

**IN THE HIGH COURT OF KARNATAKA AT BENGALURU**

[DIRECTORATE OF ENFORCEMENT VS. DR NATESHA D B]

02.04.2025  
(VIDEO CONFERENCING / PHYSICAL HEARING)



CORAM: HON'BLE THE CHIEF JUSTICE MR. JUSTICE  
N. V. ANJARIA  
and  
HON'BLE MR JUSTICE K. V. ARAVIND

**ORAL ORDER**  
**ON I.A. No.2 OF 2025**

(PER: HON'BLE THE CHIEF JUSTICE  
MR. JUSTICE N. V. ANJARIA)

This Court by order dated 10<sup>th</sup> March 2025 admitted the appeal preferred by the appellant-the Directorate of Enforcement, against judgment and order dated 27<sup>th</sup> January 2025 of learned Single Judge, whereby the writ petition of the respondent-original petitioner came to be allowed.

2. The operative part of the judgment and order of learned Single Judge is as under,

“i. The instant petition is allowed.

ii. The impugned search and seizure conducted at the residence of the petitioner on 28.10.2024 to 29.10.2024 and the subsequent statement recorded under Section 17(1) (f) of PMLA, 2002 is vitiated on

the grounds of absence of 'reason to believe', and is hereby declared invalid and illegal.

iii. The statement recorded under Section 17(1)(f) of PMLA, 2002, is hereby ordered to be retracted.

iv. The impugned summons issued under Section 50 of PMLA, 2002, dated 29.10.2024 and 06.11.2024 and the various statements recorded under Section 50 of the Act are hereby quashed.

v. Liberty is reserved with the petitioner to initiate action under Section 62 of the PMLA, 2002 against the officer concerned before the appropriate forum, as whether the impugned search and seizure is vexatious or not is matter of trial.”

2.1 Now, the present application is filed by the applicant-appellant seeking stay of the order of learned Single Judge. It is prayed as under,

“This Hon’ble Court may be pleased to stay the operation of the order dated 27.01.2025 in W.P. No.32956/2024 (GM-RES) in the interest of equity and justice or in the alternative, in the interim, observe that the impugned order shall not be relied upon by any person in any other proceedings or that the impugned order shall not be treated as a precedent.”

3. A brief prelude of factual background leading to passing of the judgment and order by learned Single Judge would be relevant. The writ petitioner happens to be a former Commissioner of the Mysore Urban Development Authority. A complaint came to be

lodged before the Lokayukta Police alleging large scale illegalities in the matter of allotment of sites by the Mysore Urban Development Authority (MUDA) officials, in which involvement of several influential persons including the political personalities was alleged. It was alleged that the value of the allegedly illegally allotted sites exceeded rupees five thousand crores.

3.1 First Information Report being Crime No.11 of 2024 was registered pursuant to the said complaint, for the offences punishable under Section 420 and 471 of the Indian Penal Code, 1860 and under Section 13(1)(e)(ii) of the Prevention of Corruption Act, 1988. The allegations levelled are that the conduct of the accused persons constituted Scheduled Offences under the Prevention of Money Laundering Act, 2002 and that the allotment of sites for their illegalities fell within the definition of proceeds of crime. The Bangalore Zonal Office of the applicant registered ECIR No.25 of 2024 on 1<sup>st</sup> October 2024.

3.2 Investigation was conducted, search and seizure was carried out in terms of Section 17 of the Prevention of Money Laundering Act, 2002 (PML Act, 2002). During the search proceedings at the residence of the writ petitioner, certain records were seized and

statement under Section 17 of the PML Act was recorded. It is stated that the procedural safeguards under Section 17(2) of the Act were observed, summons under Section 50(2) of the Act was issued.

3.3 The petitioner appeared on 29<sup>th</sup> October 2024 and 8<sup>th</sup> November 2024, when his statements were recorded by the investigators. At this juncture, the petitioner filed the writ petition challenging the investigation process as well as the summons issued to him. The writ petition was allowed and the aforementioned order, now subject matter of the appeal, which is admitted, as stated above, came to be passed,

3.4 As could be seen from the operative part of the order of learned Single Judge, in the first direction, learned Single Judge held that the search and the seizure at the residence of the petitioner and the subsequent statement under Section 17(1)(f) of the PML Act, 2002 stood vitiated on the count, according to learned Single Judge, of absence of 'reason to believe'. In the second directive, statement of the petitioner recorded under Section 17(1)(f) was ordered to be retracted. The summons issued under Section

50 and the statement recorded under the said provision were quashed.

4. Learned Additional Solicitor General of India, Supreme Court Mr. S.V. Raju, appearing through video conferencing with learned Additional Solicitor General of India, Karnataka, Mr. K. Arvind Kamath, present in the Court, assisted by learned special counsel Mr. Zoheb Hossain, through video conferencing and learned special counsel Mr. Madhukar Deshpande for the applicant-Enforcement Directorate, making the Court sail through the facts, highlighted that the case involved serious facts and issues. It was submitted that FIR was registered before the Lokayukta police, Mysore Police Station against Sri Siddaramaiah, his wife Smt. Parvathi, Sri Mallikarjunaswamy, Sri Devaraju and others under Section 120B, 420 of the Indian Penal Code, as also under the Sections 9, 13 of the Prevention of Corruption Act, which are the Scheduled Offences under PML Act.

4.1 It was submitted by the applicant that as per the allegations in the FIR, said Sri Devaraju illegally sold the land to Sri B.M. Mallikarjunaswamy, who happens to be the brother-in-law of Sri Siddaramaiah-the present incumbent in the office of the Chief

Minister of the State. The land was, in turn, gifted to Smt. Parvathi- the wife of Sri Siddaramaiah. The land was notified by MUDA for acquisition for forming the Devaneru Layout; subsequently claim for compensation was made by said Smt. Parvathi against the acquisition of the land by MUDA exerting undue influence of her husband. It was further submitted that 14 alternative sites in Vijayanagar Layout costing approximately Rs.56 crores were allocated to Smt. Parvathi against 3.16 acres of land at Kesare Village.

4.1.1 It was next submitted that the petitioner before learned Single Judge was previous Commissioner of the MUDA. It was submitted that there was sufficient reasons to believe that he had been in possession of proceeds of crime, and if the search is carried out at his premises, it would result into unearthing of proceeds of crime and that the information, etc., should be helpful in further investigation. It was contended that therefore, there was sufficient reason to take out investigation against the petitioner who was the previous Commissioner of MUDA during whose tenure the illegal allotment of sites were made to Smt. B.M. Parvathi.

4.1.2 In a multi-pronged attack on the merits of the judgment of learned Single Judge, following submissions were advanced by learned Additional Solicitor General of India on behalf of the appellant, with erudition, by referring to the memorandum of appeal, pressing for stay of the order of learned Single Judge,

(i) Learned Single Judge applied the principles of Section 19 of the PML Act, while the stage of investigation was referable to Section 17 of the Act, thus committed an apparent error.

(ii) Learned Single Judge misdirected himself in observing thus in paragraph 29 of the order, 'A review of the recorded 'reason to believe' must show that the material available with the Director is sufficient to support the conclusion reached. The conclusions must be based on reasonable evidence...' in as much as at the stage of Section 17, it is the 'information' in possession of the officials would suffice and that the criteria of judicial review extended by learned Single Judge stating that there should be a reasonable evidence is not justified in law.

(iii) Learned Single Judge, in making observations in paragraph 30 of the judgment, read into the Statute the words which are absent. It was submitted that, the very observations in paragraph

33 disclosed that the 'reason to believe' existed and was sufficient to indicate that the respondent had been assisting in generation and acquisition of proceeds of crime.

(iv) It was erroneous to hold that 'reason to believe' must exist on the basis of evidence regarding existence of certain facts without describing what is meant by 'existence of certain facts'. The investigation would have to proceed on the basis of available facts.

(v) It was not correct on the part of learned Single Judge to observe and hold that the applicant agency can summon any person only in case where there is credible evidence that an offence under Section 3 of the Act is committed, for, power to issue summons under Section 50 of the Act and the stage at that juncture does not contemplate examination of credible evidence that an offence is committed. The very fact that the First Information Report was registered in respect of commission of several scheduled offences, leading to allotment of sites was sufficient.

(vi) The Scheduled Offences related to large scale allotment of sites run into more than one thousand in numbers. The case against the respondent relating to 14 sites investigated before the Lokayukta police was only a tip of iceberg.



(vii) In course of the investigation, the appellant-agency discovered existence of large scale proceeds of crime involving various officials of Mysore Urban Development Authority, the officers attached to government departments and the private individuals dealing in real estate business having nexus with influential persons. There was a definite criminal activity on the part of respondent which generated proceeds of crime, and that it requires further investigation for the money trail in proceeds of crime.

4.1.3 Learned Additional Solicitor General of India relied on the decision of the Supreme Court in **Vijay Madanlal Choudhary and others vs. Union of India [2022 SCC Online SC 929]**, more particularly, the observations in paragraphs 429 to 431 thereof to submit that the persons summoned under Section 50 of the PML Act, need not have the character of an accused. It was highlighted from the decisions in respect of the similar provisions under the Sea Customs Act that a person is described as an accused when formal accusation is made, and that when for the purposes of holding an inquiry into the infringement of the provisions of Sea Customs Act which is reason to believe has taken place, there is no formal

accusation of an offence. It was submitted that this position of law holds equally true when the summons is sent under Section 50 of the PML Act.

4.1.4 On behalf of the appellant-applicant, it was next submitted that the impugned order and direction of learned Single Judge has wide ramifications. It was submitted that the statement was already made by the petitioner under Section 17 of the Act, which has been ordered to be retracted by learned Single Judge. It was submitted that in holding that there could not have been 'reason to believe' in absence of primary evidence, in setting aside the summons and in ordering retraction of the statement, the approach of learned Single Judge could be regarded as perverse having regard to the settled position of law. It was submitted that the petitioner was not stranger to the circumstances of offence. The appellant agency was entirely justified in proceeding against him under the provisions of PML Act to investigate the offence, for, there was a *prima facie* case of money laundering, it was submitted.

4.1.5 Yet another decision of the Hon'ble Supreme Court in **Radhika Agarwal vs. Union of India [2025 SCC Online 449]** was pressed into service for its propositions laid down, particularly in

paragraphs 9 and 10, that sufficiency or adequacy of material on the basis of which the belief is formed by the officer, or the correctness of the facts on the basis of which such belief is formed to arrest the person, could not be a matter of judicial review.

4.1.5(a) The following observations were highlighted,

“...The criteria or parameters of judicial review over the subjective satisfaction applicable in Service related cases, cannot be made applicable to the cases of arrest made under the Special Acts. The scrutiny on the subjective opinion or satisfaction of the authorized officer to arrest the person could not be a matter of judicial review, in as much as when the arrest is made by the authorized officer on he having been satisfied about the alleged commission of the offences under the special Act, the matter would be at a very nascent stage of the investigation or inquiry. The very use of the phrase “reasons to believe” implies that the officer should have formed a prima facie opinion or belief on the basis of the material in his possession that the person is guilty or has committed the offence under the relevant special Act. Sufficiency or adequacy of the material on the basis of which such belief is formed by the authorized officer, would not be a matter of scrutiny by the Courts at such a nascent stage of inquiry or investigation.” (para 10)

4.1.6 It was finally submitted on behalf of the appellant that though the impugned judgment and order is an *inter-parte* judgment, the standard of judicial review adopted by learned Single Judge is cited in other cases of the accused involved in the investigation and in

respect of the persons of whom the summons under the PML Act is issued. It was submitted that the impugned judgment is cited and relied on also in respect of investigations which are totally unconnected and that it is invariably used as precedent. It was submitted that the persons summoned and subjected to investigation have been approaching this Court by challenging the investigation and summons and have been citing the impugned judgment and order and the principles made to emanate therefrom by learned Single Judge. It was submitted that even by virtue of this judgment, even the proceedings against the main accused Smt. Parvathi in the alleged scam has been made to impede and stalled.

4.1.7 Learned Additional Solicitor General, Karnataka with his usual categoricalness, proceeded to submit that the entire judgment of learned Single Judge and the operative part thereof militates against the basic principles to be true for applying the provisions of the PML Act, 2002. He in particular pressed into service the observations, paragraph 431 of the decision in **Vijay Madanlal (supra)**, wherein the Hon'ble Supreme Court has unequivocally, observed, submitted learned Additional Solicitor General, that the summons is issued by the authority under Section 50 of the Act in connection with the inquiry regarding proceeds of the crime which

may have been attached and pending adjudication before the authorities.

4.1.7(a) The Apex Court stated, he highlighted,

“...In respect of such action, the designated officials have been empowered to summon any person for collection of information and evidence to be presented before the Adjudicating Authority. It is not necessarily for initiating a prosecution against the noticee as such. The power entrusted to the designated officials under this Act, though couched as investigation in real sense, is to undertake inquiry to ascertain relevant facts to facilitate initiation of or pursuing with an action...” (para 431)

4.1.7(b) The further observations were highlighted that the summoning person need not be an accused, but the summons is issued even to a witness in the furtherance of inquiry. It was stated that the stage of issuance of summons, but the person cannot claim protection under Article 20(3) of the Constitution,

“It is a different matter that the information and evidence so collated during the inquiry made, may disclose commission of offence of money-laundering and the involvement of the person, who has been summoned for making disclosures pursuant to the summons issued by the Authority. At this stage, there would be no formal document indicative of likelihood of involvement of such person as an accused of offence of money-laundering. If the statement made by him reveals the offence of money-laundering or the existence of proceeds of

crime, that becomes actionable under the Act itself. To put it differently, at the stage of recording of statement for the purpose of inquiring into the relevant facts in connection with the property being proceeds of crime is, in that sense, not an investigation for prosecution as such; and in any case, there would be no formal accusation against the noticee. Such summons can be issued even to witnesses in the inquiry so conducted by the authorised officials.” (para 431)

4.1.8 Learned Additional Solicitor General, Karnataka, then relied on a recent decision of the Division Bench of this High Court in **Sri R.M. Manjunath Gowda vs. Directorate of Enforcement and others**, which was **Writ Appeal No.497 of 2024 decided on 22<sup>nd</sup> March 2025** to submit that in the said case, the prayers similar to one, as made in the present case, including setting aside of the summons issued under the PML Act and to quash all consequential proceedings and action, in which the Division Bench analysed the correct position of law in relation to Section 50 of the Act dealing with the powers of authorities regarding summons, production of documents, giving of evidence, etc.

4.1.8(a) The Court observed that for the purpose of 50(2) of the Act, the expression used is ‘any person’ and that it is immaterial whether the person is an accused or not, so long as the predicate offence is pending in jurisdiction court for which the summoning has

been done for recording evidence and production of documents during the course of proceedings under the Act. Learned Additional Solicitor General submitted that learned Single Judge has misapplied the law due to which the entire investigation in relation to the facts on the basis of which serious offences are alleged, has been backfooted and stopped, and the inquiry has been suffering.

4.1.9 In **Adri Dharan Das vs. State of West Bengal [(2005) 4 SCC 303]**, the Supreme Court *inter alia* observed that, the accused may have to be questioned in detail regarding various facets of motive, preparation, commission and aftermath of crime and the connection of other persons, if any, in the crime. There may be circumstances in which the accused may provide information leading to discovery of material facts. It may be necessary to curtail his freedom in order to enable the investigation to proceed without hindrance and to protect witnesses and persons connected with the victim of the crime, to prevent his disappearance, to maintain law and order in the society etc. For or such other reasons, arrest may become an inevitable part of the process of investigation.

4.2 On the other hand, learned Senior Advocate Mr. Dushyant Dave, appearing through video conferencing, as always assertive,

emphatic and energetic, assisted by learned Senior Advocate Mr. Sandesh Chouta, learned Advocate Ms. Anisha Aatresh and learned Advocate Mr. Vivek Jain, appearing in the court, submitted that the whole case of the Director of Enforcement is hollow and empty in as much as the facts in no way indicated that either there was any criminal activity, or proceeds of crime or money laundering which are three essential requirements to justify the invocation of the rigors of the provisions of the PML Act. It was sought to be submitted that a complaint by a stranger came to be filed before Lokayukta police without any foundational facts and the investigation was made to trigger.

4.2.1 It was submitted that in allotment of sites or plots, there was no criminal activity. Such allotment could not be viewed as involving any criminality. It was submitted that there was no element of crime, therefore, the question of occurrence of proceeds of crime did not arise and the offence under Section 3 of the Act was not made out even prima facie. Learned Senior Advocate took the court through the history of the case, seeking to submit that all allegations against the petitioner lacked any foundation.



4.2.2. It was submitted that the allotment of sites was pursuant to the policy framework. For submitting the proposition that the policy decisions are taken after studying all the aspects, the collegiality of deliberations, undertaking the interactions and the inquiries, learned Senior Advocate relied on observations in paragraph 40 of the decision of the Apex court in **State of M.P. vs. Nandlal Jaiswal and others [(1986) 4 SCC 566]**. It was submitted that when the policy decision is arrived at with an informed and reasoned manner, the issue of criminality therein would not arise. In that case, the policy decision was taken by the Cabinet Sub-committee after taking into account all the relevant considerations, which by itself excluded arbitrariness, submitted learned Senior Advocate for the respondent.

4.2.3 Supporting the impugned judgment and order of learned Single Judge, learned Senior Counsel for the original petitioner vehemently submitted that the judgment was a very good and worthy precedent for applying the provisions of PML Act. He pinpointed the importance of precedents in the process of administration of justice by referring to the decision of the Hon'ble Supreme Court in **Dr. Shah Faesal vs. Union of India [(2024) 4 SCC 1]**. It was submitted that the jurisprudence of the court has

always leaned towards not overruling to establish principles unless there are compelling reasons. It was submitted that the doctrine of precedent and *stare decisis* are of core importance in the legal system and that the impugned judgment and order sub-serves such purpose. Also relied on was observations on the same score from the decision in **Chandra Prakash vs. State of U.P. [(2002) 4 SCC 234]**. It was emphasized that the court may not accept the judgment of learned Single Judge by granting stay.

4.2.4 The next plank of submission by learned Senior Advocate for the respondent-original petitioner was of seeking to explain to the court the underlying purpose of law of money laundering. Learned Senior Advocate submitted that the 2002 Act had a special purpose to address the integration of financial system of the country and to ensure stability and that it was enacted pursuant to the deliberations of issues in the United Nation Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, Basel Statement of Principles, 1989 and other International Conventions. The Statement of Objects and Reasons of the Act was highlighted and it was submitted that it was also guided by the principles professed and adopted at the Vienna Convention, 1988. It was submitted that money laundering, that is cleansing of proceeds of crime, such as

extortion, treason, drug trafficking, etc., poses threat to the integrity and sovereignty of the country and to its financial system. It was submitted that the law was enacted to combat such ills and threats, however, in the present case, it's application amounts to rank misuse and harassment to the innocent persons.

4.2.5 Referring to observations in paragraph 269 in **Vijay Madanlal (supra)**, it was submitted that the bare language of Section 3 of the Act makes it clear that the offence of money laundering is an independent offence regarding the process connected with the proceeds of crime and that element of criminality does not exist in the facts of the case. It was further submitted with reference to paragraph 282 of the same judgment, the authority to prosecute any person for the offence of money laundering gets triggered only there exist proceeds of crime within the meaning of Section 2(1)(u) of the Act.

4.2.6 It was submitted that there must be 'reason to believe' to be recorded in writing that the person is in possession of proceeds of crime, to justify an action under the Act, submitted learned Senior Counsel. According to learned Senior Advocate for the respondent also relied on the decision of the Supreme Court in **Opto Circuit**

**India Ltd. Vs. Axis Bank [(2021) 6 SCC 707]**, and submitted with reference to in paragraph 8 that exercise of powers under Section 17 of the Act should be on the basis of information in possession which gives a reason to believe that such person has committed act relating to money laundering and there is a need to seize the record or property in search. It was submitted that all these ingredients are wanting in the present case. It was submitted that the authority have acted with malice in law and that granting stay would amount to nullifying the judgment and order which is valid in law.

5. While the court permitted both the sides to raise the contentions with elaboration to their satisfaction, it has to be observed, and there is no gainsaying, that the submissions by the parties remained centripetal to the merits and demerits of the impugned judgment and order of learned Single Judge. When learned Additional Solicitor General of India was confronted with this aspect, he was at his receiving end, however, forcefully submitted that the judgment and order of learned Single Judge along with operative directions therein were manifestly erroneous in law, therefore, required to be stayed to enable the appellant-agency to discharge its duty in law.

5.1 While considering the case for stay of the impugned order, the aspect could hardly be overlooked that the appeal is already admitted with next date fixed. Staying the judgment and order of learned Single Judge would also amount to allowing the appeal at the interim stage. Such course is not permissible in law. It is trite principle that at the interim stage, order of the kind and nature cannot be passed by the court which amounts to granting the principal relief, or tantamount allowing the parent proceedings.

5.2 While considering the present application, therefore, this Court has dissuaded itself, and has refrained from going into the merits of the case of the either side or expressing anything on merit in relation to the legality or otherwise of the judgment and order of learned Single Judge.

5.3 At the same time, the impugned judgment and the operative directions thereof, could not be viewed or construed as a judgment *in rem*. The aspect emerge weighty, when it was submitted to demonstrate that the judgment has a cascading effect, and further that it has been used and employed to stall the investigative process under the PML Act, 2002, initiated against the other persons,

whether they are accused persons or the persons to be summoned, etc., for investigation purposes.

5.4 The undisputed details are given by the applicant-appellant in the application for stay by pointing out that on the basis of the impugned order, at least in seven cases, the summons issued by the appellant-Enforcement Directorate to the other persons in the alleged scam have been stayed by the different courts and that the whole investigation is halted. The details of such cases are as under,

(i) In Smt. Parvathi vs. Directorate of Enforcement which was Criminal Petition No.1132 of 2025, order dated 27<sup>th</sup> January 2025 came to be passed on the basis of the decision in the instant writ petition No.32956 of 2024. The Court did not accept the contention that the Enforcement Directorate could not be stopped from recording evidence for taking statements of any person, be it the accused or otherwise.

(ii) In Sri B.S. Suresha vs. Directorate of Enforcement which was Criminal Petition No.1129 of 2025, order was passed on 27<sup>th</sup> January 2025 granting interim stay negating the contention that

the Enforcement Directorate has power to issue summons for collection of evidence concerning a predicate offence.

(iii) The other case wherein all the proceedings and investigation in E.C.I.R filed by the Director of Enforcement have been stayed with reference to the decision impugned in this appeal are in Ramesh Kumar K, being order dated 20<sup>th</sup> February 2025 passed in Criminal Petition No.1953 of 2025.

(iv) Similar situation is obtained in writ petition No.5677 of 2025 in K.J. Puttegowda where interim order of stay of investigation is passed by the court on 25<sup>th</sup> February 2025.

(v) There are still other cases which are writ petition No.5686 of 2025 in Smt. Lavanya, and in writ petition No.6018 of 2025 in Sri H.B. Rakesh have been passed on 25<sup>th</sup> February and 27<sup>th</sup> February 2025 respectively staying the entire investigation process. The court of City Civil and Sessions Judge have also passed order dated 10<sup>th</sup> February 2025 in Special C.C. No.127 of 2014 relying on the judgment and order pending consideration in the Appeal.

5.5 The applicant-appellant has filed further affidavit highlighting the above facts, which could hardly be disputed, annexing therewith

the orders passed by the different courts as above, staying the investigation in those cases,

“It is submitted one Smt. Parvathi had filed criminal petition in Criminal Petition No.1132/2025 to set aside the summons dated 03.01.2025 and 24.01.2025. Similarly, one Sri. B.S.Suresha had also filed criminal petition in Criminal Petition No.1129/2025 to set aside the summons dated 22.01.2025. During the pendency the above writ appeal, referring the impugned order dated 27.01.2025 passed in W.P. No.35926/2024(GM-Res), the learned single judge vide order dated 07.03.2025 allowed the both petition in Criminal Petition No.1132/2025 and Criminal Petition No.1129/2025. Copies of the order dated 07.03.2025 passed in Criminal Petition No.1132/2025 and Criminal Petition No.1129/2025 are produced herewith as Document No.8 and 9 respectively.”

5.6 The Court cannot permit that a judgment which could be viewed only as, and which is indeed an *inter-parte*, has the effect of stalling all the investigation process in general, as if it is a verdict *in rem*. Even otherwise, it is well settled law that the process of investigation by the investigating agencies cannot be interjected and the investigation has to be permitted to proceed. The allowing of process of investigation of any crime, whether under the PML Act or offences under any other law, is part of rule of law. The investigation or inquiry into any alleged criminal activity or offence



has to be permitted by the Court uninterrupted in accordance with law. There is no valid reason not to permit the appellant-investigating agency to continue with its investigation in relation to other persons, whether to be investigated in capacity of accused or otherwise.

5.7 While the legality and correctness of the impugned judgment and order is under consideration in the appeal already admitted and slated to be listed on the next date, in the mean time, it would not be proper to interject the process of investigation by the applicant-Directorate of Enforcement. The investigation into crime is something which should not be allowed to be halted. Having regard to the peculiar fact situation, the Enforcement Directorate has to be permitted to proceed with the investigation.

5.8 In the aforesaid view, while, therefore investigation under the PML Act is not to be hampered or put on hold, nor would stand affected adversely for its continuance, in relation to the alleged scam. The investigating authority-the applicant-Directorate of Enforcement, notwithstanding the judgment and order of learned Single Judge impugned in this appeal is allowed to investigate into the matter. While the prayer for stay of the impugned judgment and

order in totality as advanced by the applicant cannot be accepted, the Court herewith clarifies, observes and provides that the impugned judgment and order shall not bar the applicant-investigating agency from proceeding with the inquiry and investigation in accordance with law, in respect of other accused and other persons, who may be needed to be enquired or investigated in connection with the case, notwithstanding the impugned judgment and directions in case of the petitioner.

5.9 As the Court has permitted the inquiry and investigation to be continued against the other accused as well as other persons as may be required, the applicant-Enforcement Directorate-the investigating agency shall be at liberty to utilize all the documents and materials which may have been gathered, recovered and secured in course of the search and seizure at the place of the petitioner, as well as to utilize the statement recorded, for the purpose of rest of the investigation in accordance with law. This would not prejudice the respondent-petitioner as his case is pending consideration on merits. Whether petitioner's statement recorded under 17(1)(f) of the PML Act, 2002 can be ordered to be retracted by the court, is also an issue at large to be considered in appeal.

6. All investigations under the PML Act are needed to be permitted to be carried on in accordance with law, notwithstanding the directions in the operative order of learned Single Judge impugned in the appeal. The applicant-investigating agency therefore is entitled to proceed and to carry on the investigation in respect of other persons or accused, in accordance with law.

7. With the observations, clarification, providence and directions as above, the present application stands disposed of.

**Sd/-  
(N. V. ANJARIA)  
CHIEF JUSTICE**

**Sd/-  
(K. V. ARAVIND)  
JUDGE**