

THE BOARD OF CONTROL FOR CRICKET IN INDIA



Honorary Secretary's Office
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PROCEEDINGS OF THE HON. SECRETARY, BCCI ON REPLIES BY MR. LALIT K MODI TO SHOW CAUSE NOTICES ISSUED BY BCCI ON 26TH APRIL 2010, 6TH MAY 2010 AND 31ST MAY 2010.

I. 1st Show Cause Notice

In response to the show cause notice issued on 26.4.2010, Mr. Lalit K Modi has submitted his reply on 15th May 2010. Upon careful consideration of the explanation, I am Prima facie not satisfied that sufficient cause has been shown by Mr. Lalit K Modi to drop further proceedings. The brief reasons for my decision are as follows:

- a) On the first charge of irregularities in the process of finalizing the eight franchise bids, Mr. Lalit K Modi appears to have admitted the fact that the bid in respect of Rajasthan Royals originally submitted by Emerging Media IPL Pvt. Ltd., and accepted by the Governing Council was finally awarded to another entity by name Jaipur IPL Cricket Pvt. Ltd. Prima facie, this is sufficient reason to warrant a detailed enquiry.
- b) On the second charge of Bid Rigging, Mr. Lalit K Modi's explanation inter alia, is that the ITT containing the two conditions which appeared tailor made to favour certain prospective bidders were in fact made part of the ITT to the knowledge of the President, BCCI and all persons concerned. Further, the explanation records that insertion of the offending terms was not Mr. Lalit K Modi's sole initiative and the Board as well as the Governing Council of IPL were not kept in the dark.

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In this regard, the ITT for the two additional franchises for IPL was placed with the Governing Council at its meeting held on 17th December 2009 and the said document which was approved by the Governing Council did not contain the two objectionable conditions. Prima facie, it continues to appear that Mr. Lalit K Modi had on his own initiative, inserted these two conditions.

- c) On the third charge of arm twisting the successful bidder, viz., Rendezvous Sports World (UJV), Mr. Lalit K Modi has totally denied the charge. He has however, suggested that the Kochi Franchisee had an axe to grind with him since they were backed by a then member of the Union Council of Ministers who had to resign due to Mr. Lalit K Modi's disclosure. The facts suggested by Mr. Lalit K Modi if true may visit certain consequential action on the Kochi Franchisee by the BCCI. Further there is no explanation from Mr. Lalit K Modi as to why he chose to make public the list of their share holders after signing the Franchise agreement and cause embarrassment to the BCCI and hurt its image. These facts including the issue whether the Kochi Franchisee's version is correct or Mr. Lalit K Modi's version is correct have to be necessarily enquired into in a detailed manner.

- d) The fourth charge leveled was in relation to IPL Media Rights namely
- i) Television rights, Mr. Lalit K Modi has given explanation that he was aware of facilitation fee payment but did not know the quantum. The explanation further reads that payment of US\$ 80 Million in the circumstances was quite normal and there was nothing unusual about it. Mr. Lalit K Modi has not explained why the BCCI was made to practically guarantee payment by MSM Satellite (Singapore) to WSG Mauritius. There is no explanation why such a contract should have been signed between the parties concerned after the expiry of the

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agreement dated 15th March 2009 with WSG Mauritius. Prima facie it appears that US \$ 80 Million is a loss caused to the BCCI.

These facts clearly point to the serious irregularities in the award of Media Rights by Mr. Lalit K Modi as detailed in the show cause notice and further, these facts prima facie disprove Mr. Lalit K Modi's explanation. At any event, this certainly requires further enquiry in detail.

- ii) Internet Rights: On this charge, Mr. Lalit K Modi has submitted that GCV Mauritius is a company in which Elephant Capital PLC had invested only after the Web Portal Rights had been assigned by BCCI to GCV Mauritius and though Mr. Gaurav Burman is involved with Elephant Capital PLC, he is not an investor in the said fund and he is only an employee. No satisfactory explanation has been given why the Novation Agreement dated 31.3.2009 allowed assignment to a company to be incorporated in Mauritius. All these facts including the involvement of Mr. Gaurav Burman who is admittedly the Managing Partner of M/s. Elephant Capital would have to be enquired in detail. Prima facie it gives leads to serious issues of nepotism and conflict of interest.
- e) The fifth Charge against Mr. Lalit K Modi is one of misconduct and acting against the interest of the BCCI. In his explanation, Mr. Lalit K Modi has stated that he had all along argued the cause that it is in the interest of the BCCI to disclose the names of the share holders in all teams. There is no explanation as to why he did not wait to bring it up in the meeting of the Governing Council along with any other grievance that he may have. There is

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no explanation why he kept giving information and interviews to Media Channels making disparaging statements about the BCCI Office Bearers except to say he was clarifying the correct position.

Further while denying that he avoided the convening of the emergent meeting of the Governing Council, he has objected to the Hon. Secretary convening the meeting.

Since the above explanation is far from satisfactory, a detailed enquiry has to be conducted on this charge also.

II. 2nd Show Cause Notice

In response to the Show Cause Notice dated 6th May 2010, Mr. Lalit K Modi has given his explanation dated 31st May 2010. From a reading of the explanation it is obvious that Mr. Lalit K Modi admits to a meeting held with Mr. Stewart Reagan of Yorkshire CCC, Mr Hodgkiss of Lancashire CCC and Mr. Povey of Warwickshire CCC in the presence of officials. Mr. Lalit K Modi has attempted to justify the meeting and has given his own interpretation of the events which is prima facie contrary to the record. Issues pertaining to malice on the part of Mr. Giles Clarke, Chairman ECB, against Mr. Lalit K Modi as enumerated in the explanation do not appear to be relevant since the meeting held with the heads of English Counties and IMG has been admitted. Whether in this meeting there was a mere exploration of avenues to promote IPL in England or something more as suggested by the e-mail of Mr. Stuart Reagan would have to be enquired into.

Hence I find this is also a fit case where a detailed enquiry would have to be conducted.

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III. 3rd Show Cause Notice

In response to the Show Cause Notice issued on 31st May 2010, Mr. Lalit K Modi has submitted his reply on 15th June 2010. There are two different charges in the Show Cause Notice, one pertaining to award of Theatrical Rights and the other pertaining to commercialization of 150 seconds of FCT per match. I have studied the reply given by Mr. Lalit K Modi to each of these charges. I am of the view that these replies do not amount to satisfactory explanations. My reasons briefly are as follows:

a. Theatrical Rights

Mr. Lalit K Modi has while denying the allegations in the Show Cause Notice, referred to the lack of time available to the Entertainment & Sports Direct (ESD) for exploiting the rights. According to Mr. Lalit K Modi this was one of the reason why he had purportedly granted permission as per Clause 12 of the Agreement for assignment of the rights by ESD to Crown Infotainment Pvt. Ltd. (CIPL) for Indian Territory. However in the request letter dated 2nd February 2010 from ESD seeking permission of assignment of rights to CIPL, the alleged lack of time to exploit the rights is not cited. On the other hand, admittedly ESD had signed the contract on 17th / 22nd January 2010 and within 2 weeks, had sought for the assignment. Further, Mr. Lalit K Modi had admitted that he did not get the approval of the Governing Council before granting permission under Clause 12 of the Agreement.

b. 150 Seconds FCT

In his reply, Mr. Lalit K Modi has, while denying the charges, candidly admitted that no agreement has been signed up with Pioneer Digadsys on behalf of BCCI and yet the venture proceeded purely on the alleged capabilities and representations of Mr. Kunal Dasgupta of Pioneer Digadsys

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on an experimental basis. In this regard, it has been the consistent practice of BCCI not to experiment with BCCI properties without finding out the true value thereof. Moreover, it has been the consistent practice of the BCCI to first secure the contractual dues to it prior to allowing the Licensee or assignee of any BCCI rights to exploit the same. Admittedly, in this case, neither procedure was followed.

Hence I am left with no choice but to refer these facts to the Disciplinary Committee for enquiry.

Accordingly, I hereby refer the charges contained in the show cause notices, one issued on 26th April 2010, the second one issued on 6th May 2010 and the third one issued on 31st May 2010 together with the respective replies of Mr. Lalit K Modi dated 15th May 2010, 31st May 2010 and 15th June 2010 to the Disciplinary Committee as per Article 32 (iv) of the Memorandum, Rules and Regulations of the BCCI.

N Srinivasan
Hon. Secretary

Place : Chennai
Date: 19th June 2010