



IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 23RD DAY OF MARCH, 2026

PRESENT

THE HON'BLE MR. JUSTICE D K SINGH

AND

THE HON'BLE MR. JUSTICE T.M.NADAF

MISCELLANEOUS SECOND APPEAL NO. 233 OF 2025

(PMLA)

BETWEEN:

1. SHRI SANTOSH KUMAR,
S/O. LATE SRIKANTA SHARMA,
AGED ABOUT 41 YEARS,
CHIEF EXECUTIVE OFFICER,
SRI GURU RAGHAVENDRA SAHAKARA BANK
NIYAMITHA, R/A NO. 744, 24TH CROSS,
53TH MAIN, J.P.AGAR,
KUMARASWAMY LAYOUT,
BANGALORE-560078.

...APPELLANT

(BY SRI. KIRAN S. JAVALI, SENIOR COUNSEL FOR
SRI. CHANDRA SHEKARA K., ADVOCATE)

AND:

1. THE DEPUTY DIRECTOR,
DIRECTORATE OF ENFORCEMENT,
3RD FLOOR, B BLOCK, BMTc BUILDING,
SHANTINAGAR TTMC, KH ROAD,
BANGALORE-560027.

...RESPONDENT

THIS MSA IS FILED UNDER SECTION 42 OF THE
PREVENTION OF MONEY LAUNDERING ACT, 2002., PRAYING TO
SET ASIDE THE ORDER DATED 17.07.2025 PASSED BY THE

Digitally
signed by
VASANTHA
KUMAR B K
Location
HC
COURT OF
KARNATAKA



APPELLATE TRIBUNAL, SFEMA AT NEW DELHI IN MP-PMLA/8627/BNG/2021 (STAY) FPA-PMLA-4056/BNG/2021 PASSED BY THE APPELLATE TRIBUNAL, UNDER SAFEMA, NEW DELHI.

THIS APPEAL, COMING ON FOR ADMISSION, THIS DAY, JUDGMENT WAS DELIVERED THEREIN AS UNDER:

CORAM: HON'BLE MR. JUSTICE D K SINGH
and
HON'BLE MR. JUSTICE T.M.NADAF

ORAL JUDGMENT

(PER: HON'BLE MR. JUSTICE D K SINGH)

The present miscellaneous second appeal under Section 42 of the Prevention of Money Laundering Act, 2002 (hereinafter referred to as 'the PMLA') has been filed impugning the order dated 17.07.2025 passed by the Appellate Tribunal under the Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976 (for short, 'the SAFEMA').

2. The appellant had challenged the order dated 10.03.2021 passed by the Adjudicating Authority confirming the Provisional Attachment Order dated 17.09.2020 before the Appellate Tribunal by filing an appeal under Section 26 of the PMLA.



3. The FIR No.69/2020 was registered by the Banaswadi Police Station, Bengaluru on 07.02.2020 against the appellant for the offences punishable under Sections 420, 120-B, 409, 406 read with Section 34 of the Indian Penal Code, 1860 and Section 9 of the Karnataka Protection of Interest of Depositors in Financial Establishments Act, 2004. After filing the FIR, ECIR came to be filed.

4. The fraud is in respect of 2876 loans amounting to Rs.1544.43 Crores. The allegations indicate that a total loan amount of Rs.892.85 Crores was sanctioned only to 24 major beneficiaries including the President and Vice-President of the Financial Institution in contravention of the RBI Guidelines issued on 01.07.2015. The Financial Institution offered high interest rates of 16.3% on institutional deposits and 12.49% on bulk deposits, contradicting the prevailing rates and bank norms. These high interest rates, which were double the standard rates, lured several individuals into investing their hard-earned money in the Financial Institution.

4. The appellants before the Tribunal, in their statement under Section 50(2) and 50(3) of the PMLA, had



admitted playing fraud by opening fictitious accounts without the existence of any person and transferring huge amounts to those fictitious accounts. Sri Santosh Kumar, the appellant herein, who was working as CEO of the bank, himself had admitted the allegations to some extent in his statement recorded under Section 50(2) and 50(3) of the PMLA. An amount of Rs.22,90,829/- and an amount of Rs.34,20,168/- were deposited in two different bank accounts. The appellant did not disclose the source for the said deposits.

5. The submission of the appellants that the attachment order was illegal as the final report was not filed in the predicate offence has been rejected by the Appellate Tribunal. Under the provisions of PMLA, there is no such bar for registering an ECIR and proceeding under the provisions of the PMLA, where the investigating agency suspects money laundering.

6. We do not see any reason to interfere with the well reasoned order passed by the Appellate Tribunal. The appeal is without any merit or substance. Accordingly, it is **dismissed**.



In view of dismissal of the petitions, pending IAs, if any, do not survive for consideration and accordingly, they stand disposed of.

**Sd/-
(D K SINGH)
JUDGE**

**Sd/-
(T.M.NADAF)
JUDGE**

RKA, List No.: 2 SI No.: 1