



CNR: KAHC010095782020

NC: 2026:KHC:52091
CRL.P No. 3669 of 2020

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 22ND DAY OF SEPTEMBER, 2026

BEFORE

THE HON'BLE MR. JUSTICE H.P.SANDESH

CRIMINAL PETITION NO.3669 OF 2020

BETWEEN:

1. GOPAL RAO D.K.,
S/O KRISHNA RAO,
AGED ABOUT 60 YEARS,
PRESIDENT,
LAKSHMI CREDIT CO-OPERATIVE SOCITY,
R/O NO.1675/234,
SIDDARAMESHWARA BADAVANE,
NITTUVALLI, DAVANAGERE-577001.
2. R. SUBRAMANYA,
S/O LATE P. RAMA RAO,
AGED ABOUT 54 YEARS,
VICE PRESIDENT,
LAKSHMI CREDIT CO-OPERATIVE SOCITY,
R/O 'SRUSTI' NO.357,
8TH MAIN, 9TH CROSS,
P.J. EXTENSION,
DAVANAGERE-577001.

Digitally signed
by DEVIKA M
Location: HIGH
COURT OF
KARNATAKA

...PETITIONERS

(BY SRI. HARISH KUMAR M.S., ADVOCATE)

AND:

1. STATE BY KTJ NAGAR POLICE STATION,
DAVANAGERE,
REPRESENTED BY STATE PUBLIC PROSECUTOR,
HIGH COURT BUILDING,



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DR. B.R.AMBEDKAR VEEDHI,
BENGALURU-560001.

2. SRI. H.G. KRISHNAMURTHY,
S/O H.S. GOPALARAO,
AGED ABOUT 62 YEARS,
NO.201, MALASA PRIYA,
S.NIJALINGAPPA BADAVANE,
DAVANAGERE-577001.

...RESPONDENTS

(BY SRI. SUHAS GOWDA M., HCGP FOR R1;
SRI. M.R. HIREMATHAD, ADVOCATE FOR R2)

THIS CRIMINAL PETITION IS FILED UNDER SECTION 482 OF CR.P.C PRAYING TO QUASH THE FIR FILED BY KTJ NAGAR POLICE STATION, DAVANAGERE ON 22.11.2019 IN CR.NO.202/2019 ON THE FILE OF II J.M.F.C. COURT, DAVANAGERE FOR THE OFFENCE SAID TO HAVE BEEN COMMITTED UNDER SECTION 420 R/W 34 OF IPC IN SO FAR AS THE PETITIONERS ARE CONCERNED.

THIS PETITION COMING ON FOR ADMISSION THIS DAY, ORDER WAS MADE THEREIN AS UNDER:

CORAM: HON'BLE MR. JUSTICE H.P.SANDESH

ORAL ORDER

Heard the learned counsel for the petitioners, the learned High Court Government Pleader appearing for respondent No.1/State and the learned counsel for respondent No.2/complainant.

2. The factual matrix of the case of the complainant is that he has made several fixed deposits in Lakshmi Credit Co-



operative Society Limited, in total for an amount of Rs.21,53,157/- on different dates as mentioned in the complaint dated 22.11.2019 and so also in the savings bank account an amount of Rs.5,69,534/- and both the fixed deposit amount as well as savings bank amount were not released in favour of the complainant and the same was misused by the Co-operative Bank. Based on the complaint, Crime No.202/2019 is registered for the offence punishable Section 420 read with 34 of IPC.

3. The learned counsel for the petitioners would vehemently contend that these two petitioners are in no way connected in respect of this fraud is concerned. The learned counsel would also vehemently contend that the respondent police without application of mind has acted upon the complaint filed by respondent No.2 and invoked the offence under Section 420 of IPC. The complaint filed by respondent No.2 is only against the Society and the Directors and Secretary who were responsible for receipt of the fixed deposit and also for non-payment of the said amount. However, the concerned officer without noticing the same, mechanically registered the case



against these two petitioners. The specific allegations made in the complaint is that fixed deposit amount and the amount in savings bank account were not paid to the complainant. Therefore, it is clear that the incharge of the Society during those periods, prima facie can be questioned for the said offence. The petitioners herein are also the depositors and they have also made huge deposits to an extent of Rs.60,00,000/- and they were co-opted as Directors on 13.08.2019 for the purpose of safeguarding the interest of the depositors. Hence, respondent No.1 ought not to have registered the FIR against them.

4. The Investigating Officer ought to have noted that whether the petitioners herein have cheated the depositors or not, and the same has to be verified in the enquiry to be held under the provisions of Section 64 of the Karnataka Co-operative Societies Registration Act. The learned counsel also vehemently contend that without verifying and without noticing whether any role has been played by these petitioners, they have been arraigned as accused Nos.13 and 2, respectively. The learned counsel also vehemently contend that the



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petitioners herein are not at all responsible for the receipt of the fixed deposits and also the non-payment. On the other hand, they are also victims like respondent No.2 as they have also made fixed deposits. The learned counsel also brought to the notice of this Court document No.5, wherein petitioner No.1 was the President and gave the letter on 12.06.2019 regarding misappropriation of the fund. The learned counsel also brought to the notice of this Court the representation given to the Davangere District Superintendent of Police, making an allegation that the President Dr. S.R. Hegde is not coming to the Society from two months and sought for permission to make the protest on behalf of the petitioners, since he being one of the depositors. The learned counsel also brought to the notice of this Court the resolution of co-opting of these two petitioners on 13.08.2019. The learned counsel would submit that the complainant's amounts are matured prior to that date and hence, the very registration of the case against the petitioners is an abuse of process.

5. Per contra, the learned counsel for respondent No.2/complainant would submit that an allegation is made



against the bank in terms of the complaint regarding non-payment of the FD amount and also the savings bank amount and not specifically made any allegation against these two petitioners and prayer in the complaint is also very clear, to take action against the President, Vice President, Directors and Secretary, for non-payment of the amount. But during the course of investigation, the police made these two petitioners as accused Nos.13 and 2, respectively. The learned counsel would contend that let the Investigating Officer investigate the matter and file the report. The learned counsel also would submit that if these petitioners have not indulged in any such act and they are not responsible, the Investigating Officer is going to file the charge-sheet without implicating them as accused and the stay granted by this Court is with regard to not conducting of investigation against them and that cannot be done.

6. The learned High Court Government Pleader appearing for respondent No.1/State would submit that the FIR is registered, but in view of the stay granted by this Court, could not conduct the investigation.



7. Having heard the learned counsel for the petitioners, the learned High Court Government Pleader appearing for respondent No.1/State and the learned counsel for respondent No.2/complainant, the Court has to take note of the contents of the complaint while quashing the FIR. Having perused the complaint dated 22.11.2019, specific allegations are made against the President, Vice President, Secretary and also the Directors of Lakshmi Credit Co-operative Society Ltd. The grievance of the complainant is that he had kept the amount in total 10 FDs from 27.09.2012 to 24.01.2013 going to mature from 01.12.2018 to 24.07.2019 and they were not paid to him and so also non-payment of savings bank account amount for an amount of Rs.5,69,534/-. The learned counsel for respondent No.2 brought to the notice of this Court that no specific allegations are made against these petitioners. But, the police, when the case was registered, conducted the spot mahazar and seizure mahazar and thereafter, arraigned in total 16 persons in the case in Crime No.202/2019. No doubt, the learned counsel for the petitioners brought to the notice of this Court that petitioner No.1 being the President of Lakshmi Credit



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Co-operative Society Depositors Forum, had lodged the complaint. At that time, Sri H.G. Krishnamurthy was the Vice President and he also signed the same. Subsequently, one more letter was given to the S.P. of Davangere. The learned counsel for the petitioners also brought to the notice of this Court that both of them have been co-opted on 13.08.2019 and the same is in respect of the administration of the Society and also mention is made as Directors. When they have been inducted in terms of the resolution, whether they have played the role or not, the same cannot be considered without the investigation.

8. The Apex Court in the case of **DINESHBHAI CHANDUBHAI PATEL v. THE STATE OF GUJARAT** reported in **2018 (3) SCC 104** made it clear that the High Court should not venture to stay the FIR when the specific allegations are made in the complaint. Having perused the complaint averments, it is very clear that the complainant had kept an amount of Rs.21,53,157/- in the FD and the said amount was also not paid and also in respect of the savings amount of Rs.5,69,534/- also not paid to the complainant. When such



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allegations are made, the truth has to be unearthed by the Investigating Officer and the judgment is very clear with regard to the exercising of the power under Section 482 of Cr.P.C. and hence, the matter has to be investigated by the Investigating Officer.

9. The contention of the learned counsel for the petitioners is that these petitioners only co-opted on 31.08.2019, that too they are the Directors for the administration. Whether they have indulged in such act or not, that has to be investigated by the Investigating Officer and if they are not involved in the misappropriation of the amount of the complainant's FD amount and also the savings bank amount, it is the duty of the Investigating Officer to make necessary accused invoking the offence under Section 420 read with 34 of IPC. The fact that amount in deposit made by the complainant is not paid and so also the savings amount also not paid is not in dispute and the same has to be investigated by the Investigating Officer. The claim of the petitioners is that they also made investment and incurred loss. They will also get benefit from the investigation if they have not indulged in



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the misuse of the amount or committed the offence invoked against them. Hence, I do not find any force in the contention of the petitioners to quash the same.

10. In view of the discussions made above, I pass the following:

ORDER

- (i) The petition is dismissed.
- (ii) The Investigating Officer is to investigate the matter and if there is no role of these petitioners, no need to arraign them as accused.
- (iii) The petitioners can redress their grievance with regard to the seizure of the account of the petitioners in accordance with law.

**Sd/-
(H.P.SANDESH)
JUDGE**

MD
List No.: 1 Sl No.: 29