

**OFFICE OF THE SPECIAL REGISTRAR COOPERATIVE SOCIETIES**  
GOVT. OF NCT OF DELHI  
OLD COURT BUILDING, PARLIAMENT STREET, NEW DELHI-110001.

No. AR/Bkg/RCS/C.D. No. 107380736/2021/545-549 Dated: 03/01/2022

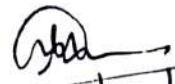
**ORDER UNDER SECTION 66(2) OF DCS ACT 2003**

This order shall dispose off the proceedings initiated under section 66(2) of the DCS Act 2003 against Sh Pradeep Jain, Ex-Chairman of Jain Cooperative Bank Ltd., and Sh Pradeep Kumar Jain, Ex-Director of Jain Cooperative Bank Ltd., vide Show Cause Notice dated 21.05.2019/22.05.2019 issued by the then Registrar, Cooperative Societies.

**BRIEF FACTS OF THE CASE**

A complaint was filed by Sh Sushil Kumar (Membership No.; 40517) to the Office of Registrar Cooperative Societies on 28.03.2016 alleging that the management of the Bank has siphoned off Rs.5,29,300/- in the garb of legal expenditure in contradiction of the directions dated 18.09.2014 passed by the Office of Registrar Cooperative Societies whereby financial power of the Bank was curtailed. It has been stated in the complaint that regular Advocates existed on the panel of the Bank and their fee structure was already predetermined i.e. Rs.5500/- for the Court of FC and Rs.11000/- for the Court of High Court. Despite that they have siphoned off money in the garb of legal expenditure which is blatantly illegal and arbitrary. The complainant gave details of the money siphoned off by the then management as follows:-

i.	23.09.2014	Rs.58,500/-
ii.	25.09.2014	Rs.55,000/-
iii.	25.09.2014	Rs.55,000/-
iv.	26.09.2014	Rs.1,10,000/-
v.	03.12.2014	Rs.55,000/-
vi.	05.12.2014	Rs.74,800/-
vii.	18.02.2015	Rs.55,000/-
viii.	21.02.2015	Rs.22,000/-
ix.	04.03.2015	Rs.33,000/-
x.	27.03.2015	Rs.11,000/-

  
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The relevant portion of the letter dated 18.09.29014 issued by the Office of Registrar Cooperative Societies annexed with the complaint reads as follows:-

*"Now, therefore, in order to protect the interest of the members and depositors of the bank, in exercise of powers conferred under Section 138 of the DCS Act 2003, the Managing Committee of the Jain Co-operative Bank Ltd is hereby directed as follows:-*

- 1. No loan shall be sanctioned by the bank till further orders.*
- 2. Loans, if already sanctioned but not disbursed shall not be disbursed till further orders;*
- 3. No enrollment of new members shall be made till further orders.*
- 4. No major financial decision shall be taken by the Board till further orders;*
- 5. No transfer/posting/promotion of the employees of the bank shall be made till further orders.*
- 6. Opening of new branch, if any shall be referred to Registrar for approval.*
- 7. No sale/purchase of any property shall be made till further orders.*
- 8. The Bank shall not hold the scheduled Annual General Meeting on 27.09.2014. In future the Annual General Meeting will be held only with prior approval of the Registrar.*
- 9. Agenda of all the meetings of Board of Directors to be held in future shall be approved by the Registrar.*

*You are therefore, directed to give effect to these orders/directions immediately and submit a compliance report on the same day so as the instructions come into operation with immediate effect.*

*This issues as per the approval of the Registrar Co-operative Societies.*

The complaint was sent to the Bank for comments vide letter dated 06.04.2016 issued by Office of Registrar Cooperative Societies. The bank replied vide letter dated 29.04.2016 that it is a fact that then management of the bank has continued expenditure on legal matters, whereby financial powers of the BoD of Bank was seized as per RCS order dated 18.09.2014. Subsequently another letter dated 16.08.2016 was issued by Office of Registrar Cooperative Societies to the Bank




requesting it to provide names of all those members of the then managing Committee of the Bank who continued the expenditure on legal matters. The Bank vide their reply dated 18.11.2016 annexed certified copies of Bills on which the approval for payment by the then Chairman Sh Pradeep Jain and Director Sh Pradeep Kumar Jain exist. Various Show Cause Notices were issued to concerned parties for hearings prior to conduct of proceedings under section 61 of the DCS Act 2003. Vide Order dated 08.06.2017, Sh Narendra Singh, Deputy Secretary, Dialogue & development Commission of Delhi, GNCTD was appointed as Inspecting Officer to conduct inspection u/s 61 of DCS Act 2003 on the complaint made by Sh Sushil Kumar Jain (member) upon Sh Pradeep Jain, Ex-Chairman and Sh Pradeep Kumar Jain, Ex-Director of Jain Cooperative Bank Ltd., Inspection Report was submitted by Sh Narinder Singh vide letter dated 09.03.2018 with the following conclusion and recommendation on the issue of complaint dated 28.03.2016 of Sh Sushil Kumar Jain:-

" In view of the above facts, it seems that the Bank CEO/Directors had made the payments to the advocates as mentioned in the complaint but the original bills of the same that shall have been with the custody/record of the bank is not made available by the bank during the course of proceeding and physical inspection."

The Inspection Report was sent to the bank for comments vide letter dated 06.04.2018 of Office of Registrar Cooperative Societies. The bank submitted comments vide its letter dated 10.04.2018 submitting that inquiry under section 66(1) of DCS Act 2003 may be ordered. Subsequent to the comments of the Bank, vide order dated 11.05.2018, Office of Registrar Cooperative Societies appointed Sh V P Rao I.A.S. (Retd) as Inquiry officer under section 66(1) of DCS Act 2003 to conduct inspection on the complaint of Sh Sushil Kumar (member) upon Sh Pradeep Jain, Ex-Chairman and Sh Pradeep Kumar Jain, Ex-Director of Jain Cooperative Bank Ltd., Sh V P Rao, I.A.S (Retd) submitted Inquiry Report dated 28.02.2019 under section 66(1) of DCS Act 2003 with findings on 3 issues, conclusion of which read as follows:-

*Issue No.: 1 " Considering the facts and relevant document submitted by the bank and list of payment made to the Advocate submitted by the complainant, prima facie it is clearly proved that all legal expenses bills were borne after BOD meeting dated 15.09.2014, signature on*

  
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*the bills and BOD meeting dated 15.09.2014 are similar and payment voucher and account statement support that payment was made during relevant period. Copy of list of panel lawyers and fee structure of lawyers itself proved that major irregularities were made by Sh Pradeep Jain, Ex-Chairman and Pradeep Kumar Jain, Ex-Director by engaging other lawyers instead of panel lawyers."*

*Issue No.: 2 : " Considering the facts and relevant documents submitted by the bank which clearly proved that all legal expenses bills were borne after BOD meeting dated 15.09.2014 and payment voucher and account statement supported that payments were made during relevant period against RCS order dated 18.09.2014 Sh Pradeep Jain, Ex-Chairman and Pradeep Kumar Jain, Ex-Director by engaging other lawyers despite panel lawyers and payment made to the advocates on higher rates despite approved fee structure of advocates and bill passed/approved with their signature. "*

*Issue No.: 3 : Considering the facts and relevant documents submitted by the bank which proved that there was a Contempt of order dated 18.09.2014 passed by Sh Vijay Bhardwaj, Deputy Registrar Banking.*

*"Hence, the charges framed against Sh Pradeep Jain, Ex-Chairman and Pradeep Kumar Jain, Ex-Director of the Jain Cooperative Bank Limited are proved. So far as records revealed that there is a clear legal expenses amounting to Rs.5,29,300/- (Rupees Five Lakh Twenty Nine Thousand Three Hundred Only) and that the order issued by RCS has been violated. Thus the charges leveled against Sh Pradeep Jain, Ex-Chairman and Pradeep Kumar Jain, Ex-Director of the Jain Cooperative Bank Limited are proved."*

On the basis of the Inspection & Inquiry Reports undersections 61 and 66(1) of the DCS Act 2003, show cause notice dated 21.05.2019 under the provisions of section 66(2) of DCS Act 2003 was issued to Sh Pradeep Jain, Ex-Chairman of Jain Cooperative Bank Ltd., and Sh Pradeep Kumar Jain, Ex-Director of Jain Cooperative

  
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Bank Ltd., whereby they were called upon to show cause as to why the requisite action should not be taken against them under section 66(2) of DCS Act 2003.

The dates were fixed for hearing under section 66(2) of DCS Act 2003 on 07.06.2019, 04.07.2019, 20.08.2019, 12.09.2019, 03.10.2019, 22.10.2019, 15.11.2019, 28.11.2019, 26.12.2019, 28.01.2020, 03.03.2020, 12.03.2020, 04.03.2021, 15.09.2021, 14.10.2021, 29.10.2021, 09.12.2021 and 14.12.2021.


On 12.03.2020, ShSunny Malik, Legal Officer for the Bank and Sh. Pradeep Kumar Jain, Ex-Director was present and sought time to file reply & further requested that he may be allowed to obtain requisite documents for the purpose. He was apprised that he may obtain the requisite documents after filing proper application for the same and after paying the requisite fees. The case was adjourned to 16.04.2020.

Due to Covid 19 case was not taken up till 04.03.2021.

On 04.03.2021 Advocate for Sh. Pradeep Jain, Ex-Chairman were present. Nobody was present on behalf of Sh. Pradeep Kumar Jain, Ex-Director and Advocate Sh. Abhinav along with Sh. Praveen Jain as Authorized Representative of the Jain Cooperative Bank Ltd. were also present. Ld Counsel for Sh. Pradeep Jain, Ex-Chairman submitted that he would submit the power of attorney on the next date of hearing as his client was out of station. He also submitted that they have not been supplied with the copy of the Report of the Inquiry Officer under Section 66(1) of the DCS Act 2003 based on which the proceedings was initiated under Section 66(2) of the DCS Act, 2003. It was directed that complete report under Section 66(1) of DCS Act, 2003 along with its annexures be provided to LdAdvocate of Sh. Pradeep Jain, Ex-Chairman within next 15 days. The presence of the Jain Cooperative Bank Ltd. for the proceedings was dispensed in view of the mandate under Section 66(2) of DCS Act, 2003. Case was adjourned for 11.05.2021.

Matter was not taken up due to Covid 19 till 15.09.2021.

On 15.09.2021, Sh Sanjay Sethi, Legal Advisor of Jain Cooperative Bank Ltd., alongwith Sh Giriraj Sharma, Legal Record Clerk were present. Sh Pradeep Kumar Jain, Ex-Director was present in person alongwith Sh Rajiv Jain, Advocate/AR. LdAdvocate of Sh. Pradeep Kumar Jain, Ex-Director again submitted that the

  
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defendant had not been supplied with copy of the Report of the IO under section 66(1) of DCS Act, 2003 and requested the matter to be fixed after 10.10.2021 as his client had to visit Dubai for personal work and in view of Jain Paryushan Parv Daslakshan so that he may get reasonable time to obtain requisite report, study it and file reply. Ld Advocate of Sh. Pradeep Kumar Jain, Ex-Director was directed to file Vakalatnama and obtain the report before the next date of hearing positively. Request of AR of respondent to adjourn the case is accepted. Case was adjourned to 14.10.2021.

On 14.10.2021 case could not be taken up due to Presiding Officer being busy. Case was adjourned 29.10.2021.

On 29.10.2021, Sh Sanjay Sethi, Legal Advisor of Jain Cooperative Bank Ltd., Sh Rajiv Jain, Ld Advocate of Sh. Pradeep Kumar Jain, Ex-Director were present and None was present for Sh. Pradeep Jain, Ex-Chairman. Ld Advocate for Sh. Pradeep Kumar Jain, Ex-Director had requested vide letter dated 08.10.2021 for all supporting documents which were provided to him on 11.10.2021. He had filed a interim reply stating that the same matter is pending before the Court of Ld. Financial Commissioner and relevant documents were lying in the Court file and he has applied for certified copies of the same in Financial Commissioner Court and further requested two weeks time for filing detail written reply & on the request the same was allowed. Case was adjourned to 15.11.2021.

On 15.11.2021 case was not taken up due to pollution crisis in Delhi and was adjourned for 09.12.2021.

On 09.12.2021, Sh Ankit Gupta, Ld Advocate along with Legal Advisor of Jain Cooperative Bank Ltd. Were present. Sh Rajiv Jain, Ld Advocate of Sh. Pradeep Kumar Jain, Ex-Director was also present. None was present for Sh. Pradeep Jain, Ex-Chairman. Ld Counsel of Jain Cooperative Bank Ltd. requested that the Court may please pass orders under Section 66(2) of DCS Act, 2003 on the basis of report u/s 66(1) of DCS Act 2003 while Ld Counsel for the respondent requested that the Court may pass orders u/s 66(2) after considering all previous inspection and inquiry report and he may be granted time to file written arguments. He was granted time till 13.12.2021. Both the parties were heard at length and the case was kept for orders.

  
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On 13.12.2021, Sh Ankit Gupta, Ld Advocate alongwith Sh Sanjay Sethi, Legal Advisor of Jain Cooperative Bank Ltd., were present. Sh Rajiv Jain, Ld Counsel for the respondent was also present. Both the Ld Counsels requested that Court may pass orders u/s 66(2) of DCS Act 2003 after considering all the previous inspection and inquiry reports. Both the parties were heard at length and the case was kept for orders.


INTERIM REPLY DATED 29.10.2021 OF SH PRADEEP KUMAR JAIN, EX-DIRECTOR

The respondent had stated that Sh Sushil Kumar Jain failed to establish how the respondent herein siphoned the money as no even any single penny has been transferred in an account of respondent. Allegations made in the complaint are imaginary and far away from truth. The expenditure made in respect of legal expenditure and fee paid to advocates after availing appropriate services from them was in the larger interest of complainant's bank.

The respondent neither given any consent nor signed any voucher in respect of abovesaid payments because a separate procedure was framed by the then board of directors for making such type of payment to bank advocates. The respondent stated that he attended the proceedings before the Inspecting officer. Respondent was under apprehension because all allegations are imaginary made in complaint dated 28.03.2016 by the complainant and there was no substantial evidence with the complainant as well as the bank which can establish that respondent herein is responsible of any irregularity.

Complainant is near and dear of present Chairman Sh Rajesh Kumar Jain and present complaint in question is indirectly made by Sh Rajesh Kumar Jain for making undue pressure upon the respondent because he was only rival/candidate for chairmanship of the bank and Sh Rajesh Jain was desirous to interrupt him from contesting the fourth coming elections.

It is worthy to mention here that same matter on the basis of complaint made by Sh Rajesh Kumar Jain and Sh Bhushan Jain is also pending before Financial Commissioner and pending adjudication for which next date of hearing is 13.01.2022. One case of similar nature cannot be decided by the two courts on the same spam of

  
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time. Present Chairman and the complainant are in deep collusion and also established during proceedings on 11.06.2018 conducted u/s 66(1) of DCS Act 2003 because Sh Nitin Kumar Jain, Advocate who is penal Advocate of Jain Cooperative Bank Ltd. was presenting the case of Sh Sushil Kumar Jain, however this act of Advocate is not only against professional ethics but also in violation of DCS Act and Rules because complainant cannot be beneficiary on the cost of the Bank.


Because of pendency of same matter before the Court of Financial Commissioner, the relevant documents are lying in the Court File and the Advocate of Respondent No.1 has applied for certified copies of the same so, he will be able to file a detailed reply. Because the case file is voluminous and the documents are lying in the case file are important in nature for proper adjudication in the matter as well as in the interest of justice. The respondent sought 2 weeks time to file a detailed reply alongwith annexures.

**SUBMISSIONS/WRITTEN ARGUMENTS DATED 13.12.2021 OF SH PRADEEP KUMAR JAIN, EX-DIRECTOR**

It has been stated that the present proceedings u/s 66(2) of DCS Act 2003 are based upon the enquiries/inspections made u/s 61 and 66(1) respectively, Inspecting Officer filed his Report on 09.03.2018 on the basis of complaint made by one Sh. Sushil Kumar Jain against Sh. Pradeep Kumar Jain, Ex-Director and Sh. Pradeep Jain, Ex-Chairman of the Bank without any substantial evidence to establish his allegations.

The Inspecting Officer in his report u/s 61 of DCS Act 2003 upheld the contentions of respondent herein which have been made before the IO in his defense. On the basis of vouchers through which payments have been disbursed to advocates were never produced or shown by the Bank to the IO, however, certified copies of vouchers in support of legal expenses have been given to the IO.

The Bank failed to produce the originals of the vouchers inspite of repeated requests by the IO. Respondent herein is under apprehension that the records of the Bank are under possession of the Bank so, there are some possibilities to manipulate the same for individual benefits to the present Chairman Sh Rajesh Jain because

  
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another complaint in the same matter has already been made by him to prevent the respondent herein for contesting the elections of the Bank.

It is pertinent to mention here that the issues raised in the complaint made by Sh Sushil Kumar and Sh Rajesh Jain are identical. It was very objectionable that the advocate of Bank was giving assistance to complainant on the directions of present Chairman to settle his personal scores in the shadow of this fake complaint. A complaint dated 13.10.2015 on the same matter is pending and proceedings /s 62 of DCS Act 203 has already been stayed by the Court of Financial Commissioner in Revision Petition No.; 39/2016 titled as Pradeep Kumar Jain versus RCS and after stay in the matter Sh Rajesh Jain moved an application U/O 1 Rule 10 CPC in the matter and same is pending for adjudication before Court of Financial Commissioner and nextdate of hearing is 13.01.2022.

Sh Rajesh Jain wanted to stop the respondent herein to contest the election of the Bank and he failed in his motive to debar the respondent from contesting the elections in the shadow of orders of liability u/s 66(2), he again subtracted his complaint in parts and moved many applications through his near and dears to mislead this Hon'ble Court as well as the Court of Financial Commissioner. On the basis of complaint made by Sh Rajesh Jain another Inspection u/s 61 has already been conducted by Ld RCS and the same was challenged by the respondent herein, which has been stayed by the Court of Financial Commissioner on 29.04.2016 in case no.: 39/2016 titled as Pradeep Kumar Jain versus RCS .The said fact was brought into the notice of Inspection Officer but neither IO, Bank or RCS have taken this fact seriously as also this Court but nothing has been done, however, this act of the earlier IO's including this Court may be treated as contempt of court.

Respondent herein clearly stated that he did not approve/endorse any payment of advocates alleged in the complaint made by Sh Sushil Kumar during the proceedings u/s 61 and 62 but the IO's did not bother to match the signatures of respondent those were put on the vouchers.

The signatures put on the vouchers were fraudulently out by someone on directions of present chairman i.e.Sh Rajesh Kumar Jain because the record of the Bank is under the possession of current management and Sh Rajesh Kumar Jain is present Chairman of the Bank. Inquiry Officer u/s 66(1) in his report has failed to

  
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establish that what method he adopted to enquire the signature of the respondent herein, however, no specimen has never been obtained by him during proceedings for the purpose. He further established all the charges on the basis of the complaint and the record provided by the Bank and completely overlooked the facts produced by the respondent herein in bias manner. The respondent has prayed that present proceedings may be dropped against him and the final outcome of Financial Commissioner's Court may kindly be awaited.

#### WRITTEN ARGUMENTS ON BEHALF OF JAIN COOPERATIVE BANK LTD:-

The bank has stated that money was siphoned off between 23.09.2014 to 27.03.2015 amounting to Rs.5,29,300/- which should be recovered from Sh Pradeep Jain, Ex-Chairman and Sh Pradeep Kumar Jain, Ex-Director. The then CEO of the Bank vide his reply no.: 372 dated 29.04.2016 confirmed that the then management continued expenditures on legal matters despite financial powers of BOD of the bank having been seized as pr RCS order dated 18.09.2014.

The bank in its reply no.: 799 dated 18.11.2016 informed that the approval of payment of the above-mentioned legal expenditure were made by the then Chairman Sh Pradeep Jain and Sh Pradeep Kumar Jain, Ex-Director. After conduct of Inspection u/s 61 and Inquiry u/s 66(1) of DCS Act 2003, the Hon'ble Court u/s 66(2) has to act upon the reports on record and pass the order. The bank has submitted that all the bills the payment of which were made to the Advocates along with Affidavit filed in the Court were signed by Sh. Pradeep Kumar. Jain, Ex Director.

Removal of the original bills from the bank are deliberate and mischievous acts of the respondents only and the same was done as they were in complete control of the overall governing of the Bank although certified copies of the bills have been submitted during the Inquiry to the Inquiry Officer. The respondent from the Inspection to the present proceedings has been trying to derail the proceedings and on one or the other pretexts has sought unnecessary adjournments from the Hon'ble Court. Inspection and Inquiry Reports are already on record and are itself explanatory and conclusive of the fact that the respondents are guilty and in the present matter order should be passed to recover the alleged amount.

  
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As per the mandate of Section 66 (2) of the DCS Act, 2003 ample opportunities were given to the respondent to be heard and the respondent also filed an interim reply but intentionally and deliberately with ill intention to prolong the present litigation, did not file any statement of Défense. Respondent nowhere in the interim reply has challenged the validity of the Inspection or the Inquiry Report.

There is no sort of stay from anywhere including the Ld. Financial Commissioner on the present or any other proceedings. The provisions of Section 61 and Section 66(1) of the DCS Act, 2003 were duly complied and thereafter the provisions of Section 66 of the DCS Act, 2003 were also duly complied in the present proceedings. Sh. Pradeep Jain, Ex-Chairman and Sh. Pradeep Kumar Jain, Ex-Director were the persons responsible for making payments against legal expenditure and have violated RCS order dated 18.09.2014. Certified copies of the Bills in support of same and the affidavit filed in the Court along with the petition signed by the Sh. Pradeep Kumar Jain, Ex-Director have already been filed and hence Sh. Pradeep Jain, Ex-Chairman and Sh. Pradeep Kumar Jain, Ex-Director are responsible entirely & exclusively.

There was clear violation of order issued by the RCS. Sh. Pradeep Jain, Ex-Chairman and Sh. Pradeep Kumar Jain, Ex-Director tried to mislead the Court as at now there is no stay in any case by Financial Commissioner Court. Sh. Pradeep Jain, Ex-Chairman and Sh. Pradeep Kumar Jain, Ex-Director tried to mix-up two cases wherein that case is based on complaint filed by Sh. Sushil Kumar regarding siphoned money of the sum of Rs. 5,29,300/-.

All the material available on record be read as part and parcel of the present Written Submission and the contents of the same are not being repeated for the same of brevity. The Bank prayed that in the light of the arguments surcharge/recovery order was required to be passed directing Sh. Pradeep Jain, Ex-Chairman and Sh. Pradeep Kumar Jain, Ex-Director to pay the misappropriated amount sum of Rs. 5,29,300/- along with 18% p.a. interest from the date of payment made up to the date of realization of the payment to the Bank.

**DECISION:-**

*Adm.*  
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I have heard the arguments of the Bank and Sh Pradeep Kumar Jain, Ex-Director of the Bank. None has appeared before me on behalf of Sh Pradeep Jain, Ex-Chairman of the Bank. I have carefully gone through the Inspection Report under section 61 of the DCS Act 2003, Inquiry Report under section 66(1) of the DCS Act 2003 and all the documents and material on record.

It is apt to reiterate section 66(1) and 66(2) of DCS Act 2003.

#### *SURCHARGE.*

*66. (1) If in the course of an audit, inspection, inquiry or the winding up of a co-operative society, it is found that any person who is or was entrusted with the organization or management of such co-operative society or who is or has at any time been an officer or an employee of the co-operative society had made any payment contrary to this Act, the rules or the bye-laws or has caused any deficiency in the assets of the co-operative society by breach of trust or willful negligence or has misappropriated or fraudulently retained any money or other property belonging to such co-operative society, the Registrar may, of his own motion, or on the application of the committee, liquidator or any creditor, inquire himself or direct any person authorised by him by an order in writing in his behalf, to inquire into the conduct of such person.*

*(2) Where an inquiry is made under sub-section (1), the Registrar may, after giving the person concerned an opportunity of being heard make an order requiring him to repay or restore the money or property or any part thereof with interest at such rate or to pay contribution and costs or compensation to such extent as the Registrar may consider just and equitable.*

More than sufficient opportunities have been given to Sh. Pradeep Jain, Ex-Chairman of the Bank and Sh. Pradeep Kumar Jain, Ex-Director of the Bank to plead their case under section 66(2) of the DCS Act 2003. Copies of similar cases alleged to be pending before Financial Commissioner have not been placed before me by any of the respondents. The Respondents have not placed anything on record to show that Inspection Report under section 61 or the Inquiry Report under section 66(1) of the DCS Act 2003 have been stayed or in fact challenged. Nothing has been brought

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before me to show that letter dated 18.09.2014 issued by Office of Registrar Cooperative Societies has been challenged or set aside or modified.

In view of the above, I deem it fit to decide under section 66(2) of the DCS Act 2003.

The letter dated 18.09.2014 issued by the Office of Registrar Cooperative Societies has not been disputed by the Respondents at any stage of the proceedings under section 61 or section 66(1) or the present proceedings under section 66(2) of the DCS Act 2003. The relevant direction of the letter dated 18.09.2014 on which the present proceedings have been initiated reads as follows:-


*4. No major financial decision shall be taken by the Board till further orders;*

The Inquiry Report under section 66(1) of the DCS Act 2003 clearly states that payment of Rs.5,29,300/- has been made on account of legal expenses and further that directions issued by Office of Registrar Cooperative Societies on 18.09.2014 have been violated. Charges against both the Respondents have been held to be proved by Inquiry Report dated 28.02.2019 under section 66(1) of the DCS Act 2003. Surcharge proceedings under section 66(2) of DCS Act 2003 are in continuation to the proceedings under section 66(1) of the DCS Act 2003.

Respondents have not pleaded that they were not aware of the directions dated 18.09.2014 issued by Office of Registrar Cooperative Societies nor they have given any reason to justify violation/defiance of the directions dated 18.09.2014 issued by Office of Registrar Cooperative Societies. The payments made to Advocates has not been disputed by any of the respondents.

Sh Pradeep Kumar Jain, Ex-Director of the Bank has not pleaded anything on merits in his brief reply and/or written arguments submitted by him. The arguments adduced by him are not sustainable at the stage of surcharge proceedings under section 66(2) of DCS Act 2003.

I am satisfied that the act of both the Respondents namely Sh Pradeep Jain and Sh Pradeep Kumar Jain is covered under " *having caused any deficiency in the assets of the co-operative society by breach of trust or willful negligence....* "

  
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Both the Respondents were certainly entrusted with the assets of the Bank being the Ex-Chairman and Ex-Director at the relevant point of time. Any act in violation of directions issued by a Competent Authority i.e. Office of Registrar Cooperative Societies herein cannot be justified or approved.

In view of the above and in exercise of powers delegated and conferred upon me under sub-section(2) of Section 66 of DCS Act, 2003, I hereby direct Sh. Pradeep Jain, Ex-Chairman of Jain Cooperative Bank Ltd., and Sh. Pradeep Kumar Jain, Ex-Director of Jain Cooperative Bank Ltd., to pay jointly and severally within 30 days an amount of Rs. 5,29,300/- to Jain Cooperative Bank Ltd. along with simple interest @ 8% w.e.f. from the date of payments made to Advocates up to the date of payments made to the Bank.

It is ordered accordingly.

  
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(Dr. T Philip Thanglienmang)  
Special Registrar Cooperative Societies

Copy to:-

1. Shri Pradeep Jain, Ex-Chairman, Jain Cooperative Bank Ltd., through Chairman/CEO of Jain Cooperative Bank Ltd., 80 Darya Ganj, New Delhi-110002
2. Shri Pradeep Kumar Jain, Ex-Director, Jain Cooperative Bank Ltd., through Chairman/CEO of Jain Cooperative Bank Ltd., 80 Darya Ganj, New Delhi-110002
3. Chairman/CEO, Jain Cooperative Bank Ltd., 80 Darya Ganj, New Delhi-110002
4. AR(Banking)
- ✓ 5. Incharge (Computer Cell) for uploading on website

  
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(Dr. T Philip Thanglienmang)  
Special Registrar Cooperative Societies