HC-KAR

NC: 2025:KHC:43837
CRL.P No. 2991 of 2025
C/W CRL.P No. 5197 of 2025

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 23RD DAY OF OCTOBER, 2025

R

BEFORE

THE HON'BLE MR. JUSTICE S.R.KRISHNA KUMAR

CRIMINAL PETITION NO. 2991 OF 2025 (482(Cr.PC) / 528(BNSS)
C/W
CRIMINAL PETITION NO. 5197 OF 2025 (482(Cr.PC) / 528(BNSS)

IN CRL.P No. 2991/2025

BETWEEN:

1. SMT. RAKSHA T
W/O CHETHAN NARAYAN
AGED ABOUT 35 YEARS
OCC HOME MAKER
RF/ATNO 107, 7TH CROSS
30TH MAIN, K G MEDICAL COLLGE
BSK III STAGE, VTC, BENGALURU SOUTH
BENGALURU 560 085.
PRESENTLY R/AT BAHRAIN.

2. SRI CHETHAN NARAYAN
S/O LATE NARAYANA GANIGA
AGEDABOUT 40YEARS
OCC MEDICALPRACTISIONER
R/ATNO 2-83, KRISHNA GANIGASHOUSE
NAVUNDA, KUNDAPURA TALUK
UDUPI DISTRICT 576 224
PRESENTKY R/AT BHARAIN.

Digitally signed by CHANDANA B M
Location: High Court of Karnataka

...PETITIONERS

(BY SRI. ARUNA SHYAM, SENIOR COUNSEL FOR
SRI. M.R. BALAKRISHNA, ADVOCATE)

AND:

1. THE STATE OF KARNATAKA
BY BASAVESHWARNAGAR POLICE STATION
BENGALURU
REP BY ITS STATE PUBLIC PROSECUTOR
HIGH COURT BUILDNG
BANGALORE 560 001.

2. VIVEK P HEGDE
S/OLT PRABHAKAR J HEGADE
AGED ABOUT 47 YERS
R/ATNO 76, 1ST 'J' CROSS
SHARADAD COLONY
BASAVESHWARNAGAR
BENGALURU CITY 560 079.

…RESPONDENTS

(BY SRI. B.N.JAGADEESHA, ADDL. SPP A/W
SRI. K. NAGESHWARAPPA, HCGP FOR R-1;
SRI. BRIJESH PATIL AND
SRI. AJITH A.SHETTY, ADVOCATES FOR R-2)

THIS CRL.P IS FILED U/S 482 CR.PC (FILED U/S 528 BNSS) PRAYING TO QUASH THE FIR AND COMPLAINT IN CR.NO.37/2024 DATED 04.02.2025 FOR THE ALLEGED OFFENCE P/U/S 316(2), 318(4), 3(5) OF BNS 2023 AND U/S 21 OF BUDS ACT, 2019 BY THE RESPONDENT NO.1 BASAVESHWARA NAGAR POLICE STATION AND NOW PENDING ON THE FILE OF HONBLE PRL. CITY CIVIL AND SESSIONS JUDGE, AT BENGALURU (CCH-1)

IN CRL.P NO. 5197/2025

BETWEEN:

RAJESHWARI P N
W/O RAMAKRISHNA RAO T
AGED ABOUT 65 YEARS R/AT NO.107,
7TH CROSS, 30TH MAIN,
BANASHANKARI 3RD STAGE,
NEAR K G MEDICAL COLLEGE
BENGALURU SOUTH, BANASHANKARI IIND STAGE
BENGALURU-560 085.

...PETITIONER

(BY SRI. TONY SEBASTIAN, SENIOR COUNSEL FOR SRI. RAJATH, ADVOCATE)

AND:

1. THE STATE OF KARNATAKA
BY BASAVESHWARANAGARA

POLICE STATION
REPRESENTED BY THE STATE PUBLIC PROSECUTOR,
HIGH COURT BUILDING
BENGALURU-560 001.

2. VIVEK P HEGADE
S/O LATE PRABHAKARA J HEGADE
AGED ABOUT 47 YEARS,
R/AT NO.76, 1ST J CROSS
SHARADA COLONY, BASAVESHWARANAGARA
BENGALURU CITY-560 079.

...RESPONDENTS

(BY SRI. B.N.JAGADEESHA, ADDL. SPP A/W
SRI. K. NAGESHWARAPPA, HCGP FOR R-1;
SRI. BRIJESH PATIL, AND
SRI. AJITH.A.SHETTY, ADVOCATES FOR R-2)

THIS CRL.P IS FILED U/S.482(FILED U/S.528 BNSS) CR.P.C PRAYING TO QUASHING THE FIR DATED 04.02.2025 REGISTERED IN CRIME NO.37/2024 BASAVESHWAR NAGAR P.S., FOR THE OFFENCE P/US/ 316(2),318(4),3(5) OF BNS 2023 AND U/S.21 OF BUDS ACT 2019 PENDING BEFORE THE Ld. PRINCIPAL CITY CIVIL AND SESSIONS JUDGE AT BENGALURU.

THESE PETITIONS ARE BEING HEARD AND RESERVED ON 24.07.2025 COMING ON FOR PRONOUNCEMENT OF ORDERS THIS DAY, THE COURT MADE THE FOLLOWING:-

CORAM: HON'BLE MR. JUSTICE S.R.KRISHNA KUMAR

CAV ORDER

Both these petitions arise out of Crime No.37/2024 dated 04.02.2025 registered by the 1st respondent – Police for offences punishable under Sections 316(2) , 318(4) and 3(5) of BNS, 2023

and Section 21 of the Banning of Unregulated Deposit Schemes, Act 2019 (for short 'the BUDS Act'). It is an undisputed fact and the matter of record that the impugned FIR was registered pursuant to the impugned complaint dated 04.02.2025 lodged by Sri. Vivek P. Hegde, who is the 2nd respondent – *de facto* complainant in both the petitions.

2. Crl.P.No.21995/2025 is preferred by accused Nos. 3 and 5, while Crl.P.No.5197/2025 is filed by accused No.2. Accused Nos. 1 and 4 are not before this Court in the present petitions.

3. Heard learned Senior counsel for the petitioner and learned Addl. SPP for 1st respondent- State as well as learned counsel for 2nd respondent and perused the material on record.

4. In addition to reiterating the various contentions urged in the petitions and referring to the material on record, learned Senior counsel for the petitioners submits that the impugned complaint and FIR seek to convert a civil dispute into a criminal dispute by giving a cloak of criminality to an essentially criminal transaction, which is impermissible in law. It is submitted that the impugned complaint and FIR do not disclose the commission of any cognizable offences by the petitioners and that the invocation of

Section 21 of the BUDS Act and registration of the FIR by the 1st respondent is also illegal and invalid as per the provisions contained in the BUDS Act. It is therefore submitted that the impugned complaint and FIR deserve to be quashed. In support of his submissions, learned Senior counsel placed reliance upon the following judgements:-

(i) Srijith vs. State of Karnataka - Crl.P. No. 201497/2024 dated 24.01.2025;

(ii) Nijamuddin Jakati vs. State of Karnataka - Crl.P. No. 103201/2024 dated 04.10.2024;

(iii) Abdul Rahman Khan vs. State of Karnataka - Crl.P. No. 101916/2023 dated 31.08.2023;

(iv) Shailesh Kumar vs. State of Uttar Pradesh - 2025 SCC OnLine SC 1462;

(v) Manish vs. State of Maharashtra - 2025 SCC OnLine SC 707;

(vi) Staish Chandra Ratan Lal vs. State of Gujarat - (2019) 9 SCC 148;

(vii) Manjunatha Reddy vs. State of Karnataka - Crl.P. No. 2390/2025 dated 16.06.2025.

5. Per contra, learned Addl. SPP for the 1st respondent – State submits that the averments made in the impugned complaint

and FIR clearly disclose the commission of the offences by the petitioners. It is also submitted that the complaint does not indicate that a purely civil transaction is sought to be converted into criminal proceedings, especially when it is permissible in law to initiate / institute both civil and criminal proceedings by the 2nd respondent. It is also submitted that the Karnataka State Police Department has adopted a Standard Operating Procedure (SOP) dated 30.10.2021 under the BUDS Act, which clearly indicates that the invocation of Section 21 of the said Act in the FIR is perfectly legal and proper and the contention of the petitioners cannot be accepted in the light of the judgment of the co-ordinate Bench of this Court in the case of ***Yellappa Sham Managutakar- Crl.P.100048/2024 dated 17.01.2025***. It is therefore submitted that there is no merit in the petition and the same is liable to be dismissed.

6. So also, learned counsel for 2nd respondent – *de facto* complainant submits that there is no merit in the petition and that the same is liable to be dismissed.

7. Before adverting to the rival submissions, it is necessary to extract the impugned complaint (Translated version) which reads as under:-

04/02/2025

To,
The Police Inspector
Basaveshwaranagar Police Station
Basaveshwaranagar,
Bengaluru - 560 079

From,
Vivek P. Hegde, S/o Late Prabhakar J. Hegde,
Aged approximately 47 years,
Address: No. 76, 1st J Cross,
Sharada Colony,
Basaveshwaranagar - 560 079.
Mobile: 9742210284

Respected Sir/Madam,

***Subject**: Request for appropriate legal action against Ramakrishna Rao, his wife Smt. Rajeshwari Rao, their children Smt. Raksha Thonse, Rahul Thonse, and Chetan Narayan for committing acts of cheating, fraud, breach of trust, and criminal conspiracy.*

I, the undersigned/complainant, have been residing at the above-mentioned address for the past ten years. I own a logistics company called TPS Ahead in Basaveshwaranagar, which has cold-storage vehicles used for transporting perishable goods across the country, and currently employs a total of 75 people. I am bringing to your attention the criminal acts committed by a person named Sri Ramakrishna Rao, who conspired with his wife Smt. Rajeshwari Rao, daughter Raksha, son-in-law Chetan Narayan, and son Rahul, to cheat me and many other individuals under the pretext of funding their investments in Sri Lanka and Dubai.

On 07/02/2023, my friend Naveen Chandra Kothari introduced me to Ramakrishna Rao. Recently, I have started to suspect that Naveen Chandra Kothari, who has been my friend since December 2022, is also a part of the conspiracy involving Ramakrishna Rao and his family. Naveen Chandra Kothari proposed several real estate deals and claimed to know many influential people. During these discussions, on 07/02/2023 at about 2 PM, Ramakrishna Rao met us in his car at my office in Basaveshwaranagar, and we held a meeting in our office regarding giving him money in the form of a loan. Ramakrishna Rao stated that there was a high profit margin in several businesses in Sri Lanka and the Middle East, and that his daughter Raksha, son-in-law Chetan Narayan, and son Rahul were managing all their businesses. He connected us with his daughter Raksha and son-in-law Chetan Narayan via his mobile, and they spoke about their investments in the hospitality sector in Dubai and how Ras Al-Khaimah would be the next casino and entertainment hub. They offered to pay an interest rate of 4% if we provided money for this business in the form of a loan or deposit.

Ramakrishna Rao, Smt. Raksha, and Chetan Narayan made us believe that they owned tables at a casino called Bellagio in Sri Lanka and that his son, Sri Rahul, was managing the business there. Over the course of the next month, we had several conversations with him over the phone, and he promised to give high interest. Based on his instruction and the assurance from Raksha and Chetan Narayan, we gave a loan of Rs. 30,00,000/- (Rupees Thirty Lakhs Only) on

18/03/2023 via RTGS from my Equitas Bank account near Shankar Mutt Signal, Basaveshwaranagar, to the account of Sri Rahul T (IDBI Bank, Account No. 08681020001418).

I transferred the above-mentioned amount entirely to Rahul's account at the request of Ramakrishna Rao. As a guarantee for the money we provided, they gave us the original documents of his Porsche Cayenne car (HR 26 BN 0013) and two cheque leaves (Cheque No. 377042, 377043) from IDBI Bank as security. During those days, Smt. Raksha and Chetan Narayan called us and said that once their investment was complete, they would arrange for us to travel to Sri Lanka and visit the casino where they were investing. On 22/4/23, Ramakrishna Rao arranged for tickets and accommodation in Sri Lanka. I traveled to Sri Lanka with Rahul T and Naveen Chandra Kothari. Rahul T booked a suite for me and Naveen at the Shangri-La Hotel and informed us that they had a permanent suite there.

Rahul took us to the Bellagio Casino in Sri Lanka and showed us two tables, claiming they were owned by his father. The staff accompanying him behaved in a manner that portrayed him as the owner of the place. We noticed that the casino freely provided him with cars and food as needed. A dedicated chef was at his service, fulfilling all his requests. He introduced us to a person called "Clifford," stating that he was the CEO of Bellagio and a close friend. He showed us the 30 lakh I had invested in his casino accounts.

In the meantime, we were receiving the correct profit share for the money we had given, right on time. They never missed a payment date, and we were impressed by their business in Sri Lanka. By the end of June 2023, at the special request of Ramakrishna Rao, we transferred an additional Rs. 76,00,000/- to Rahul T's IDBI Bank account for business investment. Furthermore, by 07/07/23, the total amount of the loan we had given to Ramakrishna Rao, his two children, and his son-in-law had reached Rs. 3 Crore.

On 17/07/23, Sri Ramakrishna Rao informed us that the situation in the Sri Lankan casino was not good and expressed doubt about the security of their investments there. Since we were specifically concerned about the security of the loan we had given them, he told us that he would withdraw the majority of their investments. On 17/07/23, he returned Rs. 2 Crore out of the Rs. 3 Crore he owed us. By this time, some other people in our circle of friends had also loaned money to Ramakrishna Rao and his children. In August, they contacted us again and informed us that the situation in Sri Lanka was now better and that they were constantly monitoring the situation there. They assured us that "our money would be safe" and requested us to loan them money again. Since they had returned the money they had borrowed from us, we completely trusted them, and we started collecting money from various sources and loaned them a larger amount. It is estimated that I and my friends, M.P. Ravi, T. Kashivelu, Manoharlal, T. Nagaraj, Mallikarjun Rahul, and Vivek Raj Shetty, together gave Ramakrishna

Rao over Rs. 7 Crore in installments, both through bank transfers and cash.

Sri Ramakrishna Rao was in constant touch with us, asking us to introduce more people, and he took us to Sri Lanka many times to show us their new projects. On 06/10/23, I, Sridhar (my friend), and Rahul T traveled to Sri Lanka. Sridhar, also impressed by their business, gave a cash loan of Rs. 10 Lakh through me. Sri Ramakrishna Rao arranged for tickets and travel to Dubai, and I and Rahul T went to Dubai on 10/10/23. In Dubai, T. Rahul received us and connected me via phone to Raksha and Chetan Narayan. They informed me that they were in Bahrain at the time. These individuals proposed various investments, including a ticket agency for casino customers, and explained about future investments in Ras Al-Khaimah. We all finally returned on 16/10/23. By this time, Ramakrishna Rao had become like a family friend and was even asking for my help for his son's wedding. Although Ramakrishna Rao asked on many occasions to consider our money as investments instead of loans, we were not inclined to take the risk of investing our hard-earned money in businesses we were not familiar with.

Ramakrishna Rao organized a get-together and lunch at Swathi Hotel in Rajajinagar on October 24, 2023, and asked us to invite as many people as possible for a business presentation or an online presentation. He said that an opportunity had arisen to invest in the 'casino floor' of a new project in Sri Lanka called 'City of Dreams'. He mentioned that his daughter and son-in-law, Chetan Narayan, were

marketing this in the Middle East and had received a good response. Their presentation depicted Sri Lanka as an alternative to Goa. He stated that the booming tourism was the reason for Sri Lanka's fast GDP growth. He said that many Chinese and European tourists prefer Sri Lanka over India and that they usually visit casinos. He stated that the new project would be Asia's biggest casino and that they were very lucky to get 12 tables on its casino floor.

He told us that they needed Rs. 25 Crore for the investment, and Rs. 12.50 Crore needed to be in an escrow account by the end of December. The Rs. 25 Crore investment was necessary. He offered to give me 50% interest and initially asked me to arrange Rs. 10 Crore by the end of December 2023. He insisted that we invite at least 100 people to this presentation. I invited my family and friends, and about 150 people attended the event in person and through a Zoom meeting. Smt. Raksha and Chetan Narayan participated in this meeting via video conference. They spoke extensively about the profits from the investments made by them and Ramakrishna Rao. Based on this presentation, 40 people came forward to invest in this venture.

The meeting was primarily managed by Raksha, Chetan Narayan, and Ramakrishna Rao. On 15/11/24, a dinner party was held at their son Rahul's flat in Banashankari, where Ramakrishna Rao presented the idea again with more details. Raksha and Chetan Narayan attended the meeting online. On 29/12/23, Rahul T invited me to Dubai and hosted me well there. He showed good rapport and told me that he

considered me like his elder brother. He made me believe that they could run a successful business in Sri Lanka and Dubai. He told me that he would relocate to Dubai after starting their business at City of Dreams, and he would give me the responsibility of all the business operations in Sri Lanka, while he would spend his time establishing the business in Ras Al-Khaimah, Dubai.

By 05/01/24, I and others had collected Rs. 10 crore from various sources. We transferred this amount to Rahul's personal account and other accounts as per the instructions of Ramakrishna Rao. When asked about these accounts, Ramakrishna Rao assured us that they belonged to his associates. The money received as returns was reinvested, bringing the total investment up to Rs. 10 crore. The responsibility for cash transactions was managed by Rajeshwari Rao, i.e., Sri Ramakrishna Rao's wife, and a person named Harish (6363106373). Rajeshwari Rao and Harish mainly paid all the returns in cash, and seeing such senior family members involved in the business further increased our trust in the family.

In January 2024, Raksha, Chetan Narayan, and Ramakrishna Rao started introducing other schemes at Bellagio and Bally's casinos. They told us that since the inauguration of the casino floor at City of Dreams was not yet finalized, we should loan our money to Bellagio and Bally's casinos, and they would later transfer this money to the escrow account for City of Dreams. They stated that these schemes would last for 15 to 30 days and the money would

be returned immediately if needed. They introduced new schemes offering high profits during every festival season. Right at the time of paying the interest and the principal amount, they would introduce new schemes to reinvest that amount into another business.

In February 2024, Raksha and her husband Chetan Narayan visited India, and we met them on 13/02/24. The couple explained in detail about the schemes at Bellagio and Bally's casinos and the casino floor. They encouraged us to fully utilize the schemes they described, as we would not be able to participate in them once City of Dreams (Cinnamon Life) started. In February 2024, Ramakrishna Rao came up with a new plan to get an agency at the Singapore casino "Marina Bay." He said that as agents, we would get a commission on all transactions made by customers introduced by us. We were told that we would need to invest Rs. 1 crore to start the agency, and this amount, along with interest, would be returned one month after our customers started arriving at the casino.

Refusing to call the money we gave an investment and insisting it be considered a loan, they took another Rs. 1 crore from us on various dates in February. However, as it now appears, the accused individuals had devised a detailed plan to lure us into an uncontrolled deposit scheme with the intention of never returning the money. On 21/02/24, Ramakrishna Rao told us that the casino floor at City of Dreams would be inaugurated in May 2024, and we needed to invest an additional Rs. 2.5 crore to reach the 50%

investment of Rs. 12.5 crore. He mentioned that an official agreement would be made soon. By 04/03/24, we had loaned a total of Rs. 12.70 crore. Meanwhile, Ramakrishna Rao, Raksha, Chetan Narayan, and Rahul continued to describe various schemes for investments in Bellagio and Bally's casinos in Sri Lanka. On 04/04/2024, Ramakrishna Rao invited me to Sri Lanka and said that there had been a fallout with Clifford (CEO of Bellagio), and as a result, they had withdrawn from investing in the new casino floor. He hosted a party at Bellagio, which Rahul attended. We stayed at Shangri-La. He assured me that the casino floor investment plan would proceed as planned and that Clifford's withdrawal was a good thing.

He told us that if we loaned an additional Rs. 5 crore, we would also get a share of the profits equal to Clifford's share, and the agreement would happen soon. He said that since our ideas aligned, he was very comfortable with us and did not want to involve other investors. By May 2024, they had postponed the inauguration of the new casino floor several times. In May 2024, Ramakrishna Rao brought a new plan about Bitcoin investment in Dubai. He said that his son Rahul was a classmate and close friend of Sri Nischal Shetty, the CEO of WazirX. He said they were launching a new Bitcoin. He mentioned that his son Rahul T was a certified miner and would manage the Bitcoin investments. He claimed Rahul was so enthusiastic about it that he had transferred all his personal investments from Sri Lanka to this new project. By the end of May, we had loaned Rs. 7.5 crore for the other schemes in the Sri Lankan casino that

Ramakrishna Rao could potentially start and that Raksha and her husband were marketing. The total amount given to Ramakrishna Rao reached Rs. 21 crore (Rs. 12.50 crore for City of Dreams, Rs. 1 crore for Singapore investment, and Rs. 7.50 crore for Sri Lanka Casino investment).

On 02/06/24, Rahul called me and asked me to bring more people to invest in Sri Lanka so that we could reinvest the profits in Dubai. Accordingly, I brought two famous "entrepreneurs," Sri Nagaraj and Rahul Mallikarjunayya, to Sri Lanka. Rahul T hosted them well and influenced them to invest, making them ready to invest in the casino business.

In early June, Rahul contacted me and informed me that the Bitcoin would be launched to the public in a few months. Since they were in touch with the person launching the Bitcoin, he said they had received an early offer, and if we invested beforehand, we would surely get at least 50% profit. He said that since he was a certified miner and an expert in determining the success of the Bitcoin, he had stopped all his other work and invested all his money in this Bitcoin. He mentioned that the June profits were due, and they were insisting that the profits be reinvested and not withdrawn. On 14/07/2024, we loaned Rs. 2.50 crore for Bitcoins in Dubai. Ramakrishna Rao, Chetan Narayan, and Raksha were constantly pressuring us to bring more investments for the Dubai project. They told us that the inauguration of City of Dreams was being delayed, and we should not lose this opportunity which would only be available until the Bitcoin launch.

On 01/08/2024, we collected another Rs. 6.5 crore from our various sources to loan for the Dubai investment. By 01/08/24, including the reinvestments, the total amount loaned for the above-mentioned investments was Rs. 30 crore. Excluding my and my immediate family members' investments, the total amount so far was Rs. 14,40,20,580 (Rupees Fourteen Crore Forty Lakh Twenty Thousand Five Hundred and Eighty Only). It is known that the loan money given by many other individuals is even more, and these individuals are also coming forward to take legal action against Ramakrishna Rao and his associates.

On 05/08/24, Ramakrishna Rao told me that a major blockchain event was taking place in October 2024 and that Sri Nischal Shetty had started a Bitcoin portfolio of Rs. 250 crore. He said he had been given the responsibility of raising □50 crore for this. He mentioned that if he could raise the money for the portfolio, he would join the elite club of Bitcoin billionaires. He took Rs. 5 lakh from me and organized a trip for me and my wife to the Maldives. He promised that upon our return, which was around 05/08/24, he would pay all the money that was due in July. However, from 05/08/24 onwards, he reduced contact with us and was unreachable on the phone. Once, he did answer my call and informed me that Rahul was admitted to the hospital with severe back pain, and to prove this, he sent us the hospital's location.

Since they were unreachable on the phone and the interest money due to us for July and August was pending, we became anxious about them. Under these circumstances, on

14/08/24, Rahul T called me on behalf of Ramakrishna Rao and said that all the business was hopeful, and since the deadline to raise the Rs. 50 crore was 26/08/24, they were coming to India soon to raise this amount. He said that the pending Rs. 6 crore for August had been invested in Dubai, and our Rs. 17.50 crore investment from Sri Lanka had been moved to Dubai. I was angry with him for making this decision without discussing it with me or my investors. I expressed my suspicions about Bitcoin to him. I asked him to return 50% of the loan money I had given and all the money to the other individuals, as they were not ready to invest in coins. He told me this was the first risk they were taking, and this investment would give us 110% profit in one month. He said he would come to India and explain everything to me and the investors. I finally agreed to invest another Rs. 5 crore. When I asked him to provide documentation as security for the money I had given so far, he wrote a "loan agreement" on a bond paper and also gave me some blank signed papers, saying, "Write whatever security you want for your money on these." Further, on 23/08/24, Ramakrishna Rao took another Rs. 25 lakh in cash as a loan from me. As security for this, he told me to take his new Innova Hycross vehicle (KA 05 NL 0170) which was at his house. He said that the car's documents were with Rahul, and he would come to India on 26/08/2024 and give the documents to me.

Rahul came to India on 26/08/24 and met me at the office. My close friend, Sri Manoharlal, agreed to give □1.25 crore on the security of Rahul T's flat documents. Accordingly, Manoharlal transferred Rs. 1 crore to Rahul's IDBI Bank

account, and the remaining Rs. 25 lakh in cash was given to Ramakrishna Rao. Rahul told us that this investment would be completed in two months and no money would be given until October 2024. When I objected to this, he promised to arrange at least Rs. 5 crore by the end of August. Rahul went to Dubai, and at that time, Ramakrishna Rao and Raksha were not reachable on the phone. We went to Ramakrishna Rao's residence several times but could not contact him.

In the first week of September, we were able to contact Rahul, and I expressed our concerns about the casino floor still not being opened. He invited me and Nagaraj to Sri Lanka, promising to take us to the City of Dreams casino and show us the tables. Nagaraj and I traveled to Sri Lanka on 19/09/24 and met Rahul T. He took us to the City of Dreams project, which was still under construction. When we insisted on seeing the casino floor, he said it was not possible as the installation of security cameras was underway. He arranged our stay at Shangri-La. On the morning of 21/09/24, he left Sri Lanka for Dubai without informing us. He called in the morning and said he had to fly to Dubai due to an emergency and that return tickets had been booked for us. When we checked out of the hotel, it was found that the bill had not been fully paid as he had claimed. I paid the bill after arranging money in LKR currency. This caused me a lot of trouble, and I had an argument with him on the phone about it.

On 08/10/24, Rahul organized a meeting with investors at The Oberoi in Bengaluru. I and a few investors met him there. He assured me that the investments were going well and that profits would be available soon. He had been ignoring my calls and was not in contact, but every week, he would call me to say that everything was fine and that the portfolio would be completed as planned on 26/10/24. On 17/10/24, he called me and said he had arranged to raise □5 crore and asked me to return the flat documents he had given me earlier for security. But I told him I would not return the documents until I received the money that was due to me. Then, Rahul put me on a conference call with the person who had agreed to give him the money. The person on the call asked for the flat documents, stating he was giving Rahul Rs.5 crore. I told Rahul that the documents were with my father-in-law, and I would not speak to him. He contacted my father-in-law and requested the documents. My father-in-law asked him to deposit his passport and then collect the documents. Rahul agreed to this. On 08/10/24, Rahul visited my father-in-law's office, deposited his passport, collected the documents, and left. When I arrived later and checked, I found that the passport, though valid, had been cancelled. My father-in-law had only checked the validity and had not noticed the 'cancelled' stamp on the passport.

Later, when my wife contacted Rahul, he insisted that he had traveled using the same passport and claimed that even though it had a cancellation stamp, he had a letter of authorization from the police department to travel with that passport. On 19/10/2024, he called me and said he needed

Rs.1.5 crore. I refused to give him money and said I wanted to see both the escrow account and the Dubai investment. I told him that he had not kept his word since July and that I would not invest any further. I insisted on the return of all my money on 26/10/24. On 23/10/24, he called and said everything was fine and that the deadline for returning the money was 26/10/24, promising to return all the money by 31/10/24.

He called me and other investors many times to collect an additional Rs.1.5 crore for the inauguration of the casino floor in Sri Lanka. He told us that the delay in the inauguration was due to this money. On 24/10/24, he called my wife and asked her to come to the court at 11 am, as his passport needed to be submitted to the court in connection with a case. She went to the court and gave him the passport. A little later, he returned the passport and told her that everything would be sorted out on 26/10/24 and that everything was on the right track. The same day, my wife insisted that Rahul give a written confirmation for all the money taken from us. He told her he would return the documents soon.

On 24/10/24, he called me and said that the Sri Lanka casino floor would be inaugurated in the first week of November and that my wife and I should attend it in Sri Lanka. He asked me to arrange for a priest to conduct the puja for the floor inauguration. He asked for the priest's passport to book the tickets. I consulted with the priest and fixed 06/11/24 as the auspicious day for the puja. Further, on

01/11/24, Rahul called me and said that an additional Rs.1.5 crore was needed, and if it wasn't provided, the floor would not be inaugurated. He said he had received an email about this, but since it was confidential, he could not forward it. On 02/11/24, he called me and introduced a person named Jatin on the call, who had invested in the Rs.250 crore portfolio. Jatin said everything would be resolved on 07/11/24. I reminded them to send me the pending documents for the Toyota Hycross on 03/11/24.

On 04/11/24, Rahul called me and reaffirmed that everything would be resolved on 07/11/24, and he would send me the tickets. He also promised to show evidence that Rs.12.5 crore was kept in the escrow account.

I was unable to contact him for 2 days, and on 05/11/24, I called Ramakrishna Rao. When I called him, Ramakrishna Rao was initially polite and asked me to request everyone else to give him and his two children a little more time. When I started insisting, he bluntly told me to forget our money and said that he and his children were capable enough to handle any senior police officer or court judge. He said that he had enough contacts in the police department and the judiciary, and if we went against them legally, we would not get any money. Rahul immediately messaged me, threatening that the consequences would not be good if I went to his father and asked for money, and said, "I know which school your children attend. If this matter goes to money, your children will not come home."

After this, on 06/11/24 at 9 PM, they sent me tickets to come to Sri Lanka. The flight was on 07/11/24 at 11 AM. I traveled alone. They had booked a room for me at Hotel Kingsbury. They informed me that they would be traveling from Dubai on 07/11/2024 and would meet me on the morning of the 8th. They did not arrive on the 8th. They said they would come late at night, but they did not arrive, and I returned to Bangalore on the 9th. On the way back, I contacted them, and they said that they had received life threats from Sri Lanka and that was why they did not come. It was difficult to contact them. They would call me once a day, assuring me that they would come to India and meet me in two days. On 18/11/24, my wife and mother visited Ramakrishna Rao's residence and asked for the money back. He promised that the money was safe and that Rahul was facing health issues, but he would fix everything.

On 22/11/24, two Crime Branch constables from Chennamma Kere Police Station came to our house looking for Rahul T's I-Cross vehicle, which was parked in our parking lot. I was not at home. They called me and asked me to come to the police station the next day. We came to know that Ramakrishna Rao had visited the Commissioner's office and filed a complaint stating that I had taken the car from him in August and had not returned it. On 25/11/24, we were forced to return the car to Ramakrishna Rao. After that, Ramakrishna Rao, Smt. Raksha, and Rahul T have completely ignored us and have blocked all my phone numbers.

Ramakrishna Rao, in criminal conspiracy with his two children, Smt. Raksha and Sri Rahul T, cheated us by promising high profits and interest, taking Rs.3,50,00,000/- from me and Rs.22,00,00,000/- from my friends, and have not returned the money. When asked for the money, they have abused and threatened us. Furthermore, I later learned that Rahul T was caught with a famous Kannada film actress in connection with narcotics. Therefore, with the intention of defrauding and cheating us, Ramakrishna Rao, his wife Smt. Rajeshwari Rao, their children Smt. Raksha Thonse, Rahul Thonse, and Chetan Narayan, have systematically taken crores of rupees in installments, promising high interest and profits, and have now abused and threatened us when asked for the money. I request that appropriate legal action be taken against them.

With regards,

Yours faithfully

Sd/-
(Vivek. P Hegde)"

8. A perusal of the impugned complaint will indicate that *prima facie*, all necessary ingredients disclosing the commission of the alleged cognizable offences have been stated and detailed in the impugned complaint and FIR, which also contain the sequence of events, transactions etc., leading to the impugned complaint and FIR. It is therefore clear that the contention of the petitioner that the

complaint and FIR do not disclose the commission of the alleged cognizable offences cannot be accepted having regard to the various averments made in the complaint and at this *prima facie* stage, it would not be permissible to exercise the jurisdiction of this Court under Section 482 Cr.P.C. and quash the impugned proceedings.

9. It is well settled that at the stage of considering a plea for quashment of FIR, the same cannot be construed or treated as an encyclopaedia and if the substance of the complaint makes out the commission of a cognizable offence, the question of interfering with the same and scuttling or interdicting the proceedings would not arise.

10. In the case of ***Neeharika Infrastructure (P) Ltd. v. State of Maharashtra - (2021) 19 SCC 401,*** the Apex Court held as under:-

> ***12.7.*** *In CBI v. Tapan Kumar Singh [CBI v. Tapan Kumar Singh, (2003) 6 SCC 175 : 2003 SCC (Cri) 1305] and in State of U.P. v. Naresh [State of U.P. v. Naresh, (2011) 4 SCC 324 : (2011) 2 SCC (Cri) 216] , it is observed and held by this Court that FIR is not an encyclopaedia, which must disclose all facts and details relating to the offence reported. In para 20 in Tapan*

Kumar Singh [CBI v. Tapan Kumar Singh, (2003) 6 SCC 175 : 2003 SCC (Cri) 1305] , it is observed and held as under : (Tapan Kumar Singh case [CBI v. Tapan Kumar Singh, (2003) 6 SCC 175 : 2003 SCC (Cri) 1305] , SCC pp. 183-84)

"20. It is well settled that a first information report is not an encyclopaedia, which must disclose all facts and details relating to the offence reported. An informant may lodge a report about the commission of an offence though he may not know the name of the victim or his assailant. He may not even know how the occurrence took place. A first informant need not necessarily be an eyewitness so as to be able to disclose in great detail all aspects of the offence committed. What is of significance is that the information given must disclose the commission of a cognizable offence and the information so lodged must provide a basis for the police officer to suspect the commission of a cognizable offence. At this stage it is enough if the police officer on the basis of the information given suspects the commission of a cognizable offence, and not that he must be convinced or satisfied that a cognizable offence has been committed. If he has reasons to suspect, on the basis of information received, that a cognizable offence may have been committed, he is bound to record the information and conduct an investigation. At this stage it is also not necessary for him to satisfy himself about the truthfulness of the information. It is only after a complete investigation that he may be able to report on the truthfulness or otherwise of the information. Similarly, even if the information does not furnish all the details he must find out those details in the course of investigation and collect all the necessary evidence. The information given disclosing the commission of a cognizable offence only sets in motion the investigative machinery, with a view to collect all necessary evidence, and thereafter to take action in

accordance with law. The true test is whether the information furnished provides a reason to suspect the commission of an offence, which the police officer concerned is empowered under Section 156 of the Code to investigate. If it does, he has no option but to record the information and proceed to investigate the case either himself or depute any other competent officer to conduct the investigation. The question as to whether the report is true, whether it discloses full details regarding the manner of occurrence, whether the accused is named, and whether there is sufficient evidence to support the allegations are all matters which are alien to the consideration of the question whether the report discloses the commission of a cognizable offence. Even if the information does not give full details regarding these matters, the investigating officer is not absolved of his duty to investigate the case and discover the true facts, if he can."

13.12. *The first information report is not an encyclopaedia which must disclose all facts and details relating to the offence reported. Therefore, when the investigation by the police is in progress, the court should not go into the merits of the allegations in the FIR. Police must be permitted to complete the investigation. It would be premature to pronounce the conclusion based on hazy facts that the complaint/FIR does not deserve to be investigated or that it amounts to abuse of process of law. During or after investigation, if the investigating officer finds that there is no substance in the application made by the complainant, the investigating officer may file an appropriate report/summary before the learned Magistrate which may be considered by the learned Magistrate in accordance with the known procedure.*

> ***33.12.*** *The first information report is not an encyclopaedia which must disclose all facts and details relating to the offence reported. Therefore, when the investigation by the police is in progress, the court should not go into the merits of the allegations in the FIR. Police must be permitted to complete the investigation. It would be premature to pronounce the conclusion based on hazy facts that the complaint/FIR does not deserve to be investigated or that it amounts to abuse of process of law. After investigation, if the investigating officer finds that there is no substance in the application made by the complainant, the investigating officer may file an appropriate report/summary before the learned Magistrate which may be considered by the learned Magistrate in accordance with the known procedure.*

Under these circumstances, this contention of the petitioners cannot be accepted.

11. Similarly, the contention of the petitioner that the complaint and FIR seek to give a criminal colour to an essentially civil dispute also cannot be accepted in the facts and circumstances obtaining in the instant case as can be discerned from the impugned complaint and FIR; it is well settled that both civil and criminal action / proceedings are permissible as held in various judgments of the Apex Court.

12. In the case of ***P.Swaroopa Rani vs. N.Harinarayana - (2008) 5 SCC 765,*** the Apex court held as under:-

> *"**11.** It is, however, well settled that in a given case, civil proceedings and criminal proceedings can proceed simultaneously. Whether civil proceedings or criminal proceedings shall be stayed depends upon the fact and circumstances of each case. (See M.S. Sheriff v. State of Madras [AIR 1954 SC 397] , Iqbal Singh Marwah v. Meenakshi Marwah [(2005) 4 SCC 370 : 2005 SCC (Cri) 1101] and Institute of Chartered Accountants of India v. Assn. of Chartered Certified Accountants [(2005) 12 SCC 226 : (2006) 1 SCC (Cri) 544] .)*
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> ***12.** It is furthermore trite that Section 195(1)(b)(ii) of the Code of Criminal Procedure would not be attracted where a forged document has been filed. It was so held by a Constitution Bench of this Court in Iqbal Singh Marwah [(2005) 4 SCC 370 : 2005 SCC (Cri) 1101] stating : (SCC pp. 387-88, paras 25-26)*
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> > *"25. An enlarged interpretation to Section 195(1)(b)(ii), whereby the bar created by the said provision would also operate where after commission of an act of forgery the document is subsequently produced in court, is capable of great misuse. As pointed out in Sachida Nand Singh [Sachida Nand Singh v. State of Bihar, (1998) 2 SCC 493 : 1998 SCC (Cri) 660] after preparing a forged document or committing an act of forgery, a person may manage to get a proceeding instituted in any civil, criminal or revenue court, either by himself or through someone set up by him and simply file the document in the said proceeding. He would thus be protected from*

prosecution, either at the instance of a private party or the police until the court, where the document has been filed, itself chooses to file a complaint. The litigation may be a prolonged one due to which the actual trial of such a person may be delayed indefinitely. Such an interpretation would be highly detrimental to the interest of the society at large.

26. Judicial notice can be taken of the fact that the courts are normally reluctant to direct filing of a criminal complaint and such a course is rarely adopted. It will not be fair and proper to give an interpretation which leads to a situation where a person alleged to have committed an offence of the type enumerated in Clause (b)(ii) is either not placed for trial on account of non-filing of a complaint or if a complaint is filed, the same does not come to its logical end. Judging from such an angle will be in consonance with the principle that an unworkable or impracticable result should be avoided. In Statutory Interpretation by Francis Bennion (3rd Edn.), Para 313, the principle has been stated in the following manner:

'The court seeks to avoid a construction of an enactment that produces an unworkable or impracticable result, since this is unlikely to have been intended by Parliament. Sometimes, however, there are overriding reasons for applying such a construction, for example, where it appears that Parliament really intended it or the literal meaning is too strong.' "

In regard to the possible conflict of findings between civil and criminal court, however, it was opined : (SCC pp. 389-90, para 32)

"32. Coming to the last contention that an effort should be made to avoid conflict of findings between

the civil and criminal courts, it is necessary to point out that the standard of proof required in the two proceedings are entirely different. Civil cases are decided on the basis of preponderance of evidence while in a criminal case the entire burden lies on the prosecution and proof beyond reasonable doubt has to be given. There is neither any statutory provision nor any legal principle that the findings recorded in one proceeding may be treated as final or binding in the other, as both the cases have to be decided on the basis of the evidence adduced therein."

It was concluded : (SCC p. 390, para 33)

"33. In view of the discussion made above, we are of the opinion that Sachida Nand Singh [Sachida Nand Singh v. State of Bihar, (1998) 2 SCC 493 : 1998 SCC (Cri) 660] has been correctly decided and the view taken therein is the correct view. Section 195(1)(b)(ii) CrPC would be attracted only when the offences enumerated in the said provision have been committed with respect to a document after it has been produced or given in evidence in a proceeding in any court i.e. during the time when the document was in custodia legis."

13. *Filing of an independent criminal proceeding, although initiated in terms of some observations made by the civil court, is not barred under any statute."*

13. In the case of ***Kathyayini v. Sidharth P.S. Reddy - 2025 SCC OnLine SC 1428,*** the Apex Court held as under:

7. *It is clear from the facts that a prima facie case for criminal conspiracy and cheating exists against respondent Nos. 1 and 2. It appears that they, along with their uncles Guruva Reddy and Umedha*

Reddy, have attempted to defraud their aunts by creating a forged family tree and partition deed with a motive to gain all the monetary award for land in question bypassing the appellant and her sisters. They succeeded in their plan until Sudhanva Reddy revealed it to the authorities by a letter. The High Court has erroneously relied upon the statement of Sub-Registrar who stated that partition deed dated 24.03.2005 was presented for registration on 26.03.2005 and due to health reasons concerning K.G. Yellappa Reddy, his thumb impressions were secured at his house in presence of the Sub-Registrar. However, we must note this statement of the Sub-Registrar has not been put to cross examination. It would be unwise to rely on unverified testimony of a Sub-Registrar to ascertain the genuineness of Partition deed. The High Court erred in heavily relying on his statement to conclude that the Partition deed was genuine and thus no offence is made out against the respondents under Sections 463 and 464 IPC.

18. *Further, the High Court could not find any justification to deny that respondents misrepresented the family tree. The Court itself has acknowledged that respondents were bound to disclose the names of daughters of K.G. Yellappa Reddy and Jayalakshmi in the family tree. Considering the fact that both the partition deed and the family tree were used in gaining the monetary*

compensation awarded for the land, it is necessary that genuineness of both the documents is put to trial.

19. *We now come to the issue of bar against prosecution during the pendency of a civil suit. We hereby hold that no such bar exists against prosecution if the offences punishable under criminal law are made out against the parties to the civil suit. Learned senior counsel Dr.Menaka Guruswamy has rightly placed the relevant judicial precedents to support the above submission. In the case of K. Jagadish v. Udaya Kumar G.S. - (2020) 14 SCC 552, this Court has reviewed its precedents which clarify the position. The relevant paragraph from the above judgment is extracted below:*

"8. It is thus well settled that in certain cases the very same set of facts may give rise to remedies in civil as well as in criminal proceedings and even if a civil remedy is availed by a party, he is not precluded from setting in motion the proceedings in criminal law."

20. *In Pratibha Rani v. Suraj Kumar - (1985) 2 SCC 370, this Court summed up the distinction between the two remedies as under:*

"21. … There are a large number of cases where criminal law and civil law can run side by side. The two remedies are not mutually exclusive but clearly coextensive and essentially differ in their content and consequence. The object of the criminal law is to punish an offender who commits an offence against a person, property or the State for which the accused, on proof of the offence, is deprived of his

liberty and in some cases even his life. This does not, however, affect the civil remedies at all for suing the wrongdoer in cases like arson, accidents, etc. It is an anathema to suppose that when a civil remedy is available, a criminal prosecution is completely barred. The two types of actions are quite different in content, scope and import. It is not at all intelligible to us to take the stand that if the husband dishonestly misappropriates the stridhan property of his wife, though kept in his custody, that would bar prosecution under Section 406 IPC or render the ingredients of Section 405 IPC nugatory or abortive. To say that because the stridhan of a married woman is kept in the custody of her husband, no action against him can be taken as no offence is committed is to override and distort the real intent of the law."

21. *The aforesaid view was reiterated in Kamaladevi Agarwal v. State of W.B- (2002 1 SCC 555),*

"17. In view of the preponderance of authorities to the contrary, we are satisfied that the High Court was not justified in quashing the proceedings initiated by the appellant against the respondents. We are also not impressed by the argument that as the civil suit was pending in the High Court, the Magistrate was not justified to proceed with the criminal case either in law or on the basis of propriety. Criminal cases have to be proceeded with in accordance with the procedure as prescribed under the Code of Criminal Procedure and the pendency of a civil action in a different court even though higher in status and authority, cannot be made a basis for quashing of the proceedings."

22. *After surveying the abovementioned cases, this Court in K. Jagadish (supra) set aside the holding of High Court to quash the criminal proceedings and*

held that criminal proceedings shall continue to its logical end.

23. *The above precedents set by this Court make it crystal clear that pendency of civil proceedings on the same subject matter, involving the same parties is no justification to quash the criminal proceedings if a prima facie case exists against the accused persons. In present case certainly such prima facie case exists against the respondents. Considering the long chain of events from creation of family tree excluding the daughters of K.G. Yellappa Reddy, partition deed among only the sons and grandsons of K.G. Yellappa Reddy, distribution of compensation award among the respondents is sufficient to conclude that there was active effort by respondents to reap off the benefits from the land in question. Further, the alleged threat to appellant and her sisters on revelation of the above chain of events further affirms the motive of respondents. All the above factors suggest that a criminal trial is necessary to ensure justice to the appellant.*

24. *Therefore, we set aside the Impugned order of High Court dated 23.11.2023 in Writ Petition No. 23106 of 2021. Accordingly, we direct the Trial Court to continue its proceedings against respondent Nos. 1 and 2 in accordance to law*

14. In the case of ***Priti Saraf v. State (NCT of Delhi) - (2021) 16 SCC 142***, the Apex Court held as under:-

> ***31.*** *In the instant case, on a careful reading of the complaint/FIR/charge-sheet, in our view, it cannot be said that the complaint does not disclose the commission of an offence. The ingredients of the offences under Sections 406 and 420IPC cannot be said to be absent on the basis of the allegations in the complaint/FIR/charge-sheet. We would like to add that whether the allegations in the complaint are otherwise correct or not, has to be decided on the basis of the evidence to be led during the course of trial. Simply because there is a remedy provided for breach of contract or arbitral proceedings initiated at the instance of the appellants, that does not by itself clothe the court to come to a conclusion that civil remedy is the only remedy, and the initiation of criminal proceedings, in any manner, will be an abuse of the process of the court for exercising inherent powers of the High Court under Section 482CrPC for quashing such proceedings.*
>
> ***32.*** *We have perused the pleadings of the parties, the complaint/FIR/charge-sheet and orders of the courts below and have taken into consideration the material on record. After hearing the learned counsel for the parties, we are satisfied that the issue involved in the matter under consideration is not a case in which the criminal trial should have been short-circuited. The High Court was not justified in quashing the criminal proceedings in*

exercise of its inherent jurisdiction. The High Court has primarily adverted on two circumstances,

(i) that it was a case of termination of agreement to sell on account of an alleged breach of the contract and;

(ii) the fact that the arbitral proceedings have been initiated at the instance of the appellants.

Both the alleged circumstances noticed by the High Court, in our view, are unsustainable in law. The facts narrated in the present complaint/FIR/charge-sheet indeed reveal the commercial transaction but that is hardly a reason for holding that the offence of cheating would elude from such transaction. In fact, many a times, offence of cheating is committed in the course of commercial transactions and the illustrations have been set out under Sections 415, 418 and 420IPC.

***33.** Similar observations have been made by this Court in Trisuns Chemical Industry v. Rajesh Agarwal [Trisuns Chemical Industry v. Rajesh Agarwal, (1999) 8 SCC 686 : 2000 SCC (Cri) 47] : (SCC p. 690, para 9)*

"9. We are unable to appreciate the reasoning that the provision incorporated in the agreement for referring the disputes to arbitration is an effective substitute for a criminal prosecution when the disputed act is an offence. Arbitration is a remedy for affording reliefs to the party affected by breach of the agreement but the arbitrator cannot conduct a trial of any act which amounted to an offence albeit the same act may be connected with the discharge of any function under the agreement. Hence,

those are not good reasons for the High Court to axe down the complaint at the threshold itself. The investigating agency should have had the freedom to go into the whole gamut of the allegations and to reach a conclusion of its own. Pre-emption of such investigation would be justified only in very extreme cases as indicated in State of Haryana v. Bhajan Lal [State of Haryana v. Bhajan Lal, 1992 Supp (1) SCC 335 : 1992 SCC (Cri) 426] ."

15. In the case of ***K. Jagadish v. Udaya Kumar G.S., - (2020) 14 SCC 552,*** the Apex Court held as under:-

7. One of the striking features of the matter is that on the day when the Sale Deed was executed, not a single paisa was actually received by way of consideration. Three post-dated cheques were handed over to the appellant and one of those three cheques was deposited in the bank for encashment on the next date. It is a matter of record that subsequent cheques were not even sought to be encashed and the appellant showed his willingness to deposit even the sum of Rs.15 lakhs received by encashment of first cheque. Further, neither the conveyance deed was preceded by any agreement of sale nor any advertisement was issued by the appellant showing his inclination to dispose of the property in question.

8. It is true that civil proceedings have been subsequently initiated to get the registered Sale Deed set-aside but that has nothing to do with the present criminal proceedings.

9. It is thus well settled that in certain cases the very same set of facts may give rise to remedies in civil as well as in criminal proceedings and even if a civil remedy is availed by a party, he is not precluded from setting in motion the proceedings in criminal law. 10. In Pratibha Rani v. Suraj Kumar and another1 this Court summed up the distinction between the two remedies as under:

"21. ..... There are a large number of cases where criminal law and civil law can run side by side. The two remedies are not mutually exclusive but clearly coextensive and essentially differ in their content and consequence. The object of the criminal law is to punish an offender who commits an offence against a person, property or the State for which the accused, on proof of the offence, is deprived of his liberty and in some cases even his life. This does not, however, affect the civil remedies at all for suing the wrongdoer in cases like arson, accidents etc. It is an anathema to suppose that when a civil remedy is available, a criminal prosecution is completely barred. The two types of actions are quite different in content, scope and import. It is not at all intelligible to us to take the stand that if the husband dishonestly misappropriates the stridhan property of his wife, though kept in his custody, that would bar prosecution under Section 406 IPC or render the ingredients of Section 405 IPC nugatory or abortive. To say that because the stridhan of a married woman is kept in the custody of her husband, no action against him can be taken as no offence is committed is to override and distort the real intent of the law."

11. In Rajesh Bajaj v. State NCT of Delhi and others - this Court observed:

"10. It may be that the facts narrated in the present complaint would as well reveal a commercial transaction or money transaction. But that is hardly a reason for holding that the offence of cheating would elude from such a

transaction. In fact, many a cheatings were committed in the course of commercial and also money transactions. One of the illustrations set out under Section 415 of the Indian Penal Code [Illustration f] is worthy of notice now: "(f) A intentionally deceives Z into a belief that A means to repay any money that Z may lend to him and thereby dishonestly induces Z to lend him money, A not intending to repay it. A cheats."

11. The crux of the postulate is the intention of the person who induces the victim of his representation and not the nature of the transaction which would become decisive in discerning whether there was commission of offence or not. The complainant has stated in the body of the complaint that he was induced to believe that the respondent would honour payment on receipt of invoices, and that the complainant realised later that the intentions of the respondent were not clear. He also mentioned that the respondent after receiving the goods had sold them to others and still he did not pay the money. Such averments would prima facie make out a case for investigation by the authorities.

12. The High Court seems to have adopted a strictly hypertechnical approach and sieved the complaint through a colander of finest gauzes for testing the ingredients under Section 415 IPC. Such an endeavour may be justified during trial, but certainly not during the stage of investigation. At any rate, it is too premature a stage for the High Court to step in and stall the investigation by declaring that it is a commercial transaction simpliciter wherein no semblance of criminal offence is involved."

12. The aforesaid view was reiterated in Kamladevi Agarwal v. State of West Bengal and others as under:

"9. Criminal prosecution cannot be thwarted at the initial stage merely because civil proceedings are also pending. After referring to judgments in State of Haryana v. Bhajan Lal and Rajesh Bajaj v. State NCT of Delhi, this

Court inTrisuns Chemical Industry v. Rajesh Agarwal held: (SCC p. 690, paras 7-8)

"7. Time and again this Court has been pointing out that quashing of FIR or a complaint in exercise of the inherent powers of the High Court should be limited to very extreme exceptions (vide State of Haryana v. Bhajan Lal4 and Rajesh Bajaj v. State NCT of Delhi5).

8. In the last referred case this Court also pointed out that merely because an act has a civil profile is not sufficient to denude it of its criminal outfit. We quote the following observations: (SCC p. 263, para 10) '10. It may be that the facts narrated in the present complaint would as well reveal a commercial transaction or money transaction. But that is hardly a reason for holding that the offence of cheating would elude from such a transaction. In fact, many a cheatings were committed in the course of commercial and also money transactions."

After referring to various decisions it was finally concluded as under:

"17. In view of the preponderance of authorities to the contrary, we are satisfied that the High Court was not justified in quashing the proceedings initiated by the appellant against the respondents. We are also not impressed by the argument that as the civil suit was pending in the High Court, the Magistrate was not justified to proceed with the criminal case either in law or on the basis of propriety. Criminal cases have to be proceeded with in accordance with the procedure as prescribed under the Code of Criminal Procedure and the pendency of a civil action in a different court even though higher in status and authority, cannot be made a basis for quashing of the proceedings."

13. In R. Kalyani v. Janak C. Mehta and others, this Court culled out propositions concerning interference under Section 482 of the Code as under:

"15. Propositions of law which emerge from the said decisions are: (1) The High Court ordinarily would not exercise its inherent jurisdiction to quash a criminal proceeding and, in particular, a first information report unless the allegations contained therein, even if given face value and taken to be correct in their entirety, disclosed no cognizable offence.

(2) For the said purpose the Court, save and except in very exceptional circumstances, would not look to any document relied upon by the defence.

(3) Such a power should be exercised very sparingly. If the allegations made in the FIR disclose commission of an offence, the Court shall not go beyond the same and pass an order in favour of the accused to hold absence of any mens rea or actus reus.

(4) If the allegation discloses a civil dispute, the same by itself may not be a ground to hold that the criminal proceedings should not be allowed to continue.

14. In the light of the principles as mentioned hereinabove, we have no hesitation in concluding that the High Court erred in quashing the criminal proceedings. We, therefore, allow this appeal, set aside the decision rendered by the High Court and direct that criminal proceedings shall be taken to logical conclusion in accordance with law.

16. In the case of ***Pratibha Rani v. Suraj Kumar - (1985) 2 SCC 370,*** the Apex Court held as under:-

> ***21.*** *After all how could any reasonable person expect a newly married woman living in the same house and under the same roof to keep her personal property or belongings like jewellery, clothing etc., under her own lock and key, thus showing a spirit of distrust to the husband at the very behest. We are surprised how could the High Court permit the husband to cast his covetous eyes on the absolute and personal property of his wife merely because it is kept in his custody, thereby reducing the custody to a legal farce. On the other hand, it seems to us that even if the personal property of the wife is jointly kept, it would be deemed to be expressly or impliedly kept in the custody of the husband and if he dishonestly misappropriates or refuses to return the same, he is certainly guilty of criminal breach of trust, and there can be no escape from this legal consequence. The observations of the High Court at other places regarding the inapplicability of Section 406 do not appeal to us and are in fact not in consonance with the spirit and trend of the criminal law. There are a large number of cases where criminal law and civil law can run side by side. The two remedies are not mutually exclusive but clearly coextensive and essentially differ in their content and consequence. The object of the criminal law is to punish an offender who commits an offence against a person, property or the State for which the accused, on proof of*

the offence, is deprived of his liberty and in some cases even his life. This does not, however, affect the civil remedies at all for suing the wrongdoer in cases like arson, accidents etc. It is an anathema to suppose that when a civil remedy is available, a criminal prosecution is completely barred. The two types of actions are quite different in content, scope and import. It is not at all intelligible to us to take the stand that if the husband dishonestly misappropriates the stridhan property of his wife, though kept in his custody, that would bar prosecution under Section 406 IPC or render the ingredients of Section 405 IPC nugatory or abortive. To say that because the stridhan of a married woman is kept in the custody of her husband, no action against him can be taken as no offence is committed is to override and distort the real intent of the law.

17. In the case of ***Kamaladevi Agarwal v. State of West Bengal - (2002) 1 SCC 555*****,** the Apex Court held as under:

9. *Criminal prosecution cannot be thwarted at the initial stage merely because civil proceedings are also pending. After referring to judgments in State of Haryana v. Bhajan Lal [1992 Supp (1) SCC 335 : 1992 SCC (Cri) 426 : AIR 1992 SC 604] and Rajesh Bajaj v. State NCT of Delhi [(1999) 3 SCC 259 : 1999 SCC (Cri) 401] this Court in Trisuns Chemical Industry v. Rajesh Agarwal [(1999) 8 SCC 686 : 2000 SCC (Cri) 47] held: (SCC p. 690, paras 7-8)*

"7. Time and again this Court has been pointing out that quashing of FIR or a complaint in exercise of the inherent powers of the High Court should be limited to very extreme exceptions (vide State of Haryana v. Bhajan Lal [1992 Supp (1) SCC 335 : 1992 SCC (Cri) 426 : AIR 1992 SC 604] and Rajesh Bajaj v. State NCT of Delhi [(1999) 3 SCC 259 : 1999 SCC (Cri) 401]).

8. In the last referred case this Court also pointed out that merely because an act has a civil profile is not sufficient to denude it of its criminal outfit. We quote the following observations: (SCC p. 263, para 10)

'10. It may be that the facts narrated in the present complaint would as well reveal a commercial transaction or money transaction. But that is hardly a reason for holding that the offence of cheating would elude from such a transaction. In fact, many a cheatings were committed in the course of commercial and also money transactions.' "

10. *In Medchl Chemicals & Pharma (P) Ltd. v. Biological E. Ltd. [(2000) 3 SCC 269 : 2000 SCC (Cri) 615] this Court again reiterated the position and held: (SCC pp. 272 & 278, paras 2 & 14)*

"2. Exercise of jurisdiction under the inherent power as envisaged in Section 482 of the Code to have the complaint or the charge-sheet quashed is an exception rather than a rule and the case for quashing at the initial stage must have to be treated as rarest of rare so as not to scuttle the prosecution. With the lodgement of first information report the ball is set to roll and thenceforth the law takes its own course and the investigation ensues in accordance with the provisions of law. The jurisdiction as such is rather limited and

restricted and its undue expansion is neither practicable nor warranted. In the event, however, the court on a perusal of the complaint comes to a conclusion that the allegations levelled in the complaint or charge-sheet on the face of it does not constitute or disclose any offence as alleged, there ought not to be any hesitation to rise up to the expectation of the people and deal with the situation as is required under the law.

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14. Needless to record however and it being a settled principle of law that to exercise powers under Section 482 of the Code, the complaint in its entirety shall have to be examined on the basis of the allegation made in the complaint and the High Court at that stage has no authority or jurisdiction to go into the matter or examine its correctness. Whatever appears on the face of the complaint shall be taken into consideration without any critical examination of the same. But the offence ought to appear ex facie on the complaint. The observations
in Nagawwa v. VeerannaShivalingappaKonjalgi [(1976) 3 SCC 736 : 1976 SCC (Cri) 507] lend support to the above statement of law: (SCC p. 741, para 5)

'(1) where the allegations made in the complaint or the statements of the witnesses recorded in support of the same taken at their face value make out absolutely no case against the accused or the complaint does not disclose the essential ingredients of an offence which is alleged against the accused;

(2) where the allegations made in the complaint are patently absurd and inherently improbable so that no prudent person can ever reach a conclusion that

there is sufficient ground for proceeding against the accused;

(3) where the discretion exercised by the Magistrate in issuing process is capricious and arbitrary having been based either on no evidence or on materials which are wholly irrelevant or inadmissible; and

(4) where the complaint suffers from fundamental legal defects, such as, want of sanction, or absence of a complaint by legally competent authority and the like.'

The cases mentioned by us are purely illustrative and provide sufficient guidelines to indicate contingencies where the High Court can quash proceedings."

***11.** In Lalmuni Devi v. State of Bihar [(2001) 2 SCC 17: 2001 SCC (Cri) 275] this Court held: (SCC p. 19, para 8)*

"8. There could be no dispute to the proposition that if the complaint does not make out an offence it can be quashed. However, it is also settled law that facts may give rise to a civil claim and also amount to an offence. Merely because a civil claim is maintainable does not mean that the criminal complaint cannot be maintained. In this case, on the facts, it cannot be stated, at this prima facie stage, that this is a frivolous complaint. The High Court does not state that on facts no offence is made out. If that be so, then merely on the ground that it was a civil wrong the criminal prosecution could not have been quashed."

12. *Again in M. Krishnan v. Vijay Singh [(2001) 8 SCC 645 : 2002 SCC (Cri) 19] this Court held that while exercising powers under Section 482 of the Code, the High Court should be slow in interfering with the proceedings at the initial stage and that merely because the nature of the dispute is primarily of a civil nature, the criminal prosecution cannot be quashed because in cases of forgery and fraud there is always some element of civil nature. In a case where the accused alleged that the transaction between the parties is of a civil nature and the criminal court cannot proceed with the complaint because the factum of document being forged was pending in the civil court, the Court observed: (SCC pp. 647-48, para 5)*

"5. Accepting such a general proposition would be against the provisions of law inasmuch as in all cases of cheating and fraud, in the whole transaction, there is generally some element of civil nature. However, in this case, the allegations were regarding the forging of the documents and acquiring gains on the basis of such forged documents. The proceedings could not be quashed only because the respondents had filed a civil suit with respect to the aforesaid documents. In a criminal court the allegations made in the complaint have to be established independently, notwithstanding the adjudication by a civil court. Had the complainant failed to prove the allegations made by him in the complaint, the respondents were entitled to discharge or acquittal but not otherwise. If mere pendency of a suit is made a ground for quashing the criminal proceedings, the unscrupulous litigants, apprehending criminal action against them, would be encouraged to frustrate the course of justice and law by filing suits with respect to the

documents intended to be used against them after the initiation of criminal proceedings or in anticipation of such proceedings. Such a course cannot be the mandate of law. Civil proceedings, as distinguished from the criminal action, have to be adjudicated and concluded by adopting separate yardsticks. The onus of proving the allegations beyond reasonable doubt, in a criminal case, is not applicable in the civil proceedings which can be decided merely on the basis of the probabilities with respect to the acts complained of."

13. *Referring to the judgments of this Court in Manju Gupta v. Lt. Col. M.S. Paintal [(1982) 2 SCC 412 : 1982 SCC (Cri) 459] , Sardool Singh v. Nasib Kaur [1987 Supp SCC 146 : 1987 SCC (Cri) 672] and Karamchand Ganga Pershad v. Union of India [(1970) 3 SCC 694 : AIR 1971 SC 1244] the learned counsel appearing for the respondents submitted that the High Court was justified in quashing the complaint which does not require any interference by this Court in this appeal.*

14. *In Manju Gupta case [(1982) 2 SCC 412 : 1982 SCC (Cri) 459] the criminal proceedings were quashed under the peculiar circumstances of the case. After referring to para 20 of the complaint and holding (at SCC p. 414, para 4) "such an averment in our view, is clearly inadequate and insufficient to bring home criminality of the appellant in the matter of the alleged offences", the Court found that simply because the accused was the Secretary of the Society, the Magistrate was not justified in presuming her connection or complicity with the offence merely on that ground. The allegations in the*

complaint pertinent to forgery of rent receipts were held to be vague and indefinite. Sardool Singh case [1987 Supp SCC 146 : 1987 SCC (Cri) 672] was also decided on its facts on the basis of law earlier settled by this Court. In Karamchand Ganga Pershad case [(1970) 3 SCC 694 : AIR 1971 SC 1244] an observation was made that "it is a well-established principle of law that the decisions of the civil courts are binding on the criminal courts. The converse is not true" (SCC p. 695, para 4). In that case the appellants had filed a writ petition in the High Court for the issuance of appropriate directions requiring the Union of India to release and deliver to them some consignments of maize transported from the State of Haryana to Howrah. Alleging that the movement of maize had been controlled by the provisions of the Essential Commodities Act read with the Northern Inter-Zonal Maize (Movement Control) Order, 1967 promulgated by the State Government, the restrictions on export imposed by the Order were removed by the State of Haryana in October 1967 which was duly published and advertised. The contention of the Union was that the State of Haryana had not lifted the ban on export and further that it had no power to lift the ban. The High Court dismissed the writ petition on the sole ground that in view of the pendency of the criminal proceedings before some court in the State of West Bengal it was inappropriate for the High Court to pronounce on the question arising for decision in the writ petition. In that context the Court held: (SCC p. 695, para 4)

"In our opinion the High Court seriously erred in coming to this conclusion. If the appellants are able to establish their case that the ban on export of maize from the State of Haryana had been validly lifted all the proceedings taken against those who exported the maize automatically fall to the ground. Their maintainability depends on the assumption that the exports were made without the authority of law. It is a well-established principle of law that the decisions of the civil courts are binding on the criminal courts. The converse is not true. The High Court after entertaining the writ petitions and hearing arguments on the merits of the case should not have dismissed the petitions merely because certain consequential proceedings had been taken on the basis that the exports in question were illegal."

15. *We have already noticed that the nature and scope of civil and criminal proceedings and the standard of proof required in both matters is different and distinct. Whereas in civil proceedings the matter can be decided on the basis of probabilities, the criminal case has to be decided by adopting the standard of proof of "beyond reasonable doubt". A Constitution Bench of this Court, dealing with similar circumstances, in M.S. Sheriff v. State of Madras [AIR 1954 SC 397 : 1954 Cri LJ 1019] held that where civil and criminal cases are pending, precedence shall be given to criminal proceedings. Detailing the reasons for the conclusions, the Court held: (AIR p. 399, paras 15-16)*

"15. As between the civil and the criminal proceedings we are of the opinion that the criminal matters should be given precedence. There is some difference of opinion in the High Courts of India on this point. No hard and fast rule can be laid down but we do

not consider that the possibility of conflicting decisions in the civil and criminal courts is a relevant consideration. The law envisages such an eventuality when it expressly refrains from making the decision of one court binding on the other, or even relevant, except for certain limited purposes, such as sentence or damages. The only relevant consideration here is the likelihood of embarrassment.

16. Another factor which weighs with us is that a civil suit often drags on for years and it is undesirable that a criminal prosecution should wait till everybody concerned has forgotten all about the crime. The public interests demand that criminal justice should be swift and sure; that the guilty should be punished while the events are still fresh in the public mind and that the innocent should be absolved as early as is consistent with a fair and impartial trial. Another reason is that it is undesirable to let things slide till memories have grown too dim to trust.

This however, is not a hard and fast rule. Special considerations obtaining in any particular case might make some other course more expedient and just. For example, the civil case or the other criminal proceeding may be so near its end as to make it inexpedient to stay it in order to give precedence to a prosecution ordered under Section 476. But in this case we are of the view that the civil suits should be stayed till the criminal proceedings have finished."

16. *In the present case we have noticed that before issuance of the process, the trial Magistrate had recorded the statement of the witnesses for the complainant, perused the record including the opinion of the expert and his deposition and prima facie found that the respondents were guilty for the offences for which the*

process was issued against them. The High Court rightly did not refer to any of those circumstances but quashed the proceedings only on the ground:

"Consideration is and should be whether any criminal proceeding instituted before a court subordinate to this Court should be allowed to continue when the very foundation of the criminal case, namely, forgery of document is under scrutiny by this Court in a civil proceeding instituted by same person i.e. the complainant in the criminal case. In my considered view it would not be proper to allow the criminal proceeding to continue when the validity of the document (deed of dissolution) is being tested in a civil proceeding before this Court. Judicial propriety demands that the course adopted by the Hon'ble Supreme Court in the case of Manju Gupta [(1982) 2 SCC 412 : 1982 SCC (Cri) 459] and Sardool Singh [1987 Supp SCC 146 : 1987 SCC (Cri) 672] should be followed. If such course of action is adopted by this Court, that would be in consonance with the expression used in Section 482 of the Code of Criminal Procedure — 'or otherwise to secure the ends of justice'. In both the cases referred to above civil suits were pending, where the validity and genuineness of a document were challenged. It was held by the Hon'ble Supreme Court that when the question regarding validity of a document is sub judice in the civil courts, criminal prosecution, on the allegation of the document being forged, cannot be instituted."

17. *In view of the preponderance of authorities to the contrary, we are satisfied that the High Court was not justified in quashing the proceedings initiated by the appellant against the respondents. We are also not impressed by the argument that as the civil suit was pending in the High Court, the Magistrate was not*

justified to proceed with the criminal case either in law or on the basis of propriety. Criminal cases have to be proceeded with in accordance with the procedure as prescribed under the Code of Criminal Procedure and the pendency of a civil action in a different court even though higher in status and authority, cannot be made a basis for quashing of the proceedings.

18. In the case of ***Punit Beriwala v. State (NCT of Delhi) - 2025 SCC OnLine SC 983,*** the Apex Court held as under:

MERE INSTITUTION OF CIVIL PROCEEDINGS CANNOT ACT AS A BAR TO INVESTIGATION OF COGNIZABLE OFFENCES

28. *It is trite law that mere institution of civil proceedings is not a ground for quashing the FIR or to hold that the dispute is merely a civil dispute. This Court in various judgments, has held that simply because there is a remedy provided for breach of contract, that does not by itself clothe the Court to conclude that civil remedy is the only remedy, and the initiation of criminal proceedings, in any manner, will be an abuse of the process of the court. This Court is of the view that because the offence was committed during a commercial transaction, it would not be sufficient to hold that the complaint did not warrant a further investigation and if necessary, a trial. [See : Syed AksariHadi Ali Augustine Imam v. State (Delhi Admin.), (2009) 5 SCC 528, Lee KunHee v. State of*

UP, (2012) 3 SCC 132 and Trisuns Chemicals v. Rajesh Aggarwal, (1999) 8 SCC 686].

19. In the instant case, the complaint and FIR *prima facie* do not indicate that the respondents intend to convert a civil dispute into criminal proceedings and in the light of specific averments, details and particulars including sequence of events leading to the filing of the complaint contained in the complaint and FIR which are elaborately averred by the respondents, in the facts and circumstances of the case on hand, it cannot be said that the impugned complaint and FIR are nothing but an attempt to give a criminal colour to a civil dispute and as such, even this contention of the petitioners cannot be accepted.

20. Insofar as the contention of the petitioners that the registration of the FIR for offence punishable under Section 21 of the BUDS Act is illegal and deserves to be quashed in the light of various judgments of this Court relied upon by the petitioner is concerned, all the judgments relied upon by the petitioners were considered by a co-ordinate Bench of this Court in ***Yellappa's case supra,*** wherein it is held as under:-

" In these two petitions filed under Section 482 of the Cr.P.C, accused Nos.2 and 1 respectively have sought for quashing the criminal proceedings initiated against them in Spl.C.No.197/2022 on the file of Prl.District and Sessions Judge, Belagavi, for the offences punishable in Sections 406 and 420 IPC and Section 21(1)(2) and (3) of The Banning of Unregulated Deposit Schemes Act, 2019 ('BUDS Act' for short).

2. While Crl.P.No.102510/2023 is filed by accused No.1, Crl.P.No.100048/2024 is filed by accused No.2.

3. Since these two petitions are arising out of the same case, they are clubbed together and disposed of by a common order.

4. In support of the petition, the petitioners have contended that absolutely there is no material in the charge sheet to proceed against them and as such, it is liable to be quashed, as it amounts to abuse of process of law. As per Section 27 of BUDS Act, no designated Court shall take cognizance of an offence punishable under the said section, except upon a complaint made by the regulator. As per Section 7 of the said Act, the Government shall first appoint a regulator and thereafter designate a Court to deal with the matters to which the provisions of the said Act apply, and the designated Court can take cognizance only on complaint in writing made by the regulator. In the present case, respondent No.2 who is a private person has given the first information and on the basis of it, FIR is registered. During the course of investigation, the provisions of BUDS Act are invoked and after investigation, charge sheet is filed. The trial

Court ought to have complied with the provisions of Section 27 of BUDS Act. The non-compliance of said provision, has vitiated the entire proceedings.

5. The petitioners are in no way concerned with the allegations made in the complaint. Allegations made in the complaint are not believable. There is no material to show that complainant has invested Lakhs together. As per the statements of CW-2, 12 to 17, it is alleged that accused No.1 has cheated the innocent investors to the tune of `55 Crores, which is not believable. Viewed from any angle, the proceedings are not sustainable and pray to allow the petitions and quash the criminal proceedings against the petitioners.

6. In support of their arguments, the learned counsel for petitioners have relied upon the following decisions:

(i) Shivaji s/o Baburao Patil and Anr. Vs. The State of Karnataka ***(Shivaji)***

(ii) Santosh Kumar S/o Gadeppa Khot and anr. Vs. The State of Karnataka and Ors. ***(Santosh Kumar)***

(ii) Sri.Ravikiran s/o Sureshkamlakar and Anr. Vs. The State by Chikkodi Police Station Belagavi District and Ors. ***(Ravikiran)***

7. Learned counsel for respondent No.2/complainant submitted oral objections stating that initially, first information came to be filed by Arjun Kallappa Patil stating that since 10 years, he is doing vegetable business. He is having agriculture land and also doing diary business. While doing vegetable business, he came to be

acquainted with accused No.2-Yallappa Managutakar. Accused No.2 convinced the complainant that if he invest in steel and cement business, he would pay handsome return. Therefore, on 25.01.2021, complainant paid `40 lakhs to accused No.2. After two months, accused No.2 paid him `2 lakhs by way of profit. Convinced by the fact that accused No.2 would give him handsome profit and also return the investment made by him, on 01.04.2021 complainant invested `35 lakhs with accused No.2.

8. Subsequently, when he requested accused No.2 to return his money, time and again he went on postponing. On enquiry, accused No.2 revealed that he has invested the said money with accused No.1 Shivanand Kumbar and after taking money invested by several persons, on 18.07.2021 accused No.1 absconded and he is also searching for him. In whatsapp also, he came across the information regarding accused No.1 Shivananda Kumbar having absconded. However, later accused No.2 Yallappa Managutakar also absconded and he is not receiving the calls. Both accused Nos.1 and 2 have cheated the complainant in a sum of `75,00,000/- and accordingly, he filed the complaint.

9. Based on the said complaint, the CEN Crime Police, Belagavi City have registered case in Cr.No.26/2021 for the offences punishable under Sections 406 and 420 IPC and taken up investigation. Accused Nos.1 and 2 were arrested and based on their voluntary statement, incriminating evidence was collected. The investigation reveal that accused No.1 who is hailing from Sadalaga of Chikkodi, dropped out of

college after failing in PUC. For six years, he worked at Doodhaganga Sugar Factory and left his job when he was not confirmed. Thereafter, he was driving tractor belonging to his father till it was sold and he worked as a driver with one Ingale and left the job after 2-3 years. In 2002, he started working in the Ashram of Shirdi Junglee Maharaj, at Kokamthana. There he was working as a driver of tractor and tempo. While working in the said Ashram, he started getting cement and steel at concession rate in the name of Ashram on credit basis and supply the same to those person who were in need of it and used to pay the amount belatedly.

9.1 In this manner, he started getting money. He used to make the payment for the cement and steel purchased on credit basis, after he received money from the next prospective buyer. In this way, he used to retain certain amount for a short period. Those who are not in need of cement and steel, started investing with him. Though he was not getting high margin of profit, in order to gain the confidence of investors, he used to pay profit to them out of the investment made by subsequent investors. He used to utilise the money at his hand for his personal needs, including investment in real estate, construction of apartments, farm house and for purchasing agricultural land etc. Lured by the high returns in short time business people started investing with him.

9.2 With the money received from such investment, he also started tours and travel business by name, Nayikba Yatra tours. In the meanwhile, he came to be acquainted with accused No.2-Yallappa Managutakar. Through accused No.2,

he started getting heavy investments ranging from 50 lakhs to crores. He used to pay benefit to the previous investor out of the investment received from the new investor. He has not taken any license from the concerned authority. This was going on smoothly till 2019–2020.

9.3 On account of COVID and lockdown, the investment slowed down and on the other hand, the investor started demanding back the money invested by them. Since he has already utilised the investment for purchasing lands, construction of house, etc., he could not return the said investment. Therefore, he along with his wife and children escaped to Maldives. From there, they proceeded to other places, including Egypt, Dubai, Ajman and Nepal. Till 26.06.2022, he managed to keep the police away. However, on 26.06.2022, at 11.00 p.m, when he came to Mumbai from Nepal, he was apprehended by the concerned police. Before he was apprehended, accused No.2 was arrested by the concerned police and through him, they came to know about the part played by accused No.1. During investigation, the concerned police have seized and attached the movable and immovable properties of accused Nos.1 and 2. The investigation reveal that accused Nos.1 and 2 have cheated complainant, CW-2, 12 to 17 and many other persons to the tune of `55 crores spread across Karnataka and Maharashtra. He has acquired properties not only in his name, but also in the name of his wife, Smt.Vijaya Kumbar. There is prima facie material to proceed against the petitioners and pray to dismiss the petitions.

10. During the course of the argument, learned counsel for petitioners submitted that as per Section 27 of the BUDS Act, the designated Court can take cognizance only on a complaint filed by the regulator and therefore the entire proceedings initiated based on the first information furnished by respondent No.2/defacto complainant before the concerned police and the charge sheet filed is vitiated and on this ground alone, the petitioners are entitled for quashing of the criminal proceedings against them. He would submit that in the similar cases in ***Shivaji, Santosh Kumar*** *and* ***Ravikiran*** *referred to supra, the criminal proceedings initiated are quashed, reserving liberty to the regulator to file complaint under Section 200 Cr.P.C before the designated Court.*

11. On the other hand learned counsel representing respondent No.2/defacto complainant as well as learned High Court Government Pleader submitted that the restriction in Section 27 relates to an offence punishable under Section 4 committed by a deposit taker, who is running a Regulated deposit scheme and commit any fraudulent default in the repayment or return of deposit on maturity or in rendering any specified service promised against such deposit. They would further submit that, however, if the offence is committed by any person or entity who are running an Unregulated deposit scheme and also where the offence under Section 4 is committed by a company, then the complaint may be filed by anyone who is aggrieved or by the concerned for this and cognizance is to be taken on such charge sheet by the designated Court. In the present case, since the offences punishable under

Section 21 (1)(2) and (3) of BUDS Act, committed by accused Nos.1 and 2 comes under the definition of Unregulated Deposit Scheme, the restriction contained in Section 27 of the BUDS Act is not applicable and therefore question of quashing the said proceeding would not arise. He would further submit that in the decisions relied upon by the petitioners, this aspect is not examined and therefore the said decisions are not applicable to the case on hand.

12. Heard arguments of both sides and perused the record.

13. The crux of the argument submitted by the learning counsel representing for petitioners is that under Section 27 of the BUDS Act, there is prohibition for the designated Court to take cognizance of an offence under the Act, except upon a complaint made by the regulator. According to the learned counsel for the petitioners, the designated Court can take cognizance only on the basis of a complaint filed under Section 200 by the regulator and therefore the proceedings initiated upon the first information report furnished by the defacto complainant i.e., respondent No.2 and ultimately charge sheet filed against the petitioners are vitiated and as such, the petitioners are entitled for quashing of the proceedings, but right may be reserved to the concerned authorities to file complaint under Section 200 of Cr.P.C. and proceed with the matter.

14. Before going to the merits of the case, it is necessary to refer to some of the provisions of the BUDS Act. The object of the said Act is to provide for a comprehensive mechanism to ban the Unregulated deposit schemes, other

than the deposits taken in the ordinary course of business and to protect the interest of depositors and matters connected there with or incidental thereto.

15. Section 2 (4) define the term deposit means an amount of money received by way of an advance or loan, or in any other form, by any deposit taker with a promise to return whether after a specified period or otherwise, either in cash, or in kind or in the form of a specified service, with or without any benefit in the form of interest, bonus, profit or in any other form, but does not include-

(a) amounts received as loan from a scheduled bank or a co-operative bank or any other banking company as defined in Section 5 of the Banking Regulation Act, 1949;

(b) amounts received as loan or financial assistance from the Public Financial Institutions notified by the Central Government in consultation with the Reserve Bank of India or any non-banking financial company as defined in clause (f) of section 45-I of the Reserve Bank of India Act, 1934 and is registered with the Reserve Bank of India or any Regional Financial Institutions or insurance companies;

(c) amounts received from the appropriate Government, or any amount received from any other source whose repayment is guaranteed by the appropriate Government, or any amount received from a statutory authority constituted under an Act of Parliament or a State Legislature;

(d) amounts received from foreign Governments, foreign or international banks, multilateral financial

institutions, foreign Government owned development financial institutions, foreign export credit collaborators, foreign bodies corporate, foreign citizens, foreign authorities or person resident outside India subject to the provisions of the Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder;

(e) amounts received by way of contributions towards the capital by partners of any partnership firm or a limited liability partnership;

(f) amounts received by an individual by way of loan from his relatives or amounts received by any firm by way of loan from the relatives of any of its partners;

(g) amounts received as credit by a buyer from a seller on the sale of any property (whether movable or immovable);

(h) amounts received by an asset re-construction company which is registered with the Reserve Bank of India under section 3 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;

(i) any deposit made under section 34 or an amount accepted by a political party under section 29B of the Representation of the People Act, 1951;

16. Section 2(5) defines the term 'depositor' means – 'any person who makes a deposit under the BUDS Act;

17. Section 2(6) defines the term 'deposit taker' means -

(i) any individual or group of individuals;

(ii) a proprietorship concern;

(iii) a partnership firm (whether registered or not);

(iv) a limited liability partnership registered under the Limited Liability Partnership Act, 2008;

(v) a company;

(vi) an association of persons;

(vii) a trust (being a private trust governed under the provisions of the Indian Trusts Act, 1882 or a public trust, whether registered or not);

(viii) a co-operative society or a multi-State co-operative society; or

(ix) any other arrangement of whatsoever nature, receiving or soliciting deposits, but does not include—

(i) a Corporation incorporated under an Act of Parliament or a State Legislature;

(ii) a banking company, a corresponding new bank, the State Bank of India, a subsidiary bank, a regional rural bank, a co-operative bank or a multi-State co-operative bank as defined in the Banking Regulation Act, 1949;

18. Section 2(14) defines the term "Regulated Deposit Scheme" means the schemes specified under column (3) of the First Schedule.

19. Similarly, Section 2(15) defines the term 'Regulator' means the Regulator specified under column (2) of the First Schedule.

20. Section 2(16) defines the term 'Schedule' means the Schedule appended to the BUDS Act.

21. Section 2(17) defines the term 'Unregulated Deposit Scheme' means a Scheme or an arrangement under which deposits are accepted or solicited by way of business, and which is not a Regulated Deposit Scheme as specified under column (3) of the First Schedule.

22. Chapter-II of the BUDS Act, deal with Banning of Unregulated Deposit Schemes. Section 3 states that - On and from the date of commencement of the BUDS Act, (a) the Unregulated Deposit Schemes shall be banned, and (b) no deposit taker shall directly or indirectly promote, operate, issue any advertisement soliciting participation or enrolment in or accept deposits in pursuance to an Unregulated Deposit Scheme.

23. Thus, while Section 3(a) totally banned Unregulated Deposit Schemes, Section 3(b), prohibits any deposit taker from directly or indirectly promoting, operating, issuing any advertisement, soliciting participation, or enrolment in, or accept deposits in pursuance of an Unregulated Deposit Scheme.

24. Section 5 also prohibits any person by whatever name called knowingly, make any statement, promise, or forecast, which is false, deceptive or misleading in material facts or deliberately conceal any material facts, to induce another person to invest in, or become a member of or participate in any Unregulated Deposit scheme.

25. Section 6 clarifies that a prize chit or money circulation scheme banned under the provisions of the prize Chits and Money Circulation Scheme (Banning) Act, 1978, shall be deemed to be an Unregulated Deposit Scheme under the BUDS Act.

26. While Sections 3, 5 and 6 deals with Unregulated Deposit Schemes, Section 4 makes certain acts of deposit taker of Regulated Deposit Scheme punishable, who commits fraudulent default in the repayment or return of

deposit on maturity or in rendering any specified service promised against such deposit.

27. Chapter 6 of the BUDS Act deals with offences and punishments. Section 21 prescribes punishment for contravention of Section 3. Section 21(1) states that any deposit taker who solicits deposits in contravention of Section 3 shall be punished with imprisonment for a term which shall not be less than one year, but which may extend to five years and fine, which shall not be less than `2 lakhs, but which may extent to `10 lakhs. This is for soliciting deposits in contravention of Section 3.

28. Section 21(2) states that any deposit taker who accepts deposits in contravention of Section 3 shall be punished with imprisonment for a term which shall not be less than 2 years, but which may extend to 7 years and fine, which shall not be less than `3 lakhs, but which may extend to `10 lakhs. This is for accepting deposits in contravention of Section 3.

29. Section 21(3) provides that that any deposit taker who accepts deposits in contravention of Section 3 and fraudulently default in repayment of such deposits or in rendering any specified service shall be punished with imprisonment for a term which shall not be less than 3 years, but which may extend to 10 years and fine, which shall not be less than `5 lakhs, but which may extend to twice the amount of aggregate funds collected from the subscribers, members or participants in the Unregulated Deposit Scheme. This is for fraudulent default in repayment of such deposits or in rendering any specified service in contravention of Section 3.

30. Section 23 prescribes punishment for contravening the provisions of Section 5 and states that any person who contravenes the provisions of Section 5 shall be punishable with imprisonment for a term which shall not be less than one year, but which may extend to 5 years and with fine, which may extend to ten lakhs.

31. Section 24 deals with second and subsequent offence, except under Section 26, prescribing higher punishment, which shall not be less than 5 years, but which may extend to 10 years and fine, which shall not be less than `10 lakhs, but which may extend to `50 Crores.

32. Section 25 deals with offences by deposit takers who are other than individuals such as company and other entities and every person who at the time the offence committed was in charge of and responsible to the deposit taker for conduct of its business, as well as deposit taker shall be deemed to be guilty of the offence and punished accordingly. Sub-section (2) carves out exception.

33. Section 26 punishes those persons who failed to furnish any statement, information or particulars as required under Section 10(2) (1), with fine, which may extend to `5 lakhs.

34. At this stage, it is relevant to note that as per Section 28, notwithstanding anything contained in the Code of Criminal Procedure, 1973, every offence punishable under this Act, except offence under Section 22 and 26 shall be cognizable and non-bailable.

35. Section 22 prescribe punishment for contravention of Section 4 by any deposit taker means

deposit taker of Regulated deposit Scheme who commits offence relating to a Regulated deposit scheme. Section 26 deals with failure to give information required under Section 10(1). Except these two offences, the rest of the offences are cognizable and non-bailable.

36. Thus, perusal of Sections 3, 5 and 6 makes it evident that while Section 3 ban the Unregulated Deposit Schemes, Section 5 makes punishable a person knowingly making any statement, promise, or forecast, which is false, deceptive or misleading in material facts and deliberately conceals any material fact to induce any person to invest in or become member or participate in any Unregulated Deposit Scheme. Section 6 includes any chit or money circulation scheme which is banned under the provisions of prize chits and Money Circulation Scheme (Banning) Act 1978, as Unregulated deposit scheme. The violation of Section 3 and 5 are made punishable under Sections 21 and 23.

37. Section 4 concerns with Regulated deposit taker and prohibits such a Regulated deposit taker from committing fraudulent default in repayment or return of the deposit on maturity or rendering any specified service promised against such deposit.

38. It is to be remembered that as defined under Section 2(14) Regulated Deposit Schemes are those which are specified under column (3) of Serial number (1) of the first schedule. Serial number (2) provides that (a) Deposits accepted under any scheme or an arrangement, registered with any regulatory body in India, constituted or established

under a statute and (b) Any other scheme, as may be notified by the Central Government under the BUDS Act shall also be treated as Regulated Deposit Schemes under the BUDS Act. As per Section 2(15) to regulate such Regulated Deposit Schemes, a regulator is appointed who is specified in column (2) of first schedule. Thus for every Regulated deposit scheme, there is a regulator. Section 40 deals with power of the Central Government to amend the First Schedule by Notification and add to, or omit from the First Schedule any scheme or arrangement and on such addition or omission, such scheme or arrangement shall become or cease to be a Regulated Deposit Scheme.

39. Chapter 4 deals with information on deposit takers, which necessarily mean a Regulated Deposit Scheme. As per Section 9(1) the Central Government may designate an authority, whether existing or to be constituted, the duty of which is to create, maintain and operate an online database for information on deposit takers operating in India. As per Section 9(2) the authority so designated under sub-section one may require the regulator or the competent authority to share such information on deposit takers, as may be prescribed. Section 10 deals with information of business by the deposit taker.

40. Section 10(1) mandates that every deposit taker, which commences or carries on its business as such and on or after the commencement of the BUDS Act to intimate the authority referred to in Section 9(1) about its business in such form and manner and within such time as may be prescribed. Section 10 (2) requires that where the

competent authority has reason to believe that the deposits are being solicited or accepted, pursuant to an Unregulated deposit scheme, direct any deposit taker to furnish such statements, information, or particular, as it considers necessary, relating to or connected with the deposits received by such deposit taker.

41. The explanation (a) clarify that the requirement of intimation under the sub-section (1) is applicable to deposit takers accepting or soliciting deposits as defined under Section 2(4), which means a Regulated deposit, since the Unregulated deposit is banned under Section 3. Similarly explanation (b) clarifies that the intimation under sub-section (1) also apply to a company, if the company accepts the deposits under Chapter 5 of the Companies Act.

42. Thus, the information on deposit takers is required to be collected by the authority designated by the Central Government, whether existing or to be constituted, which necessarily mean the information which is required to be regularly maintained by the deposit taker of Regulated Deposit Scheme. The requirement of designated authority directing any deposit taker to furnish such statement, information, or particulars with regard to Unregulated deposit schemes is an exception, and it happens only when the competent authority has reason to believe that deposits are being solicited or accepted in respect of Unregulated Deposit Scheme.

43. Chapter 7 deals with investigation, search and seizure. Under Section 29, a police officer on recording information about the commission of an offence under this Act

is duty bound to inform the same to the competent authority, while Section 11 deals with requirement of competent authority to share information received under Section 29 with the Central Bureau of Investigation and with the authority, which may be designated by the Central Government under Section 9. Similarly, as per Section 11 (2) the appropriate Government, any regulator, income tax authorities, or any other investigation agency, having any information or documents in respect of the offence investigated under this Act by the police or the Central Bureau of Investigation shall share all such information or documents with the police or the Central Bureau of Investigation. Similarly, as per Section 11(3) the principal officer of any banking company, a corresponding new bank, the State Bank of India, a subsidiary bank, original rural bank, a Co-operative bank or multi-cooperative bank has a reason to believe that any client is a deposit taker and is acting in contravention of the provisions of BUDS Act, shall forthwith inform the same to the competent authority.

44. Section 31 deals with the power to enter, search and seize without warranty. It authorise any police officer, not below the rank of an officer in charge of a police station, who has reason to believe that anything necessary for the purpose of an investigation into any offence under this Act may be found in any place within the limits of jurisdiction of police station of which he is in charge and other cases with the written authority of an officer, not below the rank of Superintendent of Police, may conduct search and seizure. As per Section 31(2), in case it is not practicable to seize the

record or property, he may make an order in writing to freeze such property, account, deposits or valuable securities maintained by any deposit taker regarding the offence under the Act initially for a period of 30 days and it may be extended for further period as per the order of the designated Court.

45. As per sub-section (3) of Section 31, where an officer takes down any information in writing or records ground for his belief or makes an order in writing under sub-section (1) or sub-section (2), within 72 hours shall send a copy there to the designated Court in a sealed envelope. The owner or occupier of the building, conveyance, or place shall on application entitled for a copy to be furnished free of cost, by the designated Court. Section 32 (1) provides that the designated Court may take cognizance of offence under the Act without the accused being committed to it for trial.

46. Chapter 3 deals with authorities. As required under Section 7, the appropriate Government is required to appoint one or more officers, not below the rank of Secretary to that Government as the competent authority for the purpose of BUDS Act. As per sub-section (2), the appropriate Government is also required to appoint such other officer or officers to assist the competent authority in discharge of its functions under the Act. Perusal of provisions of chapter 3 makes it evident that wherever the competent authority or officers appointed under sub-section (2), have reason to believe that any deposit taker is soliciting deposits in contravention of Section 3, he may order for attachment, etc. It is having powers as vested in Civil Court. Under this chapter, Section 8 deals with constitution of designated

Courts, not below the rank of a District and Sessions Judge. No Courts other than the designated Court shall have the jurisdiction in respect of any matters to which the provision of the BUDS Act apply. While trying the offences under the BUDS Act, the designated Court may also try an offence under other enactments.

47. As per Section 37 of the Act, the Central Government and under Section 38 the State Government or Union Territory Government as the case maybe in consultation with the Central Government may make rules for carrying out the provisions of the Act.

48. Accordingly vide Notification dated 12.02.2020, the Central Government has framed the Banning of Unregulated Deposits Schemes Rules 2020 ('Central Rules' for short). Rule 3 of the Central Rules state that while the competent authority pass order provisionally, attaching the property of the deposit taker, in addition to the other information, enumerated in class B to D, as per clause A it shall also take into consideration any complaint against the promotion or operation of an Unregulated deposit scheme, whether the complainant is a depositor in the said Unregulated deposit scheme or not, any information received from Central Government and State Governments. Rule 10 of the Central rules deals with authorisation for search and seizure relating to an Unregulated Deposit Scheme.

49. In exercise of the provisions of Section 37, vide Notification dated 27.10.2020, the State Government has framed the Karnataka Banning of Unregulated Deposit Schemes Rules, 2020 ('State Rules' for short). As per Rule

4(1), while conducting investigation or enquiry under Section 7(4) of the Act, Notices may be issued in form No. A and C, which clearly referred to the violation of provision of Section 3 of the Act. Similarly, as per Rule 4(2), the order of provisional attachment shall contain the details enumerated in 1 to 9 which includes details of the complaint, enquiry report from the police, complaints received from the public.

50. The plain reading of Section 27 makes it evident that the designated Court is prohibited from taking cognizance of an offence under Section 4, except upon the complaint made by the regulator. It does not refer to any other offence under the provisions of BUDS Act. The reason behind this is that in case of Regulated deposit schemes, prescribed authorities are there to monitor the same. Database is created and maintained. Such Regulated deposit schemes are managed by the regulators who are constituted under respective statutory provisions.

51. The offence that could be committed by a deposit taker running a Regulated deposit scheme under Section 4, are where it may fraudulently default in repayment or return of deposit on maturity or in rendering any specified service, promised against such deposit. This offence could be established by the regulator on the basis of information available with it. It may not require an extensive investigation by the police as in case of other offences under Section 3 and 5. In fact, a deposit taker of Regulated deposit scheme may commit an offence punishable under Section 3 (2) or 5, if he directly or indirectly promote, operate, issue any advertisement, soliciting, participation or enrolment in or

accept deposits in pursuance of an Unregulated deposit scheme. He may commit the offence under Section 5 in case he succeeds in persuading any person to invest in or become a member or participant of any Unregulated Deposit Scheme.

52. Thus, while Section 3 deals with Unregulated Deposit Schemes and that all the Unregulated Deposit Schemes shall be banned, Section 4 punishes a deposit taker, who is running a Regulated Deposit Scheme, committing an offence in the respective Regulated Deposit Scheme, by committing any fraudulent default in the repayment or return of deposit on maturity or in rendering any specified service promised against such deposit. There is sea of difference between an offence under Section 4 and the other offences under Sections 3 and 5. While Section 4 deals with an offence committed by a deposit taker who is running a Regulated deposit scheme, Section 3 and 5 deals with offences concerning Unregulated Deposit Schemes.

53. The Regulated Deposit Schemes are run under the supervision and control of the regulator. While under Section 9, the designated authority is required to create a central database, under Section 10, every regulated deposit taker is duty bond intimate the designated authority and furnish statements, information or particulars concerning the deposits. Explanation makes it very explicit that the deposit taker means under a Regulated Deposit Scheme, since a deposit taker of Unregulated deposit scheme cannot be expected to intimate the designated authority that he is running an illegal deposit scheme.

54. While the offence under Section 4 is punishable under Section 22, the failure to give intimation under Section 10(1) and failure to furnish statements, information or particulars as required under Section 10(2) is made punishable under Section 26 of the Act. Except these two sections, rest of the offences which are punishable under Sections 21, 23 to 25 are cognizable. In fact, for these cognizable offences, minimum sentence is prescribed. Having regard to the nature of the offences under Section 3 and 5, it requires extensive investigation by a police agency. Therefore, the arguments of the learned counsel for petitioners that there is prohibition under Section 27 to take cognizance, except by way of a complaint under Section 200 Cr.P.C by the regulator in respect of the offences punishable under Section 3 and 5 is not correct and the same cannot be accepted.

55. However, if the offence under Section 4 is committed by a company, then also it is required to investigated by the police. As per the proviso, the exception carved out by Section 27 is not applicable to an offence committed under Section 4 by company.

56. The object behind the requirement of filing of complaint under Section 200 by a regulator in case of an offence under Section 4 by a deposit taker running Regulated deposit scheme, which is not a company, appears to be that when this scheme is run by a regulator, unnecessarily, the deposit taker shall not be subject to ignominy of facing a criminal investigation and trial, by unscrupulous persons and also to face multiple complaints. Only when the regulator after

verifying all the records is convinced that a deposit taker who is running a Regulated deposit scheme is guilty of committing any fraudulent default in the repayment or return of the deposit on maturity or in rendering any specified service promised against such deposit, he may file a complaint under Section 200 Cr.P.C with all the information available at his hand and request the designated Court to take action against such person. Similar provision is available under the ESIC, EPFO and Drugs and Cosmetics Act. However, this protection is not available to those persons who run Unregulated Deposit Schemes and cheat innocent and gullible people.

57. Therefore, when a deposit taker running a Regulated Deposit Scheme, commit an offence under Section 4, the complaint is required to be filed by the regulator under Section 200 Cr.P.C as the said offence is non-cognizable which is punishable under Section 22 of the Act. The remaining offences under Sections 21, 23 to 25 are cognizable and required to be investigated by the police.

58. Undisputedly, there is Prima-facie material to show that the petitioners are guilty of soliciting investment from innocent and gullible persons and cheated them to the tune of around `55 Crores. In fact, the detailed investigation conducted by the investigating officer and charge sheet makes out a strong prima facie case against the petitioners. In the decisions relied upon by the petitioners, the co-ordinate Bench of this Court has not examined these aspects and as such, they are not applicable to the case on hand.

59. Thus from the above discussion, this Court is of the considered opinion that the petitions are liable to be dismissed and accordingly, the following:

ORDER

The criminal petition in Crl.P.No.100048/2024 filed by accused No.2 and Crl.P.No.102510/2023 filed by accused No.1 under Section 482 of Cr.P.C. in Crime No.26/2021 in Special Case No.197/2022 registered by respondent police-CEN Police Station, Belagavi city, for the offences punishable under Sections 406 and 420 of IPC and Section 21(1)(2)(3) of BUDS Act, 2019, on the file of Prl. Dist. & Sessions & Special Judge, Belagavi, are hereby rejected.

21. In view of the aforesaid judgment of this Court in ***Yellappa's case supra,*** I am of the view that even this contention cannot be accepted.

22. In view of the foregoing discussions, I am of the considered opinion that the question of this Court exercising its jurisdiction under Section 482 Cr.P.C. and quash the impugned proceedings would not arise in the facts and circumstances of the instant case and as such, I do not find any merit in the petition and that the same is liable to be dismissed.

23. Accordingly, the petition is hereby dismissed.

Sd/-
(S.R.KRISHNA KUMAR)
JUDGE

Srl.