Orders Reserved on **13.09.2023**	Orders Pronounced on **27.09.2023**

Crl.O.P.No.16899 of 2023

RMT. TEEKAA RAMAN.,J.

The petitioner who is arrayed as accused apprehends arrest at the hands of the respondent police for the alleged offences punishable under Sections 420 and 120B IPC, 1860 of the scheduled offences under PMLA Act registered in ECIR/CEZO-I/62/2022, seeks anticipatory bail.

2. The case of prosecution is that M/s.LNS International Financial Services Ltd., comprising of various directors had alleged to have cheated general public under the guise of investing money in stock market. This petitioner is alleged to have been working under one person Jaganathan and he had been benefited from the crime proceeds; that the petitioner is a B.Tech graduate who has earlier worked in many esteemed entities in various capacities as Senior Engineer, etc. Later the petitioner had started his own business and was also doing share trading in online.

3. Mr.John Sathyan, learned Senior Counsel for the petitioner submitted that a case has been registered by the Economic Offence Wing, Chennai in FIR No.16 of 2022; that the petitioner is not named in the FIR and the case has been charge sheeted and pending before the Special Court for TNPID Cases, Chennai in C.C.No.7 of 2022; that the petitioner name is not found in the charge sheet, despite that on the basis of the FIR by the Economic Offence Wing, Chennai, the petitioner has been roped into the offence. The earlier anticipatory bail petition has been dismissed as withdrawn in Crl.OP No.8233 of 2023 on 13.06.2023.

4 (i) Mr.N.Ramesh, Special Public Prosecutor for ED Cases filed counter statement and copy has been served on the other side. As per the counter, the Economic Offence Wing, Chennai Police registered a FIR No.16 dated 04.08.2023 under Sections 420 and 120B of IPC, 1860, 5 of Tamil Nadu Protection of Interest of Depositors (in financial establishments) Act and 3,5 21 (1) 21 (2), 21 (3), 23 and 25 of The Banning of Unregulated Deposit Schemes Act against (1) LNS International Financial Services Limited (2) Mohan Babu s/o Vijayan (3) Lakshmi Narayan s/o Sundaram (5)

Janarthanan s/o Sundaram (b) Saravana Kumar s/o Ganesh and others for duping investors by promising high returns on investment made with them and then renegading on the same. After registration of FIR, the police had conducted raids at the premises of the accused persons and found that over a lakh people had invested amount to the tune of Rs.6000 Crores in Ponzi Scheme running by accused. The police, on its enquiry found that the money collected from the depositors was supposed to be invested in stock market by the same was used to pay off previous investors. Treating this as a predicate offence, the present respondent, Directorate of Enforcement, Govt. of India, Ministry of Finance, Dept. of Revenue, Chennai initiated investigation by recording ECIR bearing No.ECIR/CEZO-I/62/2022 dated 23.11.2022 against Shri Mohan Babu V and others as the Section 420 and 120(B) of IPC 1860 are the scheduled offences of Part A of the Prevention of Money Laundering Act, 2002.

4(ii) Based upon the counter, learned Special Public Prosecutor for Enforcement Directorate contended that the Predicate Agency Chennai has filed charge sheet against 19 accused (6 companies and 13 individuals) for the alleged commission of offences under Sections 420, 409, 120B of IPC, 1860, Section 5 of TN Protection of Interest of Depositors Act and 3, 5, 21 (1), 21 (2), 21(3), 23 and 25 of The Banning of Unregulated Deposit Schemes Act.

5. The petitioner herein is not the accused in the Predicate Offence.

5 (i) The learned Special Public Prosecutor for ED would further contend that the petitioner was working under one Jagannathan and has brought huge investments from investors and deposited in this Ponzi Scheme through the said Jagannathan and thereby earned huge commission which is under investigation. The learned Special Public Prosecutor would further contend that in order to identify Proceeds of Crime and records relating to Money Laundering, a search team was deputed to the residence of the petitioner herein on 03.04.2023 but it was found locked and efforts to locate the petitioner over his mobile number explaining the purpose of visit also failed. On 05.04.2023, the Enforcement Directorate unlocked the house of the petitioner and made a search, as contemplated under Section 117 of the PMLA Act and seized incriminating materials. The petitioner has not

appeared for the summon enquiry and relied upon the judgment of the Hon'ble Supreme Court in ***Crl.A No.534 of 2023 in Directorate of Enforcement vs. M.Gopal Reddy*** wherein it has been held that even for anticipatory bail in PMLA Cases, the twin conditions of Section 45 has to be complied with and also produced certain documents incriminating circumstances against the petitioner.

6. Heard the learned Senior Counsel for the petitioner as well as the Special Public Prosecutor for ED cases and perused the materials on record.

7. After going through the files, the submissions made by the learned counsels and also taking note of the fact that the investigation is in the preliminary stage, the role of the petitioner needs to be examined by the Department and there are sufficient prima facie evidences available with the Department that the petitioner is directly involved in serious financial frauds through the Ponzi schemes that cheated lakhs of persons and quantified amount of Rs.6000 Crores, I find that the petitioner has not demonstrated the twin conditions of the PMLA Act, a condition for grant of pre-arrest bail, I

am not inclined to grant anticipatory bail to the petitioner for the present, with a liberty to file fresh application after passage of time or change in circumstances.

8. Accordingly, this Criminal Original Petition is dismissed.

27.09.2023

rgr

RMT. TEEKAA RAMAN.,J.

rgr

order in
Crl.O.P.No.16899 of 2023

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