Karnataka High Court

R. D. Chaitra vs Directorate Of Enforcement on 15 October, 2025

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 15TH DAY OF OCTOBER, 2025

BEFORE

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THE HON'BLE MR. JUSTICE M.I.ARUN

WRIT PETITION NO.26754 OF 2025 (GM-RES)

BETWEEN:

1. R. D. CHAITRA
(W/O K.C.VEERENDRA
PRESENTLY IN CUSTODY
MLA, CHITRADURGA CONSTITUENCY)
AGED ABOUT 43 YEARS
R/AT RATNA NILAYA
OPP. VEERABHADRA SWAMY TEMPLE
OLD TOWN, CHALLAKERE DISTRICT
CHITRADURGA-577 522.

...PETITIONER

(BY SRI. SIDDHARTHA DAVE, SENIOR ADVOCATE,

SRI. H.S. CHANDRAMOULI, SENIOR ADVOCATE,

SRI. KIRAN S. JAVALI, SENIOR ADVOCATE FOR

SRI. PRATEEK CHANDRAMOULI, ADVOCATE)

AND:

1. DIRECTORATE OF ENFORCEMENT

REPRESENTED BY THE ASSISTANT DIRECTOR

AJAY KUMAR VAIDYA

MINISTRY OF FINANCE AND

DEPARTMENT OF REVENUE

III FLOOR, "B" BLOCK, BMTC

K.H. ROAD,

SHANTHINAGARA

BANGALORE-560 027.

...RESPONDENT

(BY SRI. ARAVIND KAMAT, A.S.G., SRI. MADHUKAR DESHPANDE, SENIOR PANEL COUNSEL, SRI. ZOHEB HUSSAIN, SPECIAL COUNSEL) THIS WRIT PETITION IS FILED UNDER ARTICLES 226 AND 227 OF THE CONSTITUTION OF INDIA READ WITH SECTION 528 OF THE B.N.S.S., PRAYING TO DECLARE THAT THE ARREST OF THE ACCUSED NO.1 PURSUANT TO THE ISSUANCE OF THE GROUNDS OF ARREST (ANNEXURE-G) MADE ON 23.08.2025 ARISING OUT OF ECIR/BGZO/19/2025 REGISTERED BY THE RESPONDENT HEREIN FROM GANGTOK, SIKKIM AS BEING WITHOUT JURISDICTION, ILLEGAL, ARBITRARY, VIOLATIVE OF THE ACCUSED NO.1's FUNDAMENTAL RIGHTS GUARANTEED UNDER ARTICLES 19 AND 21 OF THE CONSTITUTION OF INDIA, ETC.

THIS WRIT PETITION HAVING BEEN HEARD AND RESERVED FOR ORDERS ON 13.10.2025 AND COMING ON FOR PRONOUNCEMENT OF ORDERS THIS DAY, THE COURT PRONOUNCED THE FOLLOWING:

CORAM: HON'BLE MR. JUSTICE M.I.ARUN CAV ORDER

1. The husband of the petitioner has been arrested pursuant to registration of Enforcement Case Information Report (ECIR) under the provisions of the Prevention of Money-Laundering Act, 2002 (hereinafter referred to as 'the PMLA, 2002').

2. The writ petition has been filed with the following prayers:

"a) Call for the entire records pertaining to ECIR/BGZO/19/2025 registered by the Respondent herein before this Hon'ble Court; and

b) Declare that the arrest of the Accused No.1 pursuant to the issuance of the Grounds of Arrest (Annexure-G) made on 23.08.2025 arising out of ECIR/BGZO/19/2025 registered by the Respondent herein from Gangtok, Sikkim as being without jurisdiction, illegal, arbitrary, violative of the Accused No.1's fundamental rights guaranteed under Article 19 and 21 of the Constitution of India.

c) Consequently, direct the release of the Accused No.1, arrested pursuant to the issuance of the Grounds of Arrest (Annexure-G) made on 23.08.2025 arising out of ECIR/BGZO/19/2025 carried out by the Respondent in connection with E.C.I.R/BGZO/19/2025 registered by the Respondent herein in the interest of justice."

3. The grounds of arrest to arrest Mr. K.C. Veerendra (husband of the petitioner) under Section 19 of the PMLA, 2002 reads as under:

"Ground of Arrest to arrest Mr. K C Veerendra under section 19 of PMLA, 2002 (ECIR/BGZO/19/2025)

1. You, Mr. K C Veerendra, the main accused in FIR No. 0064/2011 dated 24.10.2022 registered at Challekere Police Station under Sections 420 of IPC 1860, 66 of Information Technology Act, 2000, 79 and 80 of Karnataka Police Act, 1963, and FIR No. 215/2022 dated 24.10.2022 registered at Davenagere Extension Police Station under sections 34, 420, 506 of IPC 1860, 78 of Karnataka Police Act, 1963.

2. That in the aforesaid FIRs, the gist of the allegations are as follows:

2.1.FIR No. 0064/2011 dated 02.03.2011 registered at Challakere Police Station, Chitradurga District, Acts invoked: Information Technology Act 2000 u/s [66], IPC 1860 u/s [420], Karnataka Police Act, 1963 u/s [79], Accused:

- Ramesha
- Vikki @ Mobile Shop Vikki

- KC Veerendra @ Pappi S/o Late k Channabasappa
- KB Nagaraja S/o Kenganna

FIR Contents: As per the FIR No. 0064/2011 dated 02.03.2011 registered at Challakere Police Station, Chitradurga District, on 02.03.2011 at 05.15 pm, at the residence of one of the accused K.C. Veerendra in Veerabhadraswamy Layout, Challakere Town, Veerendra along with the other accused Nagaraja was watching the live broadcast of the World Cup Cricket match between England and Ireland on TV and were talking to bettors and customers through mobile phones. The accused persons were alleged to have been deceiving people by betting money on cricket and engaging in illegal gambling.

Chargesheet Contents:

As per the chargesheet filed in the FIR No. 0064/2011 dated 02.03.2011 registered at Challakere Police Station, Chitradurga District, in the residence of Veerendra, the first accused Veerendra and the second accused Nagaraja were watching the live broadcast of the World Cup Cricket match between England and Ireland on TV and were talking to the bettors and customers through mobile phones and were illegally gambling with people by betting on cricket betting money. In this, the third and fourth accused were also involved in cricket betting and gambling.

2.2. FIR No. 60/2015 dated 06.03.2015 registered at Challakere Police Station, Chitradurga District Acts invoked: Information Technology Act 2000 u/s [66], IPC 1860 u/s [420], Karnataka Police Act, 1963 u/s 79,80,78(3) Accused:

- Lokesha
- Shrinidhi
- Jagadeesh
- Ravi Kadappa Angadi
- Sharath
- Pruthvi
- Thippeswamy K C
- Sanjaya
- Anil

FIR Contents:

As per the FIR No. 60/2015 dated 06.03.2015 registered at Challakere Police Station, Chitradurga District, on 06.03.2015, the accused persons who were in the house rented by K.C. Thippeswamy, behind Vishwanath's complex in Nanniwala village on Bhanashankari Road, Sangolli Rayanna Circle, Challakere Town, contacted the public online and took money from the public as a stake for cricket betting and gambling and cheated the public by playing lucky gambling of winning and losing. On the information of the Honourable Chitradurga District Police Superintendent, the police raided the cricket betting and gambling racket and arrested the nine accused persons.

When the accused were questioned, it was found that the accused were conducting cricket betting and gambling on behalf of K.C. Virendra @ Pappy, son of Late Channabasappa, Resident of Challakere Town near Veerabhadraswamy Temple, and take money from the public on his behalf.

2.3.FIR No.435/2016 dated 29.10.2016 registered at Challakere Police Station, Chitradurga District Acts invoked: IPC 1860 u/s [420], Karnataka Police Act, 1963 u/s 78(3) Accused:

- Rajesha c s
- Sidrameshwara aliyas Sidrama

FIR Contents:

As per the FIR No. 435/2016 dated 29.10.2016 registered at Challakere Police Station, Chitradurga District, on 29.10.2016 at 6.30 PM, the police received a certain information from an informant that the accused persons were cheating the innocent public by betting money on the India-New Zealand international cricket tournament on the 5th cross of S.R. Road, Challakere Town, Gandhinagar, in front of Mallikarjuna Medical Shop. On the basis of the information received, the police informed the Hon'ble S.P. regarding the India- New Zealand international cricket tournament, and voluntarily filed a case on behalf of the government at 6:40 PM to conduct a raid and subsequently arrested the said accused persons who were involved in the cricket betting.

Chargesheet Contents:

As per the chargesheet filed in the FIR No. 435/2016 dated 29.10.2016 registered at Challakere Police Station, Chitradurga District, on 29.10.2016 at 07:15 P.M., in public place on the roadside in front of Mr. Mallikarjuna Medical Shop near the 5th cross of the road at Gandhinagar, Challakere Town, the accused A-1 and A-2, were playing illegal cricket betting and gambling by betting money from the public for and against the cricket playing countries during the last one-day international match between India and New Zealand. When the police went to catch the accused, the first accused was caught and the second accused had fled from the spot. The money and items used by the accused for cricket betting and gambling were seized.

2.4. FIR No. 215/2022 dated 24.10.2022 registered at Davanagere Extension Police Station, Davanagere District Acts invoked: IPC 1860 u/s [506,420,34], Karnataka Police Act, 1963 u/s 78 (A)(vi)) Accused:

• Kiran R/o Taralabalu Layout, Davangere, • Chetan Mamata, owner of the hotel, • Surajkutty, • Veerendra, @ Pappy, Challakere Town, and others FIR Contents:

As per the FIR No. 215/2022 dated 24.10.2022 registered at Davanagere Extention Police Station, Davanagere District, the complainant Venkatesh H was persuaded by one of the accused persons Mr. Kiran, to download a cricket betting application i.e., satexh.com/m/sport/4/e/3/ and satexh.com/ m/login and they obtained his login credentials along with Rs.1 Lakh to bet on his behalf. They insisted the complainant to play betting game, whenever the cricket match betting is being fixed, by using his username and password and by logging to the said application. In this way, the complainant had lost around Rs.3 Lakh rupees in cricket betting by giving the said amount to the accused.

Chargesheet Contents:

As per the chargesheet filed in FIR No. 215/2022 dated 24.10.2022 registered at Davanagere Extention Police Station, Davanagere District, the complainant Venkatesh H was told by the first accused Kiran Kumar to handover money related to cricket betting to the brother of first accused, Kishore (A-5). When the fifth accused Kishore came to collect Rs.80 thousand from the complainant, the police raided him and seized 07 lakhs in cash and 01 bike used for betting and arrested him. A pocket note book related to betting was seized from the first accused.

3. That based on the abovementioned FIR, the Directorate of Enforcement recorded an ECIR bearing No.ECIR/BGZO/19/2025 after preliminary inquiry/investigations.

4. During the course of investigation, it has been gathered from various sources that you are a habitual offender involved in multiple frauds involving various illegal betting applications and casinos.

5. Summary of Fraudulent Activities committed by Shri K C Veerendra 5.1. Illegal Online Betting and Gambling:

a. You are operating or being associated with several illegal online betting websites (e.g., King567, Playexch567, India24bet, etc.) that lure unsuspecting individuals into gambling. b. You are linked to the Fonepaisa Payment Solutions company, which is alleged to have processed transactions for these illegal gaming platforms.

c. You have been accused in Multiple FIRs highlighting complaints where victims transferred large sums of money to these platforms, but were blocked from withdrawing their winnings, indicating a fraudulent scheme.

d. You are accused of using vehicles and companies linked to illicit activities for money laundering. For example, Simtech IT Solutions Pvt Ltd, a company connected to Veerendra, allegedly funded his high-value vehicles, including a Mercedes GL 350 TDI worth Rs. 75 Lakhs, which he acquired using proceeds from illegal betting operations. e. Additionally, ABH Infrastructures, another company linked to you, registered a vehicle worth Rs.1.1 crores in his name, further suggesting money laundering via assets.

5.2. Association with Other Fraudulent Operators:

a. You are connected to various individuals, including Gulshan Khattar (linked to Fonepaisa) and Anil Gowda, who are part of a network operating these illicit websites. You frequently communicate with Dubai-based entities associated with money laundering.

b. Your association with Pruthvi N Raj (owner of King567 website) and other players involved in the fraud (e.g., Abhijith Nagarajappa Sajjan, Ganesha Nageshappa) indicates a widespread operation, which crosses international boundaries, with funds funneled to locations like Dubai.

5.3. Criminal History:

a. You were previously arrested in a CBI case (RC26(A)/2016), where you were reportedly linked to hawala operators and was suspected of using illicit methods to fund your cricket betting, casino businesses, and other fraudulent ventures.

6 Outcome of search proceedings: -

6.1.During the course of search proceedings, Shri Gulshan Khattar stated that King567 was the online betting app controlled by Mr. Pruthvi N Raj @ Appu, who is the close relative of Mr K C Veerendra (Pappy). He knew the said Appu since 5 years, whom he met in Majestic Pride Casino where he stated that he is operating one online betting app King567 and requested me to provide the services of payment gateway to the said app and he accepted the proposal. The commission for all module transactions was fixed at 2%. He also stated that the turnover of the said companies was around Rs. 500 crores between April 2021 to October 2022. 6.2.He stated that Mr K C Veerendra operates casinos in Goa. He

used to share the KYC like name and contact number of the persons, who visited his casinos in Goa with the team of king567 who used to approach those

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customers and explain about the online betting app. Thereafter, they started betting through king567 application and the payments were processed through my payment gateway company. King567 application was controlled by both Mr K C Veerendra alias Pappy and Mr Appu and they are the beneficial owners of this application.

6.3.He further stated that the Vehicle No. KA45N003 was funded by me through M/s Simtech IT Solutions Pvt Ltd. This was facilitated at the request of Mr. K C Veerendra. Neha Tandon also confirmed during course of her statement recorded during search that she draws salary as a Director of M/s Simtech IT Solutions but Gulshan Khattar was controlling the affairs. Documents seized from Gulshan Khattar's car on day of search further corroborates the fact that he is involved in arranging mule accounts for the said layering of funds. Statement of Mr Khatter clearly establishes that Mr K C Veerendra is not only generating PoC through online gaming websites but also laundering the PoC with the help of entities controlled by Mr Khattar. 6.4.During course of search proceedings, Nobel Samson Ramani stated that he incorporated Instape Technologies Pvt. Ltd. in August 2022 particularly for salary disbursement services for corporate firms employing contractual staff all constituting e-commerce. The business operations of both companies commenced only in April 2023, when three individuals--Mr. Stephen, Mr. Raju and Mr. Ganesh of JOYPAY approached him, stating that they were engaged in online retail and e-commerce activities and required support for payment collection and disbursement services. The above said JOYPAY is owned

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by one Sh. KC Veerendra native of Chitradurga. He is into business of casinos and online gaming gambling/betting who runs the said business all over the world including India.

6.5.He stated that K C Veerendra and his family members were controlling JOYPAY and they asked us to carry on the disbursement of the funds so that funds so disbursed may be layered and source of funds and its end is not ascertained. We agreed to provide payment disbursement services, since such services only require a Nodal Account or a Technical Service Provider (TSP) account and they agreed to pay hefty commission for that. Furthermore, that Abhijith Nagarajappa Sajjan, Mr. Ganesh, and pappy are all originally from Chitradurga, Karnataka. Statement of Mr Ramani also establishes that Mr K C Veerendra and his family members had generated PoC and layered and laundered the same through the entities controlled by Mr Ramani.

6.6.During the course of search proceedings, Shri Sandeep Mehta stated that he was introduced to K C Veerendra through one Suraj P and that he used to book tickets for K C

Veerendra, along with his associate Mr Arjun N., Mr. Harshwardhan, Mr. Ajit Mitta. K.C. Veerendra has casino businesses in Goa (under the name Casino Pride, Puppy's Gold, Ocean Seven and Casino River) and in Srilanka (Puppy's Merino Casino) and has many other firms like Rathna Gaming, Rathna Solutions, Puppy's Tours & Travels etc. Apart from this, Mr. KC Veerendra is also running his online gaming business and back office of casinos (in India and Sri Lanka) in Dubai, UAE, however, Mr. Prithvi Nagaraju (+971527589567) is the suitable person to provide the

exact details he the only person who can provide the exact details of his Dubai business.

6.7.He further stated that initially Mr. KC Veerendra used to pay through bank account, however, somewhere in 2022- 23, when his Kavitha Tours and Travels, Karnataka Bank account was freezed by the bank, then, K C Veerendra started to pay me in cash mode. On being asked, I state that the associates of Mr. KC Veerendra namely Manjunath (Mob - 9845122799) and Siddharth (Mob - 9980453313) used to deposit the cash from Challakere, Chitradurga, Karnataka in Kavitha Tours & Travels bank account. Manjunath is the relative of KC Veerendra and Mr. Siddhartha is the assistant of Mr. KC Veerendra. He stated that his firms' Karnataka Bank account was freezed due to payments received from KC Veerendra's Dubai based entities in the garb of ticket payments. To his understanding, these payments were the proceeds generated through online gaming and betting. Further the bank account of another firm "Tripjack" was also freezed by Police as I further transferred the funds to them towards payment.

6.8.He further stated that Mr. KC Veerendra used to pay him in cash and the said cash was deposited from Challakere, Chitradurga, Karnataka. That, after depositing the cash in his firm's bank account, KCV's men used to send the image of the deposit slip in the said WhatsApp group 'KCV Flights & Hotel Booki'. He also stated that Mr. KC Veerendra has his online gaming and betting business based in Dubai which has more than 100 employees employed for this purpose.

6.9. He stated that he is aware of the name of Kings567 and gamexch567 as these were the betting app of KC

Veerendra used for online gaming and betting. He heard of these names either Mr. Arjun or Mr. Prithvi used these terms on mobile conversation in Puppy's Tours & Travels' office in Goa.

6.10 During the course of search proceedings, Shri Anil Gowda, business partner of KC Veerendra stated that an email from acctsabh18@gmail.com was also retrieved from his

phone which was related to a consultancy fee paid to explore the possibility of getting a global gaming license paid by the Ratna Group of Shri K C Veerendra in 2021.He stated that he took a proposal with quotation on behalf of Shri KC Veerendra for development of casino website to obtain the license from International Gaming Authorities. M/s Mirax Managemcnt Ltd Bilize is a Europe Based technology development company and the quotation given by M/s Mirax Management Ltd Bilize was not considered and the said proposal was dropped by the client.

6.11 On being shown multiple conversations with a particular email id noreply.ezugi@gmail.com, he stated that Ezugi is the gaming technology provider based in Europe. This entity provides live game APIs over internet to the users across the world including India. Online Betting Apps King567, Raja567 are developed by Ezugi and hosted in the Internet by Ezugi. King567/Raja567 and such apps controlled by Shri KC Veerendra target customers predominantly in India, Sri Lanka and various other parts of the world. King567, Rajas67 host Indian oriented games such as Andar Bahar, Teenpatti etc. People can bet on these apps over Internet. The betting

amounts are collected through various payment gateways. Shri KC Veerendra entered into this online betting app field in the year 2021- 22. 6.12 Shri Gulshan Kattar, who is the owner of Fonepaisa payment gateway introduced Ezugi based platforms to Shri K C Veerendra and his brother, Shri Tippeswamy. Online betting apps King567, Raja567 etc. were hosted by Ezugi, the payment gateways to these betting apps were provided by Shri Gulshan Kattar. Reports of the same platforms are received through Email from the Ezugi to whichever Email ID provided by Shri KC Veerendra & Shri Thippeswamy. Reports of the same platforms are received through Email from the Ezugi to whichever Email ID provided by Shri KC Veerendra & Shri Thippeswamy. He stated that Gulshan Kattar used to interact with the Ezugi for providing the platform to betting apps King567 & Raja567.

6.13 On being shown the printouts of the Emails generated from the Email ID pertain to King567, Rajas67 online betting, he stated that as far as he knows these online betting is controlled by Shri KC Veerendra in association with other family members. Statistics details contains Net Gaming Revene (NGR), Total Stake, Unique players, withdrawals etc., The average NGR per month used to be 20-25 crore per month which was received through the payment gateways devised by Gulshan Khattar. This amount is routed and layered by Shri Gulshan Kattar and paid to Shri KC Veerendra & Shri Tippeswamy predominantly in cash in India & abroad. Exact details of the same has to be told by Shri Gulshan Kattar only, who is a resident of RT Nagar, Bangalore and business associate of Thippeswamy. He provided the

products and payment gateways to the betting apps King567 & Raja567.

6.14 The revenue from the online betting is divided amongst Shri KC Veerendra, Shri Tippeswamy and other family members who are involved in the betting business. The statistics reports pertaining to the online betting apps are received by Shri Tippeswamy and Amulya. Online betting business was controlled on a day to day basis by Shri Tippeswamy, Amulya, Veerendra and Abhijeet. The net income received by Shri KC Veerendra after all the division of profits and expenses is around Rs. 10 crores. 6.15 He stated that Shri Thippeswamy is the brother of K C Veerendra. He manages the online betting business from Dubai, UAE. He resides in a villa at Shobha Heartland, Dubai and also has other properties in Dubai. Online betting business in India is promoted through the employees of casinos owned by Shri K C Veerendra. For the support activities., call centre, customer services are undertaken from the business entities located in Dubai. These entities are normally incorporated in the name of employees of these business entities in Dubai. Names of these entities are Diamond Softtech, Prime9 technologies, Mindscope call centre services etc., Overseeing of the online betting finance department is undertaken by Amulya Suresha who is also the niece of Shri KC Veerendra.

6.16 Several statements and evidences unearthed during the search also revealed proceeds of crime being laundered through various routes and also being sent outside the country. During the course of search

proceedings, Anil Gowda stated that K C Veerendra has two casinos abroad in Sri Lanka and Nepal. Anil Gowda stated that the casino in Sri Lanka is rebranded as Puppy's Marina and operated by Shri K C Veerendra since January, 2024. The said casino is actually owned by an entity namely RHE, Sri Lankan entity. The profit earned from the said casino is shared between K C Veerendra, Thippeswamy, and Anil Gowda among others. That in respect of legal services provided by Krsnaa Legal in India, Anil Gowda receives the remuneration in cash. In respect of the legal services provided by his firm abroad, he receives the amount in his Bank account held at Meshreq Neo Biz Bank. Further, he also said that the brother K C Thippeswamy of the accused is operating 3 business entities from Dubai viz. Diamond Softech, TRS Technologies, Prime9 Technologies and that these entities are related to the call centre services and gaming business of K C Veerendra.

6.17 When asked about ASVSA Enterprises LLP, he stated that he was a partner till 2022 where after he relinquished all his shares to Mr Suraj in 2022. Presently, it is owned by Mr Tippeswamy, Veerendra, Suraj and Prithvi. Consultancy fee of approx. Euro 25,000 was paid for exploring gaming business opportunities across the world.

6.18 He stated that on his advise, during the year 2021, KC Veerendra opened KC Boston Technologies, Roversoftech and Sky High Software Solutions Limited in Cyprus and

Curacao. He further said that the beneficial owners of these companies are K C Thippeswamy, Prihvi and Suraj. The following "Business Plan" for a Cuarcao based company for laundering funds by K C Veerendra

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and his associates, was retrieved from the phone of Latha Yadav, "care-taker" of K C Veerendra's Bangalore premise, during the course of search proceedings: -

COMPANY STRUCTURE KC BOSTON TECHNOLOGIES, Cyprus CURACAO COMPANY DIRECTORS

1.KC VEERENDRA 2. KC THIPPESWAMY

3. ANIL GOWDA H 4. PALLATHYA SURAJ

5.PRITHVINRAJ 6.19 Gautham Chand Mehta, father of Sandeep Mehta also stated that his accounts of Kavitha Tours and Travels LLP were frozen due to funds remitted from abroad.

Sandeep Mehta stated that till the freezing of such accounts by police, he used to receive funds diverted from online betting collections in his bank account. Thereafter, K C Veerendra would deposit cash slips in his bank account for providing ticket booking services. 6.20 As stated by Gulshan Khattar, Nobel Samson Ramani and Anil Gowda, more than thousands of crores of rupees are being collected, in a very short span of time,

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from such illicit online betting websites and laundered by K C Veerendra and his associates in this way. Therefore, it can be inferred proceeds of crime generated are being laundered successfully by K C Veerendra with the help of his associates both within and outside India. 6.21 Further, during the course of search proceedings, an amount of above Rs. 10 crores in cash and Gold Jewellery worth Rs. 5.5 crores, Silver around 10 kgs, along with four vehicles was seized under PMLA,2002. Further, 17 bank accounts and 2 lockers were freezed. Further, several property documents were also seized from the premise of K C Nagaraj and Pruthvi N Raj. From the above discussion and information, I have reason to believe that Mr K C Veerendra is involved in money laundering activities as defined u/s 3 of PMLA and as substantial amount of PoC has been generated and laundered which is yet to be traced. As detailed above, hundreds of crores of PoC has been laundered and therefore to trace the remaining PoC, custodial interrogation of Mr K C Veerendra is needed. 6.22 During the course of search being carried out at the hotel premise of K C Veerendra while he was on a business visit to Sikkim along with Arjun, he stated that there is no registered entity in his name in Dubai or abroad. But there is a call centre in the name of my elder brother K.C. Thippeswamy, but he does not know of the operations of the said

company nor does he receive any revenue from it. When asked specifically about his casino operations abroad, he denied running any such casinos in foreign countries.

6.23 It is therefore inferred that even though K C Veerendra with the help of his associates, is actively

involved in operations of online betting websites by luring public, especially those who visit his casinos, and laundering the proceeds so generated by way of gold purchase, real estate, casinos, outward remittances, purchase of assets abroad, and even concealed in the form of cash. As he has out rightly denied any such accusation and shown wilful non-cooperation in investigation, it is essential to take him into custody to determine quantum of proceeds generated and to trace the same.

7 The evidences/documents collected so far indicate that you are still in possession of Proceed of Crime generated through your illegal activities in various cases as mentioned above. You have laundered the POC generated in form of gold, cash and cryptocurrencies. This demonstrates your active involvement in the comprehensive money laundering scheme, encompassing the processes of layering, placement and integration of proceeds of crime.

8 It is also pertinent to mention that you have been arrested by Central Bureau of Investigation in relation to investigation against cricket betting, illegal casino and other illicit activities. You are a habitual offender and a flight risk. You are using multiple residences and alias to evade different law enforcement agencies. It is very difficult to trace you under normal circumstances. This demonstrates an attempt to evade legal proceedings and a non-cooperative attitude.

9 Further, during course of your statement recorded under section 17 of PMLA you are not providing clear

information and answers to the questions posed to him. You are evasive in your replies. Such deliberate non-cooperation has hindered the investigation by preventing disclosure of crucial facts and information.

10 You are evading the investigation and trying to derail the same by not providing the complete and correct facts which are being asked from you during investigation. The same necessitates the need of yours interrogation on certain crucial aspects of the investigation.

11 Further, there is every possibility, if you are not arrested, there is every likelihood that you may tamper with incriminating evidence available against you and which are in his exclusive knowledge. Further, there is also every possibility that you may attempt to dissuade any person who is acquainted with the facts from disclosing the same to the investigative agency, Consequently, invoking the provisions of Section 19 of PMLA, 2002 has become necessary to ensure a thorough and conclusive investigation.

12 That on the basis of investigation carried out and evidences collected so far & material in possession of this Directorate, it is revealed that you are guilty of offence of money-laundering as defined under Section 3 of PMLA 2002 and punishable under Section 4 of PMLA 2002. You have directly attempted to indulge, knowingly assist, is knowingly a party and is actually involved in process or activity connected with the proceeds of crime and projecting it as untainted property.

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13 In view of the material available on record and circumstances stated above, you are in possession of Proceed of Crime generated through your illegal activities in various cases as mentioned above. You have laundered the POC generated in form of gold, cash and cryptocurrencies. You have directly attempted to indulge, knowingly assist, is knowingly a party and is actually involved in process or activity connected with the proceeds of crime and projecting it as untainted property and is guilty of an offence of money laundering.

14 You have generated POC by operating illegall cricket betting and online gaming sites. Further you have laundered the PoC so generated through the entities of your associates like Ramani, Khattar, Anil Gowda, Sandeep Mehta. Further you have purchased various movable and immovable properties from the POC. You have also laundered PoC through your casinos. Therefore, you are guilty of offense of Money Laundering.

15 That it is most respectfully submitted that, the custodial interrogation, which is qualitatively more elicitation-oriented, of yours is absolutely necessary in this case as there are many aspects which need to be investigated and you have been totally non cooperative, evasive and misleading during the investigation conducted till now. Interrogation is required to unearth the trail of funds, for corroboration and confrontation with other persons involved in the case.

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16 Therefore, I have reasons to believe that you are guilty of the offence of money-laundering as defined under Section 3 of PMLA, 2002 which is punishable under Section 4 of the Act ibid as you have been found to be knowingly involved in the process and activities connected with the proceeds of crime including its acquisition, possession,

concealment, use and projecting and claiming the same as untainted property. Therefore, you are arrested under Section 19 of PMLA, 2002 on 23.08.2025 at 07:26 hours.

I have been read over and informed of the grounds of arrest.

Sd/-

SIGNATURE OF THE ARRESTEE I have been intimated about my rights as laid down by the Hon'ble Supreme Court of India in the case of D.K. Basu V.s. State of West Bengal with regard to the rights of arrestee person. Smt Chaitra, w/o Shri K.C. Veerendra has been informed about his arrest at phone number 9108411003 at 07:26 hours (time) on 23.08.2025.

Sd/-

SIGNATURE OF THE ARRESTEE Sd/-

INVESTIGATING/ARRESTING OFFICER Witness:"

4. The reasons to believe for invoking Section 19 of the PMLA, 2002 as recorded by the authorities reads as under:

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"Reasons To Believe for invoking section 19 of PMLA, ECIR/BGZO/19/2025

1. FIR Details:

It is submitted that FIR No. 215/2022 dated 24.10.2022 was registered at Davanagere Extention Police Station, Davanagere District, FIR No.435/2016 dated 29.10.2016, FIR No.60/2015 dated 06.03.2015 and FIR No.0064/2011 dated 02.03.2011 were registered at Challakere Police Station, Chitradurga District against Mr. K C Veerendra and others u/s 506, 420 and 34 of Indian Penal Code 1860, u/s 66 of Information Technology Act, 2000 and U/s-78 (A)(vi), 78(3), 79 & 80 of Karnataka Police Act, 1963.

2. Gist of FIRs:

2.1. FIR No. 0064/2011 dated 02.03.2011 registered at Challakere Police Station, Chitradurga District, Information Technology Act 2000 u/s [66], IPC 1860 u/s [420], Karnataka Police Act, 1963 u/s [79], [80] Accused:

- Ramesha
- Vikki @ Mobile Shop Vikki
- KC Veerendra @ Pappi S/o Late k Channabasappa

- KB Nagaraja S/o Kenganna

FIR Contents: As per the FIR No. 0064/2011 dated 02.03.2011 registered at Challakere Police Station,

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Chitradurga District, on 02.03.2011 at 05.15 pm, at the residence of one of the accused K.C. Veerendra in Veerabhadraswamy Layout, Challakere Town, Veerendra along with the other accused Nagaraja was watching the live broadcast of the World Cup Cricket match between England and Ireland on TV and were talking to bettors and customers through mobile phones. The accused persons were alleged to have been deceiving people by betting money on cricket and engaging in illegal gambling.

Chargesheet Contents:

As per the chargesheet filed in the FIR No.0064/2011 dated 02.03.2011 registered at Challakere Police Station, Chitradurga District, in the residence of Veerendra, the first accused Veerendra and the second accused Nagaraja were watching the live broadcast of the World Cup Cricket match between England and Ireland on TV and were talking to the bettors and customers through mobile phones and were illegally gambling with people by betting on cricket betting money. In this, the third and fourth accused were also involved in cricket betting and gambling.

2.2. FIR No. 60/2015 dated 06.03.2015 registered at Challakere Police Station, Chitradurga District

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Acts invoked: Information Technology Act 2000 u/s [66], IPC 1860 u/s [420], Karnataka Police Act, 1963 u/s 79,80,78(3) Accused:

• Lokesha • Shrinidhi • Jagadeesh • Ravi Kadappa Angadi • Sharath • Pruthvi • Thippeswamy K C • Sanjaya • Anil FIR Contents:

As per the FIR No. 60/2015 dated 06.03.2015 registered at Challakere Police Station, Chitradurga District, on 06.03.2015, the accused persons who were in the house rented by K.C. Thippeswamy, behind Vishwanath's complex in Nanniwala village on Bhanashankari Road, Sangolli Rayanna Circle, Challakere Town, contacted the public online and took money from the public as a stake for cricket betting and gambling and cheated the public by playing lucky gambling of winning and losing. On the information of the Honourable Chitradurga District Police Superintendent, the police raided the cricket betting and

gambling racket and arrested the nine accused persons. When the accused were questioned, it was found that the accused were conducting cricket betting and gambling on behalf

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of K.C. Virendra @ Pappy, son of Late Channabasappa, Resident of Challakere Town near Veerabhadraswamy Temple, and take money from the public on his behalf.

2.3. FIR No. 435/2016 dated 29.10.2016 registered at Challakere Police Station, Chitradurga District Acts invoked: IPC 1860 u/s [420], Karnataka Police Act, 1963 u/s 78(3) Accused:

- Rajesha c s
- Sidrameshwara aliyas Sidrama

FIR Contents:

As per the FIR No. 435/2016 dated 29.10.2016 registered at Challakere Police Station, Chitradurga District, on 29.10.2016 at 6.30 PM, the police received a certain information from an informant that the accused persons were cheating the innocent public by betting money on the India-New Zealand international cricket tournament on the 5th cross of S.R. Road, Challakere Town, Gandhinagar, in front of Mallikarjuna Medical Shop. On the basis of the information received, the police informed the Hon'ble S.P. regarding the India-New Zealand international cricket tournament, and voluntarily filed a case on behalf of the government at 6:40 PM to conduct a raid and subsequently arrested the said accused persons who were involved in the cricket betting.

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Chargesheet Contents:

As per the chargesheet filed in the FIR No.435/2016 dated 29.10.2016 registered at Challakere Police Station, Chitradurga District, on 29.10.2016 at 07:15 P.M., in public place on the roadside in front of Mr. Mallikarjuna Medical Shop near the 5th cross of the road at Gandhinagar, Challakere Town, the accused A-1 and A-2, were playing illegal cricket betting and gambling by betting money from the public for and against the cricket playing countries during the last one-day international match between India and New Zealand. When the police went to catch the accused, the first accused was caught and the second accused had fled from the spot. The money and items used by the accused for cricket betting and gambling were seized.

2.4. FIR No. 215/2022 dated 24.10.2022 registered at Davanagere Extention Police Station, Davanagere District Acts invoked: IPC 1860 u/s [506,420,34], Karnataka Police Act, 1963 u/s 78 (A)(vi)) Accused:

• Kiran R/o Taralabalu Layout, Davangere, • Chetan Mamata, owner of the hotel, • Surajkutty, • Veerendra, @ Pappy, Challakere Town, and others

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FIR Contents:

As per the FIR No. 215/2022 dated 24.10.2022 registered at Davanagere Extention Police Station, Davanagere District, the complainant Venkatesh H was persuaded by one of the accused persons Mr. Kiran, to download a cricket betting application i.e., satexh.com/m/sport/4/e/3/ and satexh.com/ m/login and they obtained his login credentials along with Rs.1 Lakh to bet on his behalf. They insisted the complainant to play betting game, whenever the cricket match betting is being fixed, by using his username and password and by logging to the said application. In this way, the complainant had lost around Rs.3 Lakh rupees in cricket betting by giving the said amount to the accused.

Chargesheet Contents:

As per the chargesheet filed in FIR No. 215/2022 dated 24.10.2022 registered at Davanagere Extention Police Station, Davanagere District, the complainant Venkatesh H was told by the first accused Kiran Kumar to handover money related to cricket betting to the brother of first accused, Kishore (A-5). When the fifth accused Kishore came to collect Rs.80 thousand from the complainant, the police raided him and seized 07 lakhs in cash and 01 bike used for betting and arrested him. A pocket note book related to betting was seized from the first accused.

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3. Details of the scheduled offence:

Out of the invoked sections in the aforesaid FIRs, the offence under section 420 of IPC 1860 (under the FATF category - Fraud) is a Scheduled Offence as defined in terms of Section 2(1)(x) & (y) of the PMLA, 2002.

4. Recording of ECIR:

4.1. Upon perusal of the FIRs registered in Challakere and Davangere districts of Karnataka, it is noticed that since almost a decade, one Mr. KC Veerendra in collusion with his associates is alleged to have conducting online cricket betting and gambling, by persuading the public to download online cricket betting application and inducing them with profits.

4.2. In this regard, out of the invoked sections in the aforesaid FIRs, as the offence under section 420 of IPC 1860 (under the FATF category -

Fraud) is a Scheduled Offence as defined in terms of Section 2(1)(x) & (y) of the PMLA, 2002, ECIR dated 22.07.2025 has been recorded vide no. BGZO/19/2025.

4.3. As per the facts mentioned in 2022 bail rejection order, accused persons persuaded public to first play online cricket betting on satexch.com and then later once accused lost money, would further persuade them to try their luck at Goa

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Casinos owned by K C Veerendra and Suraj from Davangere.

4.4. The said Suraj is co-partner with K C Veerendra in Asvsa Enterprises LLP along with his brother K C Thippeswamy, his nephew Pruthvi N Raj and Anil Gowda. The said company is found to have remitted funds abroad in name of professional services.

4.5. As per the information on public domain, it is noticed that there is a website by name and style https://puppysworld.com/ which hosts multiple casino businesses in Goa/Sri Lanka/Nepal by names - Casino Gold, Ocean 7, Casino pride, Casino Rivers and Big Daddy being in Goa, Casino Marina (in Sri Lanka), Casino Pride Nepal, and Casino Jewel (Georgia). The website of Casino Marina Sri Lanka revealed Marina888.comsports betting website of which K C Veerendra is handling operations as per his media posts.

4.6. Further social media posts of K C Veerendra were analysed and the same revealed that multiple comments on his posts accused him of running fraudulent online games, especially website in the name of King 567. Several accusations about youth committing suicide, being forced to leave their towns, against voting him in power due to him running these gaming and betting websites have emerged through

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K C Veerendra's social media analysis. Screenshots of some of the posts are as under

:

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4.7. During such scanning of posts, the main vehicle no. KA45N0003, being primarily used by Mr. KC Veerendra, is found to be registered in the name of a company by name Simtech IT Solution Private Limited.

4.8. Further, it is gathered that one Mrs. Neha Tandon, is the majority shareholder and one of the Directors of the said company Simtech IT Solution Private Limited. Mrs. Neha Tandon is the wife of Mr. Gulshan Khattar, who has taken over Fonepaisa Payment Solutions Private Limited company in March 2021. This office is in receipt of two different complaints alleging that illegal casino sites like King567, playexch567 etc. are using the

Payment Gateway Company by name Fonepaisa Payment Solutions Private Limited handled by

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Mr. Gulshan Khattar. They further stated that huge money was transferred to Dubai.

4.9. Another FIR No.978/2022 dated 19.12.2022 registered by PS Cyber Crime, Cyberabad related to a cyber-scam in the guise of online gaming and betting using bogus websites. LEA findings revealed that Mr. Nitin Tandon and Mr. Naresh Tandon (father of Neha Tandon) in connivance of some unknown foreign nationals started various online gaming and betting websites viz. king567.com, lion567.com, cric247.co, fairplay1.co, india24bet.com, 24betting.com, hotsports.com, mint999.com and jeetodaily.com, through which they lure innocent general public into high winning profits. These websites are hosted and operated from abroad and the winners and losers are manipulated by the accused in such a manner to make innocent people believe they are winning initially to win their trust and get them to deposit more funds.

4.10. Search on ICJS portal revealed that there are two FIRs - FIR No. 1592/2024 dated 19.03.2024 was registered by Cyber Crimes PS, Cyberabad, Telangana and FIR No. 218/2022 dated 06.07.2022 was registered by Harohalli PS, Bengaluru South, registered against the said Fonepaisa company and its directors.

4.11. As per the FIR No. 1592/2024 dated 19.03.2024 registered by Cyber Crimes PS, Cyberabad, Telangana, the complainant Mr. Motupalli Damodar Naveen Kumar, transferred

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around Rs.11,50,000/- in different intervals from his ICICI bank account to FONEPAISA merchant for online gaming at INDIA24bet.com and KING567.com. He mentioned that he won few games and money was shown in his account in virtual, but when he requested for withdrawal, they have blocked him and didn't process his withdrawal requests. Further he realised that it is fraud and that he lost amount to FONEPAISA gateway, INDIA24bet.com and KING567.com sites.

4.12. As per the FIR 218/2022 dated 06.07.2022 registered by Harohalli PS, Bengaluru South, the complainant got lured by the provocative advertisements about the Bettin Exchange company and accordingly registered on the app. While playing the game on the Bettin Exchange gaming application, it asked for payment. Accordingly, the complainant transferred Rs.30,000/- through UPI banking. It was alleged in the FIR that the money sent to Bettin Exchange gaming application was transferred through Fonepaisa company, which was using the said application to make illegal payments from the general public and was running online casinos. Further, the complainant mentioned that when he tried to withdraw

his money from the said gaming app, the money was credited to the complainant's account through Feb Fashionz company and Light Speed Webso companies. Hence, the complainant alleges that the aforesaid gaming app is pooling amounts from public using the Fonepaisa company

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and the aforesaid 3rd party companies and cheating the public.

From the above mentioned FIRs, it is clear that Mr K C Veerendra is generating Proceeds of crime from the illegal cricket betting and online gaming apps and websites.

4.13. Further that as reported by FIU, KC Veerendra has earlier also used this modus operando to get vehicles funded by companies linked to his illicit activities. After his arrest in CBI case FIR RC26(A)/2016, it was reported that KC Veerendra has taken names in CBI probe, linking alleged hawala operators with his cricket betting, casino and other businesses. The said Simtech company had funded his new Mercedes GL 350 TDI amounting to Rs.75 Lakhs bearing registration no. KA51MK0003. It can therefore be inferred that K C Veerendra is linked to and is a beneficiary of the said illicit proceeds generated from running these online betting websites, as Simtech has funded the vehicle detailed above.

4.14. Anil Gowda is partner with K C Veerendra in Asvsa Enterprises. It is noteworthy that a company names Diamond Softech of Abhijeet Sajjan is shown as a client for Krsnaa Advisory. Further that K C Veerendra and Gulshan Khattar are frequently in touch with this Dubai based Krsnaa Capital number of Anil Gowda. Mr Anil Gowda is partner in several companies, especially ABH Infrastructures which are registered in Bangalore at the same address. Further vehicle

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bearing No. KA55P0003 of Rs. 1.1 crores purchase being used by K C Veerendra is found to be registered by ABH Infrastructures. Thus, it can be inferred that KC Veerendra is linked with and has received benefits of laundering the proceeds generated out of illicit betting and gambling activities.

4.15. One of the social media posts had provided numbers of the persons running the illegal website King567. One of them belonged to K C Veerendra and the other one "Appu My Son" number 9900947399. This number belongs to Pruthvi N Raj. The registered address of Pruthvi N Raj is King Street, 5/6/7, Rathna Nilaya, Old Town Challekere. It appears that the said website is in the name of house of the said Pruthvi Raj.

4.16. Statement of one Nobel Ramani recorded before ED HYZO in relation to investigation with respect to the above mentioned FIR, revealed that he was providing payout services to the said illegal gaming websites King567 etc. through his companies Raiman Associates, Instape Tech etc. at the instance of one Mr. Abhijith Nagarajappa Sajjan., Ganesha Nageshappa, one Appu, is the son of the actual owner and that all these three belong to Chitradurga, Karnataka. That the contact numbers of the aforesaid persons - Abhijith Nagarajappa Sajjan, Ganesha Nageshappa, Raju and Pappu, available with him are +447746925530 (along with Indian number

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9886669511), +971543732499, +971563412567 and +971527589567 respectively.

5. Addendum to ECIR Accordingly, based on above mentioned facts, competent authority approved the addendum to ECIR to include FIR No. 1592/2024 dated 19.03.2024 registered by Cyber Crimes PS, Cyberabad, Telangana, and FIR 218/2022 dated 06.07.2022 registered by Harohalli PS, Bengaluru South,

6. Outcome of search proceedings: -

6.1. During the course of search proceedings, Shri Gulshan Khattar stated that King567 was the online betting app controlled by Mr. Pruthvi N Raj @ Appu, who is the close relative of Mr K C Veerendra (Pappy). He knew the said Appu since 5 years, whom he met in Majestic Pride Casino where he stated that he is operating one online betting app King567 and requested me to provide the services of payment gateway to the said app and he accepted the proposal. The commission for all module transactions was fixed at 2%. He also stated that the turnover of the said companies was around Rs. 500 crores between April 2021 to October 2022.

6.2. He stated that Mr K C Veerendra operates casinos in Goa. He used to share the KYC like name and contact number of the persons, who visited his casinos in Goa with the team of king567 who used to approach those customers and explain about the online betting app. Thereafter,

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they started betting through king567 application and the payments were processed through my payment gateway company. King567 application was controlled by both Mr K C Veerendra alias Pappy and Mr Appu and they are the beneficial owners of this application.

6.3. He further stated that the Vehicle No. KA45N003 was funded by me through

M/s Simtech IT Solutions Pvt Ltd. This was facilitated at the request of Mr. K C Veerendra. Neha Tandon also confirmed during course of her statement recorded during search that she draws salary as a Director of M/s Simtech IT Solutions but Gulshan Khattar was controlling the affairs. Documents seized from Gulshan Khattar's car on day of search further corroborates the fact that he is involved in arranging mule accounts for the said layering of funds. Statement of Mr Khatter clearly establishes that Mr K C Veerendra is not only generating PoC through online gaming websites but also laundering the PoC with the help of entities controlled by Mr Khattar.

6.4. During course of search proceedings, Nobel Samson Ramani stated that he incorporated Instape Technologies Pvt. Ltd. in August 2022 particularly for salary disbursement services for corporate firms employing contractual staff all constituting e-commerce. The business operations of both companies commenced only in April 2023, when three individuals--Mr. Stephen, Mr. Raju and

Mr. Ganesh of JOYPAY approached him, stating that they were engaged in online retail and e- commerce activities and required support for payment collection and disbursement services. The above said JOYPAY is owned by one Sh. KC Veerendra native of Chitradurga. He is into business of casinos and online gaming gambling/betting who runs the said business all over the world including India.

6.5. He stated that K C Veerendra and his family members were controlling JOYPAY and they asked us to carry on the disbursement of the funds so that funds so disbursed may be layered and source of funds and its end is not ascertained. We agreed to provide payment disbursement services, since such services only require a Nodal Account or a Technical Service Provider (TSP) account and they agreed to pay hefty commission for that. Furthermore, that Abhijith Nagarajappa Sajjan, Mr. Ganesh, and pappy are all originally from Chitradurga, Karnataka. Statement of Mr Ramani also establishes that Mr K C Veerendra and his family members had generated PoC and layered and laundered the same through the entities controlled by Mr Ramani.

6.6. During the course of search proceedings, Shri Sandeep Mehta stated that he was introduced to K C Veerendra through one Suraj P and that he used to book tickets for K C Veerendra, along with his associate Mr Arjun N., Mr. Harshwardhan, Mr. Ajit Mitta. K.C. Veerendra has casino businesses in

Goa (under the name Casino Pride, Puppy's Gold, Ocean Seven and Casino River) and in Srilanka (Puppy's Merino Casino) and has many other firms like Rathna Gaming, Rathna Solutions, Puppy's Tours & Travels etc. Apart from this, Mr. KC Veerendra is also running

his online gaming business and back office of casinos (in India and Sri Lanka) in Dubai, UAE, however, Mr. Prithvi Nagaraju (+971527589567) is the suitable person to provide the exact details he the only person who can provide the exact details of his Dubai business.

6.7. He further stated that initially Mr. KC Veerendra used to pay through bank account, however, somewhere in 2022-23, when his Kavitha Tours and Travels, Karnataka Bank account was freezed by the bank, then, K C Veerendra started to pay me in cash mode. On being asked, I state that the associates of Mr. KC Veerendra namely Manjunath (Mob - 9845122799) and Siddharth (Mob - 9980453313) used to deposit the cash from Challakere, Chitradurga, Karnataka in Kavitha Tours & Travels bank account. Manjunath is the relative of KC Veerendra and Mr. Siddhartha is the assistant of Mr. KC Veerendra. He stated that his firms' Karnataka Bank account was freezed due to payments received from KC Veerendra's Dubai based entities in the garb of ticket payments. To his understanding, these payments were the proceeds generated through online gaming and betting. Further the bank account of another firm

"Tripjack" was also freezed by Police as I further transferred the funds to them towards payment.

6.8. He further stated that Mr. KC Veerendra used to pay him in cash and the said cash was deposited from Challakere, Chitradurga, Karnataka. That, after depositing the cash in his firm's bank account, KCV's men used to send the image of the deposit slip in the said WhatsApp group 'KCV Flights & Hotel Booki'. He also stated that Mr. KC Veerendra has his online gaming and betting business based in Dubai which has more than 100 employees employed for this purpose.

6.9. He stated that he is aware of the name of Kings567 and gamexch567 as these were the betting app of KC Veerendra used for online gaming and betting. He heard of these names either Mr. Arjun or Mr. Prithvi used these terms on mobile conversation in Puppy's Tours & Travels' office in Goa.

6.10. During the course of search proceedings, Shri Anil Gowda, business partner of KC Veerendra stated that an email from acctsabh18@gmail.com was also retrieved from his phone which was related to a consultancy fee paid to explore the possibility of getting a global gaming license paid by the Ratna Group of Shri K C Veerendra in 2021. He stated that he took a proposal with quotation on behalf of Shri KC Veerendra for development of casino website to obtain the license from International Gaming Authorities. M/s Mirax Management Ltd Bilize is a Europe Based

technology development company and the quotation given by M/s Mirax Management Ltd Bilize was not considered and the said proposal was dropped by the client.

6.11. On being shown multiple conversations with a particular email id noreply.ezugi@gmail.com, he stated that Ezugi is the gaming technology provider based in Europe. This entity provides live game APIs over internet to the users across the world including India. Online Betting Apps King567, Raja567 are developed by Ezugi and hosted in the Internet by Ezugi. King567/Raja567 and such apps controlled by Shri KC Veerendra target customers predominantly in India, Sri Lanka and various other parts of the world. King567, Rajas67 host Indian oriented games such as Andar Bahar, Teenpatti etc. People can bet on these apps over Internet. The betting amounts are collected through various payment gateways. Shri KC Veerendra entered into this online betting app field in the year 2021-22.

6.12. Shri Gulshan Kattar, who is the owner of Fonepaisa payment gateway introduced Ezugi based platforms to Shri K C Veerendra and his brother, Shri Tippeswamy. Online betting apps King567, Raja567 etc. were hosted by Ezugi, the payment gateways to these betting apps were provided by Shri Gulshan Kattar. Reports of the same platforms are received through Email from the Ezugi to whichever Email ID provided by Shri KC Veerendra & Shri Thippeswamy. Reports of the

same platforms are received through Email from the Ezugi to whichever Email ID provided by Shri KC Veerendra & Shri Thippeswamy. He stated that Gulshan Kattar used to interact with the Ezugi for providing the platform to betting apps King567 & Raja567.

6.13. On being shown the printouts of the Emails generated from the Email ID pertain to King567, Rajas67 online betting, he stated that as far as he knows these online betting is controlled by Shri KC Veerendra in association with other family members. Statistics details contains Net Gaming Revene(NGR), Total Stake, Unique players, withdrawals etc., The average NGR per month used to be 20-25 crore per month which was received through the payment gateways devised by Gulshan Khattar. This amount is routed and layered by Shri Gulshan Kattar and paid to Shri KC Veerendra & Shri Tippeswamy predominantly in cash in India & abroad. Exact details of the same has to be told by Shri Gulshan Kattar only, who is a resident of RT Nagar, Bangalore and business associate of Thippeswamy. He provided the products and payment gateways to the betting apps King567 & Raja567.

6.14. The revenue from the online betting is divided amongst Shri KC Veerendra, Shri Tippeswamy and other family members who are involved in the betting business. The statistics reports pertaining to the online betting apps are received by Shri Tippeswamy and Amulya. Online

betting business was controlled on a day to day basis by Shri Tippeswamy, Amulya, Veerendra and Abhijeet. The net income received by Shri KC Veerendra after all the division of profits and expenses is around Rs. 10 crores.

6.15. He stated that Shri Thippeswamy is the brother of K C Veerendra. He manages the online betting business from Dubai, UAE. He resides in a villa at Shobha Heartland, Dubai and also has other properties in Dubai. Online betting business in India is promoted through the employees of casinos owned by Shri K C Veerendra. For the support activities., call centre, customer services are undertaken from the business entities located in Dubai. These entities are normally incorporated in the name of employees of these business entities in Dubai. Names of these entities are Diamond Softtech, Prime9 technologies, Mindscope call centre services etc., Overseeing of the online betting finance department is undertaken by Amulya Suresha who is also the niece of Shri KC Veerendra.

6.16. Several statements and evidences unearthed during the search also revealed proceeds of crime being laundered through various routes and also being sent outside the country. During the course of search proceedings, Anil Gowda stated that K C Veerendra has two casinos abroad in Sri Lanka and Nepal. Anil Gowda stated that the casino in Sri Lanka is rebranded as Puppy's Marina and operated by Shri K C Veerendra since January,

2024. The said casino is actually owned by an entity namely RHE, Sri Lankan entity. The profit earned from the said casino is shared between K C Veerendra, Thippeswamy, and Anil Gowda among others. That in respect of legal services provided by Krsnaa Legal in India, Anil Gowda receives the remuneration in cash. In respect of the legal services provided by his firm abroad, he receives the amount in his Bank account held at Meshreq Neo Biz Bank. Further, he also said that the brother K C Thippeswamy of the accused is operating 3 business entities from Dubai viz. Diamond Softech, TRS Technologies, Prime9Technologies and that these entities are related to the call centre services and gaming business of K C Veerendra.

6.17. When asked about ASVSA Enterprises LLP, he stated that he was a partner till 2022 whereafter he relinquished all his shares to Mr Suraj in 2022. Presently, it is owned by Mr Tippeswamy, Veerendra, Suraj and Prithvi. Consultancy fee of approx. Euro 25,000 was paid for exploring gaming business opportunities across the world.

6.18. He stated that on his advise, during the year 2021, KC Veerendra opened KC Boston Technologies, Roversoftech and Sky High Software Solutions Limited in Cyprus and Curacao. He further said that the beneficial owners of these companies are K C Thippeswamy, Prihvi and Suraj. The following "Business Plan" for a Cuarcao based

company for laundering funds by K C Veerendra and his associates, was retrieved from the phone of Latha Yadav, "care-taker" of K C Veerendra's Bangalore premise, during the course of search proceedings: -

COMPANY STRUCTURE KC BOSTON TECHNOLOGIES, Cyprus CURACAO COMPANY DIRECTOR S

1.KC VEERENDRA 2. KC THIPPESWAMY

3. ANIL GOWDA H 4. PALLATHYA SURAJ

5.PRITHVINRAJ

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6.19. Gautham Chand Mehta, father of Sandeep Mehta also stated that his accounts of Kavitha Tours and Travels LLP were frozen due to funds remitted from abroad. Sandeep Mehta stated that till the freezing of such accounts by police, he used to receive funds diverted from online betting collections in his bank account. Thereafter, K C Veerendra would deposit cash slips in his bank account for providing ticket booking services.

6.20. As stated by Gulshan Khattar, Nobel Samson Ramani and Anil Gowda, more than thousands of crores of rupees are being collected, in a very short span of time, from such illicit online betting websites and laundered by K C Veerendra and his associates in this way.

Therefore, it can be inferred proceeds of crime generated are being laundered successfully by K C Veerendra with the help of his associates both within and outside India.

6.21. Further, during the course of search proceedings, an amount of above Rs. 10 crores in cash and Gold Jewellery worth Rs. 5.5 crores, Silver around 10 kgs, along with four vehicles was seized under PMLA, 2002. Further, 17 bank accounts and 2 lockers were freezed. Further, several property documents were also seized from the premise of K C Nagaraj and Pruthvi N Raj. From the above discussion and information, I have reason to believe that Mr K C Veerendra is involved in money laundering activities as defined u/s 3 of PMLA and as substantial amount of PoC

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has been generated and laundered which is yet to be traced. As detailed above, hundreds of crores of PoC has been laundered and therefore to trace the remaining PoC, custodial interrogation of Mr K C Veerendra is needed.

6.22. During the course of search being carried out at the hotel premise of K C Veerendra while he was on a business visit to Sikkim along with Arjun, he stated that there is no registered entity in his name in Dubai or abroad. But there is a call centre in the name of my elder brother K.C.Thippeswamy, but he does not know of the operations of the said company nor does he receive any revenue from it. When asked specifically about his casino operations abroad, he denied running any such casinos in foreign countries.

6.23. It is therefore inferred that even though K C Veerendra with the help of his associates, is actively involved in operations of online betting websites by luring public, especially those who visit his casinos, and laundering the proceeds so generated by way of gold

purchase, real estate, casinos, outward remittances, purchase of assets abroad, and even concealed in the form of cash. As he has out rightly denied any such accusation and shown wilful non-cooperation in investigation, it is essential to take him into custody to determine quantum of proceeds generated and to trace the same."

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5. The case of the petitioner is that, when the ECIR was registered and the grounds of arrest and reasons to believe for invoking Section 19 of the PMLA, 2002 were supplied to the petitioner, the same were initially done based on the information that respondent had in relation to the following FIRs:

a. FIR No.64/2011 registered by Challakere Police Station; b. FIR No.60/2015 registered by Challakere Police Station; c. FIR.No.435/2016 registered by Challakere Police Station;

d. R.C. 26(A)/2016 registered by CBI, Bangalore; e. FIR No.215/2022 registered by Davanagere Extension Police Station.

6. It is submitted that the proceedings under the aforementioned FIRs have been either quashed or the accused have been acquitted. It is further submitted that the husband of the petitioner was named only in FIR No.64/2011, wherein, he has been acquitted and in FIR No.215/2022, his name has been dropped from the chargesheet.

7. It is further submitted that, subsequently, by way of addendum in reasons to believe for invoking Section 19 of the PMLA, 2002, the authorities have mentioned the proceedings in FIR No.1592/2024 registered by Cyber Crime Police Station, Cyberabad and FIR No.218/2022 registered by

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Harohalli Police Station, Ramanagara. It is further submitted that, even in FIR No.1592/2024, the husband of the petitioner was not named in the FIR and the case has been settled between the parties. In case of FIR No.218/2022, it is submitted that husband of the petitioner has not been named in the FIR and a 'B' report has been filed by the investigating agency stating that the matter appears to be a civil dispute to a tune of Rs.30,000/- only. It is also submitted that, the investigation done in the said case does not implicate the husband of the petitioner in any manner whatsoever and that there are no incriminating materials against him which is found by the prosecution. Under the circumstances, it is submitted that the authorities have no ground to register a case under the provisions of the PMLA, 2002 against the husband of the petitioner and arrest him.

8. Per contra, the respondent submits that all the aforementioned FIRs have been registered pursuant to allegation of cheating made against various persons and in some cases against the husband of the petitioner himself. It is submitted that preliminary enquiry revealed that

the husband of the petitioner is involved in fraudulent activities of illegal online betting and gambling websites. It is submitted that,

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online betting and gambling websites have been registered in foreign countries and in India and run by different persons having connections with the husband of the petitioner and he is the main person controlling the same. The algorithms of the betting apps are structured in a manner that initially a person gambling on the website makes money and he is lured to make larger investments and thereafter he loses money. It is submitted that this is nothing but cheating which is a scheduled offence under the PMLA, 2002 and the husband of the petitioner is the recipient of the tainted money (proceeds of the crime) earned through these online betting apps.

9. It is submitted that few individuals who have been so cheated have lodged the complaints, based on which, FIRs as mentioned above have been registered. It is submitted that the said FIRs have been registered by private individuals only in respect of the money that they have been individually cheated. But investigation of the cases has revealed a larger network of several individuals and companies of which the husband of the petitioner is the kingpin and that it is a huge racket and huge money is generated in the betting apps by cheating several persons who play the same and the husband of the petitioner herein is the recipient of the said tainted

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money, which runs into several crores. It is submitted that the ingredients described in the cases being investigated calls for registering a case under the PMLA, 2002, and hence, an ECIR has been registered against the husband of the petitioner and he has been arrested in accordance with law. On the said grounds, it is prayed that the petition may be dismissed.

10. The question that arises for consideration in the instant petition is, whether there exists a predicate scheduled offence as contemplated under the PMLA, 2002, which enables the respondent to register an ECIR and whether there is sufficient material in possession of the respondent which gives him sufficient reason to believe that the husband of the petitioner is guilty of an offence punishable under the PMLA, 2002, as contemplated under Section 19 of the PMLA, 2002, because of which he has been arrested.

11. Section 3 of the PMLA, 2002 reads as under:

"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,-

(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:-

(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 of acquisition or use or projecting it as untainted property or claiming it as untainted property in any manner whatsoever."

12. Section 2(1)(u) of the PMLA, 2002 defines "proceeds of crime", which reads as follows:

"(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

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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;"

13. Section 19 of the PMLA, 2002 reads as under:

"19. Power to arrest.-(1) If the Director, Deputy Director, Assistant Director or any other officer authorized in this behalf by the Central Government by general or special order, has on the basis of material in his possession reason to believe (the reason for such belief to be recorded in writing) that any person has been guilty of an offence punishable under this Act, he may arrest such person and shall, as soon as may be, inform him of the grounds for such arrest.

(2) The Director, Deputy Director, Assistant Director or any other officer shall, immediately after arrest of such person under sub-section (1), forward a copy of the order, along with the material in his possession, referred to in that sub-section, to the Adjudicating Authority, in a sealed envelope, in the manner, as may be prescribed and such Adjudicating Authority shall keep such order and material for such period, as may be prescribed.

(3) Every person arrested under sub-section (1) shall within twenty-four hours, be taken to a Special Court or Judicial Magistrate or a Metropolitan Magistrate, as the case may be, having jurisdiction:

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Provided that the period of twenty-four hours shall exclude the time necessary for the journey from the place of arrest to the Special Court or Magistrate's Court."

14. Thus, existence of a scheduled offence (predicate offence) is foundational for registration of an ECIR under the PMLA, 2002. Without a scheduled offence, there can be no proceeds of crime. The powers of the Enforcement Directorate are derived from the predicate offence and it arises only if there exists a scheduled offence and there are proceeds of crime generated from that offence, and not otherwise. As per Section 19 of the PMLA, 2002, the proper officer must have reason to believe, that is, he must form an independent opinion based on the material in his possession that the person has been guilty of the offence of money laundering (Section 3 of the PMLA, 2002). Further, the said reasons must be recorded in writing before the arrest and the grounds of arrest must be communicated to the person arrested.

15. 'Reason to believe' means a belief that a reasonable person, acting on the material available, would entertain a belief that the person is guilty of the offence alleged and it cannot be a mere arbitrary opinion.

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16. Thus, in the instant case, for the husband of the petitioner to be arrested, there should have been material with the respondent which shows that the husband of the petitioner has directly or indirectly attempted to indulge or knowingly assisted or knowingly is a party or is actually involved in any process or activity connected with the money derived from a scheduled offence (proceeds of crime), including its concealment, possession, acquisition, or use and projecting or claiming it as untainted property in any manner whatsoever.

17. In the instant case, the FIRs mentioned in the grounds of arrest, the reasons to believe for invoking Section 19 of the PMLA, 2002, mention the scheduled offences that are relied upon by the respondent to proceed against the husband of the petitioner. Of the seven proceedings, only FIR No.218/2022 registered by the Harohalli Police under Sections 419, 420 of IPC read with Section 66 of the Income Tax Act alone is pending and rest of the cases have been closed in favour of the accused therein or the husband of the petitioner.

Under the said circumstances, the only predicate offence which is alive is FIR No.218/2022. In the said case also, 'B' report has been filed, but the same is yet to be accepted by the trial Court.

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18. Thus, though the respondent has mentioned existence of seven criminal proceedings against the husband of the petitioner, six of them having been closed and those FIRs cannot be a ground for proceeding against the husband of the petitioner and arrest him. The respondent has to solely rely upon FIR No.218/2022 registered by the Harohalli Police under Sections 419, 420 of IPC read with Section 66 of the Income Tax Act, as the offence under Sections 419 and 420 of the IPC are scheduled offences.

19. The respondent has produced a copy of the complaint filed in FIR No.218/2022, which reads as under:-

th "Date: 05 July 2022 To, STATION HOUSE OFFICER, HAROHALLI POLICE STATION HAROHALLI RAMNAGAR DISTRICT, From, SATHISH.S S/o M.SHIVALINGAIAH NEAR NAYAK HOSPITAL, HAROHALLI MAIN ROAD, HAROHALLI, RAMANAGAR DISTRICT-562112.

Mobile:7676787536 Subject: Identity Impersonation, Financial Fraud, and Money Laundering compliant against company fonePaisa Payment Solutions Private Limited who is helping Chinese

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and European Gaming companies and sending funds illegally outside India RESPECTED SIR, My name is Sathish.S S/o M.Shivalingaiah and I'm a citizen of India residing at Harohalli, Ramanagar District. My complaint is against "fonePaisa Payment Solutions Private Limited" and company directors.

Below are the Accused Details Company Name: fonePaisa Payment Solutions Private Limited CIN: U72200KA2014PTC077244 GSTN: 29AACCF5043R1Z3 PAN: AACCF5043R Company.registered address: 4022 SOBHA CHRYSANTHEMUM APARTMENTS, THANISANDRA MAIN ROAD, NEAR HEGDE NAGAR, BANGALORE-560077 Operations: C-30, 2nd floor, Jangpura-B, New Delhi- 110014 Director 1: RAM PAHWA.

Address: 7J, 12th cross, Jayamahal Extension, Benson Town, Bengaluru-560046 Mobile: 8939674188 PAN: BAEPP0661B EMAIL:ram.pahwa@gmail.com,ram@fonepalsa.com Director 2:KARAN SINGH RAWAT, karan@fonepaisa.com CEO 3: RITESH KUMAR S/o Hari Om Shankar Agarwal, Mobile: 9731255422 PAN NO: ACAPA1513E ritesh.agarwal@fonepaisa.com, care@fonepaisa.com During the IPL time and after IPL, I come across a lot of advertisements from a gaming company called "BETIN EXCHANGE", "BETIN EXCHANGE" that promoted their

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company through various marketing channels like social media networks, newsprint, and television advertisements. I was curious about this new platform assuming that is a sports platform also similar to "DREAM 11", so, I registered my user profile at "BETIN EXCHANGE" website online and deposited Rs.30,000 on their website. This amount deposited to check how the platform works, the process involved in accepting the payment and what are they Fantasy games they offer on their platform. When I paid my deposit, as a precaution, I have taken screenshots of my payment deposit for the records and thought that these proofs will help in case my deposit fails but money gets debited from my account. Anyways, my deposit of Rs.30,000 was successful on "BETIN EXCHANGE" platform.A As stated above, I thought, "BETIN EXCHANGE" is a sports fantasy platform like "DREAM11" which is a very popular fantasy gaming platform in India. But "BETIN EXCHANGE" is not a Fantasy sports gaming platform but it's a completely illegal sports betting and online casino gaming platform which is not legal either in India or Karnataka. To my surprise, "BETIN EXCHANGE" doesn't have any registered entities in India and not even registered entity in India but they seems to be successful operating businesses without any local presence. They found a way to get the deposits collected through local payment gateway in India. When I deposited Rs.30,000/- at "BETIN EXCHANGE" website, the amount has been processed through payment gateway called "fonePaisa Payment Solutions Private Limited". I made UPI transactions, payments made supposed to go to "BETIN

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EXCHANGE" but alternatively went to "fonePaisa Payment Solutions Private Limited", and my amount went to the payment gateway directly. This got my attention immediately and felt something wrong, the reason, for example, if we buy anything at Flipkart, the money for the order gets deducted at our account and shows narration that the money has been credited to Flipkart towards the order number. But at "BETIN EXCHANGE", the money I deposited went to the payment gateway directly and this gives scope for the payment gateway to manipulate the bank on settlements. So I decided to try how withdrawals are happening at "BETIN EXCHANGE" so made the first withdrawal of Rs.480 which I received in my ICICI bank account with the "FabFashionz/FONEP" which means "fonePaisa Payment Solutions Private Limited" is using or impersonating other company called "FabFashionz". I was curious and made three more withdrawals valued of

Rs.3500, Rs.2000, and Rs.4000 at "BETIN EXCHANGE". This time again I received Rs.3500 and Rs.2000 with narration "FabFashionz/FONEP" and Rs.4000 received with narration "LightSpeedWebSo\PA". Which means "fonePaisa Payment Solutions Private Limited" is using more than one company or Impersonating on settling withdrawal amount and must be doing the same for collecting deposits on behalf of "BETIN EXCHANGE".

After deposits and withdrawal verification and validating, I played a few games available at "BETIN EXCHANGE" and eventually lost the money I deposited.

I have all the proofs regarding the above situation including transaction details. The main accused and culprit is "fonePaisa Payment Solutions Private Limited", this is

the company knows who is "FabFashionz" and "LightSpeedWebSo" and how this company involved promoting "BETIN EXCHANGE".

That "fonePaisa Payment Solutions Private Limited" made a conspiracy to use 3rd 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 benefit.

That "fonePaisa Payment Solutions Private Limited" is doing such high-risk transactions and used to do this kind of wrongful practices. They might be involved in moving out the funds through their Payout product using their company NODAL bank account to various other accounts on behalf of merchant; showing it as Vendor payments, consultant payments cancelled orders and so on. This is true, as they have used many companies like "FabFashionz" and "LightSpeedWebSo" and so on for the pay-outs purpose.

That "fonePaisa Payment Solutions Private Limited"

knowing fully well fraudulently, dishonestly caused wrongful loss to public citizens, defamed RBI and Govt of India brand reputation, wrongful financial gain to their companies. In order to secure the end of justice and to bring the culprit to the books, it is necessary that the matter is thoroughly investigated by the Police and forged documents and any other documents used/ prepared for the purpose of the commission of such offenses be taken into the possession by the Police.

With respect to the above subject, this is brought to your kind notice that there are quite many companies actively

promoting illegal online betting in India through sudo- channels. All these gaming companies are not based in India, but they operate in the Philippines, China, Korea, Europe and the Middle East. The companies named a few are well known like Dafabet, BetinExchange, etc., These online betting companies uses sudo-channels like Individuals and companies based out of various cities and especially from BANGALORE, DELHI NCR, and MUMBAI regions. These sudo-channels were created for the purpose of

accepting payments from online channels via payment gateways using their company accounts, these company accounts get created using KYC of people with/without their knowledge.

The sudo-channels uses their relationships/connects at various banks/payment service providers/ payment gateways, bribes for getting the approval to do business using the PAYMENT GATEWAY in the name of burning companies and gives the payment gateway credentials/ access details to online betting companies creating WHITE LABLE PAYMENT GATEWAY with various names. For doing this, sudo-channels charge 12% to 15% per txn from the online betting companies. The names of the white label payment gateways keep on changing and also IP address of the same.

That under the circumstances I have left with no option but to approach you.

It is, therefore, requested that an FIR may kindly be registered under relevant sections. I request respected officer to enquire "fonePaisa Payment Solutions Private Limited" online transactions for last 2 years, freeze their

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banking accounts till the enquiry completes and request for strict action as per the law.

I also request the respected officer to seek banking/financial data of "FonePaisa Payment Solutions Private Limited with all respect for the inquiry purpose Thank you and request for your immediate action.

SATHISH.S Attachments with our compliant:

• "fonePaisa Payment Solutions Private Limited"

evidence documents (online payment gateway page, payment processing and confirmation) • "fonePaisa Payment Solutions Private Limited' company legal documents - company registration certificate • "fonePaisa Payment Solutions Private Limited"

company director details • "fone Paisa Payment Solutions Private Limited"

company other documents"

20. The case of the petitioner is that no allegations are made against the husband of the petitioner in the aforementioned complaint and the FIR is not registered against him. It is further contended that he is not involved with any of the Companies or persons named in the aforementioned complaint. It is also submitted that no incriminating material has been found against him pursuant to the said case. It is further submitted that the complaint pertains to only a sum of

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Rs.30,000/- and the accused therein have worked out a compromise with the complainant therein and the said case is essentially a civil case and for that reason, the jurisdictional police have filed a 'B' report. As the husband of the petitioner has got nothing to do with the said FIR, it is submitted that the respondent could not have filed an ECIR against him and proceeded to arrest him.

21. Per contra, the learned counsel for the respondent submits that the fraud that is alleged in the FIR is only a tip of the iceberg and upon investigation, the authorities have stumbled upon a huge racket which involves systematic cheating of several persons by luring them to gamble on the online betting apps by manipulating the algorithms. It is submitted that the preliminary investigation has prima facie proved that the husband of the petitioner controls the persons running the said betting apps and they in fact work for him and the husband of the petitioner is a direct beneficiary of the fraudulent money generated through the said betting apps. It is submitted that it is recorded in the grounds of arrest and it constitutes the sufficient reason to satisfy 'reason to believe' as contemplated in law to arrest the husband of the petitioner. It is also submitted that though the complaint pertains to only a

sum of Rs.30,000/-, the 'proceeds of crime' as per Section 2(1)(u) of the PMLA, 2002 also includes 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. On the said ground, it is contended that proceeds of crime can be over and above what is mentioned in the present FIR.

22. The attention of the Court is also drawn to the object and the preamble of the PMLA, 2002 which reads as under:-

"An Act to prevent money-laundering and to provide for confiscation of property derived from, or involved in, money- laundering and for matters connected therewith or incidental thereto.

WHEREAS the Political Declaration and Global Programme of Action, annexed to the resolution S-17/2 was adopted by the General Assembly of the United Nations at its seventeenth special session on the twenty-third day of February, 1990;

AND WHEREAS the Political Declaration adopted by the Special Session of the United Nations General Assembly held on 8th to 10th June, 1998 calls upon the Member States to adopt national money-laundering legislation and programme;

AND WHEREAS it is considered necessary to implement the aforesaid resolution and the Declaration"

23. It is submitted that in a case like the one on hand, usually complaint is given by very few persons, who are cheated and FIR No.218/2022 is one such instance and the investigation into the same has made the respondent discover a large network of sophisticated criminal activity involving the luring of several persons and cheating them and realising the proceeds of crime which constitutes an offence under the provisions of the PMLA, 2002.

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 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 would be considered by the Court concerned in

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.

Pending I.As., if any, stand disposed of.

Sd/-

(M.I.ARUN) JUDGE PGG/VMB