

Cs. 15 2434/25
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ECIR/BGZO/19/2025

**IN THE COURT OF LXXXI ADDL. CITY CIVIL AND
SESSIONS JUDGE, BENGALURU (CCH 82)**

PRESENT

**Sri Santhosh Gajanan Bhat, B.A.L., LL.B.,
LXXXI Addl. City Civil & Sessions Judge,
Bengaluru City (CCH-82)**
(Special Court exclusively to deal with criminal cases
related to former and elected MPs/MLAs
in the State of Karnataka)

Dated this the 30th day of December, 2025

ECIR/BGZO/19/2025

COMPLAINANT:

**Directorate of Enforcement
Ministry of Finance and
Department of Revenue,
3rd Floor, 'B' Block, BMTC,
K.H.Road, Shantinagar,
Bengaluru – 560 027.**

**(Represented by Sri.I.S.Pramod
Chandra, learned Special Public
Prosecutor)**

V/s

ACCUSED:

**K.C.Veerendra
S/o Late.K.Chanbasappa,
Aged 51 years,
Ratna Nilaya,
Opp. Veerabhadra Swamy
Temple, Old Town, Challakere,
Chitradurga District.**

**(By Sri Kiran S Javali and
Sri. Chandra Mouli, learned
Senior Counsels appearing on
behalf of learned Counsel
Sri.Rajath and Sri. Mayank Jain
for Accused)**



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:: ORDER ::

This bail application has been filed under Sec.483 of BNSS r/w Sec.45 of Prevention of Money Laundering Act (PMLA) by the accused K.C.Veerendra for committing the alleged offences punishable under Sec.3 and 4 of PMLA.

2. It is the case of the prosecution/Directorate of Enforcement that they had registered a case in ECIR/BGZO/19/2025 on 22.07.2025 and on examining the said ECIR it would indicate that 4 FIR's being registered against accused Veerendra for a period of 15 years and it has been narrated in the bail application that the filing of FIR's were referred to in the ECIR which are as follows;

(i) Cr.No.64/2011 dated 02.03.2011, PS Challakere, Chitradurga District.

(ii) Cr.No.60/2015 dated 06.03.2015, PS

Challakere, Chitradurga District.



(iii) Cr.No.435/2016 dated 29.10.2016, PS Challakere, Chitradurga District.

(iv) Cr.No.215/2022 dated 24.10.2022, PS Davanagere Extension, Davanagere District.

3. It is also narrated by the accused person that the complainant had registered addendum ECIR on 21.08.2025, wherein through the addendum ECIR two more predicate offences in FIR No.1592/2024 dated 19.03.2024, registered on the file of Cyber Crime Police Station, Cyberabad, Telangana and FIR No.218/2022 dated 06.07.2022 by Harohalli Police Station, Bengaluru South were considered for initiation of action under the various provisions of PMLA. It is narrated that on the basis of the said complaints, ECIR came to be registered which had lead to searches at various places during 22.08.2025 under Sec.17 of PMLA. The ED Authorities have contended that several incriminating materials and

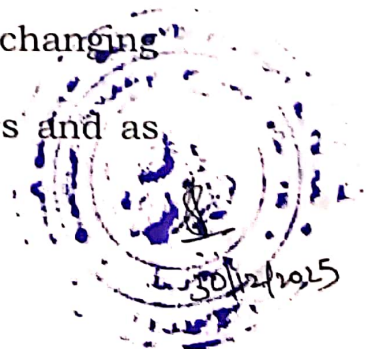
documents were recovered from the residential premises of accused at Challakere and Bengaluru and at that time



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the accused was not present in the house. Thereafter, it is submitted in the bail application that around 09.20 a.m. on 22.08.2025, the Officers of ED had taken the accused to their custody from Hotel Ramada at Gangtok, Sikkim and he was interrogated for the entire day and night and he was also not produced before the learned Magistrate within the prescribed period of time. Thereafter, after taking him to custody on 22.08.2025 at about 09.20 a.m., the accused was said to have been arrested on 23.08.2025 at 07.26 a.m., which would indicate that the accused was produced before the learned Magistrate beyond the time granted for transit production of accused since the time granted for transit was 24 hours by the Judicial Magistrate of First Class, Gangtok, Sikkim. It is also submitted that though the

transit remand granted by the learned Magistrate First Class at Gangtok, Sikkim, was for a period of 24 hours, the transit remand order granted was modified changing the time of remand from 24 hours to 48 hours and as



such the accused was remanded in custody illegally. Thereafter, the accused was produced before this Court and he was remanded to custody of ED till 04.09.2025 and thereafter he was sent to judicial custody on 22.09.2025.

4. It is also submitted in the bail application that ultimately on 18.10.2025, the ED Authorities had filed the complaint before this court and the copy of the complaint was furnished on 23.10.2025, wherein a specific prayer was made to take cognizance and punish the accused under Sec.4 of PMLA. Further it was sought for confiscating the properties frozen/seized on 22.08.2025, 01/02.09.2025, 06.09.2025 and 09.10.2025 as per the provisions of Sec.8(5) of PMLA. It is further contended by the accused that as per the provisions of Sec.45(1) of PMLA, he is required to satisfy the twin conditions which has been laid down i.e., a copy is required to be served upon the prosecution before considering the bail application and afford them



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an opportunity to oppose the application for grant of bail and also the accused should satisfy that no prima-facie materials are available in the instant case. By pointing out to the said aspects, it is submitted that the complainant had relied upon two additional predicate offence, the first of them was FIR No.1592/2024 dated 19.03.2024 registered at Cyberabad Police Station, Hyderabad, which was also closed through settlement entered before the Lok-Adalath. The second predicate offence which was relied upon by the complainant was with respect to Crime No.218/2022, which was registered by Harohalli Police Station, Ramanagar District, wherein it is noticed that a 'B' Final Report came to be filed on 23.09.2022. It is submitted that out of the 6 predicate offence, 5 of them either been closed much prior to the date of registration of the ECIR and complaint and as such it would not form any basis for commission of offence by the accused person. It is narrated that as on the date of registration of the ECIR



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dated 22.07.2025 or addendum which was issued on 22.08.2025, the investigation was completed by the jurisdictional Police and in fact they had submitted 'B' Final Report in that case. By pointing out to the same, it is contended that the present ED Authorities cannot rely upon a case where the investigation authorities have already filed a 'B' Report. It is submitted that the allegation against the present accused is of involving himself in fraudulent activities of illegal online betting and gaming websites and as per the Reports received in the above case and even as per the prosecution case, none of the Companies portrayed of carrying out online betting and gaming websites were not registered in the name of the accused person nor in the name of the associated persons of accused herein. The complaint papers filed by the ED Authorities also does not pertain to the grievances of App users relating to "Player payouts" only and no instance of cheating or any other criminal activity can be attributed to the accused or to




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any other known persons. Even after conclusion of the investigation, the ED had filed fresh application seeking to allow them time to conclude the investigation and to show any nexus between alleged instance of cheating and generation of proceeds of crime. Thereafter, it is submitted in the bail petition that the twin conditions envisaged in Sec.45 of the Act would not apply to the present case and in the present case the proceeds of crime quantified by the predicate agency in the FIR was initially Rs.30,000/-, ultimately which had resulted in filing of 'B' Report by the jurisdictional Police. As such, the quantum of proceeds of crime being less than Rs.1 Crore would not attract the rigors of PMLA as laid down by the Hon'ble Apex Court in the case of **Sanjay Chandra Vs. CBI (2012)1 SCC 40**. It is submitted that the schedule offence which is relied upon by the prosecution was with respect to cheating and in the instant case the ED had not identified any specific instance of cheating being made by the present accused person. The learned



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counsel for the accused has also submitted that the alleged confessional statement which came to be recorded by the Investigating Agency under Sec.50 of PMLA was recorded while the accused was in judicial custody and as such not much importance can be attached and confessional statements being uncorroborated and emanating from a co-accused, cannot in law constitute 'material' or 'evidence' within the meaning of Sec.19 of PMLA. Thereafter, the averments applicant has taken this court to other various legal issues by submitting that the confession statement of co-accused was inadmissible unless certain discovery of facts were made. On the said ground also they have sought for admitting him to regular bail.

5. On request, the learned SPP has put in his appearance and has filed a detailed statement of objections inter-alia denying the averments made in the bail petition. It is submitted by the learned SPP with respect to the facts of the case and also the predicate



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offence which is pending against the present accused person. The statement of objections reveals that the ECIR was recorded at the inception based on four predicate offence which was registered over a span of 15 years wherein it was involving allegations of cheating through betting and gambling activities. It is further submitted that the second FIR was quashed by the Hon'ble High Court of Karnataka on 19.01.2016 on technical grounds that the registration of FIR subsequent to investigation was bad in law. The third case ended in conviction of the two co-accused who pleaded guilty and whereas the present accused was not charge-sheeted in that case. Further in the fourth case, the Police dropped the name of the accused and filed a charge-sheet excluding him on 13.01.2023. The ED authorities have also submitted that on 21.08.2025, an

Addendum ECIR adding two more cases to the ECIR registered against the present accused was noticed while was in Crime No.1592/2024 registered by Cyber.



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Crime Police Station, Cyberabad, Telangana, which was subsequently settled before the Lok-Adalath ad Crime No.218/2022 registered at Harohalli Police Station, Bengaluru South, wherein the jurisdictional Police have filed a 'B' Report/Closure Report. The details of the FIR has been explained in the following mentioned tabular column;

Sl. No.	Crime No.	Name of the accused as per FIR	Status	Remarks
1	64/2011 dated 02.03.2011 registered by Challekere Police Station u/s 420 of IPC, 66 of IT Act, 2000 and Secs.79 and 80 of KP Act 1963	1. K.C.Veerendra @ Pappi S/o Late. K.Channabasappa 2. K.B.Nagaraja S/o Kenganna 3. Ramesha 4. Vikki @ Mobile Shop Vikki	After trial all accused acquitted vide order dated 06.08.2014 passed by the learned Civil Judge and JMFC Court at Challakere in CC No.478/2011	The said case was included as per data gathered during open source intelligence. As per ICJS Portal, the status is charge-sheeted.
2	60/2015 dated 06.03.2015 registered by Challekere Police Station u/s 420 of IPC, 66 of IT Act, 2000 and Secs.79, 80 and 78(3) of KP Act 1963.	1. K.C.Veerendra 2. K.C.Thippeswamy 3. Sanjaya 4. Ravi Kadappa Angadi 5. Lokesha 6. Jagadeesh 7. Sharath 8. Shrinidhi 9. Anil 10. Pruthvi	Proceedings quashed by Hon'ble High Court of Karnataka in Crl.P.1543 of 2015 of order dated 19.01.2016	- Quashed by High Court on technical ground that registration of FIR was subsequent to investigation which vitiates the proceedings. - However, it cannot be said that



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				proceeds of crime were not generated from the offence committed on technical grounds • As per ICJS Portal, the status is 'pending'
3	435/2016 dated 29.10.2016 registered by Challakere Police Station u/s 420 of IPC and Sec.78(3) of KP Act, 1963	1. Rajesha C.S. 2. Sidrameshwara @ Sidrama	Two accused pleaded guilty hence convicted. Scheduled offence 420 has also been dropped in the charge-sheet	• K.C.Veerendra is not one of the said two accused as claimed, however, on perusal of the rejection bail petition order passed by Hon'ble Court in CrI.Misc.1183. 2022 in anticipatory bail petition filed by Mr.K.C.Veerendra in Cr.No.215/2022, it is observed that the Hon'ble Court has reasoned the registration of two more FIRs against Sri.K.C.Veerendra as a ground for rejecting. The relevant portion of the



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said order is reproduced herewith:

Para 16, the report of investigation officer

discloses that 2 more cases are registered against

Mr.K.C.Veerendra by the Challakere

Police in Cr.No.60/201

5 for the offences under

Sec.78(3), 79, 80 KP Act.

Sec.66 of IT Act and

Sec.420 of IPC and

Cr.No.436/2016, for the

offences under Sec.78(3) KP

Act and Sec.420 of

IPC.

Therefore, prima-facie

K.C.Veerendra is involved in

Cr.No.435/2016, for the

offences under Sec.78(3) KP

Act and Sec.420 of IPC

• In this regard, FIR

No.435/2016 dated



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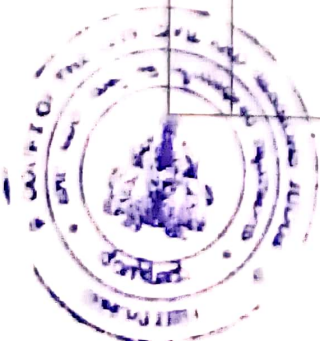
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				29.10.2016 registered at Challakere Police Station, Chitradurga District is also included in the instant ECIR. As per ICJS Portal, the status is 'charge-sheeted'.
4	FIR No.215/2022 dated 24.10.2022 registered by Davanagere Extension PS u/s 420, 34, 506 of IPC and Sec.78A(vi) of KP Act	1) Kiran Taralabalu Layout, Davanagere 2) Chetan Mamata is the owner of the Hotel 3) Surajkutty 4) Veerendra @ Pappy Challakere Town and others	The name of Sri.K.C.Veerendra has been dropped in the charge-sheet filed by the Police. Scheduled offence 420 has also been dropped in the charge-sheet	As per ICJS Portal, the status is 'charge-sheeted'
5	FIR No.1592/2024 dated 19.03.2024 was registered by Cyber Crimes PS, Cyberabad, Telangana u/s 420 IPC, 66-D ITA-2000-2008	1. Users of Fonepaisa 2. King567.com 3. India24bet.com	As per charge-sheet filed, two accused have been named viz., A-1 Nihin Tandon and A-2 Abhinav Singh	- As per ICJS Portal, the status is 'charge-sheeted'. - Charge-sheet filed which names two accused A-1 Nihin Tandon and A-2 Abhinav Singh - The case was settled compounded through Lok Adalat in respect of both accused



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				- Charge-sheet contains registration details of App name King567.com which is Himani KCV, R/at. Ratna, King Street, Old Town near Veerabhadra Swamy Temple, Chitradurga. She is the daughter of accused No.1 K.C.Veerendra - Directorate has already written to the concerned PS for obtaining entire records of the case proceedings
6	FIR No.218/2022 dated 06.07.2022 was registered by Harohalli PS, Bengaluru South u/s 419, 420 IPC, 66-D ITA-2000-2008	1. Company of Fonepaise Solution Pvt. Ltd. 2. Ram Pahwa 3. Karan Singh Rawat 4. Ritish Kumar 5. Betin Exchange Company 6. Feb Fashionz Company 7. Light Speed Webso Company	B Report filed by LEA is pending before the court	- As per ICJS Portal, the status is 'charge-sheeted'. - Respondent Directorate has written to the concerned PS for obtaining entire records of the case proceedings. In their reply dated 12.09.2025, they have informed that



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				B Report dated 23.09.2022 was filed by LEA before Hon'ble Court in the said FIR and the same is pending in the Court of PCJ and JMFC, Kanakapura. • Directorate has filed a Protest petition against the said B Report before the Hon'ble PCJ and JMFC Court, Kanakapura on 20.09.2025
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6. It is submitted further that on 22.08.2025, the ED had conducted search under Sec.17 of PMLA at several premises of the accused/linked to the accused in Challakere Town, Chitradurga and Bengaluru and during the said search several incriminating materials, gold ornaments, cash, Bank documents, property papers and digital devices were seized/frozen, which is alleged to be linked to the proceeds of crime. It is narrated that



the accused were arrested on 23.08.2025 at 07.26 a.m., from Hotel Ramada, Gangtok, Sikkim and was produced before the Judicial Magistrate of I Class on the same day with a request for transit remand of accused person. Thereafter, the accused was brought to Bengaluru and was produced before this Court and he was remanded to custody. It is also submitted that his arrest was challenged by his wife Smt.R.D.Chaithra through a Writ

Petition filed before the Hon'ble High Court of Karnataka at Bengaluru in WP No.26754/2025, which came to be dismissed by the Hon'ble High Court vide order dated 15.10.2025. The ED Authorities have also contended that the investigation carried out in the above case revealed that the accused was the principal operator of a network of illegal online betting and gambling syndicates operating in Karnataka and other States. Further it is their contention that they have found huge chunk of money collected through betting which was moved through payment gateways, shell companies and benami



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accounts, thereby concealing its origin and was projecting it as legitimate amount. Thereafter, in the statement of objections, the ED Authorities have traversed to various aspects and have denied the contentions urged by the accused person in his bail application. It is submitted by the ED Authorities that with respect to Closure Report pertaining to Harohalli case, the payment gateway disputes are unrelated to the applicants and thus the reliance on the same by the ED was unfounded as he had already disclosed gold and assets seized to Tax Authorities and also to the Election Commission and were acquired prior to 2021-22. It has also been submitted that 'B' Report was a cursory, inadequately inquired filing which glossed over specific, large scale allegations of identity impersonation, payment gateway, enabled fund movements and rendering. It is also submitted that the local Investigating Agency had filed a simple 'B' Report without dwelling upon the investigation in detail and the



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complainant has already filed a detailed Protest Petition on 20.09.2025, which the Court had admitted and was pending for judicial adjudication. It is also submitted that the FIR is not a mere private dispute 'interse' with a gateway, but it describes the modus of cheating and cheating by personation in online betting where payment gateways (Eg., Fonepaisa) and third party/mule entities (Light Speed Webso, Fab Fashionz) were allegedly used to collect funds into nodal accounts and disperse/ 'refund' from different fronts, which would classically indicate of laundering of money.

7. In the statement of objections it is narrated that the prosecution complaint elaborates the ultimate utilization of tainted funds for the accused's personal and family expenditure, advertising for the Online Apps, travel (Eg., TripJack/Airbiz) apparel purchases for a family caretaker and brokerage paid for his real estate dealings from the accounts such as DS Software, demonstrating integration and personal enrichment




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inconsistent with the theory of non-association. The prosecution has also defined the proceeds of crime as enumerated in the Act and has contended that the offence of money laundering is a continuing offence and it does not hinge on tracing every Rupee to the final recipient before the prosecution. Further it is their contention that once there is a relatable offence, the inquiry under PMLA legitimately tracks the creation, movement, layering and integration of proceeds across the accounts, gateways, fronts and proxies and the statute expressly captures indirect derivations and equivalent value, so the applicant cannot limit proceeds of crime only to Rs.30,000/- as mentioned in Crime No.218/2022 or claim irrelevance merely because that the FIR narrates a smaller quantum or does not spell out the last mile flow to him by name. The ED Authorities have also submitted that the illegally linked accounts of the accused legitimate business activities with the predicate offence or that only activities immediately relatable to



the scheduled offence can be examined under the PMLA is misconceived and contrary to the statutory framework of the Act. On the other hand, it is their contention that the complainant sets out a coherent modus of cheating by impersonation in illegal online betting where the true controllers operate behind layers of fronts while collections are channeled through payment gateways and 'mule' entities, and it is specifically links the

applicant's ecosystem of Fonepaisa. It is further narrated

that the complainant had traced multiple payment gateway accounts and digital wallets showing that large

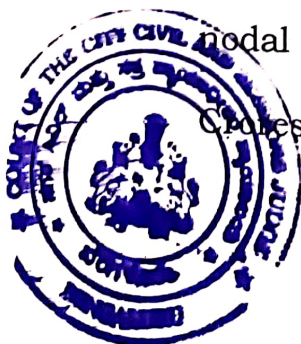
volumes of player deposits were routed through layered intermediary accounts, eventually reaching companies

and persons linked to the accused. This diversion and concealment of funds demonstrate a clear mensrea to

deceive users and unjustly enrich the accused and his associates. It is further submitted that the Fonepaisa

nodal account reflects inward credits exceeding Rs.5,000

crores through established rails (PayU, UPI, CCAvenue,





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MIGS, etc.) fixing both the scale and source of generation of proceeds of crime, merchant mappings (Eg., King Trading, Fab Fashionz, Upward Trendz) were employed to feign legitimacy and avoid scrutiny. It is submitted that the materials gathered would indicate atleast Rs.2,300 Crores of player credits are attributable to betting websites operated by the accused with associates in India and abroad. The debit leg exhibits classic layering, high velocity NEFT/IFT dispersal into an extensive mule account lattice, circular inter entity transactions and immediate sweeps to Fonepaisa's YES Bank escrow.

8. Further it was discussed in the statement of objections that during the course of investigation specific instances of cheating and the emanation of proceeds of crime were identified and documented and victims of King567/India24bet and other allied sites were traced from grievance messages recovered from the applicant's seized device and were thereafter examined on oath



under Sec.50 of the PMLA. The statement of objection also indicates of the manner in which allegedly the proceeds of crime were being utilized. Further it is submitted that the contention of the defence that the sole surviving predicate offence was not correct since it is contended that unless the 'B' Final Report/Closure Report filed by the Investigating Agency is accepted, the same holds the valid and accordingly it is submitted that the record explains there were less number of Police complaint than victims and in order to substantiate the same, the ED Authorities have relied upon the judgment of the Hon'ble High Court of Bombay reported in Babulal Verma and another Vs. Enforcement Directorate, wherein it has been held that once ED has registered a PMLA case on the back of scheduled or predicate offence, the PMLA investigation stands on its own and it does not depend on the ultimate result of the predicate offence. Lastly, it is submitted that the bail application was misconceived, devoid of merits and was liable to be




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rejected in limine under Sec.5(1) which mandates satisfaction of twin conditions before granting the bail. It is submitted that the provision of Sec.45 of PMLA commences from a non-abstante clause and got a over-riding effect on the general provisions of Cr.P.C., in case of conflict between them. Further the ED Authorities had contended that as per the same, the Court is required to form an opinion that prima-facie case has been made out and the Court should be satisfied that there are reasonable grounds for believing that the accused person was not guilty of committing such an offence while on bail. In order to substantiate the same, they have relied upon the judgments rendered in Goutam Kundu Vs. Directorate of Enforcement, Rohit Tandon Vs. Directorate of Enforcement, Tarun Kumar Vs. Assistant Director, Directorate of Enforcement. By pointing out to aforesaid aspects it is submitted that the bail application which has been filed is devoid of merits and hence the same may be dismissed.



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9. Heard the arguments at length by the learned Senior Counsels Sri.Kiran S. Javali and Sri.H.S. Chandramouli appearing for the Advocate on record Sri.Mayank Jain. The learned Senior Counsel once again taken this Court to the various facets of the provisions of law and have vehemently argued that no prima-facie case has been made out in the incident. It is the submission of the learned Senior Counsels that out of the 6 alleged predicate offence, 5 cases have been either quashed or compromised or settled out of court or has ended in acquittal of the accused persons. The learned Senior Counsel Sri.Kiran S. Javali while pointing out to the amounts of proceeds of crime as denied under Sec.2(u) of PMLA 2002 has vehemently argued that unless there is a genuineness with respect to a crime which is termed as a scheduled offence, there cannot be any offence under PMLA. It is his submission that the entire materials on record would indicate of around 6 cases being registered against the accused person, of



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which 5 cases are either compromised, quashed or settled out of the court or discharged or acquitted. Even otherwise, it is his submission that the total amount involved in the sole predicate offence which is pending for final disposal is one which was registered by Harohalli Police Station and the amount involved in the said case was Rs.30,000/-. Even in that case, a sum of Rs.11,000/- was already paid as per the version of the complainant himself and the remaining balance was Rs.19,000/-. By pointing out to the same, it is his submission that when the amount involved is less than Rs.1 Crore, the question of applicability of Sec.45 PMLA is to be considered and it is to be held that the provisions would not apply to the case on hand and further the Court cannot presume that by utilizing the alleged Rs.30,000/-, a huge chunk of money to an

extent of more than Rs.250 Crores were recovered or were unearthed from the accused person. It has also been argued at length by the learned Senior Counsels



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and also by the counsel on record that the entire records would indicate a witch hunting being made by the investigating authorities. The learned counsel Sri. Kiran Javali in his candid submissions has argued that at no logical point it can be accepted that by investing the alleged amount as mentioned in the predicate offence, it would not have been possible for the accused to produce a huge chunk of loan involving crores of Rupees and as

~~such the complaint itself inspires the confidence with~~
respect to the allegations laid by them. The learned Senior Counsels have relied upon various authorities and in particularly the judgment rendered by the Hon'ble Apex Court reported in **(2023)12 SCC Page 1 (Vijay Madanlal Choudhary and others Vs. Union of India)**. The learned Senior Counsel has taken this Court through Para-105 to 108 and has argued that the drawing of presumption that the predicate offence has channeled

Crores together of money to accused cannot be accepted.

He has also submitted that at no stretch of imagination



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mere sum of Rs.30,000/- even if it is calculated in its entirety would have channeled more than Rs.300 Crores. By pointing out to the same, it has been argued that there may be some statements of the witnesses being recorded under Sec.50 of PMLA, the same would not attract the rigors under the Act. Hence, it is submitted that the accused may be admitted to bail. In order to buttress their submission, the learned Senior Counsel has relied upon the following authorities reported as under;

- 1) *(2020)13 SCC 791 (P.Chidambaram Vs. Directorate of Enforcement)*
- 2) *(2011)14 SCC 770 (State of Punjab Vs. Davinder Pal Singh Bhullar)*
- 3) *(2025)2 SCC 248 (Arvind Kejriwal Vs. ED)*
- 4) *(2024)9 SCC 787 (Prem Prakash Vs. Enforcement Directorate)*
- 5) *1949 SCC Online PC 12 (Bhuboni Sahu Vs. King)*
- 6) *1964 SCC Online SC 28 (Haricharan Kurmi Vs. State of Bihar)*
- 7) *(2023)11 SCC 255 (Subramanya Vs. State of Karnataka)*



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- 8) (2024)8 SCC 254 (Prabir Purakayastha Vs. State [NCT of Delhi])
 - 9) (2024)7 SCC 576 (Pankaj Bansal Vs. Union of India)
 - 10) (2009)8 SCC 617 (State of M.P. Vs. Sheetla Sahai)
 - 11) 2025 SCC Online Del 6237 (Vipin Yadav Vs. Enforcement Directorate)
 - 12) 2024 SCC Online SC 1920 (Manish Sisodia Vs. Enforcement Directorate)
 - 13) SLP (Crl.) No.3205/2024 (Ramkripal Meena Vs. Directorate of Enforcement)
 - 14) (2021)3 SCC 713 (Union of India Vs. K.A.Najeeb)
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- 15) Criminal W.P (Stamp) No. 3122/2020 (Director of Enforcement Vs. State of Maharashtra and others)
 - 16) SLP (Crl) No.5524/2021 (Directorate of Enforcement Vs. State of Maharashtra and others)
 - 17) WP No.5402/2024 (K.Govindaraj Vs. Directorate of Enforcement)
 - 18) SLP(Crl)No.14335/2024 (Directorate of Enforcement Vs. K.Govindaraj and another)
 - 19) 2025 SCC Online Mad 3272 (RKM Powergen Private Limited Vs. Assistant Director, Directorate of Enforcement)



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10. Per contra, the learned SPP Sri.I.S.Pramod Chandra has argued at length with respect to the factual aspects of the case and it is his submission that the bail application is devoid of merits and has argued at length that the proceeds of crime cannot be restricted only to the principal case and at times the Investigating Agency have to invoke the provisions of Sec.23 of PMLA and also it was required to invoke the provisions of Sec.44(1) Expl.(ii), wherein it has been discussed that the complaint shall be deemed to include any subsequent complaint in respect of further investigation that may be conducted to bring any further evidence oral or documentary against any accused person. By pointing out to the same, he has argued that though the complaint indicates of a predicate offence to an extent of Rs.30,000/-, there would not be any bar to file subsequent complaint with respect to further investigation and the same would only indicate of the commission of offence for which the complaint has



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already been filed. The learned SPP has also taken pain to explain the manner in which the investigation has progressed and the charts which are placed in the compliant before this court. It is his submission that the Investigating Agency were doing a herculean task wherein several huge transactions made through mule accounts were being detected. The publication of material itself would run to several pages, for which a thorough investigation was required to be made. By pointing out to the aforesaid aspects, he has once again requested this Court to reject the bail application. In order to buttress their submission, the learned SPP has filed the following two citations;

- 1) ***WP (C) No.11361/20215, CM Appl. 29836/2015 dated 24.11.2025 by the Hon'ble High Court of Delhi***
- 2) ***CRM-M-54453-2025 dated 12.11.2025 by the Hon'ble High Court of Punjab and Haryana***

11. Heard and perused the materials on record.

The points that would arise for my consideration are:




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1. Whether the accused K.C.Veerendra has made out grounds for allowing the application and admitting him to bail under Sec.483 of BNSS r/w Sec.45 of PMLA 2002?

2. What order?

12. My findings to the aforesaid points are as follows:

Point No.1: In the affirmative;

Point No:2 As per final orders

for the following;

REASONS

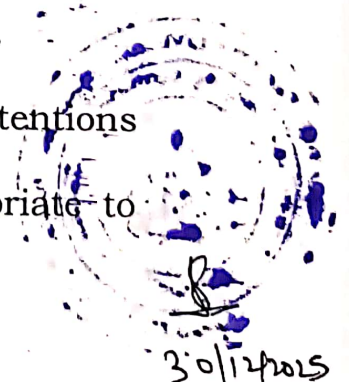
13. **Point No.1:** Shorn of unnecessary details, the facts in narrow compass is that the ECIR came to be registered against K.C.Veerendra for allegedly committing the offence under Sec.3 and 4 of PMLA 2002. It is submitted by the ED Authorities that as per the records, 6 predicate offence were initially registered at various places against the accused person who was running betting and other activities wherein huge chunk of money was being collected by him in one or the other form. On the basis of the registration of the predicate



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offence, ECIR was registered and investigation was commenced by the Directorate of Enforcement. Thereafter, the accused Veerendra Puppy came to be arrested at Sikkim and was produced before this Court under a transit warrant and subsequently he was remanded to custody on 24.08.2025. From that day, the accused Veerendra Puppy is under custody and oflate the investigation has been completed and complaint has been placed before this Court. The accused being aggrieved by his continuous remand, has filed this instant bail petition contending that no prima-facie materials has been made out by the Investigating Agency and as per the provisions of Sec.45 of PMLA, the same would not be applicable as the allegations which are leveled with respect to predicate offence is only for Rs.30,000/-. By pointing out to the aforesaid aspects, the accused has sought for admitting him to bail.

14. Without being swayed by the contentions urged by both the parties, it would be appropriate to



look into the materials which is placed before the Court.

There cannot be any dispute with respect to filing of predicate offence which were initially 6 in number and on the basis of it, the ECIR came to be registered. It is also noticed from the records that out of the 6 predicate offence which are enumerated in the ECIR, 5 predicate offence cases have come to a logical end either by discharge, quashing or acquittal of the accused persons and in one case the present accused Veerendra Puppy has been dropped from the predicate offence. The only predicate offence which is prevailing against the present accused person is with respect to a complaint lodged before the Harohalli Police Station wherein an allegation of cheating and defrauding the complainant to an extent of Rs.30,000/- is involved against the accused person.

In the instant case, it is undisputed fact that the State

Investigating Agency on culmination of the investigation have filed a 'B' Report wherein it is stated that a sum of Rs.30,000/- was already paid to the complainant



therein. Since the 'B' Report was not accepted or rejected, the case has not reached its logical conclusion. At that juncture the present ECIR came to be filed and on the basis of the same, the accused K.C.Veerendra was arrested and remanded to custody.

15. With this background, now it would be appropriate for the Court to consider whether a prima-facie case has been made out by the petitioner to admit ~~him to regular bail.~~ In order to better appreciate the provisions, it would be worthwhile to rely upon Sec.45 of PMLA, which speaks about the grounds on which an appeal can be sought. The said provisions reads as follows;

45. Offences to be cognisable and non-bailable.

(1)[Notwithstanding anything contained in the Code of Criminal Procedure, 1973 (2 of 1974), no person accused of an offence [under this Act] [Substituted by Act 20 of 2005, Section 7, for certain words (w.e.f. 1.7.2005).] shall be released on bail or on his own bond unless]



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(i) the Public Prosecutor has been given an opportunity to oppose the application for such release; and
(ii) where the Public Prosecutor opposes the application, the Court is satisfied that there are reasonable grounds for believing that he is not guilty of such offence and that he is not likely to commit any offence while on bail: Provided that a person, who is under the age of sixteen years or is a woman or is sick or infirm [or is accused either on his own or along with other co-accused of money-laundering a sum of less than one crore rupees] [Inserted by Finance Act, 2018 (Act No. 13 of 2018) dated 29.3.2018.], may be released on bail, if the Special Court so directs:

Provided further that the Special Court shall not take cognizance of any offence punishable under section 4 except upon a complaint in writing made by

(i) the Director; or

(ii) any officer of the Central Government or State Government authorised in writing in this behalf by the Central Government by a general or a special order made in this behalf by that Government.

[(1-A) Notwithstanding anything contained in the Code of Criminal Procedure, 1973 (2 of 1974), or any



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other provision of this Act, no police officer shall investigate into an offence under this Act unless specifically authorised, by the Central Government by a general or special order, and, subject to such conditions as may be prescribed;] [Inserted by Act 20 of 2005, Section 7 (w.e.f. 1.7.2005).]

*(2) The limitation on granting of bail specified in [***] [The words "clause (b)" omitted by Act 20 of 2005, Section 7 (w.e.f. 1.7.2005).] of sub-section (1) is in addition to the limitations under the Code of Criminal Procedure, 1973 (2 of 1974) or any other law for the time being in force on granting of bail.*

16. As per the aforesaid provision of law, the petitioner is required to satisfy the twin conditions which is laid down by the Hon'ble Apex Court in **Nikesh Tara Chand Shah V Union of India** case, wherein the twin conditions which are required to be satisfied are as follows;

a) The Public Prosecutor should be notified prior to admitting an accused to bail;




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b) The Court is satisfied that there are reasonable grounds for believing that he is not guilty of such offences and he is not likely to commit any offences on bail.

17. The aforesaid twin conditions are required to be satisfied by the accused persons if he seeks for bail. A challenge was made before the Hon'ble Apex Court with respect to constitutional validity of the twin conditions which are subsequently up-held by the Hon'ble Apex Court in Vijay Madanlal Choudhary's judgment. Be that as it may, here in the instant case, the first criteria/condition is already fulfilled since the Public Prosecutor has been notified and an opportunity has been granted to the prosecution to file their necessary objections. In fact the learned SPP Sri.I.S.Pramod Chandra has taken this Court in detail with respect to the materials which are placed before the Court. The



Other aspect which are required to be satisfied pertains to the Court wherein the Court is required to be satisfied

that there are reasonable grounds for believing that the accused is not guilty of such offence and he would not commit any similar offences in future. Now with respect to the aforesaid aspects, the complaint has been filed by the Investigating Agency. At the same time, since the case is at the level of inception, the Court cannot insist upon the prosecution to open up the materials for the sake of considering the bail application since it is the

domain of the Investigating Agency to indicate the

manner in which they are conducting the investigation.

The other aspect which is to be satisfied by the accused is his innocence at that stage. In umpteen number of cases, the manner in which the amount from the predicate offence which is used for laundering, layering, transfer of money are through some mule accounts or through intermediaries who are totally unaware of the commission of predicate offence. Normally, many a

times, the facilitator to commit such activity will not be having a knowledge to the activity that had taken place.



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Even otherwise, the burden will be upon the accused to establish that there are reasonable grounds for believing that he is not guilty of such offence. In the instant case, several volumes of Final Report/Complaint has been placed before the Court and though the learned Senior Counsels have argued on merits, they have taken the Court exhaustively and the materials which are placed before the Court. Admittedly, in the instant case at the inception, the Investigating Agency had commenced the investigation on the basis of 6 predicate offence which was pending. Thereafter, it is noticed from the records that several materials were allegedly recovered by the Investigating Agency and in detail it has been narrated the manner in which the alleged commission of offence had taken place. For instance, the ED authorities have submitted the details with respect to search conducted during the course of investigation. As per the complaint,

in Para-5.1 at Table No.5, necessary search was conducted at the premises of accused K.C.Veerendra, his



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brother K.C.Nagaraj and another brother K.C.Thippeswamy and it is mentioned that out of the said search, certain materials were obtained and their statement came to be recorded. Apart from this, it is submitted that search was also conducted over the premises of one Mr.Mallikarjuna Ningappa, Samunder Singh Rathod at Hubballi at the office of Puppy Technologies Pvt. Ltd.,/ Puppy's Tours and Travels LLP.,

Panjim, North Goa and it is stated that statement of his

Manager Tharun Kuna Kalwani came to be recorded and

also search was conducted in the premises of Arjun.N at

old Goa and as he was not available, the statement of

his wife was recorded. Thereafter, the table indicates of

the statements being recorded at Puppy's Casino Gold,

Ocean 7 Casino, Casino Pride, Big Daddy Casino, M/s

Puppy's Beer Leayo, Box 5 Star, Opposite Vivanta by Taj,

premises of Samunder Singh Rathod at Jodhpur,

premises of Sandeep G Mehta, premises of Nobel

Samson Ramani at Bengaluru, premises of Simran



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Kishan, Sridhar Kempegowda, Anil Gowda, Ms. Neha Tandon, M/s ABH Infrastructures, Sri. Sandeep Mehta, M/s Stuti Infra and Sri.Gulshan Kattar. Further it is submitted by the ED that several incriminating materials have been collected in the form of schedule records and as per the Table mentioned at No.6, it indicates that some cash is also recovered. Thereafter, the complaint narrates Table No.7 which discloses about the key associates involved in the above case. The learned SPP has also contended that the analysis of the mule accounts which were more than 400 Bank Accounts would indicate laundering chain which is as narrated and reproduced in Page No.182 to 206 of the complaint. It is contended that the name of the individuals or Shell Companies with no obvious link to K.C.Veerendra oftenly sourced by accomplices and money used to move from the Fonepaisa Nodal Account

First layered accounts and then onwards in various directions including back to Fonepaisa own "Payout



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System” to Credit Gamblers or outward to other Shell Entities. In order to justify the said aspect, a detailed analysis of the aforesaid aspects has been narrated and it is also submitted that many accounts were found to have been frozen by many law enforcement agencies.

18. If for a moment, the aforesaid aspect is to be accepted, then the question which is required to be answered at this juncture is the relevance of predicate offence. As could be noticed from the provisions of PMLA 2002 and in particular at the cost of repetition the definition of proceeds of crime is appreciated which is morefully enumerated in Sec.2(u) of the Act which reads and extracted for the benefit as follows;

"means any property derived or obtained, directly or indirectly, by any person as a result of criminal activity relating to a scheduled offence or the value of any such property or where such property is taken or held outside the country, then the property equivalent in value held within the country or abroad.



Explanation.—For the removal of doubts, it is hereby clarified that “proceeds of crime” include property not only derived or obtained from the scheduled offence but also any property which may directly or indirectly be derived or obtained as a result of any criminal activity relatable to the scheduled offence;

19. The main aspect which is required to be fulfilled is that a person should derive any property directly or indirectly as a result of a criminal activity relating to a scheduled offence. The main underlining aspect in the aforesaid definition is deriving the proceeds from a criminal activity pertaining to a scheduled offence and the explanation clearly indicates that the proceeds of crime will not only include the property which may directly or indirectly be derived or obtained as a result of any criminal activity relatable to the scheduled offence.

The Investigating Agency is mainly taking shelter by pointing out to the aforesaid aspects that the proceeds of



includes not only any property directly or

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indirectly be derived but also it relates to the property derived as a result of criminal activity relatable to the scheduled offence. If for a moment the aforesaid definition is to be juxtaposed with the factual aspects of the case, the main aspect which is required to be considered in the instant case is the scheduled offence which was registered in FIR No.218/2022 dated 06.07.2022 by Harohalli Police Station, Bengaluru

~~South. Though in the complaint it is narrated that there~~
were several other complaints pending against the accused person, the fact remains is that the predicate offence which could be construed as scheduled offence is the one which is pending for adjudication before the Harohalli Police Station. Now with this aspect the submission of the learned Senior Counsel Sri.Kiran Javali has to be considered. It is the submission of the

learned Senior Counsel that even though the definition of proceeds of crime as enumerated under Sec.2(u) of PMSA can be stretched to the proceeds which are



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derived or obtained as a result of any criminal activity relatable to scheduled offence, the restriction which has been imposed is required to be considered. On plain reading of both the aspects, it would clearly indicate that though the derivation of proceeds from any other aspects can be considered as proceeds of crime, it should relate to the criminal activity relating to the scheduled offence. Once again at the cost of repetition if the provisions invoked in Crime No.218/2022 is appreciated, it would indicate that Sec.420 of IPC was invoked. In other words, the other offences which the accused herein has allegedly committed should also have some nexus with the scheduled offence through which the proceeds of crime are to be derived. Here in the instant case it is alleged that several mule accounts were opened and through the mule accounts the money which was obtained was transferred, layered and finally it was laundered, the fact which remains to be appreciated is whether such activity are all inter-related to each other.



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Conversely, if for a moment it is to be questioned that whether Sec.3 of PMLA is a stand alone offence, the answer which could be given in this regard is that it is dependent on the wrongful and illegal gain of property as a result of criminal activity relating to a scheduled offence. Even otherwise, the law is very clear that the entire concept of registration of case under PMLA is depending on the scheduled offence in the predicate case. The law in this regard has been well settled by the Hon'ble Apex Court in the judgment rendered in (2023)12 SCC 1 (Vijay Madanlal Choudhary and others Vs. Union of India) wherein it has been held as;

109. Tersely put, it is only such property which is derived or obtained, directly or indirectly, as a result of criminal activity relating to a scheduled offence that can be regarded as proceeds of crime. The authorities under the 2002 Act cannot resort to action against any person for money laundering on an assumption that the property recovered by them must be proceeds of crime and that a scheduled offence has been




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committed, unless the same is registered with the jurisdictional police or pending inquiry by way of complaint before the competent forum. For, the expression "derived or obtained" is indicative of criminal activity relating to a scheduled offence already accomplished. Similarly, in the event the person named in the criminal activity relating to a scheduled offence is finally absolved by a court of competent jurisdiction owing to an order of discharge, acquittal or because of quashing of the criminal case (scheduled offence) against him/her, there can be no action for money laundering against such a person or person claiming through him in relation to the property linked to the stated scheduled offence. This interpretation alone can be countenanced on the basis of the provisions of the 2002 Act, in particular Section 2(1)(u) read with Section 3. Taking any other view would be rewriting of these provisions and disregarding the express language of the definition clause "proceeds of crime", as it obtains as of now.

110. By and large the debate today is restricted to the discrepancy between the word "and", which features in the original definition, against the




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“or” in the newly inserted Explanation in Section 3. While the stand of the Government is that there is no requirement under Section 3 to project or claim the proceeds of crime as untainted property. The petitioners have claimed that the said interpretation will be unconstitutional. For, the requirement is that not only does a predicate crime need to be committed, it in turn needs to generate proceeds of crime and it must also then be projected as untainted property to qualify for the crime of money laundering.

The general scheme of the law of this land is that any law which is questioned is presumed to be unblemished and within the confines of the constitutional principles so laid down within the Constitution. Yet, as the arguments, challenges laid against the interpretation of the impugned section are so many we find it necessary to see how India embarked on the framing of the definition of “money laundering” under Section 3 of the 2002 Act. Thereafter, we will see how Parliament over the years responded to changes and suggestions from the outside world, notably FATF. Thus, in seriatim we endeavour to see the international conventions which led to the evolution of



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money laundering, based on which the Government decided to enact the law, followed by the FATF recommendations which have led to the amendments, then the debates in Parliament of India followed by the law of the land as laid down by this Court.

149. As observed earlier, all or whole of the crime property linked to scheduled offence need not be regarded as proceeds of crime, but all properties qualifying the definition of "proceeds of crime" under Section 2(1)(u) will necessarily be crime properties. Indeed, in the event of acquittal of the person concerned or being absolved from allegation of criminal activity relating to scheduled offence, and if it is established in the court of law that the crime property in the case concerned has been rightfully owned and possessed by him, such a property by no stretch of imagination can be termed as crime property and ex consequenti proceeds of crime within the meaning of Section 2(1)(u) as it stands today. On the other hand, in the trial in connection with the scheduled offence, the court would be obliged to direct return of such property as belonging to him. It would be then paradoxical to still regard such property as proceeds of



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crime despite such adjudication by a court of competent jurisdiction. It is well within the jurisdiction of the court concerned trying the scheduled offence to pronounce on that matter.

150. Be it noted that the authority of the authorised officer under the 2002 Act to prosecute any person for offence of money laundering gets triggered only if there exist proceeds of crime within the meaning of Section 2(1)(u) of the 2002 Act and further it is involved in any process or activity. Not even in a case of existence of undisclosed income and irrespective of its volume, the definition of "proceeds of crime" under Section 2(1)(u) will get attracted, unless the property has been derived or obtained as a result of criminal activity relating to a scheduled offence.

20. The sum and substance of the aforesaid authority is that all or whole of the crime property linked to the scheduled offence need not be regarded as proceeds of crime, but all properties qualifying the definitions of proceeds of crime under Sec.2(1)(u) will necessarily be crime properties and further the Hon'ble



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Apex Court has clearly held that in the event of acquittal of the person concerned or absolved from allegation of criminal activity relating to scheduled offence and if it is established in the court of law that the crime property in that case concerned has been rightfully owned and possessed by him, such property cannot be considered as crime property. If for a moment the aforesaid aspect is applied to the facts and circumstances of the case, it indicates a volley of allegations were being made by the complainant in Crime No.218/2022 which was registered by Harohalli Police and now at present which is the sole basis for the Investigating Agency to continue with their investigation. Admittedly, in other cases the investigation has been closed either by discharging the accused or by their acquittal. All the aforesaid aspects would be a anathema for the Investigating Agency.



21. I have also carefully appreciated the contentions of the prosecution which points out to the


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statement of one Mr. G.Mohan, who claims to be the victim during the same time frame of the case when Crime No.218/2022 wherein he had narrated that 'BET IN EXCHANGE/ KING567' was run by accused herein and as such it is submitted that it was part of the same constellation as King567 which was all under the guidance of accused person. The Investigating Agency have also pointed out that though the name of the

accused did not find a place in FIR registered in Crime

No.218/2022, the trail from that crime leads straight to him and also it is submitted that the online operation of

accused involved Fonepaisa for which Mr. Gulshan Khattar, who was the Director had introduced the team of accused to online gaming platform and the domain of 'GoDaddy's' records indicates a tie with King567.com to the accused daughter and sister's credentials. Further it is submitted that the charge-sheet filed in. FIR

No.1592/2024 registered under Sec.420 of IPC and Sec.66D of IT Act 2000 registered before Cyber Crime



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Police Station, Cyberabad, Telangana also notes that another domain was registered to one Mr. Arman Soori @ Karan Rawath, an associate of Gulshan Khattar. However, as per the complaint itself which is morefully enumerated in Table No.3, it would indicate that the aforesaid crime in Crime No.1592/2024 was compounded through Lok-Adalath. As such, the question which remains to be answered is whether reliance can be made on the aforesaid crime. Once again at the cost of repetition, the judgment rendered by the Hon'ble Apex Court in Vijay Madanlal Choudhery clarifies that in the absence of predicate offence, the same cannot be considered.

22. Now coming to the other aspect wherein it is submitted that the investigation made by the Investigating Agency so far has unearthed over Rs.2,300 Crores flowed through Fonepaisha system for the benefit

accused and conversely Fonepaisha, earned commissions and had a stake in the entire extent. By



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pointing out to the same it is submitted that the connection of the accused with Fonepaisha is that of a key enabler and conspirator and Fonepaisha was the engine that drew the online betting machine of the accused. Further it is submitted that Fonepaisha would not have ventured into such fraudulent set-ups albeit the support of accused as predicate offender and facilitator. If for a moment, the aforesaid aspect is

~~seriously considered and appreciated with the~~
contentions urged in Crime No.218/2022 wherein it is categorically admitted by the Investigating Agency also
~~that it had represented only one victim's loss in one~~
instance of the crime but gives a picture of the volume or enormity of the operation. However, in this regard once again at the cost of repetition, the basic requirement of attracting the provisos of proceeds of crime is required to be revisited. The definition would clearly indicate of

anything which is derived or obtained directly or indirectly connected to the predicate offence which in




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the instant case pertains to a complaint lodged by one person of being duped for Rs.30,000/- and the quintessential aspect is whether the case under PMLA can be sustained in the event of quashment, discharge or acquittal of accused in predicate offence which has been necessarily answered by the Hon'ble Apex Court in the negative that the present case does not survive for consideration. In short, the predicate offence is the main strength which pertains to scheduled offence and as the foundation for projecting the proceeds of crime.

23. The Court has also considered the provisions of Sec.44(1) Explanation (ii) which reads as follows;

44. Offences triable by Special Courts.

(1) Notwithstanding anything contained in the Code of Criminal Procedure, 1973 (2 of 1974),--

¹[(a) an offence punishable under section 4 and any scheduled offence connected to the offence under that section shall be triable by the Special Court constituted for the area in which the offence has been committed:



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Provided that the Special Court, trying a scheduled offence before the commencement of this Act, shall continue to try such scheduled offence; or;

(b) a Special Court may, upon a complaint made by an authority authorised in this behalf under this Act take ³[cognizance of offence under section 3, without the accused being committed to it for trial];

⁴[(c) if the court which has taken cognizance of the scheduled offence is other than the Special Court which has taken cognizance of the complaint of the offence of money-laundering under sub-clause (b), it shall, on an application by the authority authorised to file a complaint under this Act, commit the case relating to the scheduled offence to the Special Court and the Special Court shall, on receipt of such case proceed to deal with it from the stage at which it is committed.

(d) a Special Court while trying the scheduled offence or the offence of money-laundering shall hold trial in accordance with the provisions of the Code of Criminal Procedure, 1973 (2 of 1974) as it applies to a trial before a Court of Session.]



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5[Explanation.--For the removal of doubts, it is clarified that,--

(i) the jurisdiction of the Special Court while dealing with the offence under this Act, during investigation, enquiry or trial under this Act, shall not be dependent upon any orders passed in respect of the scheduled offence, and the trial of both sets of offences by the same court shall not be construed as joint trial;

(ii) the complaint shall be deemed to include any subsequent complaint in respect of further investigation that may be conducted to bring any further evidence, oral or documentary, against any accused person involved in respect of the offence, for which complaint has already been filed, whether named in the original complaint or not.]

24. The aforesaid definition would indicate that the complaint shall be deemed to include any subsequent complaint in respect of further investigation that may be conducted to bring any further evidence against any accused person involved for which complaint has already been filed and whether he is named in the



original complaint or not. The aforesaid provision is considered only to ascertain whether a shelter can be taken by the Investigating Agency in the absence of any predicate offence. It is relevant to note at this juncture that in the complaint filed by the Investigating Agency, it has been submitted that the complainant may be permitted to file additional complaint (supplementary complaint) if any on completion of further investigation.

~~In short, it is to be concluded that the investigation is not yet completed. At the same time, the fact which remains undisputed is that only one predicate offence is pending wherein it is submitted that the complainant was cheated by the present accused person to an extent of Rs.30,000/-. Even otherwise the submission of the learned SPP is taken-up for consideration wherein he has vehemently argued that the complaint cannot be considered in isolation and it has to be appreciated by taking into account of the entire facts and circumstances of the case. I have bestowed my anxious~~



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reading to the averments made in the complaint. The complainant has filed a detailed complaint and also has alleged detailed modus operandi of identity impersonation, financial fraud and money laundering against Fonepaisa Payment Solutions Pvt. Ltd., and he has alleged that they have entered into conspiracy to use third party Companies for their online business transactions to hide the financial data and impersonate with other names at the face of it for their personal benefits. It is relevant to note at this juncture that though the complainant has averred various aspects, the offences which is alleged to have been committed as per the FIR is under Sec.419 and 420 of IPC and under Sec.66D of IT Act. When such being the case, it would

be appropriate to look into the aspect that who owns the payment gateway. Admittedly, the payment gateway Fonepaisa is not owned and controlled by the present accused person but by one Mr. Gulshan Khattar and the entire averments in the complaint indicates that the



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mule accounts are not directly linked to the accused and no financial trail has been traced back to him.

25. I have also bestowed my reading on the statement which is recorded by the Investigating Agency. The statements include of the owners of the payment gateway such as Mr. Gulshan Khattar and Noble Ramani and others. The fact which is required to be ascertained at this juncture is whether such statements can be considered in par with the confession statement. In this regard, it would be worthwhile to rely upon the authority of the Hon'ble Apex Court reported in (2024)9 SCC 787 (Prem Prakash Vs. Directorate of Enforcement) wherein it has been held as:

16. Coming back to the scope of inquiry under Section 45, Vijay Madanlal Choudhary [Vijay Madanlal Choudhary v. Union of India, (2023) 12 SCC 1] , while reiterating and agreeing with the holding in Ranjitsing Brahmajeetsing Sharma v. State of Maharashtra [Ranjitsing Brahmajeetsing Sharma v. State of Maharashtra, (2005) 5



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SCC 294 : 2005 SCC (Cri) 1057
, held that the court while dealing with the application for grant of bail in PMLA need not delve deep into the merits of the case and only a view of the court based on the available material available on record is required. It held that the court is only required to place its view based on probability on the basis of reasonable material collected during investigation. The words used in Section 45 are "reasonable grounds for believing" which means that the court has to see only if there is a genuine case against the accused and the prosecution is not required to prove the charge beyond reasonable doubt.

17. We deem it fit to extract the relevant portion (paras 302-303) from Vijay Madanlal Choudhary [Vijay Madanlal Choudhary v. Union of India, (2023) 12 SCC 1] : (SCC pp. 259-60)

"302. It is important to note that the twin conditions provided under Section 45 of the 2002 Act, though restrict the right of the accused to grant of bail, but it cannot be said that the conditions provided under Section 45 impose absolute restraint on the grant of bail. The discretion vests in the court which is not arbitrary or irrational but judicial, guided




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by the principles of law as provided under Section 45 of the 2002 Act. While dealing with a similar provision prescribing twin conditions in MCOCA, this court in *Ranjitsing Brahmajeetsing Sharma* [Ranjitsing Brahmajeetsing Sharma v. State of Maharashtra, (2005) 5 SCC 294 : 2005 SCC (Cri) 1057], held as under : (SCC pp. 318-19, paras 44-46)

'44. The wording of Section 21(4), in our opinion, does not lead to the conclusion that the court must arrive at a positive finding that the applicant for bail has not committed an offence under the Act. If such a construction is placed, the court intending to grant bail must arrive at a finding that the applicant has not committed such an offence. In such an event, it will be impossible for the prosecution to obtain a judgment of conviction of the applicant. Such cannot be the intention of the legislature. Section 21(4) of the MCOCA, therefore, must be construed reasonably. It must be so construed that the court is able to maintain a delicate balance between a judgment of acquittal and conviction and an order granting bail much before commencement of trial. Similarly, the court will be required to record a finding as to the possibility of his



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committing a crime after grant of bail. However, such an offence in futuro must be an offence under the Act and not any other offence. Since it is difficult to predict the future conduct of an accused, the court must necessarily consider this aspect of the matter having regard to the antecedents of the accused, his propensities and the nature and manner in which he is alleged to have committed the offence.

45. It is, furthermore, trite that for the purpose of considering an application for grant of bail, although detailed reasons are not necessary to be assigned, the order granting bail must demonstrate application of mind at least in serious cases as to why the applicant has been granted or denied the privilege of bail.

46. The duty of the court at this stage is not to weigh the evidence meticulously but to arrive at a finding on the basis of broad probabilities. However, while dealing with a special statute like MCOCA having regard to the provisions contained in sub-section (4) of Section 21 of the Act, the court may have to probe into the matter deeper so as to enable it to arrive at a finding that the materials collected against the accused during the investigation may



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not justify a judgment of conviction. The findings recorded by the court while granting or refusing bail undoubtedly would be tentative in nature, which may not have any bearing on the merit of the case and the trial court would, thus, be free to decide the case on the basis of evidence adduced at the trial, without in any manner being prejudiced thereby."

303. We are in agreement with the observation made by the Court in *Ranjitsing Brahmajeetsing Sharma v. State of*

Maharashtra, (2005) 5 SCC 294 : 2005 SCC (Cri) 1057].

The Court while dealing with the application for grant of bail need not delve deep into the merits of the case and only a view of the court based on available material on record is required. The court will not weigh the evidence to find the guilt of the accused which is, of course, the work of trial court. The court is only required to place its view based on probability on the basis of reasonable material collected during investigation and the said view will not be taken into consideration by the trial court in recording its finding of the guilt or acquittal during trial which is based on the evidence adduced during the trial. As explained



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by this Court in *Nimmagadda Prasad [Nimmagadda Prasad v. CBI, (2013) 7 SCC 466 : (2013) 3 SCC (Cri) 575]*, the words used in Section 45 of the 2002 Act are “reasonable grounds for believing” which means the court has to see only if there is a genuine case against the accused and the prosecution is not required to prove the charge beyond reasonable doubt.”

Admissibility of the statement of the appellant

23. In the oral submissions and also as elaborated in the detailed written submissions by the respondent Enforcement Directorate, reliance is sought to be placed on the statements of the appellant. This is stoutly resisted on the side of the appellant by contending that the appellant was in custody from 25-8-2022 in ECIR No. 4 of 2022; that his arrest was shown in the present case on 11-8-2023 and it is submitted that statements recorded while in custody (although in ECIR No. 4 of 2022) will not be admissible and will be hit by Section 25.

24. The statement of the appellant Prem Prakash, the summary of which, as given in the complaint, reads as under: “8.23 Prem Prakash — In his statement dated 4-8-2023 (RUD No. 41) recorded in judicial custody at Birsa Munda




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Central Jail, Hotwar, Ranchi, he stated that he knows Bishnu Kumar Agarwal as a businessman and sometimes, he has met him during marriage events. He further stated that Punit Bhargava is like his younger brother and he is from his native place, so he knows him since childhood. From his statement dated 3-8-2023, (RUD No. 40) it reveals that those three persons including Afshar Ali used to visit him for the Cheshire Home Road property. He introduced them with Rajdeep Kumar and got the property verified. After some time, with the consent of Punit Bhargava, he got the property registered in the name of Punit Bhargava and later this property was sold to Bishnu Kumar Agarwal at a consideration price of Rs 1.78 crores. His statement also reveals that Rajdeep used to visit Chhavi Ranjan on his instructions for the landed properties. However, in his statement dated 15-8-2023, he started concealing facts regarding meeting between Afshar Ali, Md. Saddam Hussain and others with Chhavi Ranjan.

It may be mentioned that Rajdeep is a person who worked under Prem Prakash as his employee and had visited the office of the accused Chhavi Ranjan on directions of Prem Prakash



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with the accused persons Afshar Ali and Md. Saddam Hussain. This fact has also been admitted by Rajdeep Kumar in his statement under Section 50 PMLA, 2002 recorded on 24-4-2023. (RUD No. 76) Further, several calls have also been identified to have taken place during the scrutiny of the CDR which have also been mentioned below in the relevant paragraph."

(emphasis supplied)

38. We have no hesitation in holding that when an accused is in custody under PMLA irrespective of the case for which he is under custody, any statement under Section 50 PMLA to the same investigating agency is inadmissible against the maker. The reason being that the person in custody pursuant to the proceeding investigated by the same investigating agency is not a person who can be considered as one operating with a free mind. It will be extremely unsafe to render such statements admissible against the maker, as such a course of action would be contrary to all canons of fair play and justice.

39. We also draw support from the way Section 50 is structured. Section 50 reads as under:



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"50. Powers of authorities regarding summons, production of documents and to give evidence, etc.—(1) The Director shall, for the purposes of Section 13, have the same powers as are vested in a civil court under the Code of Civil Procedure, 1908 (5 of 1908) while trying a suit in respect of the following matters, namely—

- (a) discovery and inspection;**
- (b) enforcing the attendance of any person, including any officer of a reporting entity and examining him on oath;**
- (c) compelling the production of records;**
- (d) receiving evidence on affidavits;**
- (e) issuing commissions for examination of witnesses and documents; and**
- (f) any other matter which may be prescribed.**

(2) The Director, Additional Director, Joint Director, Deputy Director or Assistant Director shall have power to summon any person whose attendance he considers necessary whether to give evidence or to produce any records during the course of any investigation or proceeding under this Act.

(3) All the persons so summoned shall be bound to attend in person or through authorised agents, as such officer may direct, and shall



be bound to state the truth upon any subject respecting which they are examined or make statements, and produce such documents as may be required.

(4) Every proceeding under sub-sections (2) and (3) shall be deemed to be a judicial proceeding within the meaning of Section 193 and Section 228 of the Indian Penal Code (45 of 1860).

(5) Subject to any rules made in this behalf by the Central Government, any officer referred to in sub-section (2) may impound and retain in his custody for such period, as he thinks fit, any records produced before him in any proceedings under this Act:

Provided that an Assistant Director or a Deputy Director shall not—

(a) impound any records without recording his reasons for so doing; or

(b) retain in his custody any such records for a period exceeding three months, without obtaining the previous approval of the Joint Director."

40. Section 50(1)(b) speaks of enforcing the attendance of any person, Section 50(2) speaks of the authorised officials having the power to summon any person whose



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attendance they consider necessary whether to give evidence or to produce any records during the course of any investigation or proceeding under the Act. Section 50(3) states that all persons so summoned shall be bound to attend in person or through authorised agents, as such officer may direct, and shall be bound to state the truth upon any subject respecting which they are examined or make statements, and produce such documents and Section 50(4) states that every proceeding under sub-sections (2) and (3) shall be deemed to be a judicial proceeding. A person in judicial custody being not a free person cannot be summoned and any statement to be recorded will be after obtaining the permission of the court which has remanded him to the judicial custody in the other case.

41. In view of the above and keeping the salutary principle of Article 21 in mind, we hold that since the words "procedure established by law" occurring in Article 21 has to be a reasonable and valid procedure, the statement of the appellant under Section 50 cannot be read upon in ECIR No. 5 of 2023 even though the appellant was at



***that point in custody in ECIR
No. 4 of 2022.***

26. That apart, I have also considered the factual situation in the above case. As per the complaint, the Investigating Agencies have reserved their right to submit additional complaint/supplementary complaint if required and it is submitted that the analysis of accounts is tedious act which the authorities are doing on a war footing. If for the sake of arguments, the same is accepted, once again the question which requires to be answered is that the trial is unlikely to start and conclude in a near future. In this regard, the judgment of the Hon'ble Apex Court reported in 2024 SCC Online SC 1920 (Manish Sisodia Vs. Enforcement Directorate) is relied upon, wherein it has been held as;

53. In the present case, in ED matter as well as CBI matter, 493 witnesses have been named. The case involves thousands of pages of documents and over a lakh pages of digitised documents. It is thus clear that there is not even the remotest possibility of



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the trial being concluded in the near future. In our view, keeping the appellant behind bars for an unlimited period of time in the hope of speedy completion of trial would deprive his fundamental right to liberty under Article 21 of the Constitution. As observed time and again, the prolonged incarceration before being pronounced guilty of an offence should not be permitted to become punishment without trial.

54. As observed by this Court in *Gudikanti Narasimhulu [Gudikanti Narasimhulu v. High Court of A.P., (1978) 1 SCC 240 : 1978 SCC (Cri) 115]*, the objective to keep a person in judicial custody pending trial or disposal of an appeal is to secure the attendance of the prisoner at trial.

55. In the present case, the appellant is having deep roots in the society. There is no possibility of him fleeing away from the country and not being available for facing the trial. In any case, conditions can be imposed to address the concern of the State.

56. Insofar as the apprehension given by the learned ASG regarding the possibility of tampering the evidence is concerned, it is to be noted that the case largely depends on documentary evidence which is already seized by the prosecution. As



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such, there is no possibility of tampering with the evidence. Insofar as the concern with regard to influencing the witnesses is concerned, the said concern can be addressed by imposing stringent conditions upon the appellant.

27. Even otherwise it is relevant to note that in the predicate offence pertaining to the FIR registered in Crime No.218/2022 has ended in filing of 'B' Final Report by the Investigating Agency. However, the same could not have been proceeded since the complainant therein could not be traced and oflate it is submitted by the present Investigating Agency that they have filed intervening application before the concerned Court where predicate offence is pending to have their say on the acceptance or otherwise of the 'B' Final Report. The main aspect at this juncture is whether a broad probability of the present accused being arraigned as accused in the present case can be considered to stand on a footing of having high chances of acquittal.



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28. The other aspect which is required to be appreciated at this juncture is that the case in predicate offence before the Harohalli Police is still at a nascent stage and the Investigating Authorities have already filed 'B' Report which is pending for consideration before the trial court. As per the dictum laid down by the Hon'ble Apex Court in the celebrated judgment of Vijay Madanlal Choudhary's case, the case under PMLA is entirely dependent on the predicate offence and in the event of an order of acquittal, discharge or quashment of proceedings will automatically lead to a anomalous situation wherein the proceedings under PMLA cannot be continued since the offences under PMLA cannot be considered as stand alone offence. I have also bestowed my anxious reading to the complaint and in particularly to Table No.2 which is at Page No.7 of the complaint and the same is extracted for the sake benefit which discloses the cases which were pending against the accused or which had lead to registration of the case.




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For the sake of benefit the same is extracted which reads as under;

TABLE - 2

FIR No.	Police Station	Status
64/2011	Challakere Police Station	Acquitted as per judgment 06.08.2014
60/2015	Challakere Police Station	Crl.Petition No.1543/2015 vide order dated 19.01.2016 quashed on technical grounds that registration of FIR after investigation vitiates the proceedings
435/2016	Challakere Police Station	Accused are pleaded plead guilty. Hence, convicted the accused by imposing fine. Charge-sheet against the other accused person was filed by dropping Sec.420 of IPC
215/2022	Davanagere Police Station	Name of K.C.Veerendra dropped from charge-sheet and charge-sheet against the other accused person was filed by dropping Sec.420 of IPC

29. In the complaint itself at Para-3.3 it has been submitted that FIR No.215/2022 dated 24.10.2022 registered by Davanagere Extension Police Station, is a bridge between offline Casinos and Online betting Apps



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albeit scheduled offence of Sec.420 of IPC has been dropped in the final charge-sheet and also the name of the accused has been dropped. If for a moment the aforesaid aspect is to be appreciated, then the contention of the Investigating Agency that FIR No.215/2022 being a bridge between offline Casino and Online betting Apps cannot be sustained. However, the Investigating Agency had contended that they came to know about two other FIR's being registered relating to Fonepaisa and online betting Apps which were added to ECIR through addendum dated 21.08.2025. In Table No.3, the same has been explained which is also extracted for the sake of benefit as follows;

TABLE - 3

FIR No.	Police Station	Status
1592/2024 under Sec.420 IPC and Sec.66D of IT Act 2000	Cyber Crime Police Station, Cyberabad, Telangana	Compounded through Lok-Adalath
218/2022 U/S 419, 420 IPC and Sec.66D of IT Act 2008	Harohalli Police Station	In this regard, a Protest Petition dated 20.09.2025 against the Closure Report filed by



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		the Harohalli PS has been filed by the complainant Department (ED) before the Court of the Hon'ble Prl. Civil Judge and JMFC, Ramanagara and FIR is alive on the date of filing of PC
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30. On perusal of the aforesaid Table No.3, it would indicate that in the charge-sheet filed in the FIR No.1592/2024, it is contended that the complainant had sought for taking legal action against Fonepaisa gateway, India24bet.com and King567.com sites for causing wrongful loss of an amount of Rs.11,50,000/-. Further the Investigating Agencies have contended that a notice was issued to GoDaddy.com to provide the details of Online Gaming Apps mentioned above and it was stated that King567.com was registered by Himanvi

C.V., who is none other than the daughter of present accused person and another App India24.com was having billing details in the name of Mr. Arman Soori. It is relevant to note that the said Apps were registered in



GoDaddy by accused No.1 Nithin and accused No.2 Abhinav who were ultimately managing and running offices in different parts of the country. However, the fact which is required to be considered is whether the said charge-sheet can be relied upon for the reason that the same was compounded at Lok-Adalath. At the cost of repetition, once again the judgment rendered by the Hon'ble Apex Court in Vijay Madanlal Choudhary's case is required to be revisited. In the said judgment it is specifically held that the predicate case involving the scheduled offence is set aside, acquitted the same would put an end to the case registered under PMLA. Even otherwise, if for a moment the contentions urged in FIR No.1592/2024 is to be accepted to hold that the domain King567.com was registered in the name of Himanvi K.C.V., then the complainant is required to answer why no seizures or proceeds of crime were recovered from her who is said to be the daughter of the accused herein. In

Table No.6 pertains to the aforesaid aspect which is



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contemplated under Sec.17(1) of PMLA. Further no where in the complaint the details pertaining to enquiry of Himanvi K.C.V is appearing. All the aforesaid aspects are ascertained only for the purpose of examining the prima-facie material as contemplated under Sec.45 of PMLA and not for any other purpose of appreciating the case on merits. Unfortunately for the respondent authority, though they claim to have unearthed massive documents, there are no iota of materials available in the predicate offence to indicate that the proceeds of crime was being passed on. But in fact, the investigation and complaint in ECIR it is contended that the present Petitioner is the kingpin and as such he cannot be termed to have an independent status and the genesis is required to be traced from the scheduled offence, by linking that he was the recipient of proceeds of crime. In the judgment rendered by the Hon'ble High court of Karnataka in W.P No.19337/2022 dated 14.12.2022 the Hon'ble High court by its kind order has held as.



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15. In these circumstances the impugned action under the provisions of the PMLA cannot be permitted to be continued.

Therefore, if the allegations in the predicate offences are considered to be the flesh, the offences under the PMLA is the blood, they are impregnable. Therefore, if the predicate offences are not permitted to move forward, the impugned proceedings cannot. It would have been altogether different circumstance, if the petitioners were all 25 acquitted of the offences under the IPC or any other predicate offence to which the offence under the PMLA is linked. The situation in the case at hand is not with regard to acquittal, but the stay of the proceedings. Therefore, they are eclipsed and not extinguished. The Apex Court does not deal with a circumstance as to what should happen in a case, where it is eclipsed. The Apex Court only dealt with a situation where there is extinguishment of predicate offences. Therefore, it is necessary to consider taking cue from the findings of the Apex Court as to whether attachment order should be permitted to be confirmed or otherwise.



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31. The aforesaid judgment would clearly indicate that no reliance can be placed upon the predicate offence which is closed. In fact, the Hon'ble High Court has clearly held that the offences under the PMLA is the blood which is impregnable. Therefore, if the predicate offences are not permitted to move forward, the impugned proceedings cannot be taken ahead and if the accused were all acquitted of the offences under the IPC or any other predicate offence to which the offence under the PMLA is linked, the offences under PMLA cannot be continued. Even in the case on hand not much reliance can be placed on the case which is closed/compounded in the Lok-Adalath. The learned SPP has relied upon the judgment of the Hon'ble High

Court of Karnataka at Bengaluru in WP No.26754/2025

dated 15.10.2025 in the case pertaining to Smt.

R.B. Chaithra Vs. Directorate of Enforcement. In the

said case, the petitioner had challenged the arrest of the

accused person in the aforesaid case. The Hon'ble High



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Court by looking into the entire aspect has specifically held as follows;

24. It is further submitted that the contention of the petitioner that the grounds of arrest and the reasons to believe for invoking Section 19 of the PMLA, 2002 do not specify valid grounds is erroneous. The attention of the Court is drawn to the reasons recorded in Clauses 4.12 to 6.23 of the 'reasons to believe' for invoking Section 19 of the PMLA, 2002. The same is extracted along with the other grounds of arrest and reasons to believe for invoking Section 19 of the PMLA, 2002 in paragraph 4 supra.

25. Perusal of the same shows that the preliminary investigation reveals involvement of the husband of the petitioner in running of the alleged illegal betting apps and being benefited through them, which requires a detailed investigation. The material on hand discloses, cheating people through betting apps and realising proceeds of crime through it and that it requires custodial interrogation of the accused. Thus, in my opinion, the respondent had reason to believe to arrest the husband



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of the petitioner under Section 19 of the PMLA, 2002.

26. Thus, under the given facts and circumstances of the case, it has to be considered that there exists a predicate scheduled offence as contemplated under the PMLA, 2002 and there is sufficient material in possession of the respondent which gives sufficient reason to believe that the husband of the petitioner is guilty of an offence punishable under the PMLA, 2002. It justifies the registration of ECIR and arrest of the husband of the petitioner under the PMLA, 2002.

27. For the aforementioned reasons, the petition is hereby dismissed.

28. It is needless to state that the observations made herein above are in relation to the case on hand and if the husband of the petitioner were to make any application for bail, the same accordance with law. Further, if the 'B' report were to be accepted by the trial Court in FIR No.218/2022, the husband of the petitioner would be at liberty to make necessary application for quashing of the proceedings against him.



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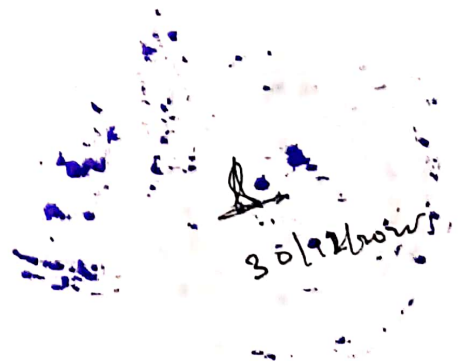
32. Though it is argued by the learned SPP that the Hon'ble High Court was pleased to hold that there are sufficient material in the possession of respondent which would give sufficient reason to believe that the husband of the petitioner was guilty of an offence under PMLA 2002, it is required to note that the Hon'ble High Court was considering the petition in order to ascertain the legality of the registration of ECIR against the accused herein. Further, in the said Writ Petition it was sought by the petitioner who is the wife of the present accused person to declare that the arrest of accused K.C.Veerendra was illegal and also had sought for release of accused No.1 therein. However, the Hon'ble High Court at the time of dismissing the Writ Petition had also observed that the observations which were made in relation to the case and if the accused were to make any application seeking for bail, the Court is required to consider the same in accordance with law. In my humble opinion, the Hon'ble High Court has




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directed this Court to consider the bail application on merits. By looking into the aforesaid dictum it can be clearly held that the Hon'ble High Court had specifically directed to consider the case on merits. It is also relevant to note that certain voluminous documents have been produced by the ED. In the instant case, the court is also required to consider the provisions of Sec.23 of PMLA 2002. For the sake of benefit, the provision is extracted which reads as follows;

23. Presumption in inter-connected transactions.—
Where money-laundering involves two or more inter-connected transactions and one or more such transactions is or are proved to be involved in money-laundering, then for the purposes of adjudication or confiscation [under section 8 or for the trial of the money-laundering offence, it shall unless otherwise proved to the satisfaction of the Adjudicating Authority or the Special Court], be presumed that the remaining transactions from part of such inter-connected transactions.



33. The aforesaid provision is required to be considered for the reason that as per the contention of the prosecution, the money laundering involved is with respect to two or more inter-connected transactions. If for a moment the entire provision is appreciated, it uses the word "transactions is or are proved to be involved". Further with respect to the word "proved", it would be worthwhile to rely upon Sec.3 of Indian Evidence Act, which reads that a fact is proved only when the Court after considering the matters before it either believes it to exist, or considers its existence so probable that a prudent man ought under the circumstances of the case to act upon the supposition that it exists. The underlining principle in the instant application would indicate that the Investigating Authorities are required to prove the transactions. Further in the judgment rendered by the Hon'ble Apex Court reported in (2014)3 SCC 92 (Hardeep Singh Vs. State of Punjab), wherein it has been held as follows;



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117.2. Section 319 CrPC, significantly, uses two expressions that have to be taken note of i.e. (1) inquiry (2) trial. As a trial commences after framing of charge, an inquiry can only be understood to be a pre-trial inquiry. Inquiries under Sections 200, 201, 202 CrPC, and under Section 398 CrPC are species of the inquiry contemplated by Section 319 CrPC. Materials coming before the court in course of such inquiries can be used for corroboration of the evidence recorded in the court after the trial commences, for the exercise of power under Section 319 CrPC, and also to add an accused whose name has been shown in Column 2 of the charge-sheet.

34. The aforesaid judgment clearly indicates that the trial of the case commences only after framing of charges and therefore the presumption under Sec.23 cannot be invoked at this juncture. The learned SPP has also filed clarificatory notes with respect to the clarification sought by this court pertaining to blockage of ID's after the alleged deposits or withdrawals made by the victims of King567/India24bet.com. The learned



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SPP has taken this court with respect to the User ID's which were blocked and also has furnished clarification with respect to Sec.44 of the Act. It has been submitted that they had recorded the statement of Mr. Gulshan Khattar who was the majority share holder and key person in Fonepaisa's management and he had also provided with several names. Further it is submitted that the complainant in Crime No.218/2022 had made

an investment of Rs.30,000/- and it was only a tip of an ice berg and the omniware data (RUD 389) reveals an underground economy of illegal betting where thousand of Crores flowed through Fonepaisa on behalf of K.C.Veerendra's platform. If for a moment, the said contention is to be accepted, once again the prosecution/Investigating Authorities are required to answer by relying upon Vijay Madanlal Choudary's case wherein it is specifically held that no offence under

PMLA can be continued if the predicate offence is not in existence. Once again at the cost of repetition it is



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relevant to note that the FIR registered by Harohalli Police which is to be termed as predicate offence is confined only to an extent of Rs.30,000/- only and the allegation of Crores of Rupccs being circulated as contended by the complainant are all relating to "Player Payouts" which were made by certain entities and as the said transactions are not related to or emanate from the Harohalli FIR, the same cannot be appreciated at this juncture. It would be appropriate to rely upon the judgment of the Hon'ble Apex Court with respect to considering the bail application. In this regard, reliance is placed on the judgment of the Hon'ble Apex Court in Manish Sisodia's case relied supra wherein the Hon'ble Apex Court has held that it is well settled principles of law that bail is not to be withheld as a punishment and also the principle that bail is a rule and refusal is an exception is, at times, followed in breach. In that judgment, the Hon'ble Apex Court has clearly held that considering the fact that the trial will take some time for



its completion, it could not be appropriate to detain the accused in custody as a matter of punishment. Even in the instant case, it is noticed from records that the present accused person was arrested and remanded in the month of August-2025 and thereafter a complaint is also placed before the Court which runs into several pages and also the authorities have cited witnesses and the documents on which they have relied upon which is

~~more than 400 documents and further they have~~
reserved their liberty to furnish additional complaints/
supplementary complaints. Under the circumstances,
the broad probabilities of completing the trial in near
future is not forthcoming. Further the FIR pertaining to
predicate offence does not indicate that the alleged
transactions which is unearthed by the ED are all
connected or emanate from the Harohalli FIR in order to
consider it as inter-connected transactions. Hence, the

accused has made out a ground for admitting him to bail
under Sec.45 of PMLA and with respect to the other



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aspect of giving findings with respect to the fact of accused not committing the similar offence, the apprehension of the Investigating Agency can be taken care by imposing stringent conditions. At the cost of repetition, it is made clear that the Court has only appreciated the facts with respect to considering the bail application and any discussion made supra are not on merits of the case. **Ergo**, I answered point No.1 in the **affirmative**.

35. **Point No.2:** In view of my findings on Point No.1, I proceed to pass the following:

ORDER

The bail application filed by the accused K.C.Veerendra under Sec.483 of BNSS r/w Sec.45 of Prevention of Money Laundering Act (PMLA) for committing the alleged offences punishable under Sec.3 and 4 of PMLA is hereby allowed and the accused is enlarged on bail on executing personal bond for



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Rs.5,00,000/- with two sureties for the like-sum subject to following conditions;

1. The accused shall not threaten or tamper the prosecution witness;
2. The accused shall not directly or indirectly make an attempt to influence any of the witness;
3. The accused shall appear before the Investigating Agency as and when called by them and render full co-operation for the purpose of investigation, if any;
4. The accused shall not leave the jurisdiction of this court or travel abroad without obtaining written permission from the Court;
5. The accused shall regularly appear before the Court and co-operate for conducting the trial without seeking unnecessary adjournments;
6. The accused shall file an affidavit furnishing the details of his permanent address, mobile number and email address and Passport Number with an



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undertaking that he will not leave the country without obtaining necessary permission from the court.

(Order dictated to the Stenographer Grade-I, typed by her directly on Computer, revised and corrected by me and affixed my signature and pronounced in the open court on this the 30th day of December 2025)

 30/12/2025

(Santhosh Gajanan Bhat)
LXXXI Addl. City Civil & Sessions
Judge, Bengaluru City (CCH-82)
(Special Court exclusively to deal with
criminal cases related to former and elected
MPs/MLAs in the State of Karnataka)

R. 120859/14- CF 499/-
31/12/25 94x3=282/-

- 1 Copy applied for on 31/12/25
- 2 Copying SHEET produced on 31/12/25
CHARGES
- 3 Copying SHEETS required to be produced on 31/12/25
CHARGES
- 4 Applicant required to appeared on 31/12/25
- 5 Applicant appeared on 31/12/25
- 6 Copy ready on 31/12/25
- 7 Copy delivered on 03/01/2026
- 8 Copied by _____
- 9 Examined by _____

ನಗರ ಸಿವಿಲ್ ನ್ಯಾಯಾಲಯ, ಬೆಂಗಳೂರು

ಈ ನಕಲನ್ನು ಅಸಲು ದಸ್ತಾವೇಜಿನ ಪ್ರಕಾರ ಯಾವ ಬದಲಾವಣೆಯನ್ನೂ ಮಾಡದೆ ನಕಲು ಪ್ರತಿಯನ್ನು ಸಿದ್ಧಪಡಿಸಲಾಗಿದೆ ಎಂದು ದೃಢೀಕರಿಸಲಾಗಿದೆ.

ಈ ನಕಲು ಪ್ರತಿಯು ಒಟ್ಟು 282 ಪುಟಗಳಿಂದ ಕೂಡಿದ್ದು ಇದರ ಮೇಲೆ ನ್ಯಾಯಾಲಯದ ಶುಲ್ಕ 282 ರೂ. ಗಳನ್ನು ವಸೂಲು ಮಾಡಿ ನಕಲು ಪ್ರತಿಗೆ ಅಗತ್ಯವಾಗಿದೆ.

 ಶುಲ್ಕ ಪರೀಕ್ಷಕರು.

 ಶೀರಸೇದಾರರು,
ನಕಲೆ ವಿಭಾಗ