

## AN IMPACT OF FRAUD ON SOCIETY – A LEGAL REVIEW

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### ABSTRACT

*In the present situation, every human being literate or illiterate knows how the society is functioning. Man is greedy to create wealth for the future forgetting the neighbours' essentials. Man became selfish. The goldsmith will never do the job without smuggling the gold in any form and he gives the name as wastages and implemented in his life as a part of his routine work for several centuries. Saying something and doing something. This will not happen by oversight but it is intentional. Man involves in corruption for his private gains and favours somebody to compensate for the same. Sometimes it is explored or done with extra care and will not get caught in this transaction.*

*Fraud is intentional to deceive others and the victim will suffer a loss if the fraud achieves the gain. Not only in India but also in the entire world fraud and corruption are going hand in hand or two faces of the same coin. How the fraud will take place is explained in this with special attention. Money desire and other ambitions lead to be in fraudulent activities. How is this fraud done on illegal gains and what will happen to the victim they are not bothered? One person from Bihar state cheated Karnataka State man belongs to an educational institute in a systematic way and how the victim will suffer has been explained as a real case study fraud happened on 3<sup>rd</sup> February 2022.*

**KEYWORDS:** *Fraud-Associate Terms, Initiation of Fraud, Methods, Consequences of Fraud, SBI Pressure to File FIR*

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### INTRODUCTION

A proverb says that “after hearing the word money even the dead body will open its mouth”. Man is so greedy and exploits all situations to earn money. Nowadays we can see in many newspapers that a son kills his father or mother for the sake of money and property. The man even on his death bed tries to earn money by any means whether it is by legal money or gaining unlawful or free money to lead a luxurious life. The Indian culture says that “AA Mruthyo Shree Ya Man vichheth”. The globe is not permanent and it destroys one day hence Indians are not meant to make money, therefore, they became poor.

The great saint Sankaracharya also said the same thing. Forget to make money and do not follow and pray for it and do not be behind it. Money makes you get a name and fame, without that nobody will give respect on this earth. To

wear a good dress you need money. In a 7-Star or 5-Star hotel if you do not wear a good dress it is very difficult to enter the main gate itself. Every person pretends to be good by wearing the false prestige in their lifestyle. Many people do not have money and they are forced to involve in the fraudulent activities, fraud, corruption, etc.

### **What is Fraud and how it is Viewed by Different Authors**

- **Sara Devi 2016**, a Book titled Fraud and its impact on victims published at Sara printers and publishes in France defined Fraud as "it is an illegal activity to gain by cheating a person with a limited period.
- **Sharanya Mathaji 2008**, in her manuscript printed at Tarafdar printers and published by Atiya Banu publications private limited, Bangalore explained the fraud as Fraud is a structured design to deceive people by commission or omission intentionally and not by accident.
- **Robert Longley 2022**, explains Fraud is a broad legal term referring to dishonest acts that intentionally use deception to illegally deprive another person or entity of money, property, or legal rights.
- **Vishwanath K Financier 2017 July 30**, when addressing the public audience in the seminar explained the difference between fraud and crime as involving taking away something of value through force or stealth is called a crime of theft whereas intentional misrepresentation of facts to accomplish the taking and make others become a victim of the situation.
- **Shakila Banu 2019**, Explained in her book titled "Take Aways" which is printed and published at Mansoor Ahmed publications, Nayandahalli, Bangalore as "The party making the false statements and make others to believe that is true and intended to deceive the other party for the time being and escapes from the place after his intention.

### **The Fraud or Corruption May Take Any Form a Few are Highlighted here**

- Conflicts of Interest
- Dishonesty using Influences
- Robbery/Theft
- Taking Offerings (Bribe)
- Blackmail (Threatening to achieve their intentions)
- Forgery
- Tax Evasion
- Nepotism and Favouritism
- Embezzlement
- Fraud
- Cheating
- Scams from many sources



Source: Fanatic Studio Getty Images

Figure 1.

**Section 420 of the Indian Penal Code** deals with cheating and dishonesty, fraud, etc.

## EXPLANATIONS

- Ñ **Conflicts of Interest:** In the Visveswaraiash Technological University Mr. Karan wanted all the tenders to him only when it is not accepted by the Vice-Chancellor he made a complaint to the Governor that misappropriation of funds happening in the university to achieve what he wants. Here Karan's interest does not materialize hence conflict emerged.
- Ñ **Dishonesty using Influence:** Some persons who have failed the examination and do not attend the classes regularly and do not do the assignments given by the faculty will get more marks in the internal assignment test by using their influence on the faculties. In another incident students will have direct contact with the CEO of the deemed universities and students will be present in the examination hall for only 30 minutes and get 95% and above because of influences. Whereas Karnataka State Law University has strict modalities and is very strict in evaluating the examination papers. Some custodians will give instructions to the evaluators to go and get this person to fail in the examination or submit low marks by using their influences to make money to pass the candidate.
- Ñ **Robbery / Theft:** The question papers and the answer scripts are important to evaluate the performance of the students. If the students are very weak then the entire bundle will be thrown away during the transit which contains the answer scripts and they may give theft or robbery in the police complaint. Which they make intentionally.
- Ñ **Taking Offerings (Bribe):** To do any job other than the proper means you have to compensate with a bribe. In the universities to get a seat, you shall get a recommendation letter. To get the recommendation letter we have to give some bribe otherwise he may not give it. Give something to get something favour out of the way.

- Ñ **Blackmail (Threatening to Gain illegally):** If a person is constructing the house and there will be some deviations. The inspector who arrives to inspect the constructions will ask for money if the party does not give then he says you have violated the norms of the plan sanctioning authorities and we will recommend demolition of your house. Then he has to give bribes with blackmail procedures.
- Ñ **Forgery:** If a person Ram holds the sale deed of the property in his name and he wants to sell the property during this period he will give the documents to somebody and that person changes Ram's name in the documents by using chemicals and rewriting the other name and prepare the documents and without the knowledge of the Ram he sell the property and gains the money. Or someone may sign the Ram signature is called as forgery.
- Ñ **Tax Evasion:** To save tax the businessman keeps two books with the same running numbers and hence making tax to the government may be avoided or only minimum tax may be paid.
- Ñ **Nepotism and Favouritism:** Always I want to keep good people around me and who have supported all my legal or illegal activities for such people always I do favour and if they ask they may get it. Or otherwise, the people who are not supporting my activities may not do anything for them even if they're eligible to get it. They may lose an opportunity
- Ñ **Embezzlement:** Withholding of assets from disbursement to distribute for one or more persons to register the document or give benefits out of it.
- Ñ **Fraud:** False statement claims intentionally to gain from the opposite party and who will become a victim. We will explain in detail with the real case study.
- Ñ **Cheat:** A person who acquires the property and gets registered in his favour after giving the cheque and collected back the cheque for some alteration and does not give any benefit from him and to return the cheque also.
- Ñ **Scams from many sources:** Scams are an illegal activity it may take several sources starting from cybercrimes, emails, hacking account of a bank, and sweeping the money from the bank account and many other sources we will go through this in detail with the latest case study.

### **Important Factors to Determine the Act of Fraud According to IPC Section 420**

- Falsely contained the material facts to misrepresent.
- Fraudulent persons also know that his statements are untrue.
- To influence the victim to deceive the fraudulent makes urgency in expressway with an intention.
- Sufficient evidence or reasonable facts to accept the false statement and the situation.
- Perpetrator knowingly took the advantage of the conditions and became the victim.
- Actual loss or injury suffered on account of false statement direct result.

## **FRAUD CASE STUDY**

One Mr. Deepak Singh was in search of the people to fraud and he was searching Google search engine for a college which is located in a remote area which means not popular and where the admission is very weak and the college or institutions need support for the admission activities and placement activities. Mr. Deepak Singh claims that he is the Director of the Maa Sharda Trust which is helping the institutions with admissions from Bihar State. He got the phone number from the website because every college and institution has to display the mandatory disclosure on the website (compulsory) otherwise AICTE All India Council for Technical Education, a nodal agency under the Ministry of Education will not approve of running the institutions. Mr. Deepak Singh chooses one such college in a rural area where the admission is very poor the number of students admitted to the college has to display on the web portal of AICTE. Hence he will get the information very easily and analyze whom he can target.

Mr. Deepak Singh made a phone call from his mobile Nos. 7282805928 and 9199718523 to the college Directors mobile number stating that he is calling from Patna City, Bihar State, and that he is the educational advisor and many students are in his contact and are interested to get admission to MBA courses in Karnataka out of Bangalore City and also requested to hold a conclave at Patna regarding our college and gave the address as Mr. Deepak Singh, Director, Maa Sharda Trust, New Area Station Road, PNB Building, 2<sup>nd</sup> Floor, Near Durga Mandir, Nawada, Bihar-805110 with email address [sonuansariedu22@gmail.com](mailto:sonuansariedu22@gmail.com) Est. 2010 BR 12P4567.

Mr. Deepak Singh during the conversation asked about the placements after the completion of the course along with the facilities available in the college. He is very particular about the safety of the students and accommodation and food. All the information was given to him and waited for his response. On February 1, 2022, he made a call and informed the Director that 31 students are ready to seek admission please come and give assurance to the students on how your college will function and the safety of students to their parents. He was not satisfied by the discussions with only the Director and hence he wanted to discuss with the Chairman. After the confirmation from the Chairman, the director deputed his subordinate to proceed to Bihar for marketing purposes but they refuse to go to Bihar. Hence there was no option for the Director and he went to Bihar the reason is not to lose this opportunity to seek admission as the intake is 60 to the college and this year there were only 21 admissions made till that time. The mountain of pressure for admission from the AICTE and the Management made the Director decide to go to Bihar after the permission from the management.

Believe his words and also in good faith of getting some MBA students for admission to the college. Director proceeded to Patna by Flight No. Go First G 274 from Bangalore Airport on 02.02.2022 and reached Patna at about 14:30 Hours. Before the arrival of the flight, the said Mr. Deepak Singh had booked accommodation for stay in Singh Guest House (Lodge), Raja Bazar, Pillar No. 45, Bailey Road, Patna-14, Phone No. 9661262746. And hence stayed in the Room Allotted No. 304 for the said purpose.

The Director Went to Bihar for the first time and was not aware of the culture of the people. The area is also new and not familiar with any location. Mr. Deepak Singh arrived at Airport to receive the Director and drop him in the hotel accommodation which is already booked and bow his head at the feet of the Director to pretend that he is very loyal and give a lot of respect to the elderly person. Along with him, three more people accompanied they also did the same thing as Mr. Deepak Singh did to take the blessings and made it easy to reach the hotel and asked the Director to take rest and they will come and meet in the evening along with the students together with parents for conclave which is suppose to start at 18:00 hours on 02.02.2022.

Mr. Deepak Singh did not turn up at 18:00 hours which resulted in unrest and made a phone call that he has given. He was testing the patience of the Director and the desire of getting the students. He was calculating in his mind the emergency of admission and the demand for him in this process. Finally, he came to the hotel after repeated calls to him around 09:30 PM. There was heavy rain with thunder and storm Mr. Deepak Singh was drenched in the rain and requested the Director to finance his accommodation in the hotel for four people and collected Rs. 5,000.00. This was intimated to the Management by the director and after seeking permission Rs. 5,000.00 was given to Mr. Deepak Singh. Due to heavy rain in this Patna City students are not coming to this conclave and it is postponed to 03.02.2022 at the same time as fixed earlier.

Mr. Deepak Singh stated that the conclave can be held on the evening of February 3, 2022, due to heavy rains in Patna City and that he will arrange the presence of students and their parents please excuse me for the postponement. The rain does not stop even on 3<sup>rd</sup> February 2022 and Mr. Deepak Singh did not turn up on the phone call he was informed that every half an hour I am coming one hour late and 12 students already arrived at Patna railways station. He went on intimating that the student's strength is increased to 20 and further he said other students are on the way. Till 20:00 hours he was increasing the student's strength and he informed the Director that 37 students have arrived and they will come now to meet him. And nobody came at last Mr. Deepak Singh came with the other three persons in the late night at about 21:30 hours on 03.02.2022 and handed over 39 DDs and Marks Cards consisting of Degree Convocation Certificates, Migration Certificates, Transfer Certificates, Intermediate Certificates, and 10<sup>th</sup> Marks Card all laminated. And 39 students' certificates were handed over to the Director. At about 21:00 hours when Director intimated to the Chairman, he told that just we cannot trust Bihari people they are experts in cheating please come safely to our headquarters.

Chairman's intentions and intuitions are very strong to say this. Mr. Deepak Singh handed over 23 Demand Drafts drawn from the State Bank of India and 16 Demand Drafts drawn from Punjab National Bank along with the testimonials of students and handed over to the Director stating that the students are unable to attend the interactive sessions due to heavy rain and that they would come and join the college immediately after intimation and submit the other details such as Aadhar No, Phone Number and Email Id for records and after receiving the admission letter. The Director intimated that students are from other than Karnataka hence they have to seek the eligibility certificate from the university to seek admission he has agreed to that and promised that students will arrive at your college please accommodate them in the college hostel. When Mr. Deepak Singh spoke to the Director said that there are 19 girl students and the rest are boys out of 31 students. But Mr. Deepak Singh handed over documents of all the 39 students belonging to boys he wanted his service charges to share among themselves. They have not given time for the Director to verify the documents and Director gave Rs. 20,000.00 in the night and another Rs. 20,000.00 in the morning after drawing the money from a nearby ATM. Mr. Deepak Singh assured that he will prepare the students list and the DD Number which belongs to each student with their Email Id and Aadhar Card and PAN card Numbers before you reach your city and students will arrive at your city on 10<sup>th</sup> February 2022 they leave Patna city on 8<sup>th</sup> February 2022. I will also come and discuss for further admission process and let us keep the long relationship and I will supply 60 students every year good luck and went from the hotel.

#### **The Director observed the following before Leaving Patna City**

- That the DD amount is correct or not.
- DD is drawn in our college name and address properly or not.
- Whether it is signed by the authorized signatory.

- Whether the signatory code number is there are not.
- For the said amount one signature or 2 signatures is valid.
- Each student's degree is 50% and above the minimum criteria to get admission to an MBA degree college.

Mr. Deepak Singh further gave the bank address and said all future correspondence to be made from this bank and deposit my commission to this bank address in the name of Avinash Kumar, Axis Bank, Bihar.

**Name of the account holder: Avinash Kumar**

**Bank Name: Axis Bank**

**IFSC Code: UTIB0004209**

**Account Number: 921010001005762**

Mr. Deepak Singh is given for all financial transactions this account is to be used. He has taken my photo on his mobile and he asked me to take his photo from my mobile. His photo is attached below.



**Mr. Deepak Singh who did Fraud on 03.02.2022.**

Therefore, Director left Patna City by Flight No. Go First G 8 – 874 on 04.02.2022 at 12:25 PM and arrived at Bangalore Airport and returned to Ilkal on 07.02.2022. Soon After reaching the college headquarters sent all the 23 demand drafts to SBI Ilkal Branch on the 07.02.2022 for credit of the amount of Rs. 22,50,000.00 to the college's Current Account. The Branch Manager at SBI Bank addressed a letter Dated 08.02.2022 to The Director informing them that all Demand Drafts are fake and also requested to take suitable action. Given the above other 16 DDs of Punjab National Bank are not presented.

The Director and the Management came to know that this is a clear Fraud Case. When SBI says it is fake DDs.

The college has not given any admission to any students whose names the Demand Drafts were obtained nor there is any communication from the students. The contact number of the said Mr. Deepak Singh is not working. Even though the college has not incurred any loss except the travel expenses and other miscellaneous expenses, the intention of that person appeared to defraud the college and to make an illegal gain. It cannot be denied that the said person is a habitual cheat and may have already committed similar crimes or may commit in the future. Such elements must be brought to the book to avoid further loss or cheating on other institutions or persons.

### **Impact / Consequences after Fraud**

- State Bank of India authorities seized the DD and asked the director to file an FIR and give a copy to Bank for further process to avoid further fraud.
- Branch Manager as per RBI guidelines this fraud is to be intimated to their head office immediately and hence intimated to Bangalore Head Office Main Branch of Karnataka.
- In case The Director does not comply with the request of the State Bank of India and does not file the FIR in Police Station, the Bank will file an FIR on Director to make the truth come out and curb such fraudulent activities.

### **Consequences after FIR**

- It is very difficult to retain the honours, reputation, and recognition but easy to tarnish the society's image. As soon as an FIR is lodged a copy of the FIR will reach the District Magistrate and it is going to become a public document and news will appear in the newspaper about the incidents. It may affect the image of the organization and future admissions and people will talk unnecessarily about the incidents.
- Soon after filing an FIR, the case may be transferred to Bihar-Patna where the incident occurred (Jurisdictional Area) then the college representative may receive a summons from the court and the area Police from Bihar Patna then The Director has to incur additional expenditure for travel, accommodation, food, and other incidental expenditures may arise during the period of the life case which leads to face a mental agony and tortures till to closure of the case. The Bihari People are by nature very aggressive and meant for rowdyism. Directors have to incur an additional life risk and lonely person to fight against their group of people and there is no safety for life and life threat is expected.
- Now The Director's age is around 64 years a senior citizen and frequent journey to far distances is very difficult 2500 km away from the present headquarters Karnataka from Patna, Bihar. Even after retirement from the service, cannot escape from attending the court cases as the Director is the first victim of the incident.
- The Director says "In my opinion, we have to incur an additional loss, mental agony, tortures with life threat hence without pursuing further we may drop the case now itself. And our board members are also of the same opinion".

Keeping in mind the above facts, I urge your kind authority not to pursue the matter further and help us to achieve our goal for further development of the institution and serve the society better.

State Bank of India did not agree to the same and was hence forced to file an FIR in the local Police Station.

### **CONCLUSION**

Application sent to Police Station requesting them to file an FIR. I am submitting herewith the copies of all the documents related to the event which are in my possession. Since the crime is interstate, the complaint is given in English and also addressed to your good self for a better investigation.

Hence, it is humbly prayed that suitable action may kindly be taken against the erring persons and they may kindly be dealt with following law in the interest of justice. And enclosed the following documents to the police station:

- Copies of Demand Drafts (Original Demand Drafts given to SBI Ilkal)
- Copies of Testimonials
- Letter of Mr. Deepak Singh
- Copies of Air Tickets

Do not involve in fraud cases and try to avoid filing FIR. You will get nothing other than mental agony, torture, and frequent journey with life threats. Be diligent in any activities think four times and consult with experts before taking any action by yourself. You will be left full of tears, fear, depression, and extra expenditure without any earnings.

The fraudulent person will get 7 years imprisonment, fine and both.

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