HC-KAR
CNR: KAHC010092252024

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 27TH DAY OF OCTOBER, 2026

BEFORE

THE HON'BLE MR. JUSTICE T.P.VIVEKANANDA

WRIT PETITION NO. 5472 OF 2024 (GM-RES)
C/W
WRIT PETITION NO. 5054 OF 2024 (GM-RES)
WRIT PETITION NO. 5521 OF 2024 (GM-RES)
WRIT PETITION NO. 5627 OF 2024 (GM-RES)

IN WP No. 5472/2024

BETWEEN:

V.S. MOHAMMED ASIF
S/O SABU
AGED ABOUT 64 YEARS
R/AT BLOCK 3. MADIKERI CITY
KODAGU-571 201

...PETITIONER

(BY SRI. PRASANNA KUMAR S, ADVOCATE)

AND:

Digitally signed by PREMOHANDRA M R
Location: HIGH COURT OF KARNATAKA

1. STATE OF KARNATAKA
   REPRESENTED BY SECRETARY
   DEPARTMENT OF REVENUE
   5TH FLOOR, M.S.BUILDING
   DR.B.R. AMBEDKAR VEEDHI
   BANGALORE-560 001

2. STATE OF KARNATAKA
   REPRESENTED BY DEPUTY SECRETARY
   (SERVICES-1, SSLR AND SPECIAL CELL)
   DEPARTMENT OF REVENUE
   5TH FLOOR, M.S.BUILDING

DR.B.R. AMBEDKAR VEEDHI
BANGALORE- 560 001

3. MOHAMMED SUHEB B.R
S/O ABDUL RAZAQ
AGED ABOUT 60 YEARS
R/AT VIRAJPET TOWN
VIRAJPET TALUK
KODAGU-571 218

4. SOUTH COORG MUSLIM CREDIT
CO-OPERATIVE SOCIETY LIMITED
NO.283, VIRAJPET
KODAGU-571 218
REP. BY ITS CHAIRMAN
REG. UNDER KARNATAKA CO-OPERATIVE
SOCIETY ACT, 1959

…RESPONDENTS

(BY SRI. VEERESH BUDIHAL, ADVOCATE FOR R1 & R2 - [VC])

THIS WRIT PETITION IS FILED UNDER ARTICLES 226 AND 227 OF THE CONSTITUTION OF INDIA PRAYING TO CALL FOR RECORDS AND QUASHING THE NOTIFICATION DATED 29.12.2023 UNDER SECTION 3(2) OF THE KARNATAKA PROTECTION OF INTEREST OF DEPOSITORS IN FINANCIAL ESTABLISHMENTS ACT, 2004, ISSUED BY THE 2ND RESPONDENT ONLY INSOFAR AS THE PETITIONERS PROPERTY FOUND AT ITEM NO.7 FOUND AT THE ANNEXURE OF THE NOTIFICATION IS CONCERNED, A COPY OF WHICH IS PRODUCED AS ANNEXURE-D, VIDE BEARING NO.E-RD 119 GRC 2023 AS ILLEGAL AND VOID AND ETC.

IN WP NO. 5054/2024

BETWEEN:

YOUSUF K.K
S/O KALKLE K.A
AGED ABOUT 46 YEARS
R/A MADIKERI TALUK
AIKOLMURNAD VILAGE POST
KANTHUR, KODAGU-571 252

...PETITIONER

(BY SRI. PRASANNA KUMAR S, ADVOCATE)

AND:

1. STATE OF KARNATAKA
   REPRESENTED BY SECRETARY
   DEPARTMENT OF REVENUE
   5TH FLOOR, M.S.BUILDING
   DR.B.R.AMBEDKAR VEEDHI
   BANGALORE-560 001

2. STATE OF KARNATAKA
   REPRESENTED BY DEPUTY SECRETARY
   (SERVICES-1, SSLR AND SPECIAL CELL)
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   5TH FLOOR, M.S.BUILDING
   DR.B.R. AMBEDKAR VEEDHI
   BANGALORE- 560 001

3. MOHAMMED SUHEB B.R
   S/O ABDUL RAZAQ
   AGED ABOUT 60 YEARS
   R/AT VIRAJPET TOWN
   VIRAJPET TALUK
   KODAGU-571 218

4. SOUTH COORG MUSLIM CREDIT
   CO-OPERATIVE SOCIETY LIMITED
   NO.283, VIRAJPET
   KODAGU-571 218

REP. BY ITS CHAIRMAN
REG. UNDER KARNATAKA CO-OPERATIVE
SOCIETY ACT, 1959

...RESPONDENTS

(BY SRI. VEERESH BUDIHAL, ADVOCATE FOR R1 & R2 - [VC])

THIS WRIT PETITION IS FILED UNDER ARTICLES 226 AND 227 OF THE CONSTITUTION OF INDIA PRAYING TO QUASH THE IMPUGNED ORDER DTD 29.12.2023 U/S 3(2) OF THE KARNATAKA PROTECTION OF INTEREST OF DEPOSITORS IN FINANCIAL ESTABLISHMENTS ACT, 2004, ISSUED BY THE R2 ONLY INSOFAR AS THE PETITIONERS PROPERTY FOUND AT ITEM NO.10 OF THE ANNEXURE OF THE IMPUGNED ORDER IS CONCERNED, A COPY OF WHICH IS PRODUCED AS ANNEXURE-E, AS ILLEGAL AND VOID AND ETC.

IN WP NO. 5521/2024

BETWEEN:

SARA JABEEN
W/O MOHAMMED SHOIB
AGED ABOUT 59 YEARS
R/AT NO.41, KARNATAKA HARDWARE
MAIN ROAD, VIJRAJPET TOWN
KODAGU-571 218

...PETITIONER

(BY SRI. PRASANNA KUMAR S, ADVOCATE)

AND:

1. STATE OF KARNATAKA
   REPRESENTED BY SECRETARY
   DEPARTMENT OF REVENUE
   5TH FLOOR, M.S.BUILDING

DR.B.R.AMBEDKAR VEEDHI
BANGALORE-560 001

2. STATE OF KARNATAKA
REPRESENTED BY DEPUTY SECRETARY
(SERVICES-1, SSLR AND SPECIAL CELL)
DEPARTMENT OF REVENUE
5TH FLOOR, M.S.BUILDING
DR.B.R. AMBEDKAR VEEDHI
BANGALORE- 560 001

3. MOHAMMED SUHEB B.R
S/O ABDUL RAZAQ
AGED ABOUT 60 YEARS
R/AT VIRAJPET TOWN
VIRAJPET TALUK
KODAGU-571 218

4. SOUTH COORG MUSLIM CREDIT
CO-OPERATIVE SOCIETY LIMITED
NO.283, VIRAJPET
KODAGU-571 218
REP. BY ITS CHAIRMAN
REG. UNDER KARNATAKA CO-OPERATIVE
SOCIETY ACT, 1959

...RESPONDENTS

(BY SRI. VEERESH BUDIHAL, ADVOCATE FOR R1 & R2 - [VC])

THIS WRIT PETITION IS FILED UNDER ARTICLES 226 AND 227 OF THE CONSTITUTION OF INDIA PRAYING TO CALL FOR THE RECORDS AND QUASHING THE IMPUGNED ORDER DATED 29.12.2023 UNDER SECTION 3(2) OF THE KARNATAKA PROTECTION OF INTEREST OF DEPOSITORS IN FINANCIAL ESTABLISHMENTS ACT, 2004, ISSUED BY THE 2ND RESPONDENT ONLY INSOFAR AS THE PETITIONERS PROPERTY FOUND AT ITEM NO.6, 11 AND 12 FOUND AT THE ANNEXURE OF THE IMPUGNED ORDER IS CONCERNED, A COPY OF WHICH IS PRODUCED AS

ANNEXURE-E,VIDE BEARING NO. E-RD 119 GRC 2023 AS ILLEGAL AND VOID AND ETC.

IN WP NO. 5627/2024

BETWEEN:

HAMSA A.A
S/O ABDULLA MUSALIYAR
AGED ABOUT 69 YEARS
R/AT HALGUNDA POST
KONDAGERI
VIRAJPET TLAUK
KODAGU-571 252

...PETITIONER

(BY SRI. PRASANNA KUMAR S, ADVOCATE)

AND:

1. STATE OF KARNATAKA
   REPRESENTED BY SECRETARY
   DEPARTMENT OF REVENUE
   5TH FLOOR, M.S.BUILDING
   DR.B.R.AMBEDKAR VEEDHI
   BANGALORE-560 001

2. STATE OF KARNATAKA
   REPRESENTED BY DEPUTY SECRETARY
   (SERVICES-1, SSLR AND SPECIAL CELL)
   DEPARTMENT OF REVENUE
   5TH FLOOR, M.S.BUILDING
   DR.B.R. AMBEDKAR VEEDHI
   BANGALORE- 560 001

3. MOHAMMED SUHEB B.R
   S/O ABDUL RAZAQ
   AGED ABOUT 60 YEARS
   R/AT VIRAJPET TOWN
   VIRAJPET TALUK
   KODAGU-571 218

4. SOUTH COORG MUSLIM CREDIT
CO-OPERATIVE SOCIETY LIMITED
NO.283, VIRAJPET
KODAGU-571 218
REP. BY ITS CHAIRMAN
REG. UNDER KARNATAKA CO-OPERATIVE
SOCIETY ACT, 1959

...RESPONDENTS

(BY SRI. VEERESH BUDIHAL, ADVOCATE FOR R1 & R2 - [VC])

THIS WRIT PETITION IS FILED UNDER ARTICLES 226 AND 227 OF THE CONSTITUTION OF INDIA PRAYING TO CALL FOR THE RECORDS AND QUASHING THE IMPUGNED ORDER DATED 29.12.2023 UNDER SECTION 3(2) OF THE KARNATAKA PROTECTION OF INTEREST OF DEPOSITORS IN FINANCIAL ESTABLISHMENTS ACT, 2004, ISSUED BY THE 2ND RESPONDENT ONLY INSOFAR AS THE PETITIONERS PROPERTY FOUND AT ITEM NO.8 FOUND AT THE ANNEXURE OF THE IMPUGNED ORDER IS CONCERNED, A COPY OF WHICH IS PRODUCED AS ANNEXURE-D, VIDE BEARING NO.E.RD.119 GRC 2023 AS ILLEGAL AND VOID AND ETC.

THESE PETITIONS, COMING ON FOR ORDERS, THIS DAY, ORDER WAS MADE THEREIN AS UNDER:

CORAM: HON'BLE MR. JUSTICE T.P.VIVEKANANDA

ORAL ORDER

The petitioners in all these writ petitions have called in question the Notification dated 29.12.2023 issued by respondent Nos.1 and 2 invoking the provisions of Section 3(2) of the Karnataka Protection of Interest of Depositors in Financial Establishments Act, 2004, (hereinafter referred to as "the Act") in respect of different items of properties as mentioned in the prayer to the writ petitions.

2. The claim of the petitioners is that, they are the purchasers of certain immovable properties through the registered sale deed dated 26.09.2023, gift deed dated 06.09.2021 and 09.09.2021 and sale deed dated 29.09.2023 from respondent No.3 herein who was an office bearer of respondent No.4-financial establishment. On the allegation that the assets acquired by the respondent No.3 was a proceeds of crime or the amount derived from the respondent No.4, all the properties which were conveyed by respondent No.3 to the petitioners

herein are included in the Notification issued under Section 3(2) of the Act.

3. In terms of Sub-section (2) of Section 5 of the Act within thirty days from the date of the order passed by the State under Section 3 of the Act, the Competent Authority appointed in respect of the financial establishment will have to apply to the Special Court for further order of attachment to be made absolute. In the present case, the petitioners herein have approached this Court challenging the very initiation of the proceedings/notification issued under Section 3(2) of the Act and this Court by order dated 29.02.2024 directed the respondents not to precipitate the matter.

4. It is the submission of the learned counsel for the respondent No.4 that in the light of the interim order passed by this Court, the Competent Authority appointed in respect of respondent No.4 could not approach the Competent Court as required under Sub-section (2) of

Section 5 of the Act. It is his submission that under the guise of challenging the Notification issued under Section 3(2) of the Act, the petitioners cannot prevent or prohibit the Competent Authority from invoking the provisions of Sub-section (2) of Section 5 of the Act. It is for the Competent Authority to approach the Special Court and seek for confirmation of the attachment order in the manner known to law.

5. In the proceedings that would be initiated under Sub-section (2) of Section 5 of the Act, all the concerned especially the persons whose properties are notified under Section 3(2) of the Act would be provided with an opportunity to put forth their contentions before the Special Court. Therefore, this Court cannot adjudicate upon the validity of the Notification issued under Section 3(2) of the Act at the instance of the petitioners in the present writ petitions.

6. Learned counsel for the respondents places reliance on the order passed by the Co-ordinate Bench of this Court in WP.No.35914/2017 dated 15.11.2022 and contends that under similar circumstances taking note of the relevant provisions of the Act, this Court has held that the writ petitions are not maintainable and the parties will have to approach the Competent Court under the Act.

7. Learned counsel for the petitioners, however, apprehends that, if the writ petitions are disposed of permitting the Competent Authority to approach the Competent Court under Sub-section (2) of Section 5 of the Act, under the guise of the impugned Notification, the possession of the petitioners would be disturbed by the Competent Authority.

8. In response to the same, the learned counsel for the respondent No.4-Competent Authority submits that by virtue of Sub-section (4) of Section 3 of the Act, the property attached under Sub-section (2) has already vest

with the Competent Authority. However, he further hastened to add that till the Competent Court decides the matter under Sub-section (2) of Section 5 of the Act, the respondent No.4-Competent Authority would not disturb the possession of the petitioners in respect of the properties involved in the present writ petitions. The said submission would allay the apprehension of the petitioners.

9. In the light of the aforesaid submissions and taking note of the provisions of Sub-section (2) of Section 3 and Sub-section (2) of Section 5 of the Act, it is just and appropriate for this Court to permit the respondent No.4-Competent Authority to approach the Competent Court under Sub-section (2) of Section 5 of the Act within a period of 30 days from the date of receipt of certified copy of this order. If such a petition is filed, it is always open for the petitioners herein to put forth their contentions in

respect of the transactions, which they have entered into with the respondent No.3.

10. With the aforesaid observations, all the writ petitions are ***disposed of***. Till such time the proceedings before the Competent Court is decided under Sub-section (2) of Section 5 of the Act, the possession of the petitioners shall not be disturbed.

Sd/-
(T.P.VIVEKANANDA)
JUDGE

PB
List No.: 1 Sl No.: 4