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FIR lodged against Franklin

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MUMBAI

The Economic Offences Wing (EOW), Chennai, on Friday registered a first information report (FIR) against Franklin Templeton India, its trustee company, and senior management, including the fund manager, for allegedly defrauding the 300,000 unitholders stuck in its six shut debt schemes. The FIR is based on a complaint filed by the Chennai Financial Markets & Accountancy (CFMA), an investor group, in May this year.

This comes against the backdrop of the Karnataka high court finishing hearing the arguments in the four investor petitions filed against the asset management company (AMC) against its decision to wind down the schemes.

Franklin Templeton India is accused of defrauding 300,000 unitholders. BLOOMBERG

The high court was hearing the cases together and has asked all parties, including the Securities and Exchange Board of India (Sebi), to make their final submissions.

Sebi has also given a copy of the forensic audit report of these schemes to the court in a sealed envelope. The forensic audit, according to a *Mint* report on 14 September, found that the fund manager did not take corrective steps when underlying bonds started turning illiquid, its short-term funds held long-term securities, and there were excessive redemptions in months before the shutdown. Concern was also not raised for it being the sole lender to 26 issuers. On 23 April, Franklin Templeton decided to shut down its suite of six debt schemes because of severe illiquidity and redemption pressures. These schemes had combined asset under management in excess of ₹25,000 crore.

CFMA on Friday also said that it is contemplating filing a class action suit against Franklin Templeton global for recovery and to claim damages. It has urged all aggrieved investors to come together for filing the suit, "details of which will be announced soon".

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CHENNAI EOW REGISTERS FIR AGAINST FRANKLIN TEMPLETON

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