2026:AHC-LKO:43154

HIGH COURT OF JUDICATURE AT ALLAHABAD
LUCKNOW

APPLICATION U/s 482 No. - 3198 of 2026

Tulsiani Construction and Dev. Ltd. Thru its Director Anil Kumar Tulsiani and 2 others

…..Applicant(s)

Versus

State of U.P. Thru. Addl. Chief Secy. Home Deptt. U.P. Lko. and another

…..Opposite Party(s)

Counsel for Applicant(s) : Abhinav Mishra,
Counsel for Opposite Party(s) : G.A., Rohit Tripathi

A.F.R.

Judgment Reserved on: 13.05.2026
Judgment Delivered on: 02.07.2026

Court No. - 14

HON'BLE SUBHASH VIDYARTHI, J.

1. Heard Sri Vaibhav Kalia Senior Advocate assisted by Sri Abhinav Mishra Advocate, the learned counsel for the applicant, Sri. Ganesh Dutt Bhatt, the learned A.G.A. - I representing the State of U.P., Shri Rohit Tripathi, the learned counsel for the Enforcement Directorate and Sri. Anuuj Tandon, the learned counsel for the intervener Sri. Sanjeev Agarwal.

2. By means of the instant application filed under Section 482 Cr.P.C., the applicant- Tulsiani Constructions and Developers Ltd. and its Directors Mahesh Kumar Tulsiani and Anil Kumar Tulsiani have challenged the validity of an order dated 30.01.2026 passed by the learned Special Judge, Anti-Corruption, CBI West/E.D., Lucknow in Criminal Misc. Case No.4851 of 2025 arising out of ECIR No.ECIR/LKZO/43/2023 whereby the trial Court has taken cognizance of the offence under Section

3/4 of the Prevention of Money Laundering Act, 2002 (hereinafter referred to as PMLA) and has summoned the applicants to face the trial. The applicants have also challenged the validity of the entire proceedings of the case.

3. Briefly stated, facts of the case are that the applicant No.1 is a Company carrying on the business of real estate and is engaged in construction of various housing and commercial projects. On 24.09.2022, Punjab National Bank filed FIR No.336 of 2022 under Sections 409 and 420 IPC in Police Station- Hazratganj, District Lucknow against the applicants stating that it had sanctioned home loans to four buyers for purchasing residential flats in a project of the applicants in Sushant Golf City, Lucknow. The project was not completed within the stipulated time and the flats were not delivered to the borrowers who in turn did not repay the loan amount to the Punjab National Bank.

4. The applicant No.-3 Anil Kumar Tulsiani had filed Criminal Bail Application No.1993 of 2023 before this Court seeking his release on bail in FIR No.336 of 2022. A Co-ordinate Bench of this Court rejected the bail application by means of an order dated 03.03.2023 wherein this Court recorded that: -

> *"10. It is evident from the record that a tripartite agreement was executed in between the Company and the borrowers, and Rs.4,63,10,000/- was transferred in the account of the Company. It is further evident that the applicant is the Director of the Company, managing all its affairs and as per tripartite and quadripartite agreements dated 27.10.2015 and 31.12.2015 respectively, it was obligatory that the sale deed was to be executed in favour of the borrowers and the same was to be handed over to the Bank within 30 days. It is admitted by the learned counsel for the applicant that the property was to be handed over in the year 2016, but till today, neither the property has been shown to the Bank officials nor the sale deed has been executed and handed over to the Bank. Coupled with the aforesaid facts, the applicant is also having criminal antecedents of so many cases, which are mentioned in paragraphs 46 and 47 of the bail application.*
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> *11. In view of above, the application stands rejected.*

12. Now-a-days, it has become a trend that the money of the public financial institution is being taken away by committing fraud or breach of trust, as a result of which, the Banks are suffering loss, and beyond doubt, such type of loss is a National loss.

Evidently, several F.I.R.s were lodged against the applicant with the incidental allegations and in the present case, Rs.4,63,10,000/- was transferred in the account of the Company, in which, the applicant is a Director and as per the tripartite and quadripartite agreements, it was obligatory that the sale deed was to be executed within 30 days, but even after 7 years, neither the property was provided to the Bank to inspect nor the sale deed was executed as well as provided to the Bank.

In view of above facts and circumstances, I find it a fit case to be examined by the Enforcement Directorate. Hence, the Joint Director, Enforcement Directorate, Lucknow is directed to look into the facts of the case and take appropriate action, considering the aspect of money laundering with the intention to syphon the money of the public financial institution/Bank and submit an affidavit before this Court by 15th May, 2023.

Shri Rao Narendra Singh, learned A.G.A. is directed to communicate this order to the Joint Director, Enforcement Directorate, Lucknow for necessary compliance, forthwith.

A copy of this order be also sent to Director, Enforcement Directorate, Lucknow for necessary compliance.

Bench Secretary is directed return the photocopy of the case diary to the learned A.G.A."

5. The applicant No. 3 challenged the aforesaid order by filing SLP (Crl.) No.4117 of 2023 which was disposed of by the following order passed on 29.03.2023: -

"Heard learned senior counsel for the petitioner.

This Court is of the opinion that the impugned order does not call for interference. The special leave petition is accordingly dismissed.

*It is open to the petitioner to seek relief after charges are framed. The Enforcement Directorate pursuant to the impugned order shall examine the materials before it on their merits uninfluenced by the observations of the Hig*h Court."

6. It is in furtherance of the aforesaid direction that the Directorate of Enforcement registered the aforesaid ECIR and has filed the aforesaid complaint. It is stated in the complaint that based on the complaint of Punjab National Bank, the Police registered FIR No.336 of 2022, dated

24.09.2022, at Police Station Hazratganj, District Lucknow, alleging that the applicants have defrauded the bank. They got home loans sanctioned in the names of their clients/buyers and later the clients failed to repay the outstanding home loan amount to the bank. Further, they did not deposit the sale deeds of the immovable properties against which the home loans had been sanctioned by the bank, thereby causing a financial loss of Rs.4.63/- Crores to the bank. Punjab National Bank had sanctioned the following home loans: -

S.No.	Name of Borrower	Amount Borrowed from Bank
1	Mr. Narendra Singh Verma with Smt. Shashi Verma	Rs.2,80,00,000/-
2	Baldeep Arora with Smt. Jaya Arora	Rs.90,50,000/-
3	Hemant Tulsiani with Manohar Kumar Tulsiani	Rs.75,00,000/-
4	Tarun Shekhar Singh with Smt. Sarika Singh	Rs.40,00,000/-
Total Amount		Rs.4,63,10,000/-

7. Four flats booked by the aforesaid buyers were mortgaged with the bank on the basis of tripartite agreements. The Applicant No.1 did not execute the sale deeds in favour of the buyers.

8. The FIR alleges that the applicants siphoned off the loan amount for their personal gains with the intention of defrauding the bank. It is alleged that the fraudulent act of the applicants caused a loss of public money to the extent of Rs.463 lakhs.

9. The complaint further states that the Tulsiani Constructions, M/s Ansal Properties and Infrastructure Ltd. and Punjab National Bank had entered into tripartite and quadri-partite agreements with the customers on 28.02.2014, 15.12.2015, 29.12.2015 and 31.10.2015. The conditions of the agreements inter alia provided that: -

(a) In the event of default by the Borrowers in repayment of the Bank's dues, the bank will be entitled to sell the flats.

(b) The society shall not transfer the dwelling unit/flat of the borrower to another member of the society without prior written consent of the bank.

(c) The Builder and FSI purchaser shall not hand over the actual physical possession of the Property to the Borrower before execution and registration of the said sale deed and the Builder and FSI purchaser shall submit the original registered deed to PNB, and PNB shall keep the same as security for repayment of their loan, interest and other incidental charges towards perfection of its security interest for the said loan.

(d) The property shall form a part of security for the housing loan granted by PNB in the hands of the Builder and the purchasers till such sale deed is executed in favour of the borrowers.

10. The possession of the flats was to be offered within 30 months from sanction of the building plan, subject to force majeure clause and on receipt of complete sale consideration and other charges.

11. After investigation, a charge-sheet dated 30.01.2023 and supplementary charge-sheets dated 27.04.2024 and 22.07.2024 have been filed in furtherance of FIR No.336 of 2022 against the applicant Nos.2 and 3, who are the Directors of Tulsiani Constructions.

12. The complaint filed by the Enforcement Directorate states that multiple FIRs have been registered against M/s Tulsiani Constructions and its Directors by various flat buyers alleging that the flats were not transferred to them in violation of the agreements.

13. The complaint states that certain immovable properties worth Rs.3,06,95,700/- belonging to M/s Tulsiani Constructions have been attached as property obtained indirectly/equivalent to the proceeds of crime vide provisional attachment order dated 07.06.2024 and another provisional attachment order dated 28.11.2024 was passed attaching immovable property worth Rs.1.5 Crores belonging to the applicant No.3- Anil Kumar Tulsiani. The provisional attachment orders have been confirmed.

14. The complaint further alleges that the amounts paid by the three prospective flat buyers to M/s Tulsiani Constructions have been

transferred to other banks to meet the liabilities of M/s Tulsiani Constructions, which shows that the amounts taken from buyers for completing the project were utilized either for investment in other projects run by the sister concerns of M/s Tulsiani Constructions or for paying loans taken from SIDBI.

15. The complaint refers to the statement of the applicant No.2Mahesh Kumar Tulsiani recorded under Section 50 of PMLA wherein he stated that multiple bank accounts of M/s Tulsiani Constructions turned irregular/became NPA due to increase in financial liabilities of the company because of litigation, COVID-19 and delay in execution and delivery of the projects. As many as 9 FIRs were lodged against the Company for its inability to handover the projects. In several matters, the parties have arrived at settlements and the proceedings of criminal cases against the applicants stands quashed. Out of the four loan accounts mentioned in the FIR No.336 of 2022, there is no irregularity in one account and in two accounts one time settlements have been entered into.

16. The applicant No.3 Anil Kumar Tulsiani stated that 20 FIRs of similar nature had been lodged against him out of which 10 FIRs have been quashed and in two matters, the dispute has been referred to the Mediation and Conciliation Center of this Court. The applicant No.3 further stated that numerous sale deeds have been executed in favour of the buyers who had taken loans from Punjab National Bank, the particulars whereof are mentioned in the complaint itself.

17. The complaint summarizes the result of investigation by stating that various FIRs have been lodged against M/s Tulsiani Constructions and its Directors alleging embezzlement of funds of banks and investors/buyers for their personal gains, which are as follows: -

Sr. No.	FIR No. & Date	Amount involved and laundered in Rs.(Crores)
1	336/2022 dated 24.09.2022 at Hazratganj PS, Lucknow	4.63
2	0595 dated 08.11.2021, 0457 dated	1.93

3	18/07/2019, 834 dated 26.12.2018, 0527 dated 09.08.2019, 0434 dated 27.08.2021, 655 dated 10.10.2022 at Vibhuti Khand PS, Lucknow	0.24
4		0.554
5		1.534
6		0.01
7		1.05
	Total Amount	**9.948**

18. The complaint alleges that the applicants have siphoned off the proceeds of crime amounting to Rs.9.948 Crores for their personal gains by investing/diverting the amount in their other real estate projects without completing the other projects for which the money was acquired.

19. Upon the complaint having been filed, the learned Special Judge issued notices to the applicants for pre-cognizance hearing. The applicants filed written submissions stating that vide order dated 30.01.2023 passed in Bail Application No.1993 of 2023, this Court had directed the Enforcement Directorate to conduct investigation after looking into the “facts of the case” which arose out of FIR No.336/2022 under Section 409, 420 IPC registered at Police Station Hazratganj, District Lucknow only. The Hon’ble Supreme Court clarified in the order dated 29.03.2023 that the Enforcement Directorate should examine the material before it on their merits, uninfluenced by the observations of the High Court. The Enforcement Directorate has illegally merged FIR No.595 of 2021 under Sections 409/420/504/506/467/468/471/120-B IPC, Police Station Vibhuti Khand, District Lucknow lodged by the intervener Mr. Sanjeev Agarwal illegally, with a mala fide intention.

20. The applicants further stated that FIR No.336/2022 had been lodged alleging that four loan accounts had turned NPA. The applicants stated that accounts of borrowers turning NPA is purely a civil dispute. Moreover, one of the four loan accounts had not been declared NPA and it is a regular account, two loan accounts already stand settled on 23.04.2024 and 09.08.2024 and negotiations for settlement of the fourth loan account were going on. The Enforcement Directorate has illegally

calculated the proceeds of crime by including the loan accounts which already stands settled/closed.

21. The Enforcement Directorate has filed a short counter affidavit stating that investigation under PMLA was initiated on the basis of multiple FIRs lodged against the applicant for having defrauded Punjab National Bank and the home buyers and utilizing the proceeds of crime for its own purposes. The counter affidavit states that in many cases, the applicant has not cleared the payment liability even after entering into one-time settlements with the concerned bank. The predicate cases are still alive and therefore, proceedings under PMLA cannot be quashed.

22. The learned counsel for the applicant submitted that the entire dispute between the applicant and its flat buyers is a civil dispute regarding which litigation are pending in various fora. The monetary transactions do not fall within the scope and ambit of Section 2(u) r/w Section 2(1)(y) of PMLA to be termed as proceeds of crime, the complaint itself alleges that the money received in lieu of sale consideration was used by the applicant No.1 in repaying the loan amount of SIDBI which loan was taken for construction of the project/flats and, therefore, it does not attract Section 2(1)(u) r/w Section 2(1)(y) of PMLA.

23. The learned Special Judge took cognizance of the offences by means of the impugned order 30.01.2026. A perusal of the impugned order indicates that although the trial Court has briefly mentioned the objections of the applicants against the proposed cognizance order, the same have not been dealt with by the trial Court. The trial Court has merely narrated the case set-up by the Enforcement Directorate and has stated that the objections of the applicants are not maintainable.

24. Assailing validity of the aforesaid order, the learned Counsel for the applicants has submitted that an order passed without dealing with the objections of the applicants suffers from the vice of unreasonableness and non-application of mind. He has submitted that out of the four loans

disbursed by the Punjab National Bank, only three had become NPA and out of those three two had already been settled prior to passing of the impugned summoning order. Regarding the only remaining loan account also, the Bank has entered into a one time settlement and has received the first installment amount as per the OTS.

25. The learned Counsel for the applicants has further submitted that this court has observed in its order dated 23.08.2023 passed in Crl. Misc. Bail Application No.14783 of 2022 that the dispute between the parties is essentially of civil nature. He has also submitted that the offence under Section 420 alleged in the scheduled offence, is not made out as the allegation in the FIR is regarding a delay in delivery of the project, which was for the reasons mentioned in the statement of Mahesh Kumar Tulsiani recorded under Section 50 of PMLA that the bank accounts have turned irregular/NPA due to increase financial liability incurred due to litigation, COVID-19 and delay in execution of the projects.

26. The learned counsel for the applicants has placed reliance upon the decisions in the cases of **Seema Garg v. Deputy Director, Directorate of Enforcement**: 2020 SCC OnLine Punjab & Haryana 738, **HDFC Bank Ltd. v. Government of India**; 2021 SCC OnLine Patna 4222, **Kumar Pappu Singh v. Union of India;** 2021 SCC OnLine AP 983**, Deputy Director, Directorate of Enforcement v. Seema Garg;** SLP (civil) No.14713-14715/2020 decided on 30.04.2021**, Sarabjeet Kaur v. State of Punjab;** (2023) 5 SCC 360, **Pavana Dibbur v. Directorate of Enforcement**; (2023) 15 SCC 91, **Indian Oil Corporation v. NEPC India Ltd.**; (2006) 6 SCC 736, **Shyam Sundar Agarwala v. State of Odisha** 2025 SCC OnLine Odisha 566, **Vijay Madanlal Choudhary & Ors. v. Union of India & Ors.**; (2023) 12 SCC 1 and **Inox Air Products Ltd. v. State of Andra Pradesh;** 2025 SCC OnLine SC 209 and **Satish Motilal Bidri v. Union of India and Others**; 2024 SCC OnLine Ker 3410.

27. Per contra Shri Rohit Tripathi, the learned counsel for the Enforcement of Directorate has submitted that it is established that the

applicants have transferred the amount taken from the borrowers of Punjab National Bank to SIDBI and there is no averment that the applicants had taken the loans from SIDBI for this project. He has placed reliance on the following observations made by the Hon'ble Supreme Court in the cases of **Vijay Madanlal Choudhary & Ors. v. Union of India & Ors.**; (2023) 12 SCC 1**.** Shri Tripathi has also placed reliance on a decision of the Madras High Court in the case of **Vijayraj Surana v. Assistant Director, ED;** 2024 MHC 3345.

28. Shri Anuuj Tandon, the learned counsel for the intervener Sanjeev Agarwal has also opposed the application and he submitted that the intervener is a bona fide claimant whose interest is recognized by Section 8 of PMLA. As Section 8(8) of the Act empowers the Special Court to restore the confiscated property to a person who has a legitimate interest and has suffered a quantifiable loss as result of offence of money laundering.

29. In **Indian Oil Corpn. v. NEPC India Ltd.** : (2006) 6 SCC 736, the Hon'ble Supreme Court held that:-

> *"13. While on this issue,* ***it is necessary to take notice of a growing tendency in business circles to convert purely civil disputes into criminal cases. This is obviously on account of a prevalent impression that civil law remedies are time consuming and do not adequately protect the interests of lenders/creditors****. Such a tendency is seen in several family disputes also, leading to irretrievable breakdown of marriages/families.* ***There is also an impression that if a person could somehow be entangled in a criminal prosecution, there is a likelihood of imminent settlement. Any effort to settle civil disputes and claims, which do not involve any criminal offence, by applying pressure through criminal prosecution should be deprecated and discouraged****. In G. Sagar Suri v. State of U.P. (2000) 2 SCC 636 this Court observed:*
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> > *"It is to be seen if a matter, which is essentially of a civil nature, has been given a cloak of criminal offence.* ***Criminal proceedings are not a short cut of other remedies available in law. Before issuing process a criminal court has to exercise a great deal of caution. For the accused it is a serious matter****. This Court has laid certain principles on the basis of which the High Court is to exercise its jurisdiction under Section 482 of the Code. Jurisdiction under this*

section has to be exercised to prevent abuse of the process of any court or otherwise to secure the ends of justice."

14. ***While no one with a legitimate cause or grievance should be prevented from seeking remedies available in criminal law, a complainant who initiates or persists with a prosecution, being fully aware that the criminal proceedings are unwarranted and his remedy lies only in civil law, should himself be made accountable, at the end of such misconceived criminal proceedings, in accordance with law.*** *One positive step that can be taken by the courts, to curb unnecessary prosecutions and harassment of innocent parties, is to exercise their power under Section 250 CrPC more frequently, where they discern malice or frivolousness or ulterior motives on the part of the complainant. Be that as it may."*

30. The learned counsel for the applicant has next placed reliance on **Sarabjeet Kaur v. State of Punjab & Another (**2023) 5 SCC 360, wherein it was held that: -

"13. ***A breach of contract does not give rise to criminal prosecution for cheating unless fraudulent or dishonest intention is shown right at the beginning of the transaction. Merely on the allegation of failure to keep up promise will not be enough to initiate criminal proceedings****. From the facts available on record, it is evident that Respondent 2 had improved his case ever since the first complaint was filed in which there were no allegations against the appellant rather it was only against the property dealers which was in subsequent complaints that the name of the appellant was mentioned. On the first complaint, the only request was for return of the amount paid by Respondent 2. When the offence was made out on the basis of the first complaint, the second complaint was filed with improved version making allegations against the appellant as well which was not there in the earlier complaint.* ***The entire idea seems to be to convert a civil dispute into criminal and put pressure on the appellant for return of the amount allegedly paid. The criminal courts are not meant to be used for settling scores or pressurise parties to settle civil disputes. Wherever ingredients of criminal offences are made out, criminal courts have to take cognizance. The complaint in question on the basis of which FIR was registered was filed nearly three years after the last date fixed for registration of the sale deed. Allowing the proceedings to continue would be an abuse of process of the court****."*

31. In **Dilip Singh v. State of M.P.**: (2021) 2 SCC 779, the Hon'ble Supreme Court held that it is well settled by a plethora of decisions of

the Supreme Court that criminal proceedings are not for realisation of disputed dues.

32. The Enforcement Directorate has stated in the complaint that FIR No.336 of 2022, dated 24.09.2022 was lodged on the complaint of Punjab National Bank, alleging that the applicants got the following four home loans sanctioned in the names of their clients/buyers, and later the clients failed to repay the outstanding home loan amount to the bank: -

S.No.	**Name of Borrower**	**Amount Borrowed from Bank**
1	Mr. Narendra Singh Verma with Smt. Shashi Verma	Rs.2,80,00,000/-
2	Baldeep Arora with Smt. Jaya Arora	Rs.90,50,000/-
3	Hemant Tulsiani with Manohar Kumar Tulsiani	Rs.75,00,000/-
4	Tarun Shekhar Singh with Smt. Sarika Singh	Rs.40,00,000/-
Total Amount		Rs.4,63,10,000/-

33. In the rejoinder affidavit, the applicants have stated that Punjab National Bank has approved a One Time Settlement dated 20.03.2026 proposal in respect of the loan amount in the name of Narendra Singh Verma and Shashi Verma and a part of payment in furtherance of the One Time Settlement has already been made. The Bank has issued a No Dues Certificate dated 09.08.2024 in respect of the housing loan facility of Rs.90,50,000/- sanctioned on 29.10.2015 in favour of Baldeep Arora. Another No Dues Certificate dated 23.04.2024 has been issued by Punjab National Bank in respect of the loan facility of Rs.75,00,000/- sanctioned on 18.12.2015 in favour of Hemant Tulsiani. The loan account of Tarun Shekhar Singh and Smt. Sarika Singh was a regular account and it had not been declared NPA. These facts establish that the dispute pertained to settlement of financial liabilities and the same have already been settled. Delay in repayment of loan or even non-payment of loan gives rise to a dispute which is essentially of civil/commercial in nature and the same has wrongly been given a colour of criminality.

34. Regarding FIR No.595 of 2021 lodged by the intervener Mr. Sanjeev Agarwal, it is to be noted that the applicant No.3 Anil Kumar

Tulsiani had filed Criminal Misc. Bail Application No.14783 of 2022 for his release on bail in the aforesaid case. The bail application was allowed by means of an order dated 03.08.2023 passed by this Court in **Anil Kumar Tulsiani v. State of U.P.**: 2023 SCC OnLine All 733, wherein it has been observed that: -

> *"3. The aforesaid case has been registered on the basis of an F.I.R. lodged on 08.11.2021 against the applicant and his brother Mahesh Tulsiyani, alleging that the complainant had booked three flats in the name of his company in Golf View Apartment Scheme in the year 2012. The flats were not constructed within the stipulated period and the flats had not been finished properly. No penalty was paid for the delay in handing over the flats. The complainant had sold away one flat in the year 2015.* ***The FIR categorically states that some consideration remains to be paid by the complainant.*** *It is further alleged that the entire building had been mortgaged by the accused persons with a bank and the loan account was declared N.P.A. and the bank took over possession of the flats.*
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> *11. What prima facie appears from the averments made in the FIR is that the complainant's company had entered into an agreement to purchase three flats in Golf View Apartment Scheme launched by Tulsiani Construction and Developers Private Limited, of which the applicant is a director. The complaint has not disclosed the name of the company which had booked the flats, although the allottee company would be a separate juristic person. From the material available before the Court at this stage prima facie it appears that no registered agreement had been executed between the parties regarding purchase of flats where any agreement for purchase of immovable property of value exceeding Rs. 100/- can only be made through a registered agreement, after payment of the prescribed stamp duty and registration fee.*
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> *12. The corporate entity which had entered into agreement for purchasing three flats and evaded payment of stamp duty and registration fee payable in respect of the agreement for purchase of the flats, and which has kept itself veiled, has committed an offence of evasion of stamp duty payable to the public exchequer, thereby illegally depriving the public at large of the benefits of that amount, which affects every single citizen of the country.*
>
> *13. Although the amount of stamp duty and registration fee payable in respect of three agreements may prima facie appear to be small, the Court cannot restrain itself from observing that now-a-days a trend is developing very fast that persons acquire interest in immovable properties evade payment of stamp duty and registration*

fee and the cumulative effect thereof causes a significant loss to the public exchequer. Thereafter when some disputes occur, the purchasers initiate criminal prosecution for putting pressure on the seller to transfer the property or to repay their amount, because they cannot invoke the civil remedies for the reason that the unregistered agreement is inadmissible in evidence and no rights can be claimed in respect thereof in civil proceedings.

16. This tendency of misusing the criminal proceedings for claiming enforcement of civil rights by indirect methods and evading payment of stamp duty, registration fee and court fee cannot be appreciated by the Courts and it should not be encouraged. It is nothing but cheating committed against the public exchequer and the persons who would stand benefited thereby.

17. Although the acts alleged in the F.I.R. may make out commission of some offence punishable under criminal law, the dispute between the parties predominantly appears to be of the civil nature. The law provides civil remedies for redressal of grievances alleged in the FIR that the possession of the flats was not delivered within the stipulated period and that the flats were not finished in a proper manner. It is not that the complainant has initiated the criminal proceedings for merely punishment of the accused persons and he has initiated civil proceedings separately for enforcement of his rights, the complainant has initiated criminal proceedings only which prima facie indicates that the criminal proceedings have been initiated with an oblique motive to coerce the accused persons to redress the civil grievances of the veiled commercial corporate entity being represented by the complainant."

35. After this Court passed the order in **Anil Kumar Tulsiani v. State of U.P.**: 2023 SCC OnLine All 733, the provisional attachment order dated 28.11.2024 was issued attaching a flat which had been purchased by means of the registered sale deed dated 02.03.2012 i.e. almost 10 years before the Punjab National Bank had lodged the FIR No.336 of 2022.

36. The applicants have submitted that by no stretch of imagination the sale consideration paid for purchasing a flat in the year 2012 can be termed as proceeds of crime as defined under Section 2(u) of PMLA because the transactions relating to FIR No.336/2022 took place much later.

37. The learned counsel for the opposite parties have submitted that Section 2(u) of PMLA also includes “value of any such property”. They have submitted that during investigation, the proceeds of crime have been assessed to the tune of Rs.9.5 Crores which has been diverted either in other projects or for personal gains of the accused persons. They have further submitted that Section 23 of PMLA established a legal presumption regarding interconnected transactions. If one transaction in a series is proved to involve money laundering, the adjudicating authority or the Special Court can presume that other connected transactions are part of the same money laundering activity.

38. The offence of money laundering is defined in Section 3 of PMLA as follows: -

> ***3. Offence of money-laundering****.—Whosoever directly or indirectly attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime including its concealment, possession, acquisition or use and projecting or claiming] it as untainted property shall be guilty of offence of money-laundering.*
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> *Explanation.—For the removal of doubts, it is hereby clarified that, —*
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> *(i) a person shall be guilty of offence of money-laundering if such person is found to have directly or indirectly attempted to indulge or knowingly assisted or knowingly is a party or is actually involved in one or more of the following processes or activities connected with proceeds of crime, namely—*
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> *(a) concealment; or*
>
> *(b) possession; or*
>
> *(c) acquisition; or*
>
> *(d) use; or*
>
> *(e) projecting as untainted property; or*
>
> *(f) claiming as untainted property,*
>
> *in any manner whatsoever;*
>
> *(ii) the process or activity connected with proceeds of crime is a continuing activity and continues till such time a person is directly or*

indirectly enjoying the proceeds of crime by its concealment or possession or acquisition or use or projecting it as untainted property or claiming it as untainted property in any manner whatsoever.

39. "Proceeds of crime" is defined in Section 2(u) of PMLA as follows: -

"2 (u) "proceeds of crime" 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"

40. Property is defined in Section 2(v) of PMLA as follows: -

(v) "property" means any property or assets of every description, whether corporeal or incorporeal, movable or immovable, tangible or intangible and includes deeds and instruments evidencing title to, or interest in, such property or assets, wherever located;

Explanation.—For the removal of doubts, it is hereby clarified that the term "property" includes property of any kind used in the commission of an offence under this Act or any of the scheduled offences;

41. 'Value' is defined in Section 2(zb) of PMLA as follows: -

"(zb) "value" means the fair market value of any property on the date of its acquisition by any person, or if such date cannot be determined, the date on which such property is possessed by such person."

42. In **Vijay Madanlal Choudhary v. Union of India**: (2023) 12 SCC 1, the Hon'ble Supreme Court held that: -

*"**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 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."*

(emphasis added)

43. Sri. Rohit Tripathi has placed reliance on the following passage from the judgment in the case of **Vijay Madanlal Choudhary** (supra): -

"162. *As a matter of fact, prior to the amendment of 2015, the first proviso acted as an impediment for taking such urgent measure even by the authorised officer, who is no less than the rank of Deputy Director. We must hasten to add that the nuanced distinction must be kept in mind that to initiate "prosecution" for offence under Section 3 PMLA registration of scheduled offence is a prerequisite, but for initiating action of "provisional attachment" under Section 5 there need not be a pre-registered criminal case in connection with scheduled offence. This is because the machinery provisions cannot be construed in a manner which would eventually frustrate the proceedings under the 2002 Act. Such dispensation alone can secure the proceeds of crime including to prevent and regulate the commission of offence of money laundering. The authorised officer would, thus, be expected to and, also in a given case, justified in acting with utmost speed to ensure that the proceeds of crime/property is available for being proceeded with appropriately under the 2002 Act so as not to frustrate any proceedings envisaged by the 2002 Act.*

163. *In case the scheduled offence is not already registered by the jurisdictional police or complaint filed before the Magistrate, it is open to the authorised officer to still proceed under Section 5 of the 2002 Act whilst contemporaneously sending information to the*

jurisdictional police under Section 66(2) of the 2002 Act for registering FIR in respect of cognizable offence or report regarding non-cognizable offence and if the jurisdictional police fails to respond appropriately to such information, the authorised officer under the 2002 Act can take recourse to appropriate remedy, as may be permissible in law to ensure that the culprits do not go unpunished and the proceeds of crime are secured and dealt with as per the dispensation provided for in the 2002 Act. Suffice it to observe that the amendment effected in 2015 in the second proviso has reasonable nexus with the object sought to be achieved by the 2002 Act.

* * *

169. *As aforesaid, in this backdrop Amendment Act 2 of 2013 came into being. Considering the purport of the amended provisions and the experience of implementing/enforcement agencies, further changes became necessary to strengthen the mechanism regarding prevention of money laundering. It is not right in assuming that the attachment of property (provisional) under the second proviso, as amended, has no link with the scheduled offence. Inasmuch as Section 5(1) envisages that such an action can be initiated only on the basis of material in possession of the authorised officer indicative of any person being in possession of proceeds of crime.* ***The precondition for being proceeds of crime is that the property has been derived or obtained, directly or indirectly, by any person as a result of criminal activity relating to a scheduled offence.*** *The sweep of Section 5(1) is not limited to the accused named in the criminal activity relating to a scheduled offence. It would apply to any person (not necessarily being accused in the scheduled offence), if he is involved in any process or activity connected with the proceeds of crime. Such a person besides facing the consequence of provisional attachment order, may end up in being named as accused in the complaint to be filed by the authorised officer concerning offence under Section 3 of the 2002 Act."*

(emphasis added)

44. Following the aforesaid law laid down in **Vijay Madanlal Choudhary** (supra), in **Pavana Dibbur v. Directorate of Enforcement**: (2023) 15 SCC 91, the Hon'ble Supreme Court has held that a property which was acquired before the acts constituting the scheduled offence were committed, cannot be said to have any connection with the proceeds of the crime.

45. The learned counsel for the applicant has placed reliance on the following passages of **Seema Garg v. Deputy Director, Directorate of Enforcement** 2020 SCC OnLine P&H 738: -

> *"35. In our considered opinion, to understand true meaning of second limb of definition of 'proceeds of crime', it must be read in conjunction with Section 3 and 8 of the PMLA. If all these sections are read together, phrase* ***'value of such property' does not mean and include any property which has no link direct or indirect with the property derived or obtained from commission of scheduled offence i.e. the alleged criminal activity. 'Value of such property' means property which has been converted into another property or has been obtained on the basis of property derived from commission of scheduled offence e.g. cash is received as bribe and invested in purchase of some house.*** *House is value of property derived from scheduled offence. Cash in the hands of an accused of offence under Prevention of Corruption Act, 1988 is property directly derived from scheduled offence, however if some movable or immovable property is purchased against said cash, the movable or immovable property would be 'value of property' derived from commission of scheduled offence. If a person gets some land or building by committing cheating (Section 420 of IPC) which is a scheduled offence and said building or land is sold prior to registration of FIR or ECIR, the property derived from scheduled offence would not be available, however money generated from sale or transfer of said property in the form of cash or any other form of property may be available. The cash or any other form of property movable or immovable, tangible or intangible would be 'value of property' derived from commission of scheduled offence.*
>
> *36. Andhara Pradesh High Court in the case of Satyam Computer Services (Supra) has expressed view similar to our above expressed view, however Delhi High Court in the case of Axis Bank (Supra) has expressed contrary view which we do not subscribe because Delhi High Court has declared/treated words 'value of such property' and 'property equivalent in value held within country' at par which cannot be countenanced in view of scheme and object of the Act.*
>
> *37. There may be a case where a person accused of commission of scheduled offence, on account of destruction or disposal of property, is having no property. Non-availability of property derived from scheduled offence does not immune an accused from offence of money laundering committed under Section 3 of the PMLA. As per scheme of the Act, there is criminal liability of an accused apart from civil liability of attachment of property, thus object of the Act is not defeated merely on the ground that property derived from crime is not*

> *available for attachment.* ***The property derived from legitimate source cannot be attached on the ground that property derived from scheduled offence is not available.*** *There are so many scheduled offences where property may or may not be involved because every scheduled offence is not committed for the sake of property e.g. offence relating to wild animals, waging war against Government of India, murder, attempt to murder, offences under Arms Act. There is a long list of offences under different enactments where property is normally not involved still these are scheduled offences and punishable under Section 3 & 4 of PMLA.*
>
> *38. Accordingly,* ***we find and hold that phrase 'value of such property' does not mean and include any property which has no link direct or indirect with the property derived or obtained from commission of scheduled offence i.e. the alleged criminal activity****."*

(emphasis added)

46. The judgment of Punjab and Haryana High Court in the case of **Seema Garg v. Deputy Director, Directorate of Enforcement** 2020 SCC OnLine P&H 738 has been followed by the Patna High Court in **HDFC Bank v. Govt. of India & Others** 2021 SCC OnLine Pat 4222. The Andhra Pradesh High Court has also followed it in the case of **Kumar Pappu Singh v. Union of India (2021) 1 HCC** (AP) 556.

47. In view of the law laid down by the Hon'ble Supreme Court in the cases of **Vijay Madanlal Choudhary** and **Pavna Dibbur** (supra) and by the Punjab and Haryana High Court in **Seema Garg v. Deputy Director, Directorate of Enforcement (supra)**, which has been followed by Patna and Andhra Pradesh High Courts, I am of the considered view that attachment of the flat acquired as early as in 2012 i.e. almost a decade before the commission of the alleged offence was wholly improper and unsustainable in view of law.

48. The applicants had filed objections against the proposed summoning order but the trial Court has taken cognizance without dealing with the objections and without assigning any reason for discarding the applicants' objections. It is settled law that the reasons are

the soul of any judicial order and a judicial order passed without recording reasons is unsustainable in law.

49. In **S.N. Mukherjee v. Union of India**: (1990) 4 SCC 594 , the Hon'ble Supreme Court held that:—

> "***39.*** *The object underlying the rules of natural justice "is to prevent miscarriage of justice" and secure "fair play in action". As pointed out earlier the requirement about recording of reasons for its decision by an administrative authority exercising quasi-judicial functions achieves this object by excluding chances of arbitrariness and ensuring a degree of fairness in the process of decision-making.* ***Keeping in view the expanding horizon of the principles of natural justice, we are of the opinion, that the requirement to record reason can be regarded as one of the principles of natural justice which govern exercise of power by administrative authorities….****"*
>
> (emphasis added)

50. In **Kranti Associates (P) Ltd. v. Masood Ahmed Khan**: (2010) 9 SCC 496, the Hon'ble Supreme Court examined various precedents on the point and summarised the law as follows:—

> "***47.*** *Summarising the above discussion, this Court holds:*
>
> *(a) In India the judicial trend has always been to record reasons, even in administrative decisions, if such decisions affect anyone prejudicially.*
>
> *(b) A quasi-judicial authority must record reasons in support of its conclusions.*
>
> *(c) Insistence on recording of reasons is meant to serve the wider principle of justice that justice must not only be done it must also appear to be done as well.*
>
> *(d) Recording of reasons also operates as a valid restraint on any possible arbitrary exercise of judicial and quasi-judicial or even administrative power.*
>
> *(e) Reasons reassure that discretion has been exercised by the decision-maker on relevant grounds and by disregarding extraneous considerations.*
>
> *(f)* ***Reasons have virtually become as indispensable a component of a decision-making process as observing principles of natural***

justice by judicial, quasi-judicial and even by administrative bodies.

(g) Reasons facilitate the process of judicial review by superior courts.

(h) The ongoing judicial trend in all countries committed to rule of law and constitutional governance is in favour of reasoned decisions based on relevant facts. This is virtually the lifeblood of judicial decision-making justifying the principle that reason is the soul of justice.

(i) Judicial or even quasi-judicial opinions these days can be as different as the judges and authorities who deliver them. All these decisions serve one common purpose which is to demonstrate by reason that the relevant factors have been objectively considered. This is important for sustaining the litigants' faith in the justice delivery system.

(j) ***Insistence on reason is a requirement for both judicial accountability and transparency***.

(k) ***If a judge or a quasi-judicial authority is not candid enough about his/her decision-making process then it is impossible to know whether the person deciding is faithful to the doctrine of precedent or to principles of incrementalism***.

(l) ***Reasons in support of decisions must be cogent, clear and succinct. A pretence of reasons or "rubber-stamp reasons" is not to be equated with a valid decision-making process***.

(m) It cannot be doubted that transparency is the sine qua non of restraint on abuse of judicial powers. Transparency in decision-making not only makes the judges and decision-makers less prone to errors but also makes them subject to broader scrutiny. (See David Shapiro in Defence of Judicial Candor [(1987) 100 Harvard Law Review 731-37].)

(n) ***Since the requirement to record reasons emanates from the broad doctrine of fairness in decision-making, the said requirement is now virtually a component of human rights*** *and was considered part of Strasbourg Jurisprudence. See* Ruiz Torija *v.* Spain *[(1994) 19 EHRR 553] EHRR, at 562 para 29 and* Anya *v.* University of Oxford *[2001 EWCA Civ 405 (CA)], wherein the Court referred to Article 6 of the European Convention of Human Rights which requires, "****adequate and intelligent reasons must be given for judicial decisions****".*

(o) ***In all common law jurisdictions judgments play a vital role in setting up precedents for the future. Therefore, for development of law, requirement of giving reasons for the decision is of the essence and is virtually a part of "due process"****."*

(Emphasis added)

51. It is not that the principles of natural justice apply only where an order having adverse civil consequence is proposed to be passed. The requirement of observing the principles of natural justice is even higher in criminal proceedings, where the Fundamental Right to personal liberty is at stake.

52. In **Inox Air Products Ltd. v. State of Andra Pradesh;** 2025 SCC OnLine SC 209 the Hon'ble Supreme Court held that: -

> *"33. It could be seen from the aforesaid order that except recording the submissions of the complainant, no reasons are recorded for issuing the process against the accused persons.*
>
> *34. In this respect, it will be relevant to refer to the following observations of this Court in the case of Pepsi Foods Ltd. (supra):*
>
> > *"28.* ***Summoning of an accused in a criminal case is a serious matter. Criminal law cannot be set into motion as a matter of course****...."*

53. Therefore, I am of the considered view that the impugned order passed by the learned trial Court rejecting the applicants' objections against taking cognizance of the offences without assigning any reason, is unsustainable in law for this reason alone. Normally the impugned order would be quashed on this limited ground and the matter would be remanded for being decided afresh after assigning reasons. However, as this Court has already examined the merits of the case and has come to a conclusion that no case is made out for taking cognizance of the offences, there is no need to remand the matter to the trial Court for being decided afresh.

54. The scope of interference in a petition under Section 482 Cr.P.C. was explained by the Hon'ble Supreme Court in **State of Haryana v. Bhajan Lal**: 1992 Supp (1) SCC 335, in the following passage: -

> ***"102.*** *In the backdrop of the interpretation of the various relevant provisions of the Code under Chapter XIV and of the principles of law enunciated by this Court in a series of decisions relating to the exercise of the extraordinary power under Article 226 or the inherent*

powers under Section 482 of the Code which we have extracted and reproduced above, we have given the following categories of cases by way of illustration wherein such power could be exercised either to prevent abuse of the process of any court or otherwise to secure the ends of justice, though it may not be possible to lay down any precise, clearly defined and sufficiently channelised and inflexible guidelines or rigid formulae and to give an exhaustive list of myriad kinds of cases wherein such power should be exercised.

(1) Where the allegations made in the first information report or the complaint, even if they are taken at their face value and accepted in their entirety do not prima facie constitute any offence or make out a case against the accused.

(2) Where the allegations in the first information report and other materials, if any, accompanying the FIR do not disclose a cognizable offence, justifying an investigation by police officers under Section 156(1) of the Code except under an order of a Magistrate within the purview of Section 155(2) of the Code.

(3) Where the uncontroverted allegations made in the FIR or complaint and the evidence collected in support of the same do not disclose the commission of any offence and make out a case against the accused.

(4) Where, the allegations in the FIR do not constitute a cognizable offence but constitute only a non-cognizable offence, no investigation is permitted by a police officer without an order of a Magistrate as contemplated under Section 155(2) of the Code.

(5) Where the allegations made in the FIR or complaint are so absurd and inherently improbable on the basis of which no prudent person can ever reach a just conclusion that there is sufficient ground for proceeding against the accused.

(6) Where there is an express legal bar engrafted in any of the provisions of the Code or the concerned Act (under which a criminal proceeding is instituted) to the institution and continuance of the proceedings and/or where there is a specific provision in the Code or the concerned Act, providing efficacious redress for the grievance of the aggrieved party.

(7) ***Where a criminal proceeding is manifestly attended with mala fide and/or where the proceeding is maliciously instituted with an ulterior motive for wreaking vengeance on the accused and with a view to spite him due to private and personal grudge****."*

(emphasis added)

55. In **Sajjan Kumar v. CBI**: (2010) 9 SCC 368, the Hon'ble Supreme Court laid down the following principles regarding scope of

inquiry at the time of framing charges and while considering a request for discharge: -

> ***"21.*** *On consideration of the authorities about the scope of Sections 227 and 228 of the Code, the following principles emerge:*
>
> *(i) The Judge while considering the question of framing the charges under Section 227 CrPC has the undoubted power to sift and weigh the evidence for the limited purpose of finding out whether or not a prima facie case against the accused has been made out. The test to determine prima facie case would depend upon the facts of each case.*
>
> *(ii) Where the materials placed before the court disclose grave suspicion against the accused which has not been properly explained, the court will be fully justified in framing a charge and proceeding with the trial.*
>
> *(iii) The court cannot act merely as a post office or a mouthpiece of the prosecution but has to consider the broad probabilities of the case, the total effect of the evidence and the documents produced before the court, any basic infirmities, etc. However, at this stage, there cannot be a roving inquiry into the pros and cons of the matter and weigh the evidence as if he was conducting a trial.*
>
> *(iv) If on the basis of the material on record, the court could form an opinion that the accused might have committed offence, it can frame the charge, though for conviction the conclusion is required to be proved beyond reasonable doubt that the accused has committed the offence.*
>
> *(v) At the time of framing of the charges, the probative value of the material on record cannot be gone into but before framing a charge the court must apply its judicial mind on the material placed on record and must be satisfied that the commission of offence by the accused was possible.*
>
> *(vi) At the stage of Sections 227 and 228, the court is required to evaluate the material and documents on record with a view to find out if the facts emerging therefrom taken at their face value disclose the existence of all the ingredients constituting the alleged offence. For this limited purpose, sift the evidence as it cannot be expected even at that initial stage to accept all that the prosecution states as gospel truth even if it is opposed to common sense or the broad probabilities of the case.*
>
> *(vii) If two views are possible and one of them gives rise to suspicion only, as distinguished from grave suspicion, the trial Judge will be empowered to discharge the accused and at this stage, he is not to see whether the trial will end in conviction or acquittal."*

56. The aforesaid principles laid down by the Hon'ble Supreme Court in the case of **Sajjan Kumar** (supra) regarding scope of scrutiny by the trial Court at the time of considering an application for discharge or framing charges, can also be taken as guiding principles for the High Court while considering a request for quashing of the charge-sheet and the proceedings based thereon. Therefore, this Court can sift and weigh the prosecution evidence, without conducting a roving inquiry into the pros and cons of the matter by assessing the probative value of the evidence on record, for the limited purpose of finding out whether or not the uncontroverted allegations levelled in the complaint and the evidence collected in support of the same disclose the commission of any offence and make out a case against the applicant. This Court can certainly evaluate the material and documents on record with a view to find out if the facts emerging therefrom taken at their face value disclose the existence of all the ingredients constituting the alleged offence, as it cannot be expected even at this stage to accept all that the prosecution states as gospel truth even if it is opposed to common sense or the broad probabilities of the case.

57. Thus this Court has already held that the dispute arising out of failure of the applicants to complete the project, hand over possession of the flats and execute its transfer deeds or their failure to refund the consideration amount to the flat buyers, predominantly appears to be of the civil nature. The law provides civil remedies for redressal of grievances alleged in the FIR. The complainant has initiated the criminal proceedings with an oblique motive to coerce the accused persons to redress the civil grievances of the veiled commercial corporate entity being represented by the intervener Sanjeev Kumar Agarwal.

58. The proceedings under PMLA have been instituted on the basis of the applicants' involvement in a criminal case instituted by Punjab National Bank regarding four loan accounts having turned NPA, when in fact one of the four accounts was regular and it had not been declared NPA, the Bank has already issued No Dues Certificates in respect of two

loan accounts and has entered into a One Time Settlement in respect of the fourth loan account and has received the first installment of the OTS amount, indicates that there was merely a commercial dispute between the Bank and the applicants which already stands settled. Regarding the FIR lodged by the intervener Sanjeev Kumar Agarwal, this Court has already held that the same has been instituted with an oblique motive to coerce the accused persons to redress the civil grievances of the veiled commercial corporate entity being represented by the intervener Sanjeev Kumar Agarwal. The other FIRs of the scheduled offences are also of similar nature. Therefore, all the alleged scheduled offences are in fact merely commercial disputes which have been given a color of criminality to coerce the applicants to redress the grievances of the complainants without them taking recourse to the remedies available under the civil law and are bad in view of the law laid down by the Hon'ble Supreme Court in **Indian Oil Corpn. v. NEPC India Ltd.** : (2006) 6 SCC 736 and **Sarabjeet Kaur v. State of Punjab & Another (**2023) 5 SCC 360 and the observations made by this Court in **Anil Kumar Tulsiani v. State of U.P.**: 2023 SCC OnLine All 733.

59. Institution of proceedings under PMLA on the basis of the applicants' involvement in the alleged scheduled offences which are in fact merely commercial disputes which have been given a color of criminality to coerce the applicants to redress the grievances of the complainants without them taking recourse to the remedies available under the civil law, is a gross abuse of the process of law in view of the law laid down by the Hon'ble Supreme Court in the aforesaid cases. The the object and purpose underlying the PMLA is not extraneous resolution of civil disputes. the present case is a clear case of the abuse of the PMLA.

60. The phrase 'or the value of such property' used in Section 2(u) of the PMLA does not include the value of the Flat which had been acquired in the year 2012, long before the Punjab National Bank lodged the FIR in the year 2022 alleging commission of the scheduled offence

and which has not been acquired from the proceeds of crime. The Enforcement Directorate had no authority to attach the Flat that had been acquired in the year 2012, much before the commission of the alleged scheduled offences and which had not been acquired from any proceeds of crime and the attachment of the Flat purchased in the year 2012 is absolutely illegal and without jurisdiction.

61. Moreover, the Enforcement Directorate falsely projected that the quantum of the alleged proceeds of crime is Rs. 9,94,80,000/- by including the amount of Rs.4.64 Crores, which already stands settled by the complainant Punjab National Bank. The ED has wrongly included the amount which was the subject matter of 9 out of 20 cases, which have already been quashed.

62. Additionally, there can be no settlement of a crime especially when the offence alleged is that of economic nature. The fact that the complainants have entered into settlements resolving their monetary disputes makes it manifest that the disputes in fact were essentially of civil nature and the criminal law is merely being weaponised by the complainants in their favour to make it easier for them to achieve their ends.

63. In view of the foregoing discussion, I am of the considered view that the proceedings under PMLA is maliciously instituted with an ulterior motive for wreaking vengeance on the applicants and thereby coercing them to redress the grievances of the Flat buyers to transfer in their favour the flats and / or refund their money, without their resorting to the remedies available under the laws and the same are liable to be quashed.

64. Accordingly, the application under Section 482 Cr.P.C. is **allowed**. The order dated 30.01.2026 passed by the learned Special Judge, Anti-Corruption, CBI West/E.D., Lucknow in Criminal Misc. Case No.4851 of 2025 arising out of ECIR No.ECIR/LKZO/43/2023

taking cognizance of the offence under Section 3/4 of the Prevention of Money Laundering Act, 2002 (hereinafter referred to as PMLA) and has summoned the applicants to face the trial and the entire proceedings of the aforesaid case are **quashed**. All necessary consequences shall follow.

(Subhash Vidyarthi,J.)

July 02, 2026
Pradeep/-

Whether the judgment is speaking – Yes/~~No~~

Whether the judgment is reportable -Yes / ~~No~~

Digitally signed by :-
PRADEEP SINGH
High Court of Judicature at Allahabad,
Lucknow Bench