



Press Release

10.11.2025

Directorate of Enforcement (ED), Kochi Zonal Office, has conducted search operations on 07.11.2025 at five locations in Thiruvananthapuram in connection with the investigation under the Prevention of Money Laundering Act (PMLA), 2002 against M/s Nemom Service Co-operative Bank Ltd., Nemom, Thiruvananthapuram and others.

ED initiated investigation on the basis of 24 FIRs registered by Kerala Police against M/s Nemom Service Co-operative Bank Ltd., Nemom, Thiruvananthapuram and others, alleging that the Managing Committee of the bank misappropriated public funds and failed to return deposits collected from members of the public, thereby causing financial loss to depositors. The offences registered under Section 420 IPC and Section 318(4) of Bharatiya Nyaya Sanhita, 2023 (corresponding to Section 420 IPC) are Scheduled Offences under Part A of the Schedule to PMLA, 2002.

During the course of investigation, statements of depositors recorded under Section 50 of PMLA indicated that members had deposited their savings with the bank but were subsequently denied withdrawals, despite repeated requests. Concerns were raised regarding the financial management and decision-making by the then Managing Committee.

Further investigation revealed serious procedural violations, including acceptance of deposits and sanctioning of loans in contravention of the Act, Rules and circulars. The final report dated 08.08.2025 of Registrar of Co-operative Society indicated misappropriation of funds to the extent of Rs 50 Crore, creation of forged documents, sanctioning of loans beyond permissible limits, diversion of funds and overall financial mismanagement, leading to failure of the bank to honour deposit liabilities. It was also learnt that 380 criminal cases have so far been registered in relation to the bank scam, of which 368 have been transferred to the State Crime Branch for further investigation.

In order to trace the Proceeds of Crime, ED conducted coordinated search operations at five premises associated with the bank's functionaries and concerned individuals. At the bank premises, a substantial number of manual records were recovered. Certain fake Fixed Deposit certificates created in the name of one individual, based on which significant loans were availed from the bank and another financial institution, were seized. Hard disk data relating to depositors and default loan accounts has been retrieved for forensic examination.

At the premises of a former Secretary/Director, 15 original Fixed Deposit Receipts valued at approximately Rs. 50 Lakh and property documents were seized. At the premises of the former President, records relating to pledged documents were examined and his statement was recorded. At the premises of the borrower concerned, who is stated to have availed loans of approximately Rs. 7.2 Crore, documents relating to immovable properties and collateral securities with multiple institutions were recovered and his statement was recorded.

The seized documents and materials collected are being analysed to establish the money trail, financial links and the ultimate beneficiaries of the alleged misappropriation of public funds.

Further investigation is under progress.