



2024:DHC:6033



* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

Date of decision: 06th AUGUST, 2024

IN THE MATTER OF:

+ **W.P.(C) 3486/2022 & CM APPL. 10295/2022**

RAJIV JAIN

..... Petitioner

Through: Mr. Deepender Hooda and Mr. A. S. Tiwari, Advocates.

versus

UNION OF INDIA AND ORS.

..... Respondents

Through: Mr. Anurag Ahluwalia, CGSC with Mr. Abhay Singh, Advocate for R-1 to 3.
Mr. Satyakam, ASC for GNCTD with Mr. Pradyut Kashyap, Advocate.
Mr. Ripu Daman Bhardwaj, SPP with Mr. Abhinav Bhardwaj and Mr. K. Manaswini, Advocates for CBI.
Ms. Dharna Veragi and Mr. Santosh Kumar Rout, Advocates for R-4.

+ **W.P.(C) 3529/2022 & CM APPL. 10397/2022**

RAJIV JAIN

..... Petitioner

Through: Mr. Deepender Hooda and Mr. A. S. Tiwari, Advocates.

versus

UNION OF INDIA AND ORS.

..... Respondents

Through: Mr. Anurag Ahluwalia, CGSC with Mr. Abhay Singh, Advocate for R-1 to 3.
Mr. Ripu Daman Bhardwaj, SPP with



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Mr. Abhinav Bhardwaj and Mr. K.
Manaswini, Advocates for CBI.

+ **W.P.(C) 6110/2022 & CM APPL. 18439/2022**

RAJIV JAIN

..... Petitioner

Through: Mr. Deepender Hooda and Mr. A. S.
Tiwari, Advocates.

versus

UNION OF INDIA & ORS.

..... Respondents

Through: Mr. Anurag Ahluwalia, CGSC with
Mr. Abhay Singh, Advocate for R-1
to 3.
Mr. Ripu Daman Bhardwaj, SPP with
Mr. Abhinav Bhardwaj and Mr. K.
Manaswini, Advocates for CBI.
Mr. Rajesh Kumar Gautam, Mr.
Dinesh Sharma, Ms. Shivani Sagar
and Ms. Anani, Advocates.

CORAM:

HON'BLE MR. JUSTICE SUBRAMONIUM PRASAD

JUDGMENT

1. The Petitioners have approached this Court challenging the Lookout Circulars issued against the Petitioners by the Bureau of Immigration at the request of Punjab National Bank, Bank of Baroda and Indian Bank.
2. Notice was issued on 28.02.2022. Pleadings are complete.
3. The facts leading up to filing of the present Petition are that the Petitioner was a promotor and director of M/s Surya Vinayak Industries "SVIL", a company engaged in the manufacturing of essential oils, sandalwood oils and other special perfumery compounds. The Company, SVIL, had approached certain banks and had availed Working Capital Credit



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Facilities from a consortium of banks, for which the Petitioner herein had stood personal guarantee.

4. The consortium of banks was led by Punjab National Bank under an arrangement with 21 other banks. The loan account of the borrower company with the Punjab National Bank was declared NPA on 31.07.2012 with an overall outstanding balance of Rs. 2066.46 Crores. Material on record also indicates that the account of the company has been classified as 'Fraud' on 15.07.2013.

5. Material on record also indicates that the Punjab National Bank also lodged a complaint against the borrower company and its directors/guarantors of loans on 01.01.2014 with the Central Bureau of Investigation (CBI), and an FIR bearing No. RCB1/2014/E001 was registered by the CBI on the same date, under Section 120B and 420 of the IPC.

6. It is pertinent to mention that the chargesheet filed by the CBI in respect of this FIR and the criminal proceedings are still pending adjudication in the court of CMM, Patiala House Courts, New Delhi.

7. The Loan account of the borrower company with the Indian Bank was declared NPA on 29.01.2013 and the responding bank filed a complaint against the borrower company with the CBI. An FIR No. RCBSK2014E002 was registered against the borrower company. Another complaint was made against the borrower company and its directors by the Central Bank of India and a case bearing no. RC.219/2016/E/0018 was registered by the CBI on 09.09.2016 against the borrower company and the Petitioner herein for cheating a consortium of nationalized banks including the Bank of Baroda.

8. It is stated that only the Lookout Circulars which have been opened



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against the Petitioners at the instance of the banks have been challenged by the Petitioners by filing the instant writ petition. It is stated that the Lookout Circulars which have been opened by the investigating agencies are not a subject matter of this writ petition.

9. The Petitioner places reliance on various judgments passed by this Court to contend that merely because of the inability of the company to repay its debts in which the Petitioners are Director/Guarantors, Lookout Circular cannot be opened against the Petitioners and the same is violative of the Fundamental Right of the Petitioners to travel abroad under Article 21 of the Constitution of India.

10. This Court in Apurve Goel v. Bureau of Immigration & Anr., **W.P.(C) 5674/2023**; Shalini Khanna v. Union of India & Anr., **W.P.(C) 10951/2022**; Rajiv Aggarwal v. Union of India & Ors., **W.P.(C) 7093/2022** and various other judgments has consistently held that mere inability to repay the amounts due to Banks cannot result in opening of Lookout Circulars.

11. Lookout Circulars are issued against a person at the instance of any of the agencies mentioned in the Office Memorandums issued by the Ministry of Home Affairs from time to time.

12. Ministry of Home Affairs issued an Office Memorandum dated 27.10.2010 laying down the guidelines for issuance of Lookout Circulars. According to the said Office Memorandum dated 27.10.2010, Lookout Circulars could not be opened at the instance of Banks and, therefore, an amendment was sought to the Office Memorandum dated 27.10.2010 and an amended Office Memorandum dated 05.12.2017 was issued and Paragraph No.8 (j) of the Office Memorandum dated 27.10.2010 was amended which



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reads as under:

“In exceptional cases, LOCs can be issued even in such cases, as would not be covered by the guidelines above, whereby departure of a person from India may be declined at the request of any of the authorities mentioned in clause (b) of the above referred OM, if it appears to such authority based on inputs received that the departure of such person is detrimental to the sovereignty or security or integrity of India or that the same is detrimental to the bilateral relations with any country or to the strategic and/or economic interests of India or if such person is allowed to leave, he may potentially indulge in an act of terrorism or offences against the State and/or that such departure ought not be permitted in the larger public interest at any given point in time.

Instead of:

“In exceptional cases, LOCs can be issued without complete parameters and/or case details CI suspects, terrorists, anti-national elements, etc in larger national interest.”

13. Another Office Memorandum dated 04.10.2018 was issued by the Ministry of Finance, Government of India empowering the heads of Public Sector Banks to issue requests for opening of Lookout Circulars. By virtue of this Office Memorandum, Chairman (State Bank of India), Managing Directors and Chief Executives Officers (MD & CEOs) of all Public Sector Banks could request for opening of LOCs against the persons who are fraudsters and persons who wish to take loans and wilfully default or launder money and then escape to foreign jurisdiction as these actions will not be in the economic interests of India on a larger public interest.



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14. Further, another Office Memorandum dated 22.11.2018 was issued by the Ministry of Finance, Government of India regarding empowerment of heads of Public Sector Banks to issue requests for opening of Lookout Circulars which reads as under:

“Subject: Empowerment of heads of Public Sector Banks to issue requests for opening Look Out Circulars (LOCs)”

Dear Sir / Madam,

Kindly find enclosed the following, for necessary action:

"(a) A copy of Department of Financial Services (DFS)'s OM No. 6/3/2018-BO.II dated 04.10.2018 to the Ministry of Home Affairs (MHA), vide which DFS had requested MHA to empower the heads of Public Sector Banks (PSBs) to issue requests for opening of Look Out Circulars (LOCs).

(b) A copy of MHA's OM No. 25018/10/2017-Imm dated 12.10.2018, vide which MHA has now made the desired amendment to paragraph 8 (b) of their OM No.25016/31/2010-Imm dated 27.10.2010 by adding sub-paragraph (xv), namely "Chairman/ Managing Directors/ Chief Executives of all Public Sector Banks" in the list of officers competent to request opening of LOCs, thereby empowering the heads of PSBs also, as requested by DFS.

2. In this context, it may kindly be noted that:

"(a) Issuance of LOCs in respect of Indian citizens and foreigners is governed by the



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instructions contained in MHA's OM dated 27.10.2010, as amended from time to time.

(b) Paragraph 8 (b) of MHA's OM dated 27.10.2010 lists those authorities of minimum rank, with whose approval the request for opening of LOC must be issued. Pursuant to the amendment vide MHA's OM dated 12.10.2018, the list now includes the Chairman/ Managing Directors/ Chief Executives of all Public Sector Banks.

(c) Paragraph 8 (j) of MHA's OM dated 27.10.2010 (amended through MHA's OM dated 05.12.2017) states that “In exceptional cases, LOCs can be issued even in such cases, as would not be covered by the guidelines above, whereby departure of a person from India may be declined at the request of any of the authorities mentioned in clause (b) of the above-referred OM, if it appears to such authority based on inputs received that the departure of such person is detrimental to the sovereignty or security or integrity of India or that the same is detrimental to the bilateral relations with any country or to the strategic and / or economic interests of India or if such parson is allowed to leave, he may potentially indulge in an act of terrorism or offences against the State and / or that such departure ought not be permitted in the larger public interest at any given point in time.

3. It is requested that the instructions contained in MHA's OM dated 27.10.2010 (as amended by MHA's OMs dated 05.12.2017 and 12.10.2018), vide which the heads of PSBs have now been empowered to issue requests for opening of Look Out Circulars, may be strictly complied with henceforth, so that all persons



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who are covered under the said amended OM of MHA, including fraudsters and persons who wish to take loans and wilfully default or launder money and then escape to foreign jurisdictions to avoid paying back, are restricted from escaping from the country. MHA's Proforma for issue of LOCs is also enclosed."

(emphasis supplied)

15. Office Memorandum bearing No. 25016/10/2017-Imm (Pt.) dated 22.02.2021 is the last of the guidelines issued by the Ministry of Home Affairs for issuance of Lookout Circulars. The relevant portion of the Office Memorandum bearing No.25016/10/2017-Imm (Pt.) dated 22.02.2021 which is the last of the guidelines which have been issued for opening of LOCs in respect of the Indian Citizens and Foreigners reads as under:

"6.

(H) Recourse to LOC is to be taken in cognizable offences under IPC or other penal laws. The details in column IV in the enclosed Proforma regarding 'reason for opening LOC' must invariably be provided without which the subject of an LOC will not be arrested/detained.

(I) In cases where there is no cognizable offence under IPC and other penal laws, the LOC subject cannot be detained/arrested or prevented from leaving the country. The Originating Agency can only request that they be informed about the arrival/departure of the subject in such cases.

(J) The LOC opened shall remain in force until and unless a deletion request is received by BoI from the Originator itself. No LOC shall be deleted automatically. Originating Agency must keep reviewing the LOCs opened at its behest on



quarterly and annual basis and submit the proposals to delete the LOC, if any, immediately after such a review. The BOI should contact the LOC Originators through normal channels as well as through the online portal. In all cases where the person against whom LOC has been opened is no longer wanted by the Originating Agency or by Competent Court, the LOC deletion request must be conveyed to BoI immediately so that liberty of the individual is not jeopardized.

(K) On many occasions, persons against whom LOCs are issued, obtain Orders regarding LOC deletion/ quashing/ suspension from Courts and approach ICPs for LOC deletion and seek their departure. Since ICPs have no means of verifying genuineness of the Court Order, in all such cases, orders for deletion/ quashing/ suspension etc. of LOC, must be communicated to the BoI through the same Originator who requested for opening of LOC. Hon'ble Courts may be requested by the Law Enforcement Agency concerned to endorse-/convey orders regarding LOC suspension/ deletion/ quashing etc. to the same law enforcement agency through which LOC was opened.

(L) In exceptional cases, LOCs can be issued even in such cases, as may not be covered by the guidelines above, whereby departure of a person from India may be declined at the request of any of the authorities mentioned in clause (B) above, if it appears to such authority based on inputs received that the departure of such person is detrimental to the sovereignty or security or integrity of India or that the same is detrimental to the bilateral relations with any country or to the strategic and/or economic interests of India or if such person is allowed to leave, he may potentially indulge in an



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act of terrorism or offences against the State and/or that such departure ought not be permitted in the larger public interest at any given point in time." (emphasis supplied)

16. Clause L of the Office Memorandum of 2021, as quoted above, states that in exceptional cases, an LOC can be issued at the instance of the Bank if the authorities are of the view that letting the person to depart from the country will be detrimental to the economic interests of India.

17. The Courts have also laid down the scope of the term '*detrimental to the economic interest of India*' used in Office Memorandum bearing No.25016/10/2017-Imm (Pt.) dated 22.02.2021, which is the last of the guidelines issued by the Ministry of Home Affairs for issuance of Lookout Circulars, which cannot be resorted in every case of Bank default and the citizen's right to travel abroad, which is a Fundamental Right guaranteed under Article 21 of the Constitution of India, cannot be taken away and persons cannot be deprived of their liberty and right to travel abroad only because of their inability to repay the amounts due to Banks.

18. The scope of the term 'detrimental to the economic interest of India' has been dealt with by various High Courts in various judgments. A Coordinate Bench of this Court in Prateek Chitkara v. Union of India & Ors., **2023 SCC OnLine Del 6104**, has observed as under:

"47. The question before this court is, whether clause L of the Office Memorandum of 2021, would be legally valid, especially in respect of the phrase "detrimental to the economic interests of India" and in respect of other clauses which permit indefinite continuation of look-out circulars, non-communication



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of reasons either prior or post issuance of the look- out circular and extension of look-out circular to such individuals who in the opinion of the authorities ought not to be permitted to travel on the ground of it being detrimental to the economic interests of India.

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57. In Mr. Chaitya Shah v. Union of India [2021 : BHC-AS : 16392-DB.] , a learned Division Bench of the Bombay High Court was dealing with a case where a substantial amount had been invested in a company called M/s. Gitanjali Gems of Rs. 50 crores and various banking operations and transfer of money was found. The court observed that the words “economic interest of India” and “larger business interest” are not empty words. The relevant paragraph of the said judgment is extracted below:

*“32. In the present case the **Serious Fraud Investigation Office** is investigating into the affairs of the aforementioned companies and its investigation overrides the investigations by other investigating agencies. Therefore recourse to look-out circular was not unfounded as the petitioner has definite connection with the investigation as discussed hereinabove. From the facts of the case it is clear that clause (L) of these guidelines clearly covers the petitioner's case as it is detrimental to the ‘economic interests of India’ and that his departure ought not to be permitted in the larger public interest. The words ‘economic interests of India’ and ‘larger public interest’ are not empty words in the context of the present case because as mentioned earlier the petitioner is directly involved and was concerned with considerable shareholding of M/s. Gitanjali Gems Limited. It involves huge amount of almost Rs. 50 crores which requires serious explanation*



from the petitioner in the background of the allegations that the money belonged to Mr. Mehul Choksi, who has left India and has not returned back. This transaction is an important part of the entire fraud involving huge amount. Sheer magnitude of the offence and its spread through various banking operations and transfer of money through different modes and different countries shows that it has definitely affected the economic interests of India and the larger public interest is definitely involved and affected. Therefore, we do not find that issuance of look-out circular against the petitioner was unnecessary.”

58. In Vishambhar Saran v. Bureau of Immigration (W.P. No. 10241(W) of 2020, decided on December 24, 2021) [2021 SCC OnLine Cal 3074.] , the Calcutta High Court held that vague allegations of a person's travel being detrimental to the economic interest of the country or the quantum of the alleged default (Rs. 351 crores in this case), is not sufficient to issue a look-out circular thereby restricting the personal liberty of a person to travel. In the said petition, no civil or criminal proceedings were initiated against the petitioner and thus the petitioner was allowed to travel. This view was echoed in Vishambhar Saran v. Bureau of Immigration (W.P.A. No. 6670 of 2022, decided on January 31, 2023).

59. In Vikas Chaudhary v. Union of India (W.P. (C) No. 5374 of 2021, decided on January 12, 2022) [(2022) 442 ITR 119 (Delhi).] , the petitioner was a businessman engaged in the export of garments to a number of foreign countries. A look-out circular was issued against the petitioner on the ground of undisclosed foreign assets and interests in foreign-entities liable for penalty and prosecution under the



Income-tax Act, 1961, the Black Money (Undisclosed Foreign Income and Assets) and Imposition of tax Act, 2015, as also the proceedings under the Prevention of Money Laundering Act, 2002, having been commenced against the petitioner. The petitioner did not hold any foreign assets and any undisclosed assets.

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61. The court noted that the phrase “detrimental to the economic interests of India” was introduced for the first time in the Office Memorandum (hereinafter “OM”) dated December 5, 2017. The said phrase did not exist in the previous Office Memorandum dated October 27, 2010. However, it continues to exist in all the subsequent Office Memoranda. In this context, the court observed as under (page 137 of 442 ITR):

*“36. However, the matter does not end here and the crucial issue which needs to be now determined is as to whether the clause ‘detrimental to the economic interests of India’ introduced vide the amendment in 2017, with a specific rider that the same would be used only in exceptional circumstances, could have, in the facts of the present case, been resorted to, for issuing the impugned look-out circular, as also whether the impugned look-out circular could be continued for the last almost three years without any proceedings under the Penal Code, 1860 or any other penal law being initiated against the petitioner. It has to be kept in mind, that the issuance of a look-out circular necessarily curtails the rights of an individual to travel abroad and therefore, **I am of the view, that for invocation of this clause, which, in any event, is meant to be used only in exceptional circumstances, a mandatory precondition would be a formation of a reasonable belief by the***



originating authority that the departure of an individual would be 'detrimental to the economic interests of India' to such an extent that it warrants curtailment of an individual's fundamental right to travel abroad...

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39. Merely because the Office Memorandum dated December 5, 2017 permits the issuance of a look-out circular, in exceptional circumstances, even when the individual is not involved in any cognizable offence under the Penal Code, 1860 or any other penal law, it has to be remembered that this power is meant to be used in exceptional circumstances and not as a matter of routine, it must therefore, be interpreted in a manner that indicates an offence of such a magnitude so as to significantly affect the economic interests of the country. Mere suspicion of a person opening bank accounts in other countries and of investing in a foreign company cannot, in my view, be accepted as the basis for holding that the petitioner being allowed to travel abroad would be 'detrimental to the economic interest of India', when it is undisputed that this suspicion has remained a suspicion for such a long period of almost three years."

62. Thus, the conclusion of the court was that exceptional circumstances could exist even if a person was not involved in any cognizable offence under the Penal Code, 1860 or under any other penal law. In the said petition, the look-out circular was quashed by the court.

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82. The term "detrimental to economic interest" used in the Office Memorandum is not defined. Some



cases may require the issuance of a look-out circular, if it is found that the conduct of the individuals concerned affects public interest as a whole or has an adverse impact on the economy. Squandering of public money, siphoning off amounts taken as loans from banks, defrauding depositors, indulging in hawala transactions may have a greater impact as a whole which may justify the issuance of look-out circulars. However, issuance of look-out circulars cannot be resorted to in each and every case of bank loan defaults or credit facilities availed of for business, etc. Citizens ought not to be harassed and deprived of their liberty to travel, merely due to their participation in a business, whether in a professional or a non-executive capacity. The circumstances have to reveal a higher gravity and a larger impact on the country.”
(emphasis supplied)

19. It is well settled that merely because the Office Memorandum permits the issuance of a lookout circular in exceptional circumstances, even when an individual is not involved in any offence under the IPC or any other penal law, the said power should be used in exceptional circumstances and not as a matter of routine.

20. This Court in Apurve Goel v. Bureau of Immigration & Anr., **W.P.(C) 5674/2023**, has held as under:-

"22. The Look Out Circulars cannot be opened merely on the request of the banks. There has to be some application of mind by the authority concerned opening the Look Out Circular since the opening of Look Out Circular results in restraining a person's right to travel abroad. The authority opening the Look Out Circular must satisfy itself that the departure of a person against whom Look Out Circular has been opened would be detrimental to the sovereignty or security or integrity of India or that the same is



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detrimental to the bilateral relationship with any country or to the economic interests of India or departure of such a person ought not be permitted in the larger public interest at any given point in time."

21. It is well settled that mere inability to pay money without there being a criminal case cannot be a reason to take away the Fundamental Right guaranteed under Article 21 of the Constitution of India. Right to travel abroad has been held to be a Fundamental Right under Article 21 of the Constitution of India which cannot be taken away in an arbitrary and illegal manner.

22. In Maneka Gandhi v. Union of India, (1978) 1 SCC 248, the Apex Court has held as under:

"5. ...Thus, no person can be deprived of his right to go abroad unless there is a law made by the State prescribing the procedure for so depriving him and the deprivation is effected strictly in accordance with such procedure. It was for this reason, in order to comply with the requirement of Article 21, that Parliament enacted the Passports Act, 1967 for regulating the right to go abroad. It is clear from the provisions of the Passports Act, 1967 that it lays down the circumstances under which a passport may be issued or refused or cancelled or impounded and also prescribes a procedure for doing so, but the question is whether that is sufficient compliance with Article 21. Is the prescription of some sort of procedure enough or must the procedure comply with any particular requirements? Obviously, the procedure cannot be arbitrary, unfair or unreasonable. This indeed was conceded by the learned Attorney-General who with his usual candour frankly stated that it was not possible for him to contend that any procedure



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howsoever arbitrary, oppressive or unjust may be prescribed by the law....”

23. A Division Bench of the High Court of Bombay in a batch of writ petitions *vide* Judgment dated 23.04.2024 in Viraj Chetan Shah v. Union of India & Anr., **W.P.(C)719/2020** etc. has quashed Clause 8(b)(xv) of the Office Memorandum dated 27.10.2010 bearing O.M. 23016/31/2010-Imm. equivalent to Clause 6(B)(xv) of the O.M. dated 22.02.2021 bearing O.M. 25016/10/2017-Imm.(Pt.) whereby the Chairman/Managing Director/Chief Executives of all Public Sector Banks could request for opening of an LOC.

24. The issuance of Lookout Circular cannot be resorted to in every case of bank loan defaults or credit facilities availed for business and the Fundamental Right of a citizen of the country to travel abroad cannot be curtailed only because of failure to repay a bank loan.

25. No doubt an FIR has been registered against the Petitioners by the CBI and the Petitioners have been arraigned as accused in the said FIR, but that alone cannot be a reason for continuing the Lookout Circular issued against the Petitioners at the instance of the Bank and more particularly in view of the judgment passed by the Division Bench of the Bombay High Court in Viraj Chetan Shah (supra) and, therefore, this Court is of the opinion that the LOCs issued against the Petitioners at the instance of Union Bank of India cannot be permitted to sustain and the same are hereby quashed.

26. It is made clear that this Court has not made any observation regarding the Lookout Circulars which have been issued against the Petitioners at the instance of CBI or any other investigating agencies. It is also made clear that the Petitioners have not made out any argument with



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regard to quashing of the Lookout Circulars issued against them by the investigating agencies and arguments have been advanced by the Petitioners only *qua* the Lookout Circulars issued at the instance of Punjab National Bank, Bank of Baroda and Indian Bank, which alone is the subject matter of the instant writ petition.

27. The writ petitions are allowed. Pending application(s), if any, stand disposed of.

SUBRAMONIUM PRASAD, J

AUGUST 6, 2024

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