



PROCEEDINGS OF THE GOVERNMENT OF KARNATAKA

Subject: Sanction of permission to prosecute Sri Hemant Nimbalkar, IPS, the then Inspector General of Police, CID, Bangaluru and Sri Ajay Hilory, IPS., the then Deputy Commissioner of Police (East), Bangaluru under Section KPIDFE Act 2004, Under Section 197 of CRPC and 170 of Karnataka Police Act 1963.

Read:

1. Government Order No. HD 08 PCR 2019, dated 19.08.2019.
2. Letter No. RC.14(A)/2019/CBI/ACB/BLR/2019/63, dated 18.12.2019 from Superintendent of Police, CBI and Chief Investigating Officer, MDIT, Bengaluru.

PREAMBLE:

Central Bureau of Investigation, Anti Corruption Branch, Bengaluru registered a case vide RC 14(A)/2019, on 30.08.2019 for offences under section 120-B r/w 406, 409, 420 of IPC against I-Monetary Advisory Private Limited and others by re-registering Commercial Street Police Station Crime No. 73/2019 dated: 09.06.2019 against 30 accused persons, which was being investigated into by Special Investigation Team constituted by Government of Karnataka vide order dated 12.06.2019. The investigation was subsequently transferred to the CBI vide Notification F.No.228/23/2009-AVD dated 30.08.2019 of the Ministry of Personnel Grievances and Pension, Government of India which was issued on the basis of order referred(1)

A. P. Arora

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above of the Home Department, Government of Karnataka, Bengaluru for investigating the financial irregularities conducted by I-Monetary Advisory(IMA) and its entities.

2. After carrying out the investigation in the case of M/s. I-Monetary Advisory Private Limited and its group entities and has submitted its report to the Government vide letter referred (2) above from the Superintendent of Police, CBI and Chief Investigating Officer, MDIT, Bengaluru and has requested to sanction for prosecution against Sri Hemant M. Nimbalkar, IPS (KN 1998), the then IGP, CID Bengaluru and Shri Ajay Hilori, IPS (KN 2008), the then Deputy Commissioner of Police (East) Bengaluru under section 197 of Criminal Procedure Code and also under section 170 of Karnataka Police Act 1963 for prosecuting the said accused officers for the offences under section 120-B read with 420, 406, 409 IPC and under section 9 of Karnataka Protection of Interest on Depositors Financial Establishment (KPID) Act 2004 who have conspired with other accused persons namely Sri Mohammed Mansoor Khan, Managing Director and CEO, I-Monetary Advisory (IMA) and its entities and other public servants who have reportedly extended favour and protecting the interest of IMA and its entities.

3. The CBI report states that Reserve Bank of India which is a regulatory body of Non Banking Financial Companies (NBFC) through its Marketing Intelligence Unit ascertained that IMA and its entities were collecting investments by promising high rate of returns without obtaining any authorization or NBFC licence under the guise of Islamic Banking Practice. Hence RBI had taken this issue at various level like State Level Coordination Committee (SLCC), Revenue Department and DG & IGP for taking up investigation in this regard.

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4. CBI in its report has stated that on 04.07.2018 DG and IGP directed DGP, CID to take necessary action under KPID Act 2004 against IMA and its entities. CID, Bangalore has ordered Economic Offence Wing /Division of CID, Bangalore to take up the enquiry and appointed Sri E. B. Sridhara, Dy.SP to conduct the enquiry on IMA and its entities.

5. The report of CBI states that during 09.02.2018 to 10.07.2019 as Head of CID/Economic Offence Wing Shri Hemant Nimbalkar, IPS supervised the enquiry conducted by Shri E.B.Sridhara. He endorsed the findings of the enquiry conducted by Sri E.B.Sridhara and forwarded the enquiry report to the DG and IGP vide letter dated 18.01.2019 in which he asserted that the IMA and its group entities are not financial establishments under the definition of KPID Act and the deposits received by them are also exempted under the act recommended for closure of the enquiry. He resisted conducting further enquiry into the matter as directed by the DG and IGP. He reiterated his stand that IMA and its group entities did not violate any provisions of the KPID Act and also forwarded the enquiry -report to the competent authority, Sri L.C. Nagaraj, the then Assistant Commissioner, Bangalore North Division, Bengaluru through the Deputy Commissioner and also the Principal Secretary, Revenue Department before whom the enquiry report submitted by Shri L.C. Nagaraj was pending for decision. Shri Hemant Nimbalkar IPS thus showed undue interest in order to favour Mohammed Mansoor Khan and IMA that he wanted to protect the activities of Shri Mohammed Mansoor Khan and save him from any action by Government under the KPID Act. Further, he also tried to influence other public servants i.e. Shri L.C. Nagaraj as competent authority and the Principal Secretary, Revenue Department. Shri Hemant Nimbalkar in turn received favours from Shri Mohammed Mansoor –

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Khan in cash and kind as per the information collected during the investigation.

6. The report of CBI states that the letter dated 18.01.2019 and 25.05.2019 of Shri Hemant Nimbalkar, IPS, addressed to the DG and IGP would disclose that he wanted to favour Shri Mohammed Mansoor Khan and IMA by preventing proper / further enquiry even though such an enquiry was ordered in view of objections leveled by the RBI in the letter dated: 02.04.2019 of Smt K.S.Jyotsna, General Manager, RBI addressed to the DGP as well as to Revenue Secretary.

7. Further the report of CBI states that Shri Ajay Hilori, IPS (KN-2008) the then DCP, East, Bengaluru who worked in the said post from 01.01.2017 to 16.10.2018 demanded and accepted illegal gratification on various occasions from Shri Mohammed Mansoor Khan through Shri Nijamuddin, Director and Operational Manager, IMA for favouring IMA by delaying the report to RBI and for not taking action against IMA on various complaints in connivance with other public servants. Further, he also accepted furniture and interior items for his house from IMA when the matter was pending with him by misusing his official position. Further, the report of CBI States that Shri Ajay Hilori, IPS caused undue delay in forwarding the report on IMA submitted by his subordinates and Shri Ajay Hilori in connivance with other public servants prevented any action against IMA during the relevant period. CBI in its report list down the following as evidence in support of the above findings:

- a) RBI Market Survey Report clearly establish that M/s. IMA was collecting deposits without having registered as NBFC with RBI.
- b) Closure report of Shri M.Ramesh, Police Inspector, Commercial Street Police Station and additional report of Shri M. Ramesh -

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shows that Shri Ajay Hilori, IPS purposefully suppressed the original report of Shri M. Ramesh for justifying his delay.

- c) The closure report of Shri M. Ramesh, Police Inspector, Commercial Street on RBI Market Intelligence which was forwarded to DCP (East) on 12.01.2017 reveals the willful delay caused by Shri Ajay Hilori and false information in his report regarding examination of Shri Krishna Deshpande, Assistant Manager, RBI.
- d) Petition received from Shri Khanapuri, Social activist, Deputy Tahasildar and Tahasildar and closure report of commercial report of commercial street police station.
- e) Letter dated 10.10.2018 of Shri Ajay Hilori, IPS addressed to the Commissioner of Police revealed willful denial of action against IMA.
- f) Statement given by Shri Mohammed Mansoor Khan, Shri Nijamuddin before enforcement directorate and SIT Karnataka mentioning payment of illegal gratification to Shri Ajay Hilori on various occasions.
- g) Entries in e-mail attachment dump of Shri Naveed, Director and Operational Manager, IMA revealed entries showing payment to Sri. Ajay Hilori IPS.
- h) CDR of mobile numbers of Shri Arif, Shri Ajay Hilori, IPS and Smt.Suma Wife of Shri Ajay Hilori revealed mobile communications between the above three regarding delivery of furniture.
- i) Documents collected from Shri Raghavendra Arya and statement of Raghavendra Arya, Munnavishwakarma revealed supply of

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three interior items in the residence of Shri Ajay Hilori by Shri Raghavendra Arya for which payment was made by IMA.

- j) Statement of Shri M.Nagaraju, Police Inspector, Commercial Street Police Station revealed that Shri M.Ramesh suggested him to close the complaint lodged by Shri Manjunath, Tahasildar citing that DCP (East) also knows the matter.

8. The CBI report states that the above omissions and commission are reportedly carried out by Sri Hemant Nimbalkar, IPS, the then IGP, CID, EOD, Bangaluru and Sri Ajay Hilori, the then DCP(East), Bangalore while acting or purporting to act in discharge of their official duty as IGP, CID and as DCP (East), Bengaluru respectively in order to favour Sri Mohammed Mansoor Khan and IMA.

9. The Government have consulted the Law Department and Advocate General of Karnataka on the investigation report submitted by CBI and the request of the CBI seeking prosecution permission against the public servants reportedly involved in the IMA case. The Advocate General opines that "The CID seems to have taken a bizarre and strange stand that since the money was classified as 'investment' and not termed as 'deposit' ; the same did not attract the provisions of KPID Act. Such a hair splitting interpretation to favour the accusedclearly shows intent to favour the accused" and further opines that "the materials placed on record clearly indicate the role played by each of the accused. It is therefore a fit case to grant sanction for prosecution of the government servants".

10. After examining the investigation report, the copies of the relevant documents and statements of witnesses produced by the prosecution agency, the opinion of the Law Department and the opinion of Advocate General of Karnataka, there is a case prima

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facie against the said accused officers as claimed in the report, that the above omissions and commissions are reportedly committed by the accused officers while acting or purporting to act in discharge of their official duties which needs further prosecution. Hence the Government of Karnataka is pleased to issue the following order to accord permission to prosecute Sri Hemant.M. Nimbalkar , IPS (KN 1998), the then IGP, CID, EOD, Bengaluru and Shri Ajay Hilori, IPS (KN 2008), the then Deputy Commissioner of Police (East) Bengaluru under section 197 of Criminal Procedure Code and also under section 170 of Karnataka Police Act 1963 for the offences punishable under section 120-B read with 420, 406, 409 IPC and under section 9 of Karnataka Protection of Interest of Depositors in Financial Establishment (KPIDFE) Act 2004 and substantive offences thereof. Hence this order.

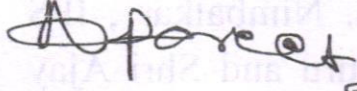
GOVERNMENT ORDER NO. DPAR 89 SPS 2019

BENGALURU, DATED : 09TH SEPTEMBER 2020

In the circumstances explained in the preamble, Government of Karnataka hereby accords sanction to prosecute Sri Hemant.M. Nimbalkar, IPS (KN 1998), the then IGP, CID Bengaluru and Shri Ajay Hilori, IPS (KN 2008), the then Deputy Commissioner of Police (East) Bengaluru under section 197 of Criminal Procedure Code and also under section 170 of Karnataka Police Act 1963 in Crime No. RC14 (A)/2019/CBI/ACB/BLR for the offences punishable under section 120-B read with 420, 406, 409 IPC and under section 9 of Karnataka Protection of Interest of Depositors in Financial Establishment (KPIDFE) Act 2004.

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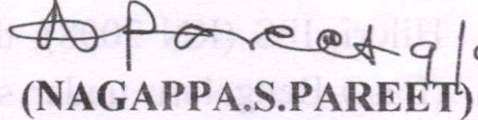
As per Rule 19 of Karnataka Government (Transaction of Business) Rules, 1977 the under signed is competent to sign and issue of orders in the name of Governor of Karnataka.



(NAGAPPA. S. PAREET)
Under Secretary to Government
DPAR (Services-4)
Karnataka Government Secretariat

9/9/20

By order and in the name of the
Governor of Karnataka



(NAGAPPA.S.PAREET)

9/9/20

Under Secretary to Government,
Department of Personnel and
Administrative Reforms (Services-4)

9/9/2020

Copy to:

1. The Chief Secretary / Additional Chief Secretary to Government, Government of Karnataka, Vidhana Soudha, Bengaluru.
2. The Accountant General, Karnataka, Bengaluru.
3. The Additional Chief Secretary / Secretary to Hon'ble Chief Minister of Karnataka, Vidhana Soudha, Bengaluru.
4. The Additional Chief Secretary to Government, Home Department,, Vidhana Soudha, Bengaluru.
5. The Principal Secretary to Government, Revenue Department, M.S.Building, Bengaluru.
6. The Secretary to Government, Ministry of Home Affairs, Government of India, North Block, New Delhi.
7. The Secretary to Government, DPAR, Vidhana Soudha, Bengaluru.
8. The Director General and Inspector General of Police, Nrupathunga Road, Bengaluru.
9. The Superintendent of Police, CBI and Chief Investigating Officer, MDIT, No.36, Bellary Road, Ganga Nagar, Bengaluru (RPAD)
10. Concerned Officers
11. SGF/Extra Copies.