

WAREHOUSE RECEIPT CASE

It was alleged that in the year 2009, Shri P K Agarwal, the then Zonal Head, Zonal Office, UCO Bank, Indore and other officers of the Bank, entered into criminal conspiracy with Shri Manmohan Yadav, Proprietor M/s Radhika Warehouse & Agro Services, Jaitpura District Dhar (M.P), to cheat the Bank to the tune of Rs 250 Lakhs, **by way of facilitating Cash Credit Limit, on the basis of forged title deeds, submitted in the Bank as Collateral Securities.** It was also alleged that empanelled lawyer, submitted false legal search report of the properties. Shri Man Mohan Yadav, pledged warehouse receipts amounting Rs 277 Lakhs, **in the Bank and then disposed off the hypothecated stocks, without knowledge of the Bank.** Two cases were registered under section 120B, 420, 467, 468, 471 of IPC and Section 13(2) r/w 13(1)(d) of PC Act, 1988.

It was found that Shri Man Mohan Yadav, Proprietor M/s Radhika Warehouse & Agro Services, made an application for "Cash Credit Limit Loan for On-Lending to Rentiers / Traders" with UCO Bank and submitted projected profit and Loss Account, balance sheet and audited balance sheet. The Palasia Branch of UCO Bank, recommended sanction of Cash Credit Limit of Rs 500 Lakhs, on 05/05/2009, on primary security of stock stored in the warehouse of M/s Radhika Warehouse, and forwarded the proposal to the Zone Office.

On 16/05/2009 the Zone Office of the Bank rejected the proposal on the grounds that a) the warehouse is located 60Kms, from the Branch and physical verification of the pledged goods was not practically possible b) the farmers / traders, can be financed directly by the Branch, against the pledged Warehouse Receipts. However, the proposal was reconsidered at the instance of accused Shri P K Agarwal, on 28/05/2009. **The points on which, the proposal was rejected earlier, was withheld from other committee members.** The Committee Members recommended sanctioning CC Limit of Rs 250 Lakhs, with equivalent value of Collateral security. **The fact that previous loans sanctioned to various family members of Shri Manmohan Yadav, had turned irregular was not mentioned, in the memorandum prepared by the Bank Official.** False urgency of funds for business was shown to justify the loan...

The warehouse receipts were found to have been issued to M/s MADHAV Traders, M/s Shreeram Traders, M/s Omkar Traders, which were sister concerns of M/s Radhika

Warehouse & Agro Services. These firms were owned by relatives of Shri Manmohan Yadav.

The stocks of warehouse was not verified, and later it was reported that the stocks have been disposed without the knowledge of the Bank. The stock was not verified for more than one year. The Guarantors, who were also relatives of Shri Manmohan Yadav, submitted false statement of means, and false details of immovable assets, owned by them. The sale deeds, submitted by Shri Manmohan Yadav, were found to be false. It was ironic that entries of these sale deeds were found in the office of Sub Registrar, on the basis of which the empanelled Advocate gave a favourable report, but no one bothered to get the properties physically verified. Even the Stamp Papers, used for these properties, were of doubtful nature. The signatures of sellers on the sale deeds were found to be forged.

The trail of defrauded amount was traced, to the account of firms owned by Shri Manmohan Singh, which were held in Axis Bank. After investigation chargesheet was filed in the Special Court for CBI Cases, Indore under section 120B,406,420,471 of IPC and section 13(2) r/w 13(1)(d) of PC Act, 1988, against the Bank Officials, Manmohan Yadav and his relatives. The matter is in trial.