12(1B) of the SEBI Act, 1992 read with Regulation 4 of the SEBI (CIS) Regulations, 1999.

(d): Properties have been acquired by PCL out of the amounts invested in the said illegal CIS. 94 properties of PCL, its Chairman & Managing Director, and subsidiaries of PCL have been attached by SEBI. Of these, 79 attached properties are located in India.

(e): Yes, Sir. The details are as follows:

Sr. No.	Description of the asset	Status	Lease till
1	United 21, Jungle Resort, Pench	Sold	-
2	United 21, Resort, Mahabaleshwar	Sold	-
3	United 21, Emerald Goa	Sold	-
4	United 21, Mysore	Unsold	July 02, 2020
5	United 21, Kanha	Unsold	April 30, 2020
6	United 21, Lonavala Resort	Unsold	June 21, 2020

7	United 21, Panoramic Sea Resort, Aleppy	Unsold	July 06, 2020
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Out of the unsold properties, property at Mysore at Sr.No.4 in the table above is generating an income of Rs. 4 lakh per month which is remitted to SEBI. However, the remaining Hotels were let out by PCL illegally and proceedings were initiated against PCL and its directors.
