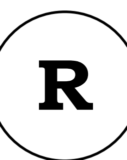
Reserved on : 08.06.2026
Pronounced on : 16.06.2026



IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 16TH DAY OF JUNE, 2026

BEFORE

THE HON'BLE MR. JUSTICE M. NAGAPRASANNA

WRIT PETITION No.15130 OF 2026 (GM - RES)

C/W

WRIT PETITION No.15277 OF 2026 (GM - RES)

WRIT PETITION No.15278 OF 2026 (GM - RES)

IN WRIT PETITION No.15130 OF 2026

BETWEEN:

DEEPAK SINGH
AGED ABOUT 40 YEARS
S/O LATE SHRI GAJENDRA SINGH,
R/O 4201 ICONIC TOWER, PARAS
QUARTIER, GWAL PAHARI,
GURUGRAM, HARYANA, 122001.

... PETITIONER

(BY DR.S.MURALIDHAR
MR.VIKRAM CHAUDHARY
MR.SAJAN POOVAYYA
MR.SANDESH J.CHOUTA, SR.ADVOCATES A/W
SRI SAMPREETH V., SRI SANKALP SHARMA, SRI SUHAAN
MUKHARJEE, SMT.SANYA MALLI, SRI MAHAJAN B.K.,
SRI CHAITANYA, MS. ARSHIYA GHOSE, SRI AADARSH
KUMAR, MS.NINNI SUSAN THOMAS, SRI SIDHARTH

B.MUCHANDI, SMT.RAKSHA AGARWAL AND
MS.DIYA, ADVOCATES)

AND:

DIRECTORATE OF ENFORCEMENT
REPRESENTED BY
DEPUTY DIRECTOR,
3RD FLOOR, B BLOCK, BMTC BUILDING,
SHANTINAGAR, KH ROAD
BENGALURU – 560 027.

... RESPONDENT

(BY SRI S.V.RAJU, ASGI A/W
SRI ZOHEB HUSSAIN, SPL.COUNSEL
SRI ARVIND KAMATH, ASG
SRI MADHU N.RAO, SPL.PP AND
MS.SHRESTHA BHARTI, LEAGAL CONSULTANT FOR ED)

THIS WRIT PETITION IS FILED UNDER ARTICLES 226 AND 227 OF THE CONSTITUTION OF INDIA READ WITH SECTION 528 OF BNSS, 2023, PRAYING TO A. DECLARE THE ARREST OF THE PETITIONER AS ILLEGAL AND IN VIOLATION OF SECTION 19 OF PMLA AND FUNDAMENTAL RIGHTS OF THE PETITIONER GUARANTEED UNDER ARTICLE 14 AND 21 OF THE CONSTITUTION OF INDIA IN RELATION TO ECIR/BGZO/07/2026 WHICH IS PENDING ON THE FILE OF THE COURT OF PRINCIPAL DISTRICT AND SESSIONS JUDGE AT BANGALORE (CCH-1)REGISTERED BY THE RESPONDENT AGENCY AND QUASH THE SAME AND DIRECT THE PETITIONER TO BE RELEASED; ANNEXURE – F; B. QUASH THE ORDER DATED 08.05.2026 PASSED BY THE INCHARGE COURT AT LXV ADDL. CITY CIVIL AND SESSIONS JUDGE AT BANGALORE (CCH-66), BENGALURU GRANTING ED CUSTODY REMAND OF THE PETITIONER FROM 08.05.2026 TILL 13.05.2026 AND ALL SUBSEQUENT REMAND ORDERS THAT MAY BE PASSED; ANNEXURE- F.

<u>IN WRIT PETITION No.15277 OF 2026</u>

<u>BETWEEN</u>:

VIKAS TANEJA
AGED ABOUT 49 YEARS
S/O RAJKUMAR TANEJA
R/O FLAT NO. 1121, TOWER 1,
EMBASSY PRISTINE ARRESTEE
APARTMENT, IBLUR VILLAGE,
BELLANDUR, BENGALURU – 560 103.

... PETITIONER

(BY DR.S.MURALIDHAR
MR.VIKRAM CHAUDHARY
MR.SAJAN POOVAYYA
MR.SANDESH J.CHOUTA, SR.ADVOCATES A/W
SRI SAMPREETH V., SRI SANKALP SHARMA, SRI SUHAAN MUKHARJEE, SMT.SANYA MALLI, SRI MAHAJAN B.K., SRI CHAITANYA, MS. ARSHIYA GHOSE, SRI AADARSH KUMAR, MS.NINNI SUSAN THOMAS, SRI SIDHARTH B.MUCHANDI, SMT.RAKSHA AGARWAL AND MS.DIYA, ADVOCATES)

<u>AND</u>:

DIRECTORATE OF ENFORCEMENT
REPRESENTED BY
DEPUTY DIRECTOR,
3RD FLOOR, B BLOCK, BMTC BUILDING,
SHANTINAGAR, K.H ROAD
BENGALURU – 560 027.

... RESPONDENT

(BY SRI S.V.RAJU, ASGI A/W
SRI ZOHEB HUSSAIN, SPL.COUNSEL
SRI ARVIND KAMATH, ASG
SRI MADHU N.RAO, SPL.PP AND
MS.SHRESTHA BHARTI, LEGAL CONSULTANT FOR ED)

THIS WRIT PETITION IS FILED UNDER ARTICLES 226 AND 227 OF THE CONSTITUTION OF INDIA READ WITH SECTION 528 OF

BNSS, 2023 PRAYING TO A. DECLARE THE ARREST OF THE PETITIONER AS ILLEGAL AND IN VIOLATION OF SECTION 19 OF PMLA AND FUNDAMENTAL RIGHTS OF THE PETITIONER GUARANTEED UNDER ARTICLE 14 AND 21 OF THE CONSTITUTION OF INDIA IN RELATION TO ECIR/BGZO/07/2026 WHICH IS PENDING ON THE FILE OF THE COURT OF PRINCIPAL DISTRICT AND SESSIONS JUDGE AT BANGALORE (CCH-1)REGISTERED BY THE RESPONDENT AGENCY AND QUASH THE SAME AND DIRECT THE PETITIONER TO BE RELEASED; ANNEXURE- F; B. QUASH THE ORDER DATED 08.05.2026 PASSED BY THE COURT OF PRINCIPAL DISTRICT AND SESSIONS JUDGE AT BANGALORE (CCH-1), BENGALURU GRANTING ED CUSTODY REMAND OF THE PETITIONER FROM 08.05.2026 TILL 13.05.2026; ANNEXURE-F.

IN WRIT PETITION No.15278 OF 2026

BETWEEN:

PRITHVI RAJ SINGH
AGED ABOUT 40 YEARS
S/O LATE SHRI DIWAN SINGH,
R/O M-803, 8TH FLOOR, SHANTI
VIHAR AWHO, SECTOR 95,
GURUGRAM, HARAYANA

... PETITIONER

(BY DR.S.MURALIDHAR
MR.VIKRAM CHAUDHARY
MR.SAJAN POOVAYYA
MR.SANDESH J.CHOUTA, SR.ADVOCATES A/W
SRI SAMPREETH V`., SRI SANKALP SHARMA, SRI SUHAAN MUKHARJEE, SMT.SANYA MALLI, SRI MAHAJAN B.K., SRI CHAITANYA, MS. ARSHIYA GHOSE, SRI AADARSH KUMAR, MS.NINNI SUSAN THOMAS,
MS. AISHWARYA, SMT.RAKSHA AGARWAL AND MS.DIYA, ADVOCATES)

AND:

DIRECTORATE OF ENFORCEMENT
REPRESENTED BY

DEPUTY DIRECTOR,
3RD FLOOR, B BLOCK
BMTC BUILDING, SHANTINAGAR,
K.H ROAD, BENGALURU – 560 027.

... RESPONDENT

(BY SRI S.V.RAJU, ASGI A/W
SRI ZOHEB HUSSAIN, SPL.COUNSEL
SRI ARVIND KAMATH, ASG
SRI MADHU N.RAO, SPL.PP AND
MS.SHRESTHA BHARTI, LEAGAL CONSULTANT FOR ED)

THIS WRIT PETITION IS FILED UNDER ARTICLES 226 AND 227 OF THE CONSTITUTION OF INDIA PRAYING TO A. DECLARE THE ARREST OF THE PETITIONER AS ILLEGAL AND IN VIOLATION OF SECTION 19 OF PMLA AND FUNDAMENTAL RIGHTS OF THE PETITIONER GUARANTEED UNDER ARTICLE 14 AND 21 OF THE CONSTITUTION OF INDIA IN RELATION TO ECIR/BGZO/07/2026 WHICH IS PENDING ON THE FILE OF THE COURT OF PRINCIPAL DISTRICT AND SESSIONS JUDGE AT BANGALORE (CCH-1)REGISTERED BY THE RESPONDENT AGENCY AND QUASH THE SAME DIRECT THE PETITIONER TO BE RELEASED ANNEXURE-F; B. QUASH THE ORDER DATED 08.05.2026 PASSED BY THE INCHARGE COURT AT LXV ADDL. CITY CIVIL AND SESSIONS JUDGE AT BANGALORE (CCH-66), BENGALURU GRANTING ED CUSTODY REMAND OF THE PETITIONER FROM 08.05.2026 TILL 13.05.2026 ANNEXURE – F.

THESE WRIT PETITIONS HAVING BEEN HEARD AND RESERVED FOR ORDERS ON 08.06.2026, COMING ON FOR PRONOUNCEMENT THIS DAY, THE COURT MADE THE FOLLOWING:-

CORAM: **THE HON'BLE MR JUSTICE M.NAGAPRASANNA**

CAV ORDER

The petitioners, in these three cases, call in question the legality of their arrest by the respondent/Enforcement Directorate. Since petitioners are drawn as accused in particular Enforcement Case Information Report ('ECIR') and the issue being similar, they are taken up together and considered by this common order.

2. *Shorn* of unnecessary details, facts in brief are as follows: -

2.1. The petitioners are the Directors/Office Bearers of M/s Games Kraft Technologies Private Limited (hereinafter referred to as 'the Company' for short). The Company is established on 06-06-2017 and is inter *alia* engaged in the business of operating technology platforms, which allowed users to play skill-based online games such as rummy, ludo and poker. It is the averment that the Company is also engaged in the real estate business earning income through rental and maintenance of owned properties. The petitioner in Writ Petition No.15130 of 2026 is the founder and Chief Executive Officer of the Company.

2.2. A crime in Crime No.722 of 2024 comes to be registered before Central CEN Crime Police Station of Bengaluru for offences punishable under Sections 318(2) of the BNS and Section 66 of the Information Technology Act, 2000 ('the Act' for short) against the Company alleging that the complainant was in the habit of playing all these online games for the last 7 years when the Company was launched and has sustained a financial loss of up to Rs.3/- crores. The Police conduct investigation and find no substance in the allegation and file a 'B' report on 05-07-2025. Till the month of August, 2025 online game was not statutorily regulated. On 22-08-2025, a legislation - "the Promotion and Regulation of Online Gaming Act, 2025" comes into effect. Thereafter, the Company stopped its operation. Long after the Company stopped its operation, the respondent/Enforcement Directorate registers an ECIR and the predicate offence for registration of the said crime was the FIR in Crime No.722 of 2024 taking the offence under Section 318(2) of the BNS as the scheduled offence.

2.3. On registration of ECIR, search and seizure proceedings were initiated against the Company as obtaining under Section 17 of the Prevention of Money Laundering Act, 2002 ('PMLA' for short). The search went on from 18-11-2025 till 22-11-2025. The Company

and its subsidiary filed Writ Petition No.1668 of 2026 seeking quashing of ECIR on the score that predicate offence stood closed on 'B' report being filed in Crime No.722 of 2024 and it being accepted. On the said ground, this Court, on 22-01-2026, granted an interim order of stay of further proceedings in the ECIR so registered, which was based upon the said predicate offence.

2.4. The moment interim order is granted in the aforementioned writ petition, another crime in Crime No.97 of 2026 is registered before the jurisdictional police at Telangana for offences punishable under Sections 66C and 66D of the Act and Sections 318(4) and 319(2) of the BNS against unknown accused. The allegation there is, the complainant received calls and SMS urging him to play games and earn profits in the game as run by the Company and that he has suffered loss of ₹53,080/-. A second crime in Crime No.10 of 2026 comes to be registered again before another Police Station in Telangana on 10-02-2026 for offences punishable under Section 318(4) of the BNS and Section 66D of the Act. Here again unknown persons are the accused. The complainant is said to have played and lost ₹1,85,00,000/- between 2017 and 06-08-2025. A third crime comes to be registered again in a Police Station in Telangana for the very same offences, which becomes a

crime in Crime No.330 of 2026. Here the allegation is that, the complainant has lost ₹40,00,000/- between 2017 and 2019. The complaint is registered only on 12-02-2026. On 23-02-2026, the subject ECIR recorded Crime Nos.97, 10 and 330 of 2026 as scheduled offences. No summons was issued to these petitioners in these cases.

2.5. On 07-05-2026, searches were carried out as obtaining under Section 17 of the PMLA, at the residence of the petitioners in Bengaluru and Gurugram. Search commenced at 7 a.m. on 07-05-2026 and concluded at 4.30 a.m. on 08-05-2026. In the interregnum, during the search, the petitioner in Writ Petition No.15277 of 2026 was taken into custody on 08-05-2026 at 3.30 a.m. and the petitioner in Writ Petition No.15278 of 2026 was taken into custody on 08-05-2026 at 2.30 a.m. The petitioner in Writ Petition No.15130 of 2026 was taken into custody on 08-05-2026 at 4.50 a.m. All of them remain in custody even to this day. The petitioners, in all these cases, call in question the arrest and seek a declaration that the arrest of the petitioners is illegal and in violation of Section 19 of the PMLA and fundamental rights

guaranteed under Articles 14 and 21 of the Constitution of India and seek a consequential relief of their release from the prison.

3. Heard Dr. S.Muralidhar, Sri Vikram Choudhary, Sri Sajan Poovayya and Sri Sandesh J Chouta, learned senior counsel appearing for the petitioners in all the petitions, Sri S.V.Raju, learned Additional Solicitor General of India, Sri K.Arvind Kamath, learned Additional Solicitor General of India, Sri Zoheb Hussain, learned special counsel, Sri Madhu N. Rao, learned Special Public Prosecutor and Sri B.N. Jagadeesha, learned Additional State Public Prosecutor appearing for the respondents.

SUBMISSIONS:

PETITIONERS':

4.1. The learned senior counsel Dr. S. Muralidhar would take this Court through the provisions of the PMLA to contend that under Section 19, with particular reference to sub-section (2) of Section 19, arrest of a person can be made only if material is available at the time of arrest in the form of evidence, that could lead to prosecution against the said person. He would also take this Court through the arrest memo, grounds of arrest and reasons to believe

served while taking the petitioner in Writ Petition No.15130 of 2026 into custody. He would lay emphasis upon the fact that the entire finding in the grounds of arrest or reasons to believe are what is found pursuant to registration of predicate offence in Crime No.722 of 2024, which has been stayed at the hands of this Court. Therefore, to get over the interim order of stay so granted, a crime comes to be registered or subsequent ECIR or the impugned ECIR comes to be registered.

4.2. The learned senior counsel would further contend that the arrest of a person can happen only in extreme circumstance and it cannot be a matter of course. In the arrest memo it is only indicated that the petitioner did not answer a question of the Enforcement Directorate and therefore, he had to be taken into custody for custodial interrogation. He would submit that, if on the materials available during the search between 18-11-2025 and 22-11-2025, after registration of the earlier ECIR, which was based upon Crime No.722 of 2024, there could not have been a reason to believe that they should be arrested now without any material. He would contend that the arrest is on the face of it illegal, contrary to the mandate of the statute, violative of the fundamental rights of

the citizen, as procedure is not followed prior to taking of the petitioners into custody. He would seek to place reliance upon a plethora of judgments of the Apex Court and various High Courts on the issue, which would all bear consideration *qua* their relevance in the course of the order.

5. The learned senior counsel Sri Vikram Chaudhary appearing for the petitioner in the companion petition – Writ Petition No.15277 of 2026, while adopting the submissions of the learned senior counsel Dr. S. Muralidhar would seek to amplify by contending that the second ECIR, in the peculiar facts of this case, is a misrepresentation and a blatant affront to the order of stay dated 22-01-2026 passed by this Court. He would submit that the material in possession as found in sub-section (1) of Section 19 of the PMLA, which forms the basis for reasons to believe regarding the guilt of the petitioner, has no life or proximate link or link with the necessity of arrest on 08-05-2026. Even if the petitioners after receipt of summons had refused to cooperate, that would not lead to direct arrest of a person. The search under Section 17 of the PMLA cannot be a valid ground to arrest any person as arriving at the satisfaction of guilt is the only pre-requisite of arrest. The

ground that is communicated for the purpose of arrest is that the petitioner was evasive in his reply and that is projected as non-cooperation or misleading. He would submit that, that cannot be a ground for arrest. He would submit that the arrest of the petitioners is vitiated on account of taking into consideration materials which were collected during the first ECIR and would submit that the arrest is in blatant violation of sub-section (2) of Section 19 of the PMLA. He would also seek to place reliance on a plethora of judgments, all of which would bear consideration *qua* their relevance in the course of the order.

6. The learned senior counsel Sri Sajan Poovayya appearing for one of the petitioners would adopt the submissions of both the learned senior counsel and in amplification, would submit that the material that has now led to the arrest of the petitioners cannot be the material that can be used for arrest of the petitioners. He would again seek to place reliance upon several judgments, all of which would bear consideration *qua* their relevance in the course of the order.

7. The learned senior counsel Sri Sandesh J Chouta would also adopt the submissions of aforementioned senior counsel and make his submissions by contending that the petitioners are challenging the legality of the arrest, which is a permissible exercise of judicial review and consequence would be the release of the petitioners by setting them at liberty.

RESPONDENT:

ADDITIONAL SOLICITOR GENERAL OF INDIA:

8.1. *Per contra*, the learned Additional Solicitor General Sri S.V. Raju would vehemently refute the submissions to contend that judicial review, in such cases, should not be mechanically done but should be exercised unless any action of the respondent displays manifest arbitrariness or non-compliance with statutory safeguards as provided under the PMLA – a special enactment. He would vehemently contend that sufficiency or adequacy of material based upon which the officer forms a belief of arrest of a person or the correctness of facts on which belief is formed is not subject to judicial review. The learned Additional Solicitor General would submit that, the alleged lapses by authorized officers should not be scrutinized by magnifying glass while exercising judicial review, as

such exercise may grant undue advantage or benefit to individual accused of serious offences under the PMLA. He would further contend that a merit-based review should not be conducted in a challenge to the arrest of a person.

8.2. The learned Additional Solicitor General would elaborate his submissions to contend that the merit-based review of grounds of arrest or reasons found in the reasons to believe should not become the subject matter of judicial review is what the Apex Court has held. He would submit that the present petition even otherwise is not entertainable, as the petition prays for release of the petitioners on the ground of illegality in the arrest and remand. The only method that the petitioners can seek release from custody is, filing an application seeking their enlargement on bail, which would be judicially adjudicated upon by applying rigours of Section 45 of the PMLA and the petitioners have availed the remedy of filing an application seeking bail and have simultaneously filed this petition on the score that the concerned Court answering the bail is not taking up the matter and the petitioners are continuing in prison. He would submit that the remand orders have to run through the course or lapsed by efflux of time. Legality or custody of a person

cannot be gone into in a petition under Article 226 of the Constitution of India read with Section 528 of the BNSS. The learned Additional Solicitor General would submit that a statutory action performed *bona fide* as authorized under the PMLA cannot be questioned by the petitioners without any specific allegation of procedural infraction or arbitrariness.

8.3. Coming to the merit of the submissions, the learned Additional Solicitor General would submit that stay of further proceedings in Crime No.722 of 2024 was by an order dated 22-01-2026. This cannot impact the enquiry or investigation in relation to three distinct FIRs registered in Telangana at Cyber Crime Police Station in FIR No.97 of 2026 registered on 24-01-2026, FIR No.10 of 2026 registered on 10-02-2026 and FIR No.330 of 2026 registered on 12-02-2026. Amplifying the allegations in those crimes, the learned Additional Solicitor General would submit that the FIR containing scheduled offence would become evidence when proceeds of crime arise from those scheduled offences. The offence of money laundering is predicate upon the scheduled offence in the three new FIRs registered, pursuant to which, a new ECIR is registered based upon three new

scheduled offences, which is separate and distinct from Crime No.722 of 2024, which is stayed at the hands of this Court. He would seek to place reliance upon distinct factors of three crimes so registered to buttress his submission that nothing of the earlier crime is made the foundation of a new ECIR or the earlier crime is not the one that predicated in the new ECIR.

8.4. The learned Additional Solicitor General would elaborate on the rudimentary fact that arrest is a part of investigation. This Court should not come in the way of legality of the arrest if it is necessitated in law, particularly when a *prima facie* case is made out. The contention of the learned senior counsel representing the petitioners that there is no tangible material in possession of the arresting officer to formulate the opinion that the accused is guilty is misconceived. It is his submission that, whether the accused is guilty or otherwise would be known only after investigation and in the course of investigation if arrest is necessitated, the arrest cannot be interdicted or annulled at the hands of this Court.

8.5. The learned Additional Solicitor General would further contend that the specious submission that Enforcement Directorate

cannot exercise power under the PMLA to investigate the predicate offence is bereft of understanding of the offence of money laundering and after a reasoned judicial order of remand there can be no scope of challenge to the arrest, as grounds of arrest, the reason for arrest and the reason to believe for taking the petitioners into custody are all elaborately drawn while taking the petitioners into custody. On all these scores, the learned Additional Solicitor General seeks dismissal of the petitions and permitting the law to take its course.

9. I have given my anxious consideration to the submissions made by the respective learned counsel and have perused the material on record.

<u>THE PRECLUDE</u>:

10. The afore-narrated facts, dates and link in the chain of events are all a matter of record. The petitioners are either founders, Directors or office bearers of the Company. The Company is in the business of operating technology platform which allows the users to play skill based on-line games such as rummy, ludo etc. using real money with other users. The business which began on

06-06-2017 continued till it discontinued with the promulgation of Promotion and Regulation of Online Gaming Act, 2025. On 5-12-2024 one crime in FIR No.722 of 2024 comes to be registered before the Central CEN Crime Police Station, Bengaluru City for offences punishable under Section 66 of the Act and 318(2) of the BNS, out of which Section 66 of the Act is not a scheduled offence under the PMLA while Section 318(2) of the BNS is. The allegation was that the complainant therein had suffered loss over ₹3/- crores on a gaming platform called Pocket-52 operated by the Company. Pursuant to registration of the said crime in Crime No.722 of 2024, a 'B' report comes to be filed. The 'B' report is not contested as the amount of ₹3/- crores is settled by the Company with the complainant. Therefore, the 'B' report comes to be accepted by the concerned Court on 05-07-2025. The crime which was registered on 05-12-2024 comes to be closed on 05-07-2025 and as such, there was no predicate offence subsisting or alive for the Enforcement Directorate to spring into action.

11. On 11-11-2025 the Enforcement Directorate registers an ECIR against the Company and one M/s Nirdesa Network Private Limited, which was clearly based upon a crime in Crime No.722 of

2024, which by then had stood closed by the concerned Court accepting the 'B' report and closing the proceedings.

12. The Enforcement Directorate in terms of Section 17 of the PMLA conducted search in the office premises of both the Company and other residential premises of the Directors/employees. The search went on from 18-11-2025 to 22-11-2025. The Company or the Directors then filed Writ Petition No.1668 of 2026 and this Court in terms of its order dated 22-01-2026 grants interim order of stay of investigation in the ECIR on the score that the predicate offence was not alive. The order passed by this Court reads as follows:

> "…. …. ….
>
> There shall thus be an interim order of stay of further proceedings in the subject ECIR, arising out of Crime No.722/2024, till the next date of hearing."

The said interim order is continued from time to time and the last of the listing of the said matter was on 25-04-2026. Therefore, the ECIR upon which the search was conducted between 18-11-2025 and 22-11-2025 and all further proceedings stood stayed in their entirety. At the time of grant of interim order, a submission was made that there was another crime pending in Uttarakhand or in Uttar Pradesh and the Enforcement Directorate was entitled to

update the ECIR as ECIR is not a statutory document like the FIR; it is only an administrative document. The offence therein was only under Section 66 of the Act, which was not a scheduled offence. Therefore, that could not have been submitted for continuance of the proceedings in the ECIR which arose from a crime in Crime No.722 of 2024.

13. The respondent/Enforcement Directorate registers a new ECIR on the basis of three predicate offences – (i) FIR No.97 of 2026 dated 24-01-2026 registered at P.S. Cyber Crimes, Hyderabad; (ii) FIR No.10 of 2026 dated 10-02-2026 registered at P.S. Kasipet, Ramagundam, Telangana and (iii) FIR No.330 of 2026 dated 12-02-2026 registered at P.S. Cyber Crimes, Hyderabad – ECIR bearing No. ECIR/BGZO/07/2026 comes to be recorded on 23-02-2026. The allegation is that the complainants therein have lost huge amounts from 2013 till the gaming platform was closed. It is upon these three FIRs that the aforementioned ECIR bearing No. ECIR/BGZO/07/2026 is registered, wherein the scheduled offences are the ones punishable under Sections 318 and 316 of the BNS, which were admittedly scheduled offences. It is the aftermath of registration of the aforementioned ECIR bearing No.

ECIR/BGZO/07/2026 on 23-02-2026 that forms the fulcrum of the subject *lis*.

14. Between 23-02-2026 and 07-05-2026, it is an admitted fact that no summons under Section 50 of the PMLA was served upon any of these petitioners or the Company. After about 3 months of registration of ECIR bearing No. ECIR/BGZO/07/2026, on 07-05-2026, searches were carried out under Section 17 of the PMLA at the residences of the petitioners in Bengaluru and Gurugram. Search commenced at 7 a.m. on 07-05-2026 and concluded at 4.30 a.m. on 08-05-2026. The petitioners were taken into custody, the details of which are as under:

i. Prithvi Singh @ 2.30 a.m. (GOA, RTB & AO F @ P2)
ii. Deepak Singh @ 4.50 a.m. (GOA, RTB & AO F@P1)
iii. Vikas Taneja @ 3.30 a.m. (GOA, RTB & AO F@101)

The grounds of arrest and reasons to believe for taking the petitioners into custody is served upon them. They are germane to be noticed. The grounds of arrest and reasons to believe in one of the petitions read as follows:

(i) **GROUNDS OF ARREST:**

"**GROUNDS OF ARREST (Sh. Deepak Singh Ahlawat S/o. Late Shri Gajendra Singh**)

1.1 Multiple FIRs were registered against online Rummy apps/websites, controlled and developed by M/s. GamesKraft Technologies Pvt. Ltd and its associated entities, in the state of Telangana, viz. FIR No.97of 2026 dt. 24/01/2026 at the Cyber Crime PS, Hyderabad, Telangana, FIR No.10 of 2026 dt. 10/02/2026, with the Kasipet PS, Ramagundam, and FIR No. 330 of 2026 dt. 12/02/2026 with Cyber Crimes PS, Cyberabad, Telangana. The particulars are as given below:

1.2 As per the **FIR no. 97 of 2026**, registered with the Cyber Crime PS, Hyderabad for the offence under sections 318(4) & 319(2) of BNS, 2023 (Sections 419 & 420 of IPC, 1860), the complainant alleged that he received phone calls and SMS messages from affiliates of online rummy platforms RummyCulture and RummyCircle. They promoted their websites, www.RummyCulture.com and www.RummyCircle.com, as government-licensed, skill-based gaming platforms and promised substantial profits. Influenced by these assurances, the complainant began playing and depositing money on their platforms but claims that he consistently incurred losses. It was further alleged that the games appeared one-sided and that he ultimately lost Rs.53,080/- across multiple transactions.

Later, upon contacting customer care to seek clarification and request a refund, he was informed that the games were skill-based, and operated using a Random Number Generator (RNG) system. According to the complainant, the representatives failed to address his concerns and allegedly avoided providing satisfactory responses. He claims to possess screen recordings of gameplay, which he believes demonstrate manipulation and unfair practices.

The complainant has further raised concerns about the transparency of the platform, alleging that certain players appear to be consistently active at all hours, including late at night, raising suspicion about their authenticity. He also questioned the integrity of gameplay mechanics,

including alleged duplication of cards, recurring score patterns favoring certain players, and consistent losses in higher-stake pooled games (Rs.500/- to Rs.10,000/-) compared to relatively balanced outcomes in low-stake point-based games.

1.3 As per **FIR No. 10/2026**, dated 10/802/2026, registered at Kasipet PS, Ramagundam, Telangana, for the offence under sections 318(4) of BNS, 2023 (Section 420 of IPC, 1860), it is alleged that five complainants named therein were cheated by unknown persons associated with the platforms '**Rummyculture**' and '**RummyTime**'. The complainants stated that they were introduced to the said gaming applications through Facebook and YouTube, wherein fraudulent representations, misleading advertisements, and alleged application-related manipulations were used to induce them to install the apps. It is further alleged that the accused persons represented the games as skill-based online games, legally operated under a valid licence from the Government of India. Believing such representations, the victims deposited money through UPI payments, resulting in an alleged wrongful loss amounting to approximately Rs. 1.85 Crores.

Further, another **FIR in No. 330/2026** dated 12/02/2026 was registered at Cyber Crimes PS, Cyberabad, Telangana, for the offence under sections 318(4) of BNS, 2023 (Section 420 of IPC, 1860), and the complainant stated that he came across an online rummy advertisement on YouTube in 2017 and installed the '**Rummy Culture**' application operated by Gameskraft Technologies India Pvt. Ltd., registering with mobile number 9000966770. After initially incurring losses, he reinstalled the application in 2019 and began depositing money, allegedly suffering losses of about Rs.40,00,000/- over time. The complainant has alleged several irregularities during gameplay, including suspected collusion among players, acceptance of deposits beyond the stated daily limit, forced logout and connectivity error messages resulting in loss of deposited amounts, alleged participation of a person stated to be the company's director despite terms prohibiting such participation, and inducement through 'free cash' credits. He further stated that despite raising complaints with customer support, no action was taken. According to him, multiple transfers

were made from his HDFC Bank Account No. 50100007479313, including Rs.1,43,350/- through 43 transactions, and he claims to have suffered a total wrongful loss of Rs.41,04,849/-

2. During the investigation conducted by the Directorate of Enforcement under the provisions of PMLA, 2002, certain incriminating evidences were seized in the form of electronic records and documents from the office premises of M/s. RummyCulture Technologies Pvt. Ltd. &M/s. Gameskraft Technologies Pvt. Ltd. Analysis of this evidence revealed that the company (being managed by you, in the capacity of Director) is indulging in fraudulent practices to cheat the gamers/users, thereby causing huge financial loss to the users. The major findings of the Search are as given below:

2.1. **Luring of gullible Users**: The company claims to the public that the Real Money Games (RMGs), online Rummy, offered through its web/mobile application are free from any form of BOT's, algorithms, automated devices or in any other form, and assures users a fair and transparent gaming environment while participating in such RMGs. However, evidence gathered during the search proceedings establishes that the company has, initially offers various incentives to its users, in the form of Bonuses, referral bonuses, instant cash, tournament incentives, and new joining bonuses. Further, the accused company allows the new users to win small amounts in initial low-stake games, and these early wins serve a dual purpose, it helps building trust in the gaming platform and encourage users to deposit more money, creating a false impression that earning money through the platform is very easy. Furthermore, by creating a false impression that winning big prizes is possible and within reach, the company encourages users to keep playing repeatedly. This continuous engagement can lead users to develop a habit of playing, often affecting them financially and mentally.

2.2. **Usage of unscrupulous practices**: Being an intermediary, the accused company, is supposed to host/conduct online Rummy games in a fair and secure environment, and protect the interests of its users. However, evidence gathered revealed that the accused

entities have indulged in dishonest means in conducting the online Rummy game. Instances were reported where users encountered duplication of playing cards, recurring score patterns of a few players favouring certain players, collusion among a few players, forced logout and rampant blockage of user IDs, collectively causing heavy financial losses to the gullible users.

Through this undisclosed and deceptive means, the company has misrepresented the nature of the gameplay and thereby cheated bona fide participants, causing huge financial loss.

2.3. **Unethical and restrictive business practices**: As per the Terms of Service of the company, users are restricted to creating a single 'user account' only, and users are prohibited from creating or using multiple user IDs. However, evidence gathered revealed that the company has allowed the creation of multiple User IDs, rather, thousands of User IDs, mapped with a single bank account. Further, the company states that users are not allowed from the states that have banned online real money games, as mentioned its 'Terms of Use'. However, on verification of the gaming data of Rummy users of the company, it is seen that a large number of users are playing from Andhra Pradesh, Telangana, Tamil Nadu, etc., and even the complaints of all the above-mentioned 03 FIRs are from the state of Telangana only. Further, it is stated that the company captures the geo-location of its users while enrolling them on its platform. Thus, it is clear that the company is knowingly violating the prevailing laws to derive profits through illegal means.

2.4. **Laundering of proceeds – for payment towards illegal activities**: The accused company, having generated profits through unscrupulous means in hosting/conducting online real-money Rummy games, has laundered a portion of these proceeds by falsely recording them as business expenditures in its regular books of accounts. However, these expenditures were actually incurred for making payments to third parties who engaged in illegal activities. The evidence indicates that the company recorded approximately Rs. 100 Crores as expenses during the financial years 2020-21 & 2021-22 under the heads of software maintenance, and software development & consultancy. However, the

vendors subsequently returned these amounts in cash after deducting their commission, GST, and TDS amounts. The cash thus received was utilized for illegal purposes, including cash payments to various individuals across multiple states and, surprisingly, for raising questions in the Lok Sabha also.

3. Kind attention is invited to Section 3 and Section 19 of PMLA, 2002

Section 3: Whosoever directly or indirectly attempt to indulge or knowingly assists or is actually involved in any process or activity connected with the proceeds of crime including its concealment, possession, acquisition or use and projecting or claiming it as untainted property shall be guilty of offence of money laundering.

Explanation-For removal of doubts, it is hereby clarified that -

(i) A person shall be guilty of offence of money-laundering if such person is found to have directly or indirectly attempted to indulge or knowingly assisted or knowingly is a party or is actually involved in one or more of the following processes or activities connected with proceeds of crime, namely: -

(a) Concealment; or
(b) Possession; or
(c) Acquisition; or
(d) Use; or
(e) Projecting as untainted property; or
(f) Claiming as untainted property,
In any manner whatsoever;

(ii) The process or activity connected with proceeds of crime is a continuing activity and continues till such time a person is directly or indirectly enjoying the proceeds of crime by its concealment or possession or acquisition or use or projecting it as untainted property or claiming it as untainted property in any manner whatsoever

<u>Section 19</u>: **19. Power to arrest**.-

(1) If the Director, Deputy Director, Assistant Director, or any other officer authorised in this behalf by the Central Government by general or special order, has on the basis of material in his possession reason to believe (the reason for such belief to be recorded in writing) that any person has been guilty of an offence punishable under this Act, he may arrest such person and shall, as soon as may be, inform him of the grounds for such arrest.

(2) The Director, Deputy Director, Assistant Director or any other officer shall, immediately after arrest of such person under sub-section (1), forward a copy of the order, along with the material in his possession, referred to in that sub-section, to the Adjudicating Authority, in a sealed envelope, in the manner, as may be prescribed and such Adjudicating Authority shall keep such order and material for such period, as may be prescribed.

(3) Every person arrested under sub-section (1) shall within twenty-four hours, be taken to a Judicial Magistrate or a Metropolitan Magistrate, as the case may be, having jurisdiction: Provided that the period of twenty-four hours shall exclude the time necessary for the journey from the place of arrest to the Magistrate's Court.

4. Further, on analysis of the seized material and evidence gathered during the Search, revealed the following facts:

a. You had indulged in the capacity of Director of M/s. Gameskraft Technologies Pvt. Ltd., which was offering Real Money Games to the public, was cheating the genuine game players by manipulating the outcome of the game.

b. By using the discretionary powers, under the guise of 'Terms of Service', you have illegally blocked the accounts/wallets of various genuine players, causing financial loss to them.

c. Part of the proceeds of crime so derived have been laundered in guise of investment and have furthered taken the funds out of the company under the garb of Dividend payment, which you have further laundered by gifting to the family

members/buying movable & immovable properties in the name of family members and entities like Trust, Firms and Companies, controlled and managed by your family members.

d. In order to trace the proceeds of crime and its end utilization, Search operation u/s. 17 of PMLA, 2002 was conducted at your residential premises and other accused persons premises. The evidence gathered during the course of the search operation confirms the offence of cheating the genuine players of online Rummy game and involvement in Money Laundering offence.

e. You alongwith other Directors/founders mentioned were hand in glove with Sh. Ramesh Prabhu, former CFO, who has diverted and laundered Rs. 250 Crores under the garb of investing in Futures & Options and Mutual Funds.

f. That on the basis of the investigation carried out and evidences collected so far and material in possession of this Directorate, it is revealed that you are one of the key conspirators in this case and I have reasons to believe that you are guilty of the offence of money laundering as defined under section 3 r.w.s. 70, and punishable under section 4 of the PMLA, 2002. It is revealed during the course of investigation conducted under the PMLA, 2002 that you, along with others, have directly attempted to indulge, knowingly a party and are involved in the process or activity connected with the proceeds of crime.

5. Hence, considering your involvement in the commission of Money Laundering on the basis of the above grounds, you are arrested in accordance with the provisions of Section 19 of the Prevention of Money Laundering Act, 2002.

Sd/-
08/05/2026
(Vikas)
सहायकनिदेशक / ASSISTANT DIRECTOR
प्रवर्तननिदेशालय / DIRECTORATE OF ENFORCEMENT
भारतसरकार / GOVERNMENT OF INDIA

बेंगलूरु / BENGALURU

Sd/-
08/05/2026
(Signature of Arrestee)
Sh.Deepak Singh Ahlawat

I have been intimated about my rights, as laid down by the Hon'ble Supreme Court of India in the case of D.K. Basu V.s. State of West Bengal with regard to the rights of arrestee person.

Smt.Poonam Chaudhary has been informed about my arrest verbally at ------ AM/PM on 08/05/2026.

Sd/-
Signature of Arrestee

Witness:

1. Sd/-
2. Sd/-

Sd/-
08/05/2026
(Vikas)

सहायकनिदेशक / ASSISTANT DIRECTOR
प्रवर्तननिदेशालय / DIRECTORATE OF ENFORCEMENT
भारतसरकार / GOVERNMENT OF INDIA
बेंगलूरु / BENGALURU”

(ii) REASONS TO BELIEVE:

“Reasons to Believe for arrest of Sh. Deepak Singh Ahlawat, S/o. Sh. Late Gajendra Singh, Director of M/s. Gameskraft Technology Pvt. Ltd., u/s. 19 of PMLA, 2002 on 08/05//2026

*****

That, the following FIRs have been registered against online Rummy apps/websites, controlled and developed by M/s.

GamesKraf Technologies Pvt. Ltd and its associated entities. Sh. Deepak Singh Ahlawat is one of the Directors of M/s. Gameskraft Technologies Pvt. Ltd. The gist of the FIRs are as submitted below:

1.1 **FIR No.97/2026**: As per FIR No. 97/2026 dated 24/01/2026 registered at the Cyber Crime Police Station, Hyderabad, the complainant alleged that he received phone calls and SMS messages from affiliates of online rummy platforms RummyCulture and RummyCircle. They promoted their websites, www.RummyCulture.com and www.RummyCircle.com, as government-licensed, skill-based gaming platforms and promised substantial profits. Influenced by these assurances, the complainant began playing and depositing money on their platforms but claims that he consistently incurred losses. It was further alleged that the games appeared one-sided and that he ultimately lost Rs.53,080/- across multiple transactions.

Later, upon contacting customer care to seek clarification and request a refund, he was informed that the games were skill-based, and operated using a Random Number Generator (RNG) system. According to the complainant, the representatives failed to address his concerns and allegedly avoided providing satisfactory responses. He claims to possess screen recordings of gameplay, **which he believes demonstrate manipulation and unfair practices**.

The complainant has further raised concerns about the transparency of the platform, alleging that certain players appear to **be consistently active at all hours, including late at night, raising suspicion about their** authenticity. He also questioned the integrity of gameplay mechanics, including alleged duplication of cards, recurring score patterns favoring certain players, and consistent losses in higher-stake pooled games (Rs.500/- to Rs. 10,000/-) compared to relatively balanced outcomes in low-stake point-based games.

1.2. **FIR No.10/2026**: As per FIR No. 10/2026 dated 10/02/2026 registered at Kasipet PS, Ramagundam, Telangana, it is alleged that five complainants named therein were cheated by unknown persons associated with the platforms 'Rummyculture' and 'RummyTime'. The

complainants stated that they were introduced to the said gaming applications through Facebook and YouTube, wherein fraudulent representations, misleading advertisements, and **alleged application-related manipulations were used to induce them to install the apps**. It is further alleged that the accused persons represented the games as skill-based online games, legally operated under a valid licence from the Government of India. Believing such representations, the victims deposited money through UPI payments, resulting in an alleged wrongful loss amounting to approximately Rs. 1.85 Crores.

1.3 **FIR No.330/2026:** As per FIR No. 330/2026 dated 12.02.2026 registered at Cyber Crimes PS, Cyberabad, Telangana, and the complainant stated that he came across an online rummy advertisement on YouTube in 2017 and installed the 'Rummy Culture' application operated by Gameskraft Technologies India Pvt. Ltd., registering with mobile number 9000966770. After initially incurring losses, he reinstalled the application in 2019 and began depositing money, allegedly suffering losses of about Rs.40,00,000/- over time. The complainant has alleged **several irregularities during gameplay, including suspected collusion among players, acceptance of deposits beyond the stated daily limit, forced logout and connectivity error messages resulting in loss of deposited amounts, alleged participation of a person stated to be the company's director despite terms prohibiting such participation**, and inducement through 'free cash' credits. He further stated that despite raising complaints with customer support, no action was taken. According to him, multiple transfers were made from his HDFC Bank Account No. 50100007479313, including Rs.1,43,350/- through 43 transactions, and he claims to have suffered a total wrongful loss of Rs.41,04,849/-.

1.4. **Complaints filed with the National Crime Report Bureau (NCRB) by the Victims of RummyCulture app.**:

Apart from the FIRs, there are huge number of complaints were reported in NCRB, and many of these complaints are under investigation. On examination of

these complaints, it is seen that certain victims of the accused company were expressing suicidal thoughts due to the financial losses incurred by them on the accused company's online rummy platform. Also, allegations of fraud, cheating and usage of BOTs in the online Rummy platform of the accused company. For ready reference, a few complaints are reproduced hereunder (the list of the complaints filed by the victims are submitted as **Annexure-1**)

2024	September	Rummy culture	ANDHRA PRADESH	Guntur	**Requested Both The Apps Vision 11 And Rummy Culture Fantasy Apps To Delete My Account And Pan Personal information Bank derais** But They Are Saying It Was Not Possible Even Asking From Many Years No Action Was Taken To Remove My Data, Now I Am Leaving Of My Number Due To Some Unlucky Reasons Of My Mobile Number, It May Assign To Somebody Else, So Please Kindly Help Me To Delete My Data From The Apps And Delete My Account Permanently From The Apps They May Use My Pan **For Fraud Transactions. Please Kindly Help Me Regarding This Sir**
2021	March	Rummy culture	KARNATAKA	BANGALORE CITY	Hi I would like to raise a serious concern against Rummy Culture androind application related to online

					gambling After losing huge amount of money RummyCulture blocks the account and make the account temporarily closed **RummyCulture also deploys Robots to play against Human players** and make sure the Robot wins always and takes huge amount of winning money They give a reason as fair play violation for blocking the account but they never give exact reason why it is fair play violation They just block the account They will not allow you to call or email once the account is blocked and they seize the whole amount in the account. I want to file a case against Rummy Culture for this and would like to ask the thefine of 10 Lakhs for seizing my money and blocking the account without any reason Also court needs to question the apps integrity for

					playing robots against human players and doing these kind of fraud Regards Raveendra
2021	August	Rummyculture	MAHARASHTRA	Mira BhayandarVasi Virar Police Commissioner	**I have been cheated by Rummy culture which is online app** for playing Rummy. Wherein lost almost Rs.250000 and they have accepted that cheating happens sometimes not every time For which I asked for the refund because cheating happens everytime and I have proof of it, so kindly help me get my money back as soon as possible. I am so depressed **I feel committing suicide.** I am helpless**. I cant even work properly or think of anything else**
2023	December	Rummyculture	GUJARAT	AHMEDABAD RURAL	I am playing game on rummy culture first I lost 42000 rs after that when I am wining 33451 rs and **going for withdraw that time shown your acount was suspended due to vilotaion they are not replaying which**

					vilonce I am done and than I am not able to withdraw my money. my 33451 rs stuck in acount. and acount block by rummy culture.

From the above table, it is also seen that the complainants are from the state of Andhra Pradesh, wherein online real money games are banned, yet **the company was conducting its business activities, disregarding the prevailing laws of the land**.

1.5. **Complaints filed by the victims through e-mail to the accused company**:

Apart from the complaints received by the NCRB and FIR registered against the company, **the accused company itself had received lakhs of grievances/complaints from its users**, who were victims of the of fraudulent activities carried out by the company, and also **Notices u/s. 91 of CrPC, from LEA of various states**. These data was seized during the Search conducted u/s. 17 of the PMLA, 2002 at the premises of M/s. Gameskraft Technologies Pvt.Ltd., in the month of Nov'2025. Similar to the above tabulated complaints, these grievances/complaints are very serious in nature, and no less than equivalent to heinous crimes. For ready reference, a few complaints are reproduced hereunder (the list of the complaints filed by the victims are submitted as **Annexure-2**)

Ticket ID	Subject	Status	Priority	Source
13362	Please disable my account permanently immediately please **please please please sir Otherwise I will commit suicide** .	Closed	Low	Email
19656	Suicide	Closed	Low	Email
27239	Emergency call back from the team othe wise **we have to go for mass suicide**	Closed	Low	Email
29878	**Give me permission for suicide**	Closed	Low	Email
37950	Committing suicide	Closed	Low	Email
43149	Watch "Goldsmith Murders Wife & Daughters | Commits Suicide | After Falling in Debt Trap | Tamil Nadu" on YouTube	Closed	Low	Email
43232	Watch "Online Rummy losses drive man to suicide - TV9" on YouTube	Closed	Low	Email
49077	Suicide	Closed	Low	Email
50901	U people sucks money I will do suicide and write your name soon	Closed	Low	Email
68812	**My suicide letter**	Closed	Low	Email
68836	Re: My suicide letter	Closed	Low	Email
71627	I am going to suicide for RummyCulture taday I am mad for total money loss no one game I win totally one side game play	Closed	Low	Email
79882	My money of 21,152 not given- i m in troble going suicide	Closed	Low	Email
83643	I am going to commit suicide regarding cheating in RummyCulture didn't refund my money	Closed	Low	Email
88020	Suicide case	Closed	Low	Email
94500	**I am going to suicide for RummyCulture,** They have taken my all bank balance, I have no way to live	Closed	Low	Email
99062	Watch "Online Rummy losses drive man to suicide - TV9" on YouTube	Closed	Low	Email
101329	**I am getting suicide**	Closed	Low	Email
126918	Yes I want do suicide	Closed	Low	Email
133908	I am going to do suicide	Closed	Low	Email
135076	Please my request my my account is close mobile number 83 78 98 155 5 please my 13 lakh loss my suicide kar raha hai please ab Bachana hoga to block karo.	Closed	Low	Email

Ticket ID	Subject	Status	Priority	Source
136398	Please my account is closed Please my rummyculture account is 14 lakh loss please night MI suicide kar raha hai please my account block kijiye main request please close account	Closed	Low	Email
140698	**I feel like committing suicide**	Closed	Low	Email
143414	Committing suicide	Closed	Low	Email
143477	Committing suicide	Closed	Low	Email
Ticket ID	**Subject**	**Status**	**Priority**	**Source**
1027	complaint on cheating in rummy culture website	Closed	Urgent	Phone
1044	one more complaint **regarding cheating in rummy culture website**	Closed	Urgent	Phone
1203	Cheating game	Closed	Low	Email
1252	Again found a Game of cheating.	Closed	Low	Email
1262	Cheating in game rel	Closed	Low	Email
1379	Re: **Again found a Game of cheating.**	Closed	Low	Email
1652	Doing cheating on table	Closed	Low	Email
1721	Are u cheating me u will lose all	Closed	Low	Email
2240	Cheating users list	Closed	Low	Email
2252	Cheating on table	Closed	Low	Email
2553	**Cheating by rummyculture**	Closed	Low	Email
2631	Cheating on table	Closed	Low	Email
2645	Cheating	Closed	Low	Email
2712	Cheating	Closed	Low	Email
3044	Cheating	Closed	Low	Email
3215	cheating	Closed	Low	Email
3467	Cheating	Closed	Low	Email
3654	**cheating your online rummy**	Closed	Low	Email
3744	Game issue cheating	Closed	Low	Email
4233	Cheating in game	Closed	Low	Email
4302	The players are cheating	Closed	Low	Email
4317	Cheating	Closed	Low	Email
4346	Cheating game cheating fellow ur md	Closed	Low	Email
4677	**Cheating activities in cash games**	Closed	Low	Email
4777	Cheating	Closed	Low	Email
4783	Re: Cheating	Closed	Low	Email
4820	Cheating on rummy cluture	Closed	Low	Email
4849	Very cheating site	Closed	Low	Email
4901	Cheating you	Closed	Low	Email
5059	Cheating in your app	Closed	Low	Email
5181	Fraud and cheating game by two players	Closed	Low	Email
5193	cheating teams	Closed	Low	Email
5221	Re: Two person cheating game	Closed	Low	Email
5263	Reg : seems like cheating	Closed	Low	Email
5308	Blindly I believed your website but today **experienced that you are controlling the entire game and you**	Closed	Low	Email

are cheating in pool game as well as in points game. I least bothered about money but I cont understand why you're doing this since you are taking good			

Ticket ID	Subject	Status	Priority	Source	Type	Agent
510	Fraud game	Closed	Low	Email		No Agent
553	fraud game	Closed	Low	Email		No Agent
740	fraud game	Closed	Low	Email		No Agent
741	fraud site	Closed	Low	Email		No Agent
1096	Fraud games	Closed	Low	Email		No Agent
1153	Fraud game site	Closed	Low	Email		No Agent
1282	Fraud gaming	Closed	Low	Email		No Agent
1322	Complaint against fraud	Closed	Low	Email		No Agent
1477	**Complaint against fraud in the game**	Closed	Low	Email		No Agent
1559	Re: fraud Game	Closed	Low	Email		No Agent
1587	fraud in the game	Closed	Low	Email		No Agent
1807	**Money loss and totally fraud**	Closed	Low	Email		No Agent
1856	Fake fraud cheated worst site	Closed	Low	Email		No Agent
1942	Please check for fraud	Closed	Low	Email		No Agent
2016	Fraud app	Closed	Low	Email		No Agent
2045	Frauding of players	Closed	Low	Email		No Agent
2050	Fraud case	Closed	Low	Email		No Agent
2056	Fraud case	Closed	Low	Email		No Agent
2057	Fraud case	Closed	Low	Email		No Agent
2109	Fraud game	Closed	Low	Email		No Agent
2121	**Fraud think going on I need my money bk are I file case**	Closed	Low	Email		No Agent
2169	Fraud	Closed	Low	Email		No Agent

2396	Fraud Games	Closed	Low	Email		No Agent
2815	**No trust - absolutely fraud app**	Closed	Low	Email		No Agent
3179	Fraud app	Closed	Low	Email		No Agent
3220	It's clear .. **ur app is absolutely fraud**	Closed	Low	Email		No Agent
3360	Fraudulent account opened	Closed	Low	Email		No Agent
3463	**Loss huge amount due to Players doing Fraud**	Closed	Low	Email		No Agent
3547	Fraud gaming	Closed	Low	Email		No Agent
3555	fraud game	Closed	Low	Email		No Agent
3763	Fraud	Closed	Low	Email		No Agent

	Notices u/s. 91 CrPC			
Ticket ID	**Subject**	**Status**	**Priority**	**Source**
967840	Notice 91 CrPC (Games Craft Technologies) Comp no-4059-5P (II) dated 09.08.2021 PS Cyber GGM-HC Sandeep 68	Closed	Low	Email
970072	As soon as hold and refund alleged amount and provide details ccnc-987/21 u/s 91 crpc c/o yber cell distt. mathura	Closed	Low	Email
1008537	Fwd: URGENT NOTICE 91 CrPC(RUMMY/MOBIWIK) COMP NO. 4051-5PII DATE- 09.08.2021 PS CYBER GGM ASI AMIT KUMAR	Closed	Low	Email
1009356	Notice 91 CrPC (Kotak Mahindra Bank,Rummy) Complaint No. 1848-MHA dated 24.08.2021, PS Cyber ASI Anil kumar	Closed	Low	Email
1009754	Re: Notice 91 CrPC (Kotak Mahindra Bank,Rummy) Complaint No. 1848-MHA dated 24.08.2021, PS Cyber ASI Anil kumar	Closed	Low	Email
1009913	Re: Notice 91 CrPC (Kotak Mahindra Bank,Rummy) Complaint No. 1848-MHA dated 24.08.2021, PS Cyber ASI Anil kumar	Closed	Low	Email
1011593	Notice 91 CrPC (Kotak Mahindra Bank,Rummy) Complaint No. 1848-MHA	Closed	Low	Portal

	dated 24.08.2021, PS Cyber ASI Anil kumar			
1011600	Notice 91 CrPC (Kotak Mahindra Bank,Rummy) Complaint No. 1848-MHA dated 24.08.2021, PS Cyber ASI Anil kumar	Closed	Low	Portal
1039794	Fwd: URGENT NOTICE 91 CrPC(RUMMY/MOBIWIK) COMP NO. 4051-5PII DATE- 09.08.2021 PS CYBER GGM ASI AMIT KUMAR	Closed	Low	Portal
1055523	Notice 91 CrPC (RUMMY) Comp. No. 4651-5P II, Dated 12.09.2021 PS Cyber GGM- ASI VINOD KUMAR	Closed	Low	Email
1055578	Re: Notice 91 CrPC (RUMMY) Comp. No. 4651-5P II, Dated 12.09.2021 PS Cyber GGM- ASI VINOD KUMAR	Closed	Low	Email
1056382	Fwd: Fwd: URGENT NOTICE 91 CrPC(RUMMY/MOBIWIK) COMP NO. 4051-5PII DATE- 09.08.2021 PS CYBER GGM ASI AMIT KUMAR	Closed	Low	Email
1058499	Re: Notice 91 CrPC (RUMMY) Comp. No. 4651-5P II, Dated 12.09.2021 PS Cyber GGM- ASI VINOD KUMAR	Closed	Low	Portal
1108407	Fwd: Fwd: URGENT NOTICE 91 CrPC(RUMMY/MOBIWIK) COMP NO. 4051-5PII DATE- 09.08.2021 PS CYBER GGM ASI AMIT KUMAR	Closed	Low	Portal
1124996	Fwd: Fwd: URGENT NOTICE 91 CrPC(RUMMY/MOBIWIK) COMP NO. 4051-5PII DATE- 09.08.2021 PS CYBER GGM ASI AMIT KUMAR	Closed	Low	Portal
1192120	REMINDER : Notice 91 CrPC (Kotak Mahindra Bank,Rummy) Complaint No. 1848-MHA dated 24.08.2021, PS Cyber ASI Anil kumar	Closed	Low	Email
1192651	Re: REMINDER : Notice 91 CrPC (Kotak Mahindra Bank,Rummy) Complaint No. 1848-MHA dated 24.08.2021, PS Cyber ASI Anil kumar	Closed	Low	Email
1192779	Notice 91 CrPc (THE RUMMY) Comp No. 5865-5P II dated 12.11.2021 PS Cyber, Gurugram -ASI VINOD KUMAR	Closed	Low	Email
1204255	Fwd: Re: MOST URGENT NOTICE 91 CRPC (RUMMYTIME) COMP NO. 5762-5P-II DT:- 06.11.2021 PS CYBER GGM ASI OMBIR	Closed	Low	Email
1204384	Re: Fwd: Re: MOST URGENT NOTICE 91 CRPC (RUMMYTIME) COMP NO. 5762-5P-II DT:- 06.11.2021 PS CYBER GGM ASI OMBIR	Closed	Low	Email

1216802	Notice Under Section 91 CrPC in connection with PTN 749/2021 of Cyber Crime Police Station, Kochi, Kerala	Closed	Low	Email
1251186	MOST URGENT NOTICE 91 CRPC (RUMMY) COMP NO. 5677-5P II DT. 01.11.2021 PS CYBER GGM ASI SANDEEP KUMAR	Closed	Low	Email

Further, there are many online complaints and negative reviews about RummyCulture across consumer forums and review websites. The most common grievances include:

- Allegations of **"rigged" gameplay** or bots
- Heavy financial losses and **gambling addiction** concerns
- Withdrawal/payment issues
- Poor or unresponsive customer support
- Claims of **unfair card distribution** or manipulation
- Account blocking and verification disputes

Regarding fraud by rummyculture | Consumer Complaints Court consumercomplaintscourt.com https://consumercomplaintscourt.com/regarding-fraud-by-rummyculture/ 17:03	Rummyculture – cheating Consumer complaints and reviews about Rummyculture - cheating. Rummyculture www.consumercomplaints.in https://www.consumercomplaints.in/rummyculture-cheating-c1967184 17:03

Furthermore, 06 number of FIRs were registered against at various police stations, in Tamil Nadu, as people committed suicide and the allegation is that the cause of death for suicide is addiction to online gaming. The details of FIRs registered are as given below;

i. FIR No.1 of 2022 dt. 30/07/2022 by CBCID-South, Coimbatore PS

ii. FIR No.2 of 2022 dt. 01/08/2022 by CBCID-South, Coimbatore PS

iii. FIR No.6 of 2022 dt. 13/07/2022 by CBCID-South, Coimbatore PS

iv. FIR No.3 of 2022 dt. 05/08/2022 by CBCID-North, Vellore PS

v. FIR No.7 of 2022 dt. 17/08/2022 by CBCID-Hqrs, Metro Chennai PS V.

vi. FIR No.2 of 2022 dt. 26/07/2022 by CBCID-OCU, Coimbatore

Based on the above, the complaints are categorized under the following categories broadly,

i. Suicidal Distress and Psychological Harassment:

Certain complaints disclose allegations that the victims were subjected to severe psychological pressure, emotional trauma, coercive conduct, financial distress, and continuous harassment

arising from the losses incurred in the online Rummy game. Due to these losses, the victims suffering from extreme mental agony, social humiliation, financial ruin, and emotional instability, thereby driving certain victims into conditions of suicidal ideation or severe psychiatric distress.

In certain cases, the victims pleaded with the accused company, rather threatening them to block their accounts, or they may commit suicide. These complaints demonstrate the severe mental agony, emotional trauma, financial desperation, and psychological pressure experienced by the victims as a consequence of the unscrupulous activities of the accused company.

ii. **Fraud:** A substantial number of complaints received from the victims contain allegations of fraudulent conduct of the online Rummy game by the accused company.

iii. **Usage of BOTs**: Several complaints contain allegations regarding the deployment and use of automated software systems, bots, algorithmic tools or scripted programs used to manipulate the outcome of the online Rummy game by the accused company. The complainants allege that such BOTs were used against them, and due to these dishonest practices of the accused company, some of the victims reported suicide or suicidal tendencies.

iv. **Cheating:** A large number of victims alleged that rampant cheating has taken place on the Rummy online platform, which caused them huge financial losses.

v. **Restrictions on Withdrawal of Monies by Victims:** A significant category of complaints pertains to allegations that victims were restricted, delayed, or unlawfully obstructed from withdrawing their own monies, from the online gaming platform of RummyCulture, without any prior intimation, and also not releasing their legitimate money.

vi. **Rampant blockage of accounts/wallets**: Many users had complained about the blockage of their wallets on the online gaming platform of Rummy.

2. **Recording of ECIR:**

As offenses under sections 420 (Cheating and dishonestly inducing delivery of property), and 419 (Cheating by personation punishment) of the IPC, 1860, invoked in the aforesaid FIRs are scheduled offenses under sections 2(1)(x) and 2(1)(y) of PMLA, 2002, an ECIR vide number ECIR/BGZO/07/2026 dt.23/02/2026, has been recorded by this Office.

3. **Outcome of PMLA investigation:**

M/s. Gameskraft Technologies Pvt. Ltd., was incorporated in the year 2017, and its registered office is in Bangalore. Its operations are carried out from Bangalore & Gurugram offices. The company, including its associated companies, is in the business of hosting online 'Real Money Games (RMGs)', and one of the major sources of revenue is from 'Rummyculture' (Rummy game), in the form of 'Commission'. M/s. Gameskraft Technologies Pvt. Ltd. is the holding company for the following entities:

i. M/s. RummyCulture Technologies Pvt. Ltd.

ii. M/s.K Works Technologies Pvt. Ltd.

iii. M/s K N Support Services Pvt. Ltd.

iv. M/s. Nirdesa Networks Pvt. Ltd.

v. M/s. Skill Online Games Institute

vi. M/s Multicap Real Estate Pvt. Ltd.

vii. M/s. Wimo Technologies Pvt. Ltd.

viii. M/s. Plego Technologies Pvt. Ltd.

The company was running the following applications related to Poker, Rummy games etc. on Android/IOS Platforms:

Sr. No.	App Name	Launch Year/Month	Shutdown Year/Month	Game Type	Developed By
1	Rummy culture	2017/Sep	2025/Aug	Rummy	Gameskraft Technologies Pvt Ltd
2	Rummy prime	2024/Jan	2025/Aug	Rummy	Gameskraft Technologies Pvt Ltd
3	Playship	2021/Oct	2021/Oct	Rummy	Gameskraft Technologies Pvt Ltd
4	GamezyFantasy	2019/Mar	2023/Aug	Fantasy Cricket	Gameskraft Technologies Pvt Ltd
5	Gamezy Poker	2020/Nov	2023/Aug	Poker	Gameskraft Technologies Pvt Ltd
6	Gamezy Ludo	2021/Feb	2023/Aug	Ludo	Gameskraft Technologies Pvt Ltd
7	Gamezy Rummy	2020/Nov	2023/Aug	Rummy	Gameskraft Technologies Pvt Ltd
8	GamezyPlayship	2020/Apr	2021/Mar	Rummy	Gameskraft Technologies Pvt Ltd
9	Pocket 52*	2020/Feb	2025/May	Poker	Nirdesa Networks Pvt Ltd

The shareholding pattern of M/s. Gameskraft Technologies Pvt. Ltd., over the past 05 years, are as given below:

Name of shareholder	Holding 31-03-2021	Holding 31-03-2022	Holding 31-03-2023	Holding 31-03-2024	Holding 31-03-2025
Deepak Singh	20.46%	20.46%	20.46%	20.46%	5.11%
Prithvi Raj Singh	19.39%	19.39%	19.39%	19.39%	0.00%
Rajkumar Taneja	26.92%	26.92%	26.92%	26.92%	0.00%
Sindhu Devi Jha	19.39%	19.39%	19.39%	19.39%	0.00%
M/s. Anju Family Trust, represented by M/s. Gajendra Singh Trustees Private Limited as the Trustee	Nil	Nil	Nil	Nil	15.34%
M/s. UK 1 Family Trust, represented by M/s. Jaivi Trustees Private Limited as the Trustee	Nil	Nil	Nil	Nil	19.38%
M/s. Taneja First Family Trust, represented by M/s. Taneja Trustees Private Limited as the Trustee	Nil	Nil	Nil	Nil	26.92%

M/s. NM Family Trust, represented by M/s. Maahi Trustees Private Limited as the Trustee	Nil	Nil	Nil	Nil	19.38%
Akhilesh Chaudhary	1.62%	1.62%	1.62%	1.62%	1.62%
Punya Goel	1.62%	1.62%	1.62%	1.62%	1.62%
Parashar Sharma	0.00%	0.00%	0.00%	0.00%	0.00%
Alankar Kumar	0.51%	0.51%	0.51%	0.51%	0.51%
Gameskraft ESOP Trust	0.78%	0.78%	0.78%	0.78%	0.79%
Abhishek Upadhyay	1.29%	1.29%	1.29%	1.29%	1.29%
Sumit Gupta	2.42%	2.42%	2.42%	2.42%	2.42%
Vinay Jha	1.35%	1.35%	1.35%	1.35%	1.35%
Ram Niwas Sharma	1.35%	1.35%	1.35%	1.35%	1.35%
Poonam	1.35%	1.35%	1.35%	1.35%	1.35%
Rajbir Singh Bamel	1.35%	1.35%	1.35%	1.35%	1.35%
Divya Alok Agarwal	0.17%	0.17%	0.17%	0.17%	0.17%
Abhishek Goyal	0.06%	0.06%	0.06%	0.06%	0.06%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

From the above, it is clear that M/s. Gameskraft Technologies Pvt. Ltd., and other group entities, which were owning these online real money gaming apps, were controlled and managed by Sh. Deepak Singh Ahlawat, Sh. Prithvi Raj Singh, Sh. Deepak Kumar Jha and Sh. Vikas Taneja. Further, it is seen from the above table that these key persons of the company have systematically shifted their shareholding from individual capacity to their respective family Trusts.

Further, it is submitted that an FIR was registered in No.33 of 2019 by Mumbai PS, against Sh. Vikas Taneja and Sh. Deepak Kumar Jha by Playgames 24X7 company (which runs RMG under the name of 'Rummy Circle), alleging that these persons had stolen their Rummy game's source code (while they were employed with them) and started the company, M/s. Gameskraft Technologies Pvt. Ltd., by using their source code. Thus, it is reasonably suspected that these Directors/shareholders have strategically transferred their shareholding to their family trusts, to avoid any future litigation.

The total turnover and profits derived by M/s. Gameskraft Technologies are as tabulated below:

Financial Year	Turnover (INR in Cr.)	Profit Before Tax (INR in Cr.)	Profit After Tax (INR in Cr.)
2017-18	1.40	0.43	0.31
2018-19	57.76	31.85	22.19
2019-20	435.59	307.48	228.89
2020-21	1,422.19	1,015.27	740.11
2021-22	2,132.58	1,263.92	936.59
2022-23	2,703.86	1,408.81	1,053.51
2023-24	3,466.60	1,273.14	946.88
2024-25	3,854.44	1,224.23	699.34
Total	**14074.42**	**6525.13**	**4627.82**

The following persons are the Directors and key persons of the group companies:

Sl.No.	Name of the Director	Company's name
1	Sh. Vikas Taneja	M/s. Gameskraft Technologies Pvt. Ltd.
2	Sh. Deepak Singh Ahlawat	
3	Sh. Prithvi Raj Singh	
4	Sh. Deepak Kumar Jha	M/s. RummyCulture Technologies Pvt.Ltd.

The Search & Seizure conducted at the office premises of the accused company and at the residential premises of its Directors revealed the following:

Luring of gullible users: The company offers various incentives to its users, including bonuses, referral bonuses, instant cash, tournament incentives, and new joining bonuses. These incentives are widely promoted through digital platforms,

push notifications, SMS of campaigns, and endorsements by brand ambassadors. However, such bonuses are not directly withdrawable by users; they can only be utilized gameplay and may be converted into withdrawable amounts only if the user participates and wins. Additionally, each incentive is subject to a specified validity period, and any unutilized bonus within the prescribed time frame is forfeited. Further, as alleged by the complainants, the company allows new users to win small amounts in initial low-stake games. These early winnings serve a dual purpose, it helps building trust in the gaming platform and encourage users to deposit more money, creating the impression that earning money through the platform is very easy. These unscrupulous practices of the accused company also make the users addicted to the game. Further, by creating a false impression that winning big prizes is possible and within reach, the company encourages users to keep playing repeatedly. This continuous engagement can lead users to develop a habit of playing, often affecting them financially and mentally. **In this manner, the company creates a false impression among users that they can earn money easily through its platform**. In other words, these practices of the accused company create a continuous gameplay, where users are encouraged to keep playing under the belief that they are close to winning, thereby increasing repeated gameplay and addiction to the game.

Multiple users with the same bank account: As per the “Terms of Service” of the Company, the users are restricted to create a single 'user account' only, and the users are prohibited from creating or using multiple user IDs. However, analysis of the seized data “Rummy withdrawal without PAN” (the total payments aggregating Rs.231.32 Crores, made without PAN), it is seen that the company has allowed the creation of multiple User IDs, rather thousands of User IDs, mapped with a single bank account. Such bank accounts, which are mapped with multiple User IDs are as given below:

Examples:

i. Account '32661983036 - used by 1736 users

ii. Account '919912726138 - used by 1324 users

iii. Account '056110100317280 - used by 1300 users

iv. Account '31250112855 used by 1282 users

v. 80310011002259 - 110 User IDs

For ready reference, one of the bank accounts linked with multiple User IDs, are tabulated below:

PLATFORM	USER_ID	ACCOUNT_NUMBER	IFSC	WITHDRAWAL_TIME	GROSS_WITHDRAWAL_AMOUNT
RummyCulture	757725	'32661983036	SBIN0003436	2018-10-24T20:28:20.000Z	22743
RummyCulture	736590	'32661983036	SBIN0003436	2018-10-20T14:05:03.000Z	19284
RummyCulture	643658	'32661983036	SBIN0003436	2018-10-22T23:22:01.000Z	18107
RummyCulture	643737	'32661983036	SBIN0003436	2018-10-22T23:19:00.000Z	13936
RummyCulture	644676	'32661983036	SBIN0003436	2018-10-21T01:01:39.000Z	12993
RummyCulture	635412	'32661983036	SBIN0003436	2018-10-20T12:34:16.000Z	11188
RummyCulture	649840	'32661983036	SBIN0003436	2018-10-04T19:29:35.000Z	10050
RummyCulture	743320	'32661983036	SBIN0003436	2018-10-17T20:37:53.000Z	9691
RummyCulture	456624	'32661983036	SBIN0003436	2018-09-03T09:12:16.000Z	9474
RummyCulture	467548	'32661983036	SBIN0003436	2018-09-05T00:58:02.000Z	9474
RummyCulture	456635	'32661983036	SBIN0003436	2018-09-03T10:48:04.000Z	9474
RummyCulture	456695	'32661983036	SBIN0003436	2018-09-03T11:53:45.000Z	9468

RummyCulture	645185	'32661983036	SBIN0003436	2018-10-21T01:03:16.000Z	9465
RummyCulture	327567	'32661983036	SBIN0003436	2018-08-09T13:02:52.000Z	9454
RummyCulture	322375	'32661983036	SBIN0003436	2018-08-08T11:55:22.000Z	9306
RummyCulture	742886	'32661983036	SBIN0003436	2018-10-28T06:40:48.000Z	9221
RummyCulture	467538	'32661983036	SBIN0003436	2018-09-04T23:40:02.000Z	8989

Based on the above, it is reasonably believed that the company may be using thousands of user IDs linked to a single bank account as BOTS or in any other form, to deceive users.

Further, during the financial year 2022-23, an IIT-Delhi team has analyzed the software architecture and the data of the company, revealing that there is a high possibility that a system can be implemented with that information (regarding users) that can be flagged automatically, once the user with that particular ID is logged in to the platform. Accordingly, **there is a high chance of manipulating/providing the intended table to play for their advantage.**

Players from banned states: Though the company states that users are not allowed from the states that have banned online real money games, as mentioned in its 'Terms of Use'. However, on verification of the gaming data of Rummy users of the company, it is seen that a large number of users are playing from Andhra Pradesh, Telangana, Tamil Nadu, etc., and even the complaints of all the above-mentioned 03 FIRs are from the state of Telangana only. Further, it is stated that the company captures the geo-location of its users while enrolling them on its platform. Thus, it is clear that the company is knowingly violating the prevailing laws to earn money.

Availability of players on 24X7 basis: In the Rummy platform, there are two types of tables available: 2-player

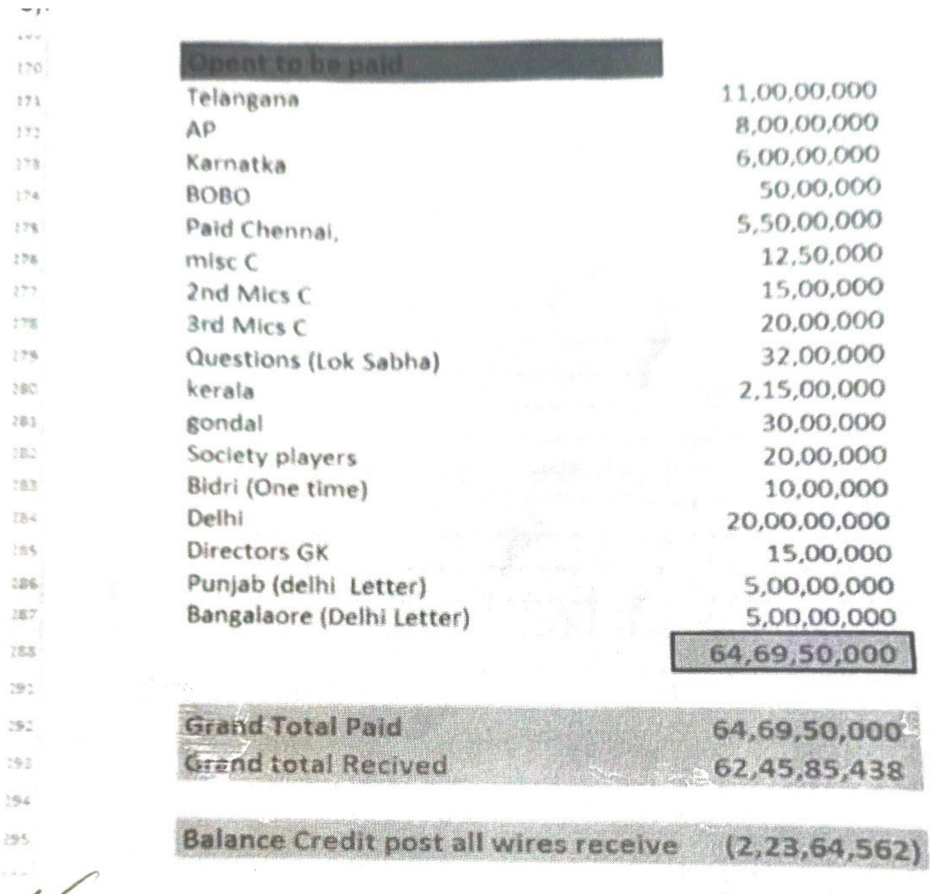
games and 6-player games. It is observed that at any given time, whenever a user chooses to play an online Rummy game, an opponent (or a full table of players) is readily available. This raises suspicion as to how players are consistently available 24x7, especially for 6-player tables, unless the system is supported by BOT profiles or automated participants.

Tournaments: Apart from the different kinds of online Rummy games, the accused company also conducts Tournaments, wherein a huge number of online gamers participate. Usually, in these tournaments, the prize money runs into huge amounts, at times, in crores of rupees. In the year 2021, the company has conducted IRL (Indian Rummy League), from 09/04/2021 to 30/05/2021, wherein, the prize pool money is of Rs.6 Crores. Further, the company has conducted various Tournaments, one such big event was between 16/10/2021 to 14/11/2021 under the name 'Indian Rummy Utsav', wherein, the **prize pool money declared was Rs.200 Crores.** Under these tournaments, the company has announced disproportionate incentives to its users such as 500% Bonus amount on Add-cash & game-play, rewards worth Rs.1 Lakh in every hour, reward of Rs.1 Crore under the 'Points Leader Board'. Furthermore, it is seen that the accused company has created a Guinness World Record by conducting online Rummy Tournament, consisting 2.15 Lakh users/participants on 16/03/2023.

From the above it is clear that the total Proceeds of Crime is not restricted to the amounts mentioned in the above FIRs (Rs.2.30 Crores), but also the proceeds generated by cheating a huge number of other gamers/victims, in fraudulent manners, as explained above, which needs to be further investigated and quantified.

3.2 As seen from the above findings, the company and its Directors have indulged in cheating the genuine real time human players by using unscrupulous activities. Further, the proceeds of crime so generated by the company and its **Directors have been systematically laundered to make payments to various illegal activities and investment in movable/immovable properties**. The total such funds transferred to the illegal payments is

around Rs. 100 Crores. The relevant portion of such illegal payments is reproduced hereunder, for ready reference (the data is extracted from the Excel sheet found in the seized mobile phone of Sh.Deepak Singh Ahlawat, the Excel sheet has been submitted as **Annexure-3**):



Opent to be paid	
Telangana	11,00,00,000
AP	8,00,00,000
Karnatka	6,00,00,000
BOBO	50,00,000
Paid Chennai,	5,50,00,000
misc C	12,50,000
2nd Mics C	15,00,000
3rd Mics C	20,00,000
Questions (Lok Sabha)	32,00,000
kerala	2,15,00,000
gondal	30,00,000
Society players	20,00,000
Bidri (One time)	10,00,000
Delhi	20,00,00,000
Directors GK	15,00,000
Punjab (delhi Letter)	5,00,00,000
Bangalaore (Delhi Letter)	5,00,00,000
	64,69,50,000
Grand Total Paid	64,69,50,000
Grand total Recived	62,45,85,438
Balance Credit post all wires receive	(2,23,64,562)

Laundering the proceeds under the guise of Investment:

Further, an FIR in 501/2025 dt. 09/09/2025 was registered against Sh. Ramesh Prabhu, former CFO of the company, is alleging embezzlement of Rs.250 Crores. However, Sh. Ramesh Prabhu was issued a Summons u/s. 50 of the PMLA, 2002 and in response to which he has replied vide e-mail dated 18/11/2025, wherein he has responded by stating that he had diverted the above

funds, under the instructions of Sh. Vikas Taneja, Sh.Deepak Singh, Sh. Prithvi Raj Singh and Sh. Deepak Kumar Jha. The relevant submission made by him is reproduced hereunder, for ready reference:

"Respected Sir.

This is with regards the events that has occurred over the last 5 years while I was working at Gamekraft Technologies

I joined the company on the 1st August 2018 as CFO

The company was managed by 4 founders Vikas Taneja. Prithvi Raj Singh, Deepak Singh Ahlawat and Deepak Jha. The shares of the company was held by Deepak Singh and Prithvi Singh in their personal names while the other two held the shares in the name of their parents.

In early 2019 a Mumbai based company Games24/7 who is the owner of Rummycircle a rummy based gaming app filed a case of theft against the four founders. The theft was regarding source code and customer data base of Rummycircle. Vikas Taneja and Deepak Jha were working with that company prior to starting Gameskraft Technologies and launching "RunmyCulture" an online rummy gaming app similar to Rummycircle. During this time the founders got scared

This situation scared the founders and in order to protect the money that was being generated in the company they asked me to start taking funds out of the company spread over a period into my account and start making investments in Stock market. They told me once we make profits we will bring the money back in the company and it will not create and problem

In 2020 there was a raid conducted by Bangalore CCB on the company and filed a case of running a gambling setup. During the raid all the founders ran away from the office and asked me to handle the situation with the police. At the end of the raid I was arrested and I had to spend 2 days in prison. This case was later closed after a B report was filed.

With these two events the founders started putting more pressure on me to increase the investments through my account, in return they gave me more ESOPS of the company and promoted me as Co founder of the company. As of March2025 the value of my ESOPS in the company was close to Rs. 100 crores.

The investments made through my account were all invested in trading in Futures & Options through my account with Zerodha. I used my personal zerodha account and created another account in my wife's name without her knowledge. The money that was transferred from company to my bank account were all lost in F&O trading. I did not receive any direct benefit for doing this transaction and I have not made any personal benefit from such investments.

The company bank account from which the funds were transferred was a RBL bank account. There were 2 authorized signatories to that bank account - Prithvi Raj Singh and Myself. Whenever the transactions were made both received email notification and sms alert.

All the money withdrawn in my account was shown as Mutual funds Investments in the balance sheet of the company. I was again asked buy all the founders during a Monday morning founders meeting to create fake mutual funds statements for audit purposes. in 2023-24 I refused to create such statements and did not provide it and again for 2024-25 I refused.

The company was planning to do an IPO in the next 2 years and preparing for it. They had to bring the money back into the company while all of it was lost in trading. They blamed me for losing the money and pressurized me, and assured that they will handle the situation. In February 2025 during the Monday morning founders meeting in office I was asked to leave the country without informing anyone and send a email to family and company. They told me what the contents of the mails needs to be and told me that they will handle the situation and make sure no harm will come to me.

Throughout all these years the founders always gave me oral instructions without creating any records. Since the Mumbai company case in 2019 the founders stopped

> communicating business matters through WhatsApp or other messenger apps.
>
> I am making this statement to the Enforcement Directorate voluntarily and without any threat and force. I have till date not given any statements to any other government authorities.
>
> Regards,
>
> Ramesh Prabhu”

15. **The controversy in the case at hand lies at the confluence of individual liberty and the Government's resolve to combat the menace of money-laundering. The statutory edifice erected under the PMLA is not merely a legislative response to economic crime; it is a carefully crafted mechanism designed to trace, identify, attach, confiscate and ultimately extinguish the benefits flowing from criminal activity. The provisions that assume relevance in the present *lis* are Sections 3, 19, 45 and 50 of the PMLA. I deem it appropriate to notice the same.**

STATUTORY VISTA:

16. Few of the provisions that become germane to be considered in the case at hand are as follows:

> “**3. Offence of money-laundering.—Whosoever directly or indirectly attempts to indulge or knowingly**

assists or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime including its concealment, possession, acquisition or use and projecting or claiming it as untainted property shall be guilty of offence of money-laundering.

***Explanation*.—For the removal of doubts, it is hereby clarified that,—**

(*i*) a person shall be guilty of offence of money-laundering if such person is found to have directly or indirectly attempted to indulge or knowingly assisted or knowingly is a party or is actually involved in one or more of the following processes or activities connected with proceeds of crime, namely—

(*a*) concealment; or
(*b*) possession; or
(*c*) acquisition; or
(*d*) use; or
(*e*) projecting as untainted property; or
(*f*) claiming as untainted property,
in any manner whatsoever;

(*ii*) the process or activity connected with proceeds of crime is a continuing activity and continues till such time a person is directly or indirectly enjoying the proceeds of crime by its concealment or possession or acquisition or use or projecting it as untainted property or claiming it as untainted property in any manner whatsoever.

... ...

19. Power to arrest.—(1) If the Director, Deputy Director, Assistant Director or any other officer authorised in this behalf by the Central Government by general or special order, has on the basis of material in his possession, reason to believe (the reason for such belief to be recorded in writing) that any person has been guilty of an offence punishable under this Act, he may arrest such person and shall, as soon as may be, inform him of the grounds for such arrest.

(2) The Director, Deputy Director, Assistant Director or any other officer shall, immediately after arrest of such person under sub-section (1), forward a

copy of the order along with the material in his possession, referred to in that sub-section, to the Adjudicating Authority, in a sealed envelope, in the manner as may be prescribed and such Adjudicating Authority shall keep such order and material for such period, as may be prescribed.

(3) Every person arrested under sub-section (1) shall, within twenty-four hours, be taken to a Special Court or Judicial Magistrate or a Metropolitan Magistrate, as the case may be, having jurisdiction:

Provided that the period of twenty-four hours shall exclude the time necessary for the journey from the place of arrest to the Special Court or Magistrate's Court.

… … …

45. Offences to be cognizable and non-bailable.— (1) Notwithstanding anything contained in the Code of Criminal Procedure, 1973 (2 of 1974), no person accused of an offence under this Act shall be released on bail or on his own bond unless—

(*i*) the Public Prosecutor has been given an opportunity to oppose the application for such release; and

(*ii*) where the Public Prosecutor opposes the application, the court is satisfied that there are reasonable grounds for believing that he is not guilty of such offence and that he is not likely to commit any offence while on bail:

Provided that a person, who, is under the age of sixteen years, or is a woman or is sick or infirm, or is accused either on his own or along with other co-accused of money-laundering a sum of less than one crore rupees may be released on bail, if the Special Court so directs:

Provided further that the Special Court shall not take cognizance of any offence punishable under Section 4 except upon a complaint in writing made by—

(*i*) the Director; or

(*ii*) any officer of the Central Government or a State Government authorised in writing in this behalf by the

Central Government by a general or special order made in this behalf by that Government.

(1-A) Notwithstanding anything contained in the Code of Criminal Procedure, 1973 (2 of 1974), or any other provision of this Act, no police officer shall investigate into an offence under this Act unless specifically authorised, by the Central Government by a general or special order, and, subject to such conditions as may be prescribed.

(2) The limitation on granting of bail specified in sub-section (1) is in addition to the limitations under the Code of Criminal Procedure, 1973 (2 of 1974) or any other law for the time being in force on granting of bail.

***Explanation*.—For the removal of doubts, it is clarified that the expression "Offences to be cognizable and non-bailable" shall mean and shall be deemed to have always meant that all offences under this Act shall be cognizable offences and non-bailable offences notwithstanding anything to the contrary contained in the Code of Criminal Procedure, 1973 (2 of 1974), and accordingly the officers authorised under this Act are empowered to arrest an accused without warrant, subject to the fulfilment of conditions under Section 19 and subject to the conditions enshrined under this section.**

… … …

50. Powers of authorities regarding summons, production of documents and to give evidence, etc.—(1) The Director shall, for the purposes of Section 13, have the same powers as are vested in a civil court under the Code of Civil Procedure, 1908 (5 of 1908) while trying a suit in respect of the following matters, namely:—

(*a*) discovery and inspection;

(*b*) enforcing the attendance of any person, including any officer of a reporting entity, and examining him on oath;

(*c*) compelling the production of records;
(*d*) receiving evidence on affidavits;
(*e*) issuing commissions for examination of witnesses and documents; and
(*f*) any other matter which may be prescribed.

> **(2) The Director, Additional Director, Joint Director, Deputy Director or Assistant Director shall have power to summon any person whose attendance he considers necessary whether to give evidence or to produce any records during the course of any investigation or proceeding under this Act.**
>
> **(3) All the persons so summoned shall be bound to attend in person or through authorised agents, as such officer may direct, and shall be bound to state the truth upon any subject respecting which they are examined or make statements, and produce such documents as may be required.**
>
> (4) Every proceeding under sub-sections (2) and (3) shall be deemed to be a judicial proceeding within the meaning of Section 193 and Section 228 of the Indian Penal Code (45 of 1860).
>
> (5) Subject to any rules made in this behalf by the Central Government, any officer referred to in sub-section (2) may impound and retain in his custody for such period, as he thinks fit, any records produced before him in any proceedings under this Act:
>
> Provided that an Assistant Director or a Deputy Director shall not—
>
> (*a*) impound any records without recording his reasons for so doing; or
>
> (*b*) retain in his custody any such records for a period exceeding three months, without obtaining the previous approval of the Joint Director."

17.1. Section 3, which defines the offence of money-laundering, forms the very soul of the enactment. The provision is couched in terms of remarkable amplitude. It does not criminalise merely the generation of illicit wealth; it criminalises every conscious participation in the lifecycle of the "proceeds of crime".

The legislative design is conspicuously broad. Concealment, possession, acquisition, use, projection or claiming of proceeds of crime as untainted property are all brought within the sweep of the offence. The Explanation appended to the provision leaves little room for ambiguity. By employing the expression *"one or more of the following processes or activities"*, the Parliament has made it abundantly clear that the offence is not confined to the final act of projecting tainted wealth as legitimate wealth. Participation in any link of the chain is sufficient to attract the rigour of the provision.

17.2. The second limb of the Explanation carries the legislative intent even further. It declares money-laundering to be a continuing offence. The offence does not stand exhausted upon a solitary act of concealment or acquisition. So long as the accused continues to enjoy the fruits of crime, directly or indirectly, through possession, use, concealment or projection as untainted property, the criminality persists.

17.3. It is upon this substantive foundation that Section 19 erects the power of arrest. If Section 3 defines the mischief sought to be curbed, Section 19 provides the weapon for its enforcement.

Yet, conscious of the grave consequences that flow from an arrest, the Parliament has not left the power at large. It has circumscribed the authority with safeguards that stand as sentinels protecting personal liberty. Section 19 is not a provision conferring a mere administrative power. It is a statutory recognition of the constitutional balance between the interest of the State in investigating serious economic offences and the equally compelling right of the citizen to be protected from arbitrary deprivation of liberty. The provision, therefore, incorporates conditions precedent that must exist before the power can be validly exercised.

17.4. **The first and foremost requirement is, the existence of *'material in possession'* of the authorised officer. The statute does not permit arrest on suspicion, intuition or perception. The material must precede the formation of opinion. The opinion cannot precede the material. The sequence ordained by the statute is deliberate and significant. Material must exist; from such material must arise a reason to believe; such reason must be recorded in writing; and only thereafter can the power of arrest be exercised.**

17.5. **The expression *"reason/s to believe"* is itself a phrase of profound legal significance. It occupies a middle ground between mere suspicion and conclusive proof. It is stronger than conjecture, yet short of adjudicatory certainty. The belief must be founded upon tangible material. The expression imports objectivity into the decision-making process and excludes arbitrary exercise of power. What the law demands is not the subjective satisfaction of the officer but the existence of objective material capable of sustaining such satisfaction.**

17.6. The second safeguard embedded in Section 19(1) is the obligation to communicate the grounds of arrest to the arrestee. This requirement is not a ritualistic formality. It is the statutory embodiment of the constitutional guarantee contained in Article 22(1) of the Constitution of India. Knowledge of the grounds of arrest equips the arrestee with the ability to challenge the arrest, seek legal remedies and effectively defend his liberty. An arrest without communication of meaningful grounds would reduce the safeguard to a hollow incantation and render the protection illusory.

17.7. Sub-sections (2) and (3) of Section 19 fortify these protections. The requirement that the arrest order and the material relied upon be immediately forwarded to the Adjudicating Authority introduces an element of institutional oversight. The production of the arrested person before the jurisdictional Court within twenty-four hours injects judicial scrutiny into the process at the earliest possible stage. The provision thus reflects a legislative determination that the extraordinary power of arrest must never remain insulated from review.

17.8. Section 50 occupies a different, though equally significant, field. The provision furnishes the investigative architecture of the PMLA. It empowers the authorities to summon persons, compel attendance, secure production of records, record statements on oath and gather evidence necessary for unravelling the complex web of financial transactions that ordinarily characterise money-laundering operations.

17.9. **However, the significance of Section 50 lies not merely in the powers it confers but in its relationship with Section 19. The former is an investigative provision; the**

latter is a coercive provision. Section 50 enables the collection of material. Section 19 permits curtailment of liberty. The transition from one stage to the other cannot be automatic. The material gathered under Section 50 must attain a degree of credibility and cogency sufficient to generate the statutory "reason to believe" contemplated under Section 19. The power to summon cannot become a prelude to an inevitable arrest. Nor can the power to arrest be exercised merely because summons have been issued or statements have been recorded. The statute contemplates a conscious and legally sustainable nexus between the material collected and the belief formed.

17.10. Section 45 completes the statutory architecture necessary for the *lis*. The provision declares offences under the PMLA to be cognizable and non-bailable and imposes the well-known twin conditions for grant of bail. The rigour of Section 45 is reflective of the Parliament's perception that money-laundering is not an ordinary crime. It is an offence that strikes at the economic foundation of the State, corrodes financial systems and facilitates

the perpetuation of criminal enterprises. The stringent conditions imposed for release on bail are therefore intended to ensure that the investigation and prosecution of such offences are not frustrated by easy enlargement on bail.

17.11. Yet, the severity of Section 45 also underscores the necessity for strict adherence to Section 19. The more stringent the consequences that flow from arrest, the greater the obligation upon the authorities to scrupulously observe the statutory safeguards preceding such arrest. Liberty once curtailed under the PMLA is not easily regained. Therefore, the statutory conditions governing arrest acquire heightened significance demand strict compliance.

17.12. **The statutory scheme, when viewed holistically, reveals a carefully calibrated balance. Section 3 defines the offence; Section 50 empowers investigation; Section 19 authorises arrest; and Section 45 regulates release. Each provision is a component of a larger legislative design. The power under Section 19 is thus neither isolated nor absolute. It operates within a structured framework where objective material, recorded reasons, communication of grounds,**

institutional oversight and judicial scrutiny collectively act as safeguards against arbitrary exercise of authority.

17.13. **It is in the backdrop of this statutory architecture that the expression *"material in possession"* occurring in Section 19 assumes critical importance. What constitutes such material, the degree of satisfaction required, the contours of the expression *"reason/s to believe"*, and the extent to which Courts may examine the validity of the formation of such belief have all been the subject matter of extensive judicial exposition by the Apex Court. The jurisprudence that has emerged from those pronouncements illuminates the true scope of the power of arrest under the PMLA and, therefore, merits detailed consideration.**

JUDICIAL PRISM:

APEX COURT:

18.1. The 3 Judge bench of the Apex Court in **VIJAY MADANLAL CHOUDHARY v. UNION OF INDIA**[1] holds as follows:

"…. …. ….

---

[1] **2022 SCC OnLine SC 929**

Arrest

208. Section 19 of the 2002 Act postulates the manner in which arrest of person involved in money laundering can be effected. Sub-section (1) of Section 19 envisages that the Director, Deputy Director, Assistant Director, or any other officer authorised in this behalf by the Central Government, if has material in his possession giving rise to reason to believe that any person has been guilty of an offence punishable under the 2002 Act, he may arrest such person.Besides the power being invested in high-ranking officials, Section 19 provides for inbuilt safeguards to be adhered to by the authorised officers, such as of recording reasons for the belief regarding the involvement of person in the offence of money laundering. That has to be recorded in writing and while effecting arrest of the person, the grounds for such arrest are informed to that person. Further, the authorised officer has to forward a copy of the order, along with the material in his possession, in a sealed cover to the adjudicating authority, who in turn is obliged to preserve the same for the prescribed period as per the Rules. This safeguard is to ensure fairness, objectivity and accountability of the authorised officer in forming opinion as recorded in writing regarding the necessity to arrest the person being involved in offence of money laundering. Not only that, it is also the obligation of the authorised officer to produce the person so arrested before the Special Court or Judicial Magistrate or a Metropolitan Magistrate, as the case may be, within twenty-four hours. This production is also to comply with the requirement of Section 167 of the 1973 Code. There is nothing in Section 19, which is contrary to the requirement of production under Section 167 of the 1973 Code, but being an express statutory requirement under the 2002 Act in terms of Section 19(3), it has to be complied with by the authorised officer.

209. Section 19, as amended from time to time, reads thus:

> "**19.** ***Power to arrest***.—(1) If the Director, Deputy Director, Assistant Director or any other officer authorised in this behalf by the Central Government by general or special order, has on the basis of material in his possession, reason to believe (the reason for such belief to be recorded in writing) that any person has been guilty of an offence punishable under this Act, he

> may arrest such person and shall, as soon as may be, inform him of the grounds for such arrest.
>
> (2) The Director, Deputy Director, Assistant Director or any other officer shall, immediately after arrest of such person under sub-section (1), forward a copy of the order along with the material in his possession, referred to in that sub-section, to the adjudicating authority, in a sealed envelope, in the manner, as may be prescribed and such adjudicating authority shall keep such order and material for such period, as may be prescribed.
>
> (3) Every person arrested under sub-section (1) shall, within twenty-four hours, be taken to a [*Ins*. by Act 13 of 2018, Section 208(*d*)(*i*) [w.e.f. 19-4-2018, vide G.S.R. 383(E), dated 19-4-2018].] [Special Court or] Judicial Magistrate or a Metropolitan Magistrate, as the case may be, having jurisdiction:
>
> Provided that the period of twenty-four hours shall exclude the time necessary for the journey from the place of arrest to the [*Ins*. by Act 13 of 2018, Section 208(*d*)(*ii*) [w.e.f. 19-4-2018, vide G.S.R. 383(E), dated 19-4-2018].] [Special Court or] Magistrate's Court."

210. In the context of this provision, the challenge is that in the absence of any formal complaint being filed, arrest under Section 19 is being made by the authorised officers. Whereas, the purport of Section 167 of the 1973 Code would suggest that the person can be arrested by the jurisdictional police without warrant under Section 41 of the 1973 Code only upon registration of a complaint under Section 154 of the 1973 Code in connection with cognizable offence or pursuant to the order of the court. Even, in case of arrest pursuant to the order of the court, a formal complaint against such person accusing him of being involved in commission of an offence is essential. Moreover, the person produced before the court would be at a loss to know the grounds for arrest unless a formal FIR or complaint is filed accusing him about his involvement in the commission of an offence. The provision if interpreted to permit the authorised officer to arrest someone being involved in the commission of offence of money laundering without a formal complaint against him, would be ex facie manifestly arbitrary and unconstitutional.

211. This argument clearly overlooks the overall scheme of the 2002 Act. **As noticed earlier, it is a comprehensive legislation, not limited to provide for prosecution of person involved in the offence of money laundering, but mainly intended to prevent money laundering activity and confiscate the proceeds of crime involved in money laundering. It also provides for prosecuting the person involved in such activity constituting offence of money laundering. In other words, this legislation is an amalgam of different facets including setting up of agencies and mechanisms for coordinating measures for combating money laundering.** Chapter III is a provision to effectuate these purposes and objectives by attachment, adjudication and confiscation. The adjudication is done by the adjudicating authority to confirm the order of provisional attachment in respect of proceeds of crime involved in money laundering. For accomplishing that objective, the authorities appointed under Chapter VIII have been authorised to make inquiry into all matters by way of survey, searches and seizures of records and property. These provisions in no way invest power in the authorities referred to in Chapter VIII of the 2002 Act to maintain law and order or for that matter, purely investigating into a criminal offence.

212. The inquiry preceding filing of the complaint by the authorities under the 2002 Act, may have the semblance of an investigation conducted by them. However, it is essentially an inquiry to collect evidence to facilitate the adjudicating authority to decide on the confirmation of provisional attachment order, including to pass order of confiscation, as a result of which, the proceeds of crime would vest in the Central Government in terms of Section 9 of the 2002 Act. In other words, the role of the authorities appointed under Chapter VIII of the 2002 Act is such that they are tasked with dual role of conducting inquiry and collect evidence to facilitate adjudication proceedings before the adjudicating authority in exercise of powers conferred upon them under Chapters III and V of the 2002 Act and also to use the same materials to bolster the allegation against the person concerned by way of a formal complaint to be filed for offence of money laundering under the 2002 Act before the Special Court, if the fact situation so warrant. It is not as if after every inquiry prosecution is launched against all persons found to be involved in the commission of offence of money laundering. It is also not unusual to provide for arrest of a person during such inquiry before filing of a complaint for indulging in alleged criminal activity.

213. The respondent has rightly adverted to somewhat similar provisions in other legislations, such as Section 35 of FERA and Section 102 of the Customs Act including the decisions of this Court upholding such power of arrest at the inquiry stage bestowed in the authorities in the respective legislations. In *Ramesh Chandra Mehta* [*Ramesh Chandra Mehta* v. *State of W.B.*, 1968 SCC OnLine SC 62 : (1969) 2 SCR 461 : AIR 1970 SC 940] , the Constitution Bench of this Court enunciated that Section 104 of the Customs Act confers power to arrest upon the Customs Officer if he has reason to believe that any person in India or within the Indian Customs waters has been guilty of an offence punishable under Section 135 of that Act. Again, in *Padam Narain Aggarwal* [*Union of India* v. *Padam Narain Aggarwal*, (2008) 13 SCC 305 : (2009) 1 SCC (Cri) 1] , while dealing with the provisions of the Customs Act, it noted that the term "arrest" has neither been defined in the 1973 Code nor in the Penal Code, 1860 nor in any other enactment dealing with offences. This word has been derived from the French word "*arrater*" meaning "to stop or stay". It signifies a restraint of a person. It is, thus, obliging the person to be obedient to law. Further, arrest may be defined as "the execution of the command of a court of law or of a duly authorised officer". Even, this decision recognises the power of the authorised officer to cause arrest during the inquiry to be conducted under the legislations concerned.

214. While adverting to the safeguards provided under that legislation before effecting such arrest, the Court noted as follows : (*Padam Narain Aggarwal case* [*Union of India* v. *Padam Narain Aggarwal*, (2008) 13 SCC 305 : (2009) 1 SCC (Cri) 1] , SCC p. 320, paras 36-38)

> ***"Safeguards against abuse of power***
>
> ***36. From the above discussion, it is amply clear that power to arrest a person by a Customs Officer is statutory in character and cannot be interfered with. Such power of arrest can be exercised only in those cases where the Customs Officer has "reason to believe" that a person has been guilty of an offence punishable under Sections 132, 133, 135, 135-A or 136 of the Act. Thus, the power must be exercised on objective facts of commission of an offence enumerated and the Customs Officer has reason to believe that a person sought to be arrested has been guilty of commission of such offence. The power to arrest thus is circumscribed by objective considerations***

> ***and cannot be exercised on whims, caprice or fancy of the officer*.**
>
> *37*. The section [**Ed.** : Section 104 of the Customs Act, 1962.] also obliges the Customs Officer to inform the person *arrested of the grounds of arrest as soon as may be. The law requires such person to be produced before a Magistrate without unnecessary delay*.
>
> *38*. ***The law thus, on the one hand, allows a Customs Officer to exercise power to arrest a person who has committed certain offences, and on the other hand, takes due care to ensure individual freedom and liberty by laying down norms and providing safeguards so that the power of arrest is not abused or misused by the authorities*.**"

(emphasis in original and supplied)

215. The safeguards provided in the 2002 Act and the preconditions to be fulfilled by the authorised officer before effecting arrest, as contained in Section 19 of the 2002 Act, are equally stringent and of higher standard. Those safeguards ensure that the authorised officers do not act arbitrarily, but make them accountable for their judgment about the necessity to arrest any person as being involved in the commission of offence of money laundering even before filing of the complaint before the Special Court under Section 44(1)(*b*) of the 2002 Act in that regard. If the action of the authorised officer is found to be vexatious, he can be proceeded with and inflicted with punishment specified under Section 62 of the 2002 Act. **The safeguards to be adhered to by the jurisdictional police officer before effecting arrest as stipulated in the 1973 Code, are certainly not comparable. Suffice it to observe that this power has been given to the high-ranking officials with further conditions to ensure that there is objectivity and their own accountability in resorting to arrest of a person even before a formal complaint is filed under Section 44(1)(*b*) of the 2002 Act.**

216. Investing of power in the high-ranking officials in this regard has stood the test of reasonableness in *Premium Granites* [*Premium Granites* v. *State of T.N.*, (1994) 2 SCC 691] , wherein the Court restated the position that requirement of giving reasons for exercise

> **of power by itself excludes chances of arbitrariness. Further, in *Sukhwinder Pal Bipan Kumar* [*Sukhwinder Pal Bipan Kumar* v. *State of Punjab*, (1982) 1 SCC 31] , the Court restated the position that where the discretion to apply the provisions of a particular statute is left with the Government or one of the highest officers, it will be presumed that the discretion vested in such highest authority will not be abused.** Additionally, the Central Government has framed Rules under Section 73 in 2005, regarding the forms and the manner of forwarding a copy of order of arrest of a person along with the material to the adjudicating authority and the period of its retention. **In yet another decision in *Ahmed Noormohmed Bhatti* [*Ahmed Noormohmed Bhatti* v. *State of Gujarat*, (2005) 3 SCC 647 : 2005 SCC (Cri) 794] , this Court opined that the provision cannot be held to be unreasonable or arbitrary and, therefore, unconstitutional merely because the authority vested with the power may abuse his authority. (Also see *Manzoor Ali Khan* [*Manzoor Ali Khan* v. *Union of India*, (2015) 2 SCC 33 : (2015) 1 SCC (Cri) 802]** .)
>
> **217.** Considering the above, we have no hesitation in upholding the validity of Section 19 of the 2002 Act. We reject the grounds pressed into service to declare Section 19 of the 2002 Act as unconstitutional. On the other hand, **we hold that such a provision has reasonable nexus with the purposes and objects sought to be achieved by the 2002 Act of prevention of money laundering and confiscation of proceeds of crime involved in money laundering, including to prosecute persons involved in the process or activity connected with the proceeds of crime so as to ensure that the proceeds of crime are not dealt with in any manner which may result in frustrating any proceedings relating to confiscation thereof**."

In **VIJAY MADANLAL CHOUDHARY** *supra*, the Apex Court, while upholding the constitutional validity of the provisions of the PMLA, underscored the centrality of personal liberty. **The Apex Court observed that Section 19 of the PMLA is not an unbridled repository of power. On the contrary, it is hedged with**

safeguards of a far higher order than those ordinarily obtaining under the Cr.P.C. or even analogous fiscal legislations. The provision embodies a legislative design intended to secure fairness, objectivity, accountability and, above all, a demonstrable necessity to arrest.

18.2. The Apex Court later in **V. SENTHIL BALAJI v. STATE**[2] holds as follows:

"…. …. ….

40. To effect an arrest, an officer authorised has to assess and evaluate the materials in his possession. Through such materials, he is expected to form a reason to believe that a person has been guilty of an offence punishable under the PMLA, 2002. Thereafter, he is at liberty to arrest, while performing his mandatory duty of recording the reasons. The said exercise has to be followed by way of an information being served on the arrestee of the grounds of arrest. Any non-compliance of the mandate of Section 19(1) of the PMLA, 2002 would vitiate the very arrest itself. Under sub-section (2), the authorised officer shall immediately, after the arrest, forward a copy of the order as mandated under sub-section (1) together with the materials in his custody, forming the basis of his belief, to the adjudicating authority, in a sealed envelope. Needless to state, compliance of sub-section (2) is also a solemn function of the arresting authority which brooks no exception.

41. Thereafter, the arrestee has to be taken to the Special Court, or the Judicial Magistrate or the Metropolitan Magistrate, as the case may be, having the jurisdiction within 24 hours of such arrest. While complying with this mandate the time spent on the journey to the Court shall stand excluded. *Vijay Madanlal*

---

[2] (2024) 3 SCC 51

***Choudhary* [*Vijay Madanlal Choudhary* v. *Union of India*, (2023) 12 SCC 1 : 2022 SCC OnLine SC 929] : (SCC paras 215-16)**

> ***"215. The safeguards provided in the 2002 Act and the preconditions to be fulfilled by the authorised officer before effecting arrest, as contained in Section 19 of the 2002 Act, are equally stringent and of higher standard. Those safeguards ensure that the authorised officers do not act arbitrarily, but make them accountable for their judgment about the necessity to arrest any person as being involved in the commission of offence of money-laundering even before filing of the complaint before the Special Court under Section 44(1)(b) of the 2002 Act in that regard. If the action of the authorised officer is found to be vexatious, he can be proceeded with and inflicted with punishment specified under Section 62 of the 2002 Act.*** *The safeguards to be adhered to by the jurisdictional police officer before effecting arrest as stipulated in the 1973 Code, are certainly not comparable. Suffice it to observe that this power has been given to the high-ranking officials with further conditions to ensure that there is objectivity and their own accountability in resorting to arrest of a person even before a formal complaint is filed under Section 44(1)(b) of the 2002 Act*.
>
> *216*. Investing of power in the high-ranking officials in this regard has stood the test of reasonableness in *Premium Granites* [*Premium Granites* v. *State of T.N.*, (1994) 2 SCC 691] , wherein the Court restated the position that requirement of giving reasons for exercise of power by itself excludes chances of arbitrariness. Further, in *Sukhwinder Pal Bipan Kumar* [*Sukhwinder Pal Bipan Kumar* v. *State of Punjab*, (1982) 1 SCC 31], the Court restated the position that where the discretion to apply the provisions of a particular statute is left with the Government or one of the highest officers, it will be presumed that the discretion vested in such highest authority will not be abused. Additionally, the Central Government has framed Rules under Section 73 in 2005, regarding the forms and the manner of forwarding a copy of order of arrest of a person along with the material to the adjudicating authority and the period of its retention. In yet another decision in *Ahmed Noormohmed Bhatti* [*Ahmed NoormohmedBhatti* v. *State of Gujarat*, (2005) 3 SCC 647: 2005 SCC (Cri) 794], this Court

> opined that the provision cannot be held to be unreasonable or arbitrary and, therefore, unconstitutional merely because the authority vested with the power may abuse his authority. (Also see *Manzoor Ali Khan* [*Manzoor Ali Khan* v. *Union of India*, (2015) 2 SCC 33: (2015) 1 SCC (Cri) 802])."

(emphasis supplied)

> **42. The conclusion thus arrived is that the legislature in its wisdom has consciously created the necessary safeguards for an arrestee, keeping in mind his liberty, and the need for an external approval and supervision. This provision is in compliance with Articles 21 and 22(2) of the Constitution of India."**

The contours of these safeguards were further illuminated in V. SENTHIL BALAJI *supra*. The Apex Court held that before an authorised officer can curtail the liberty of a citizen, he must undertake a careful and objective evaluation of the material available on record and arrive at a genuine "reason to believe" that the person is guilty of an offence punishable under the PMLA. Such belief cannot be a matter of conjecture, suspicion or administrative convenience; it must be founded upon tangible material and recorded in writing. The Apex Court declared in unequivocal terms that compliance with Section 19(1) is mandatory and not directory. Any infraction of its mandate would not merely taint the arrest but render it void in law.

18.3. The Apex Court further in **PANKAJ BANSAL v. UNION OF INDIA**[3]**,** has held as follows:

"…. …. ….

17. At this stage, it would be apposite to consider the case law that does have relevance to these appeals and the issues under consideration. In *Vijay Madanlal Choudhary* [*Vijay Madanlal Choudhary* v. *Union of India*, (2023) 12 SCC 1 : 2022 SCC OnLine SC 929 : (2022) 10 Scale 577] , a three-Judge Bench of this Court observed that Section 65 PMLA predicates that the provisions of the Code of Criminal Procedure, 1973, shall apply insofar as they are not inconsistent with the provisions of PMLA in respect of arrest, search and seizure, attachment, confiscation, investigation, prosecution and all other proceedings thereunder. **It was noted that Section 19 PMLA prescribes the manner in which the arrest of a person involved in money laundering can be effected. It was observed that such power was vested in high-ranking officials and that apart, Section 19 PMLA provided inbuilt safeguards to be adhered to by the authorised officers, such as, of recording reasons for the belief regarding involvement of the person in the offence of money laundering and, further, such reasons have to be recorded in writing and while effecting arrest, the grounds of arrest are to be informed to that person. It was noted that the authorised officer has to forward a copy of the order, along with the material in his possession, to the adjudicating authority and this safeguard is to ensure fairness, objectivity and accountability of the authorised officer in forming an opinion, as recorded in writing, regarding the necessity to arrest the person involved in the offence of money laundering.** The Bench also noted that it is the obligation of the authorised officer to produce the person so arrested before the Special Court or Judicial Magistrate or a Metropolitan Magistrate, as the case may be, within 24 hours and such production is to comply with the requirement of Section 167CrPC. It was pointed out that there is nothing in Section 19 PMLA which is contrary to the requirement of production under Section 167CrPC and being an express statutory requirement under Section 19(3) PMLA, it has to be complied by the authorised officer. **It was concluded that the safeguards provided in the 2002 Act and the**

---

[3] **(2024) 7 SCC 576**

preconditions to be fulfilled by the authorised officer before effecting arrest, as contained in Section 19 PMLA, are equally stringent and of higher standard when compared to the Customs Act, 1962, and such safeguards ensure that the authorised officers do not act arbitrarily, by making them accountable for their judgment about the necessity to arrest any person involved in the commission of the offence of money laundering, even before filing of the complaint before the Special Court. It was on this basis that the Bench upheld the validity of Section 19 PMLA.

18. The Bench in *Vijay Madanlal Choudhary* [*Vijay Madanlal Choudhary* v. *Union of India*, (2023) 12 SCC 1 : 2022 SCC OnLine SC 929 : (2022) 10 Scale 577] further held that once the person is informed of the grounds of arrest, that would be sufficient compliance with the mandate of Article 22(1) of the Constitution and it is not necessary that a copy of the ECIR be supplied in every case to the person concerned, as such a condition is not mandatory and it is enough if ED discloses the grounds of arrest to the person concerned at the time of arrest. It was pointed out that when the arrested person is produced before the court, it would be open to the court to look into the relevant records presented by the authorised representative of ED for answering the issue of need for continued detention in connection with the offence of money laundering. It was, in fact, such stringent safeguards provided under Section 19 PMLA that prompted this Court to uphold the twin conditions contained in Section 45 thereof, making it difficult to secure bail.

19. This Court had occasion to again consider the provisions of PMLA in *V. Senthil Balaji* v. *State* [*V. Senthil Balaji* v. *State*, (2024) 3 SCC 51 : (2024) 2 SCC (Cri) 1] , and more particularly, Section 19 thereof. It was noted that the authorised officer is at liberty to arrest the person concerned once he finds a reason to believe that he is guilty of an offence punishable under the 2002 Act, but he must also perform the mandatory duty of recording reasons. It was pointed out that this exercise has to be followed by the information of the grounds of his arrest being served on the arrestee. It was affirmed that it is the bounden duty of the authorised officer to record the reasons for his belief that a person is guilty and needs to be arrested and it was observed that this safeguard is meant to facilitate an element of fairness and accountability.

20. Dealing with the interplay between Section 19 PMLA and Section 167CrPC, this Court observed in *V. Senthil Balaji* [*V. Senthil Balaji* v. *State*, (2024) 3 SCC 51 : (2024) 2 SCC (Cri) 1] that the Magistrate is expected to do a balancing act as the investigation is to be completed within 24 hours as a matter of rule and, therefore, it is for the investigating agency to satisfy the Magistrate with adequate material on the need for custody of the accused. It was pointed out that this important factor is to be kept in mind by the Magistrate while passing the judicial order. This Court reiterated that Section 19 PMLA, supplemented by Section 167CrPC, provided adequate safeguards to an arrested person as the Magistrate has a distinct role to play when a remand is made of an accused person to an authority under the 2002 Act. It was held that the Magistrate is under a bounden duty to see to it that Section 19 PMLA is duly complied with and any failure would entitle the arrestee to get released. It was pointed out that Section 167CrPC is meant to give effect to Section 19 PMLA and, therefore, it is for the Magistrate to satisfy himself of its due compliance by perusing the order passed by the authority under Section 19(1) PMLA and only upon such satisfaction, the Magistrate can consider the request for custody in favour of an authority. To put it otherwise, per this Court, the Magistrate is the appropriate authority who has to be satisfied about the compliance with safeguards as mandated under Section 19 PMLA. **In conclusion, this Court summed up that any non-compliance with the mandate of Section 19 PMLA, would enure to the benefit of the person arrested and the court would have power to initiate action under Section 62 PMLA, for such non-compliance. Significantly, in this case, the grounds of arrest were furnished in writing to the arrested person by the authorised officer.**

21. In terms of Section 19(3) PMLA and the law laid down in the above decisions, Section 167CrPC would necessarily have to be complied with once an arrest is made under Section 19 PMLA. The court seized of the exercise under Section 167CrPC of remanding the person arrested by ED under Section 19(1) PMLA has a duty to verify and ensure that the conditions in Section 19 are duly satisfied and that the arrest is valid and lawful. In the event the court fails to discharge this duty in right earnest and with the proper perspective, as pointed out hereinbefore, the order of remand would have to fail on that ground and the same cannot, by any stretch of

imagination, validate an unlawful arrest made under Section 19 PMLA.

…. …. ….

23. Viewed in this context, the remand order dated 15-6-2023 passed by the learned Vacation Judge/Additional Sessions Judge, Panchkula, reflects total failure on his part in discharging his duty as per the expected standard. **The learned Judge did not even record a finding that he perused the grounds of arrest to ascertain whether ED had recorded reasons to believe that the appellants were guilty of an offence under the 2002 Act and that there was proper compliance with the mandate of Section 19 PMLA. He merely stated that, keeping in view the seriousness of the offences and the stage of the investigation, he was convinced that custodial interrogation of the accused persons was required in the present case and remanded them to the custody of ED! The sentence — "It is further (sic) that all the necessary mandates of law have been complied with" follows — "It is the case of the prosecution…." and appears to be a continuation thereof, as indicated by the word "further", and is not a recording by the learned Judge of his own satisfaction to that effect.**

24. In consequence, it would be necessary for us to examine how the appellants were arrested and verify whether it was in keeping with the safeguards in Section 19 PMLA. In this context, the sequence of events makes for an interesting reading.

25. The first ECIR was registered by ED on 15-6-2021 and Roop Bansal was arrested in connection therewith on 8-6-2023. Neither of the appellants was shown as an accused therein. However, it is the case of ED that investigation in relation to the first ECIR is still ongoing. In any event, after the arrest of Roop Bansal, both the appellants secured interim protection by way of anticipatory bail on 9-6-2023 [*Basant Bansal* v. *State (NCT of Delhi)*, (2023) 2 HCC (Del) 700] , albeit till the next day of hearing viz. 5-7-2023, from the Delhi High Court. However, both the appellants were summoned on 14-6-2023 for interrogation in connection with the first ECIR, in which they had interim protection. Summons in that regard were served upon them on 13-6-2023 at 6.15 p.m. Significantly, the second ECIR was recorded only on that day i.e. on 13-6-2023, in connection with FIR No. 0006 which was registered on 17-4-2023. Therein also, neither of the appellants was shown as an

accused and it was only Roop Bansal who stood named as an accused. In compliance with the summons received by them vis-à-vis the first ECIR, both the appellants presented themselves at ED's office at Rajokri, New Delhi, at 11.00 a.m. on 14-6-2023. While they were there, Pankaj Bansal was served with summons at 4.52 p.m., requiring him to appear before another investigating officer at 5.00 p.m. in relation to the second ECIR. As already noted, there is ambiguity as to when Basant Bansal was served with such summons. It is the case of ED that he refused to receive the summons in relation to the second ECIR and he was arrested at 6.00 p.m. on 14-6-2023. Pankaj Bansal received the summons and appeared but as he did not divulge relevant information, the investigating officer arrested him at 10.30 p.m. on 14-6-2023.

26. This chronology of events speaks volumes and reflects rather poorly, if not negatively, on ED's style of functioning. **Being a premier investigating agency, charged with the onerous responsibility of curbing the debilitating economic offence of money laundering in our country, every action of ED in the course of such exercise is expected to be transparent, above board and conforming to pristine standards of fair play in action. ED, mantled with far-reaching powers under the stringent Act of 2002, is not expected to be vindictive in its conduct and must be seen to be acting with utmost probity and with the highest degree of dispassion and fairness.** In the case on hand, the facts demonstrate that ED failed to discharge its functions and exercise its powers as per these parameters.

…. …. ….

30. The way in which ED recorded the second ECIR immediately after the appellants secured anticipatory bail in relation to the first ECIR, though the foundational FIR dated back to 17-4-2023, and then went about summoning them on one pretext and arresting them on another, within a short span of 24 hours or so, manifests complete and utter lack of bona fides. Significantly, when the appellants were before the Delhi High Court seeking anticipatory bail in connection with the first ECIR, ED did not even bring it to the notice of the High Court that there was another FIR in relation to which there was an ongoing investigation, wherein the appellants stood implicated. The second ECIR was recorded 4 days after the grant of bail and it is not possible that ED would have

been unaware of the existence of FIR No. 0006 dated 17-4-2023 at that time.

31. Surprisingly, in its "written submissions", ED stated that it started its inquiries in respect of this FIR in May 2023, itself, but strangely, the replies filed by ED do not state so! It is in this background that this suppression before the Delhi High Court demonstrates complete lack of probity on the part of ED. Its prompt retaliatory move, upon grant of interim protection to the appellants, by recording the second ECIR and acting upon it, all within the span of a day, so as to arrest the appellants, speaks for itself and we need to elaborate no more on that aspect.

32. Further, when the second ECIR was recorded on 13-6-2023 "after preliminary investigations", as stated in ED's replies, it is not clear as to when ED's investigating officer had the time to properly inquire into the matter so as to form a clear opinion about the appellants' involvement in an offence under the 2002 Act, warranting their arrest within 24 hours. This is a sine qua non in terms of Section 19(1) PMLA. Needless to state, authorities must act within the four corners of the statute, as pointed out by this Court in *Devinder Singh*v. *State of Punjab* [*Devinder Singh* v. *State of Punjab*, (2008) 1 SCC 728 : (2008) 1 SCC (Civ) 401] , and a statutory authority is bound by the procedure laid down in the statute and must act within the four corners thereof.

33. We may also note that the failure of the appellants to respond to the questions put to them by ED would not be sufficient in itself for the investigating officer to opine that they were liable to be arrested under Section 19, as that provision specifically requires him to find reason to believe that they were guilty of an offence under the 2002 Act. Mere non-cooperation of a witness in response to the summons issued under Section 50 PMLA would not be enough to render him/her liable to be arrested under Section 19. As per its replies, it is the claim of ED that Pankaj Bansal was evasive in providing relevant information. It was however not brought out as to why Pankaj Bansal's replies were categorised as "evasive" and that record is not placed before us for verification. In any event, it is not open to ED to expect

an admission of guilt from the person summoned for interrogation and assert that anything short of such admission would be an "evasive reply". In *Santosh* v. *State of Maharashtra* [*Santosh* v. *State of Maharashtra*, (2017) 9 SCC 714 : (2018) 1 SCC (Cri) 87] , this Court noted that custodial interrogation is not for the purpose of "confession" as the right against self-incrimination is provided by Article 20(3) of the Constitution. It was held that merely because an accused did not confess, it cannot be said that he was not cooperating with the investigation. Similarly, the absence of either or both of the appellants during the search operations, when their presence was not insisted upon, cannot be held against them.

…. …. ….

45. On the above analysis, to give true meaning and purpose to the constitutional and the statutory mandate of Section 19(1) PMLA of informing the arrested person of the grounds of arrest, we hold that it would be necessary, henceforth, that a copy of such written grounds of arrest is furnished to the arrested person as a matter of course and without exception. The decisions of the Delhi High Court in *Moin Akhtar Qureshi* [*Moin Akhtar Qureshi* v. *Union of India*, 2017 SCC OnLine Del 12108] and the Bombay High Court in *Chhagan Chandrakant Bhujbal* [*Chhagan Chandrakant Bhujbal* v. *Union of India*, 2016 SCC OnLine Bom 9938 : (2017) 1 AIR Bom R (Cri) 929] , which hold to the contrary, do not lay down the correct law. In the case on hand, the admitted position is that ED's investigating officer merely read out or permitted reading of the grounds of arrest of the appellants and left it at that, which is also disputed by the appellants. As this form of communication is not found to be adequate to fulfil compliance with the mandate of Article 22(1) of the Constitution and Section 19(1) PMLA, we have no hesitation in holding that their arrest was not in keeping with the provisions of Section 19(1) PMLA. **Further, as already noted supra, the clandestine conduct of ED in proceeding against the appellants, by recording the second ECIR immediately after they secured interim protection in relation to the first ECIR, does not commend acceptance as it reeks of arbitrary exercise of power. In effect, the arrest of the appellants and, in consequence, their remand to the custody of ED and, thereafter, to judicial custody, cannot be sustained.**"

The jurisprudence on necessity of arrest under Section 19 of the PMLA received further refinement in **PANKAJ BANSAL** *supra*. The Apex Court, while setting aside the arrest and consequential remand orders, delivered a stern reminder that the Enforcement Directorate, notwithstanding its pivotal role in combating economic offences, remains subject to the discipline of constitutional governance. **The Apex Court holds that mere allegations of non-cooperation or purported evasiveness during interrogation cannot furnish a lawful basis for arrest. The right against self-incrimination under Article 20(3) of the Constitution of India stands as an impregnable shield against any expectation of compelled confession. Refusal to furnish answers satisfactory to the investigating agency cannot metamorphose into a ground for deprivation of liberty.**

18.4. In another judgment, the Apex Court in **ARVIND KEJRIWAL v. DIRECTORATE OF ENFORCEMENT**[4]**,** has held as follows:

"…. …. ….

[4] **2024 SCC OnLine SC 1703**

20. We respectfully agree with the ratio of the decisions in *Pankaj Bansal* [*Pankaj Bansal* v. *Union of India*, (2024) 7 SCC 576 : (2024) 3 SCC (Cri) 450] and *Prabir Purkayastha* [*Prabir Purkayastha* v. *State (NCT of Delhi)*, (2024) 8 SCC 254 : (2024) 3 SCC (Cri) 573] , which enrich and strengthen the view taken in *Vijay Madanlal Choudhary* [*Vijay Madanlal Choudhary* v. *Union of India*, (2023) 12 SCC 1 : (2023) 21 ITR-OL 1 (SC)] , on the interpretation of Section 19 of the PML Act.Power to arrest a person without a warrant from the court and without instituting a criminal case is a drastic and extreme power. Therefore, the legislature has prescribed safeguards in the form of exacting conditions as to how and when the power is exercisable. The conditions are salutary and serve as a check against the exercise of an otherwise harsh and pernicious power.

21. Given that the legislature has prescribed preconditions to prevent abuse and unauthorised use of statutory power, the wielding of such power by an authorised person or authority cannot be conclusive. The exercise of the power and satisfaction of the conditions must and should be put to judicial scrutiny and examination, if the arrestee specifically challenges their arrest. If we do not hold so, then the restraint prescribed by the legislature would, in fact and in practice, be reduced to a mere formal exercise. Given the conditions imposed, the nature of the power and the effect on the rights of the individuals, it is nobody's case, and not even argued by DoE, that the authorised officer is entitled to arrest a person without following the statutory requirements.

22. However, it has been argued by DoE that the power to arrest is neither an administrative nor a quasi-judicial power as the arrest is made during investigation. Judicial scrutiny is not permissible as it will interfere with investigation, or at best should be limited to subversive abuse of law. Discretion and right to arrest vests with the competent officer, whose subjective opinion should prevail.

23. We do not agree and must reject this argument. We hold that the power of judicial review shall prevail, and the court/Magistrate is required to examine that the exercise of the power to arrest meets the statutory

conditions. The legislature, while imposing strict conditions as preconditions to arrest, was aware that the arrest may be before or prior to initiation of the criminal proceedings/prosecution complaint. The legislature, neither explicitly nor impliedly, excludes the court surveillance and examination of the preconditions of Section 19(1) of the PML Act being satisfied in a particular case. This flows from the mandate of Section 19(3) which requires that the arrestee must be produced within 24 hours and taken to the Special Court, or Court of Judicial/Metropolitan Magistrate having jurisdiction. The exercise of the power to arrest is not exempt from the scrutiny of courts. The power of judicial review remains both before and after the filing of criminal proceedings/prosecution complaint. It cannot be said that the courts would exceed their power, when they examine the validity of arrest under Section 19(1) of the PML Act, once the accused is produced in court in terms of Section 19(3) of the PML Act.

…. …. ….

27. In the present case, we are examining Section 19(1) of the PML Act and the rights of the accused. We are not concerned with the ECIR. The relevant question arising is — Whether the arrestee is entitled to be supplied with a copy of the "reasons to believe"? Paras 215 and 216 in *Vijay Madanlal Choudhary* [*Vijay Madanlal Choudhary* v. *Union of India*, (2023) 12 SCC 1 : (2023) 21 ITR-OL 1 (SC)] refers to the importance of recording the "reasons to believe" in writing, and states this is mandatory. Further, both *Pankaj Bansal* [*Pankaj Bansal* v. *Union of India*, (2024) 7 SCC 576 : (2024) 3 SCC (Cri) 450] and *Prabir Purkayastha* [*Prabir Purkayastha* v. *State (NCT of Delhi)*, (2024) 8 SCC 254 : (2024) 3 SCC (Cri) 573] hold that the failure to record "reasons to believe" in writing will result in the arrest being rendered illegal and invalid. **Paras 302 and 303 of *Vijay Madanlal Choudhary* [*Vijay Madanlal Choudhary* v. *Union of India*, (2023) 12 SCC 1 : (2023) 21 ITR-OL 1 (SC)] , which has been quoted subsequently, states that Section 19(1) requires in-depth scrutiny by the designated officer. A higher threshold is required for making an arrest, necessitating a review of the material available to demonstrate the person's guilt. Production of the "reasons to believe" before the Special Court/Magistrate, cannot be construed and is not the same as furnishing or providing the "reasons to believe"**

to the arrestee who has a right to challenge his arrest in violation of Section 19(1) of the PML Act. [The arrestee may also challenge his arrest under Section 19(1) of the PML Act on the basis of the "grounds of arrest".]

…. …. ….

32. On the necessity to satisfy the preconditions mentioned in Section 19(1) of the PML Act, we have quoted from the judgment of this Court in *Padam Narain Aggarwal* [*Union of India* v. *Padam Narain Aggarwal*, (2008) 13 SCC 305 : (2009) 1 SCC (Cri) 1] and also referred to and quoted from the Canadian judgment in *Gifford* [*Gifford* v. *Kelson*, (1943) 51 Man. R 120] . Existence and validity of the "reasons to believe" goes to the root of the power to arrest. The subjective opinion of the arresting officer must be founded and based upon fair and objective consideration of the material, as available with them on the date of arrest. On the reading of the "reasons to believe" the court must form the "secondary opinion" on the validity of the exercise undertaken for compliance of Section 19(1) of the PML Act when the arrest was made. The "reasons to believe" that the person is guilty of an offence under the PML Act should be founded on the material in the form of documents and oral statements.

…. …. ….

41. Once we hold that the accused is entitled to challenge his arrest under Section 19(1) of the PML Act, the court to examine the validity of arrest must catechise both the existence and soundness of the "reasons to believe", based upon the material available with the authorised officer. It is difficult to accept that the "reasons to believe", as recorded in writing, are not to be furnished. As observed above, the requirements in Section 19(1) are the jurisdictional conditions to be satisfied for arrest, the validity of which can be challenged by the accused and examined by the court. Consequently, it would be incongruous, if not wrong, to hold that the accused can be denied and not furnished a copy of the "reasons to believe". In reality, this would effectively prevent the accused from challenging their arrest, questioning the "reasons to believe". **We are concerned with violation of personal liberty, and the exercise of the power to arrest in accordance with law. Scrutiny of the action to arrest,**

whether in accordance with law, is amenable to judicial review. It follows that the "reasons to believe" should be furnished to the arrestee to enable him to exercise his right to challenge the validity of arrest.

…. …. ….

44. We now turn to the scope and ambit of judicial review to be exercised by the court. Judicial review does not amount to a mini-trial or a merit review. The exercise is confined to ascertain whether the "reasons to believe" are based upon material which "establish" that the arrestee is guilty of an offence under the PML Act. The exercise is to ensure that DoE has acted in accordance with the law. The courts scrutinise the validity of the arrest in exercise of power of judicial review. If adequate and due care is taken by DoE to ensure that the "reasons to believe" justify the arrest in terms of Section 19(1) of the PML Act, the exercise of power of judicial review would not be a cause of concern. Doubts will only arise when the reasons recorded by the authority are not clear and lucid, and therefore a deeper and in-depth scrutiny is required. Arrest, after all, cannot be made arbitrarily and on the whims and fancies of the authorities. It is to be made on the basis of the valid "reasons to believe", meeting the parameters prescribed by the law. In fact, not to undertake judicial scrutiny when justified and necessary, would be an abdication and failure of constitutional and statutory duty placed on the court to ensure that the fundamental right to life and liberty is not violated.

…. …. ….

47. DoE has drawn our attention to the use of the expression "material in possession" in Section 19(1) of the PML Act instead of "evidence in possession". Though etymologically correct, this argument overlooks the requirement that the designated officer should and must, based on the material, reach and form an opinion that the arrestee is guilty of the offence under the PML Act. Guilt can only be established on admissible evidence to be led before the court, and cannot be based on inadmissible evidence. While there is an element of hypothesis, as oral evidence has not been led and the documents are to be proven, the decision to arrest should be rational, fair and

as per law. Power to arrest under Section 19(1) is not for the purpose of investigation. Arrest can and should wait, and the power in terms of Section 19(1) of the PML Act can be exercised only when the material with the designated officer enables them to form an opinion, by recording reasons in writing that the arrestee is guilty.

…. …. ….

74. It has been strenuously urged on behalf of Arvind Kejriwal that the arrest would falter on the ground that the "reasons to believe" do not mention and record reasons for "necessity to arrest". The term "necessity to arrest" is not mentioned in Section 19(1) of the PML Act. However, this expression has been given judicial recognition in *Arnesh Kumar* v. *State of Bihar* [*Arnesh Kumar* v. *State of Bihar*, (2014) 8 SCC 273 : (2014) 3 SCC (Cri) 449] , which lays down that "necessity to arrest" must be considered by an officer before arresting a person. This Court observed that the officer must ask himself the questions — Why arrest?; Is it really necessary to arrest?; What purpose would it serve?; and, What object would it achieve?

75. This Court in *Mohd. Zubair* v. *State (NCT of Delhi)* [*Mohd. Zubair* v. *State (NCT of Delhi)*, (2023) 16 SCC 764 : 2022 SCC OnLine SC 897] , has held that power to arrest is not unbridled. The officer must be satisfied that the arrest is necessary. Where the power is exercised without application of mind, and by disregarding the law, it amounts to abuse of the law.

76. In *Joginder Kumar* v. *State of U.P.* [*Joginder Kumar* v. *State of U.P.*, (1994) 4 SCC 260 : 1994 SCC (Cri) 1172] , the distinction between the power to arrest and the necessity and need to arrest [Necessity to arrest is not a precondition and safeguard mentioned in Section 19 of the PML Act, albeit treated as a part of the general law and exercise of the power to arrest. The legislature being aware of this interpretation has not excluded the application of this principle in Section 19 of the PML Act.] , is explained in the following terms : (SCC pp. 267-68, para 20)

> **"*20*. … No arrest can be made because it is lawful for the police officer to do so. The existence**

> **of the power to arrest is one thing. The justification for the exercise of it is quite another. The police officer must be able to justify the arrest apart from his power to do so. Arrest and detention in police lock-up of a person can cause incalculable harm to the reputation and self-esteem of a person. No arrest can be made in a routine manner on a mere allegation of commission of an offence made against a person. It would be prudent for a police officer in the interest of protection of the constitutional rights of a citizen and perhaps in his own interest that no arrest should be made without a reasonable satisfaction reached after some investigation as to the genuineness and bona fides of a complaint and a reasonable belief both as to the person's complicity and even so as to the need to effect arrest. Denying a person of his liberty is a serious matter. The recommendations of the Police Commission merely reflect the constitutional concomitants of the fundamental right to personal liberty and freedom. A person is not liable to arrest merely on the suspicion of complicity in an offence. There must be some reasonable justification in the opinion of the officer effecting the arrest that such arrest is necessary and justified. Except in heinous offences, an arrest must be avoided if a police officer issues notice to person to attend the Station House and not to leave the station without permission would do."**

77. Recently, *Siddharth* v. *State of U.P.* [*Siddharth* v. *State of U.P.*, (2022) 1 SCC 676 : (2022) 1 SCC (Cri) 423] , relied on *Joginder Kumar* [*Joginder Kumar* v. *State of U.P.*, (1994) 4 SCC 260 : 1994 SCC (Cri) 1172] , to observe : (*Siddharth case* [*Siddharth* v. *State of U.P.*, (2022) 1 SCC 676 : (2022) 1 SCC (Cri) 423] , SCC p. 682, para 10)

> **"*10*. We may note that personal liberty is an important aspect of our constitutional mandate. The occasion to arrest an accused during investigation arises when custodial investigation becomes necessary or it is a heinous crime or where there is a possibility of influencing the witnesses or accused may abscond. Merely because an arrest can be made because it is lawful does not mandate that arrest must be made. A distinction must be made between the existence of the power to arrest and the justification for exercise of it [*Joginder Kumar* v. *State of U.P.*,**

> **(1994) 4 SCC 260 : 1994 SCC (Cri) 1172] . If arrest is made routine, it can cause incalculable harm to the reputation and self-esteem of a person. If the investigating officer has no reason to believe that the accused will abscond or disobey summons and has, in fact, throughout cooperated with the investigation we fail to appreciate why there should be a compulsion on the officer to arrest the accused.”**

78. Thus, time and again, courts have emphasised that the power to arrest must be exercised cautiously to prevent severe repercussions on the life and liberty of individuals. Such power must be restricted to necessary instances and must not be exercised routinely or in a cavalier fashion.

79. In *Vijay Madanlal Choudhary* [*Vijay Madanlal Choudhary* v. *Union of India*, (2023) 12 SCC 1 : (2023) 21 ITR-OL 1 (SC)] , a substantive threshold test is not laid down on the “necessity to arrest”. However, in para 208 of the judgment, the Court has observed that the safeguard provided in Section 19(1) of the PML Act is to ensure fairness, objectivity and accountability of the authorised officer in forming opinion, as recorded in writing, regarding necessity to arrest a person involved in the offence of money laundering. Similar observations are made in paras 17 and 24 of *Pankaj Bansal* [*Pankaj Bansal* v. *Union of India*, (2024) 7 SCC 576 : (2024) 3 SCC (Cri) 450] .

80. However, we must observe that in para 32 of *V. Senthil Balaji* [*V. Senthil Balaji* v. *State*, (2024) 3 SCC 51 : (2024) 2 SCC (Cri) 1] , it is held that an authorised officer is not bound to follow the rigours of Section 41-A of the Code as there is already an exhaustive procedure contemplated under the PML Act containing sufficient safeguards in favour of the arrestee. Thereafter, in para 40 of *V. Senthil Balaji* [*V. Senthil Balaji* v. *State*, (2024) 3 SCC 51 : (2024) 2 SCC (Cri) 1] , it is observed : (SCC p. 82)

> **“*40*. To effect an arrest, an officer authorisedhas to assess and evaluate the materials in his possession. Through such materials, he is expected to form a reason to believe that a person has been guilty of an offence**

> **punishable under the PMLA, 2002. Thereafter, he is at liberty to arrest, while performing his mandatory duty of recording the reasons. The said exercise has to be followed by way of an information being served on the arrestee of the grounds of arrest. Any non-compliance of the mandate of Section 19(1) of the PMLA, 2002 would vitiate the very arrest itself. Under sub-section (2), the authorised officer shall immediately, after the arrest, forward a copy of the order as mandated under sub-section (1) together with the materials in his custody, forming the basis of his belief, to the adjudicating authority, in a sealed envelope. Needless to state, compliance of sub-section (2) is also a solemn function of the arresting authority which brooks no exception."**

81. In *Prabir Purkayastha* [*Prabir Purkayastha* v. *State (NCT of Delhi)*, (2024) 8 SCC 254 : (2024) 3 SCC (Cri) 573] , this Court went beyond the rigours of the PML Act/UAPA. Drawing a distinction between "reasons to arrest" and "grounds for arrest", it held that while the former refers to the formal parameters, the latter would require all such details in the hands of the investigating officer necessitating the arrest. Thus, the grounds of arrest would be personal to the accused.

82. Therefore, the issue which arises for consideration is whether the court while examining the validity of arrest in terms of Section 19(1) of the PML Act will also go into and examine the necessity and need to arrest. In other words, is the mere satisfaction of the formal parameters to arrest sufficient? Or is the satisfaction of necessity and need to arrest, beyond mere formal parameters, required? We would concede that such review might be conflated with stipulations in Section 41 of the Code which lays down certain conditions for the police to arrest without warrant:

(*i*) Section 41(1)(*b*)(*ii*)(*a*) — preventing a person from committing further offence.

(*ii*) Section 41(1)(*b*)(*ii*)(*b*) — proper investigation of the offence.

(*iii*) Section 41(1)(*b*)(*ii*)(*c*) — preventing a person from disappearing or tampering with evidence in any manner.

(*iv*) Section 41(1)(*b*)(*ii*)(*d*) — preventing the person from making any inducement or threat or promise to any person acquainted with the facts of the case so as to dissuade him from disclosing such facts to the court or police.

(*v*) Section 41(1)(*b*)(*ii*)(*e*) — to ensure presence of the person in the court, whenever required, which without arresting cannot be ensured.

However, Section 19(1) of the PML Act does not permit arrest only to conduct investigation. Conditions of Section 19(1) have to be satisfied. Clauses (*a*), (*c*), (*d*) and (*e*) to Section 41(1)(*b*)(*ii*) of the Code, apart from other considerations, may be relevant.

83. In *Vijay Madanlal Choudhary* [*Vijay Madanlal Choudhary* v. *Union of India*, (2023) 12 SCC 1 : (2023) 21 ITR-OL 1 (SC)] , this Court has held that when a person applies for bail or anticipatory bail under the PML Act, the conditions stipulated in Sections 437/438/439 of the Code would equally apply, in addition to Section 45 of the PML Act. Therefore, it is urged that necessity to arrest, in the case of arrest under Section 19(1), would be an additional factor required to be considered beyond the conditions and factors stipulated in Section 19(1) of the PML Act.

84. DoE submits that the test of "necessity to arrest" is satisfied in view of Arvind Kejriwal failing to appear despite the issuance of 9 summons dated 30-10-2023, 18-12-2023, 22-12-2023, 12-1-2024, 31-1-2024, 14-2-2024, 21-2-2024, 26-2-2024, and 16-3-2024. It is also submitted that arrest is a part and parcel of investigation intended to secure evidence, leading to discovery of material facts and relevant information as held in *P. Chidambaram* v. *Enforcement Directorate* [*P. Chidambaram* v. *Enforcement Directorate*, (2019) 9 SCC 24 : (2019) 3 SCC (Cri) 509] .

85. On behalf of Arvind Kejriwal, it is submitted that there was no necessity to arrest on 21-3-2024. The RC/ECIR were registered in the month of August 2022.

Further, most of the material relied upon in the "reasons to believe" are prior to July 2023. The statements under Section 50 of the PML Act and under Section 164 of the Code, or otherwise, of Magunta Srinivasulu Reddy, Raghav Magunta, Siddharth Reddy, etc. relate to the period prior to July 2023. Thus, it was not necessary to arrest Arvind Kejriwal on 21-3-2024 based on the said material. Lastly, in *Pankaj Bansal* [*Pankaj Bansal* v. *Union of India*, (2024) 7 SCC 576 : (2024) 3 SCC (Cri) 450] , this Court observed : (SCC p. 594, para 33)

> **"*33*. … Mere non-cooperation of a witness in response to the summons issued under Section 50 PMLA would not be enough to render him/her liable to be arrested under Section 19."**

86. As per the data available on the website of DoE, as on 31-1-2023 [The data post 31-1-2023 has not been updated.] , 5906 ECIRs were recorded. However, search was conducted in 531 ECIRs by issue of 4954 search warrants. The total number of ECIRs recorded against ex-MPs, MLAs and MLCs was 176. The number of persons arrested is 513. Whereas the number of prosecution complaints filed is 1142. The data raises a number of questions, including the question whether DoE has formulated a policy, when they should arrest a person involved in offences committed under the PML Act.

87. We are conscious that the principle of parity or equality enshrined under Article 14 of the Constitution cannot be invoked for repeating or multiplying irregularity or illegality. If any advantage or benefit has been wrongly given, another person cannot claim the same advantage as a matter of right on account of the error or mistake. However, this principle may not apply where two or more courses are available to the authorities. The doctrine of need and necessity to arrest possibly accepts the said principle. Section 45 gives primacy to the opinion of DoE when it comes to grant of bail. DoE should act uniformly, consistent in conduct, confirming one rule for all.

88. One of the developments in the last decade is acceptance of the principle of proportionality, especially when fundamental rights such as right to life and liberty are involved. This Court in *All India Railways Recruitment Board* v. *K. Shyam Kumar* [*All India Railways Recruitment*

***Board* v. *K. Shyam Kumar*, (2010) 6 SCC 614 : (2010) 2 SCC (L&S) 293] referred to a decision of the House of Lords in *R.* v. *Secy. of State for the Home Deptt., ex p Brind* [*R.* v. *Secy. of State for the Home Deptt., ex p Brind*, (1991) 1 AC 696 : (1991) 2 WLR 588 : (1991) 1 All ER 720 (HL)] , wherein the House of Lords had stressed that when human rights issues are concerned, proportionality is an appropriate standard of review.**

89. The proportionality test [The test of proportionality comprises four steps : (*i*) The first step is to examine whether the act/measure restricting the fundamental right has a legitimate aim (legitimate aim/purpose). (*ii*) The second step is to examine whether the restriction has rational connection with the aim (rational connection). (*iii*) The third step is to examine whether there should have been a less restrictive alternate measure that is equally effective (minimal impairment/necessity test). (*iv*) The last stage is to strike an appropriate balance between the fundamental right and the pursued public purpose (balancing act).] is more precise and sophisticated than other traditional grounds of review. The court is required to assess the balance struck by the decision-maker, not merely whether it is within the range of rational or reasonable decisions. In this manner, proportionality goes further than the traditional grounds of review as it requires attention to the relative weight according to interest and considerations. *State of U.P.* v. *Sheo Shanker Lal Srivastava* [*State of U.P.* v. *Sheo Shanker Lal Srivastava*, (2006) 3 SCC 276 : 2006 SCC (L&S) 521] , which refers to several other cases, states that the proportionality test safeguards fundamental rights of citizens to ensure a fair balance between individual rights and public interest. It requires the court to judge whether the action taken was really needed and whether it was within the range of courses of action which could be reasonably followed. Proportionality is more concerned with the aims and intentions of the decision-maker and whether the decision-maker has achieved more or less the correct balance or equilibrium.

90. The principle of proportionality has been followed by this Court in several decisions such as *Modern Dental College & Research Centre* v. *State of M.P.* [*Modern Dental College & Research Centre* v. *State of M.P.*, (2016) 4 SCC 346 : 7 SCEC

570] , *K.S. Puttaswamy* v. *Union of India* [*K.S. Puttaswamy* v. *Union of India*, (2019) 1 SCC 1] , and *Anuradha Bhasin* v. *Union of India* [*Anuradha Bhasin* v. *Union of India*, (2020) 3 SCC 637] .

91. Recently, the Constitution Bench applied the doctrine of proportionality to strike down the Electoral Bond Scheme in *Assn. for Democratic Reforms (Electoral Bond Scheme)* v. *Union of India* [*Assn. for Democratic Reforms (Electoral Bond Scheme)* v. *Union of India*, (2024) 5 SCC 1 :(2024) 243 Comp Cas 115] . In a way, the present case also relates to funding of elections, an issue which was examined in some depth in *Assn. for Democratic Reforms* [*Assn. for Democratic Reforms (Electoral Bond Scheme)* v. *Union of India*, (2024) 5 SCC 1 : (2024) 243 Comp Cas 115] .

92. In view of the aforesaid discussion, and as *Vijay Madanlal Choudhary* [*Vijay Madanlal Choudhary* v. *Union of India*, (2023) 12 SCC 1 : (2023) 21 ITR-OL 1 (SC)] is a decision rendered by a three-Judge Bench, we deem it appropriate to refer the following questions of law for consideration by a larger Bench:

92.1. (*a*) Whether the "need and necessity to arrest" is a separate ground to challenge the order of arrest passed in terms of Section 19(1) of the PML Act?

92.2. (*b*) Whether the "need and necessity to arrest" refers to the satisfaction of formal parameters to arrest and take a person into custody, or it relates to other personal grounds and reasons regarding necessity to arrest a person in the facts and circumstances of the said case?

92.3. (*c*) If Questions (*a*) and (*b*) are answered in the affirmative, what are the parameters and facts that are to be taken into consideration by the court while examining the question of "need and necessity to arrest"?."

18.4.1. The jurisprudence reached a more nuanced and expansive articulation in **ARVIND KEJRIWAL** *supra*. The Apex Court described the power under Section 19 as a "drastic" and "extreme" power, capable of inflicting serious consequences upon the liberty, reputation and dignity of an individual. Such power, therefore, remains perpetually amenable to judicial scrutiny.

18.4.2. The Apex Court observed that the existence of valid "reasons to believe" constitutes the very foundation upon which the edifice of arrest under Section 19 rests. The authorized officer must possess material, which objectively demonstrates guilt and must undertake a rigorous scrutiny of such material before arriving at the requisite satisfaction. The Apex Court emphasised that the expression "material in possession" does not dilute the requirement that such material must reasonably support a conclusion of guilt. **The Apex Court drew a clear and constitutionally significant distinction between the power to investigate and the power to arrest. The latter cannot be invoked merely because the former is ongoing.**

18.4.3. The Apex Court then elucidated the doctrine of "necessity to arrest". Drawing sustenance from the principles laid down in **JOGINDER KUMAR v. STATE OF U.P.** reported in **(1994) 4 SCC 260; ARNESH KUMAR v. STATE OF BIHAR** reported in **(2014) 8 SCC 273; MOHD. ZUBAIR v. STATE (NCT OF DELHI)** reported in **(2023) 16 SCC 764** and **SIDDHARTH v. STATE OF UTTAR PRADESH** reported in **(2022) 1 SCC 676**, the Apex Court reiterated that the existence of power and the justification for its exercise are distinct concepts. The authorized officer must ask himself not merely whether arrest is lawful, but whether it is necessary.

18.4.4. Though the precise contours of the doctrine of "necessity to arrest" have been referred to a larger Bench, the observations in **ARVIND KEJRIWAL** unmistakably signal a judicial shift towards incorporating the principles of proportionality and minimal intrusion into the exercise of powers under Section 19. Liberty is no longer viewed as a competing consideration; it is the starting point of the inquiry. Arrest is the exception and not the norm.

THE HIGH COURTS:

THE HIGH COURT OF BOMBAY:

19.1. The High Court of Bombay in **PRIYAVRAT MANDHANA v. DIRECTORATE OF ENFORCEMENT**[5] has held as follows:

"…. …. ….

16. Such information relating to the aforesaid three companies from which funds were received was always within the knowledge of the respondents, however, till the conduction of second search, they did not find it necessary to arrest the petitioner. It is only after petitioner's father was released by holding his arrest illegal, did the respondent Nos. 1 and 2, under the garb of second search at the same residence, interrogated the petitioner on the material that was already available with them only to create a spacious "*reason to believe*". Mr. Kadam would lastly argue that the "*reason to believe*" was entirely premised on the petitioner exercising his rights against self-incrimination under Article 20 (3) of the Constitution.

17. From the statements made by the respective Counsel at bar, *prima facie*, it seems that respondent Nos. 1 and 2 already had sufficient material *qua* alleged proceeds of crime as enumerated in the grounds of arrest. If that being so, we find no reason to accept the argument of Mr. Venegavkar that in order to prevent the destruction or tampering of the evidence, petitioner's arrest was necessary. The tracing out of diverted funds *qua* the proceeds of crime or to identify other persons alleged to be involved in the activities etc, *prima facie*, appears to be well within the knowledge of respondent No. 1 and 2. The Supreme Court in case of *Arvind Kejriwal* (supra), elaborately discussed the scope of Section 19 (1) of the P.M.L Act in light of the ratio laid down by the Supreme Court in various pronouncements right from the ratio laid down way back in 1969 in the case of *Madhu Limaye* v. *Unknown*, *Pankaj Bansal* (supra), *V. Senthil Balaji* (supra) and *Vijay Madanlal Choudhary* (supra).

… … …

---

[5] **2024 SCC OnLine Bom.4233**

19. It has been observed that a higher threshold is required for making an arrest, necessitating a review of the material available to demonstrate the person's guilt. Production of the "*reasons to believe*" before the Special Court/magistrate, cannot be construed and is not the same as furnishing or providing the "*reasons to believe*" to the arrestee who has a right to challenge his arrest in violation of Section 19 (1) of the PML Act.

20. In *Vijay Madanlal Choudhary* (supra), the Supreme Court on the aspect of the checks on the power to arrest stated that there must be material in possession with the Authority before the powers of arrest can be exercised as opposed to the Cr. P.C. which gives the power of arrest to any police officer and the officer can arrest any person merely on the basis of a complaint, credible information or reasonable suspicion against such person. Thirdly, there should be reason to believe that the person being arrested is guilty of the offence punishable under the PMLA in contrast to the provision in Cr. P.C., which mainly requires reasonable apprehension/suspicion of commission of offence.

21. In case of *Arvind Kejriwal* (supra), the Supreme Court has further elaborated the expression "*reasons to believe*" by stating that it is not synonymous with *subjective satisfaction* of the officer. The belief must be held in good faith; it cannot merely be a pretence. In the same case, it was held that it is open to the Court to examine the question whether the reasons for the belief have a rational connection or a relevant bearing to the formation of the belief and are not extraneous or irrelevant to the purpose of the section. It would be apposite to extract paragraphs 72 to 74 in the case of *Arvind Kejriwal* (supra);

> *"72. However, we must observe that in paragraph 32 of* V. Senthil Balaji *(supra), it is held that an authorised officer is not bound to follow the rigours of Section 41A of the Code as there is already an exhaustive procedure contemplated under the PML Act containing sufficient safeguards in favour of the arrestee. Thereafter, in paragraph 40 of* V. Senthil Balaji *(supra), it is observed:*
>
> ***"40. To effect an arrest, an officer authorised has to assess and evaluate the***

materials, in his possession. Through such materials, he is expected to form a reason to believe that a person has been guilty of an offence punishable under the PMLA, 2002. Thereafter, he is at liberty to arrest, while performing his mandatory duty of recording the reasons. The said exercise has to be followed by way of an information being served on the arrestee of the grounds of arrest. Any noncompliance of the mandate of Section 19(1) of the PMLA, 2002 would vitiate the very arrest itself. Under sub-section (2), the authorised officer shall immediately, after the arrest, forward a copy of the order as mandated under subsection (1) together with the materials in his custody, forming the basis of his belief, to the adjudicating authority, in a sealed envelope. Needless to state, compliance of sub-section (2) is also a solemn function of the arresting authority which brooks no exception."

73. In PrabirPurkayastha *(supra), this Court went beyond the rigours of the PML Act/UAPA. Drawing a distinction between "reasons to arrest" and "grounds for arrest", it held that while the former refers to the formal parameters, the latter would require all such details in the hands of the investigating officer necessitating the arrest. Thus, the grounds of arrest would be personal to the accused.*

74. Therefore, the issue which arises for consideration is whether the court while examining the validity of arrest in terms of Section 19(1) of the PML Act will also go into and examine the necessity and need to arrest. In other words, is the mere satisfaction of the formal parameters to arrest sufficient? Or is the satisfaction of necessity and need to arrest, beyond mere formal parameters, required? We would concede that such review might be conflated with stipulations in Section 41 of the Code which lays down certain conditions for the police to arrest without warrant:

- ***Section 41(1)(ii)(a) - preventing a person from committing further offence.***
- ***Section 41(1)(ii)(b) - proper investigation of the offence.***
- ***Section 41(1)(ii)(c) - preventing a person from disappearing or tampering with evidence in any manner.***

- ***Section 41(1)(ii)(d) - preventing the person from making any inducement or threat or promise to any person acquainted with the facts of the case so as to dissuade him from disclosing such facts to the court or police.***
- ***Section 41(1)(ii)(e) - to ensure presence of the person in the Court, whenever required, which without arresting cannot be ensured.***

However, Section 19(1) of the PML Act does not permit arrest only to conduct investigation. Conditions of Section 19(1) have to be satisfied. Clauses (a), (c), (d) and (e) to Section 41(1)(ii) of the Code, apart from other considerations, may be relevant".

22. No doubt, the Supreme Court referred the question of law for consideration by a larger Bench in respect of "*need and necessity to arrest*" by contending as to whether it can be a separate ground to challenge the order of arrest passed in terms of section 19 (1) of the PML Act along with another question as to whether the "*need and necessity to arrest*" refers to the satisfaction of formal parameters to arrest and take a person into custody, or it relates to another personal grounds and reasons regarding necessity to arrest a person in the facts and circumstances of the said case?

23. As already stated hereinabove, respondent Nos. 1 and 2 seem to have already in possession of sufficient material *qua* the petitioner and his companies as well as alleged transactions during the arrest and interrogation of the petitioner's father, after whose release by the Special Court, the petitioner came to be arrested on 29th July, 2024 during alleged second search within four days of release of petitioner's father. The material in possession of respondent Nos. 1 and 2 prior to the arrest of the petitioner as demonstrated by the respondents appears to be with it and, therefore, respondent Nos. 1 and 2 could have arrested the petitioner at the time of alleged first search which was conducted on 26th June, 2024 itself."

The High Court of Bombay, in **PRIYAVRAT MANDHANA** *supra*, carried these principles into practical application. **The High Court**

of Bombay observed that where the Enforcement Directorate was already in possession of the material forming the basis of the allegations, the invocation of arrest at a later stage under the guise of further investigation raised serious concerns regarding the legitimacy of the exercise. Reiterating the ratio of ARVIND KEJRIWAL AND VIJAY MADANLAL CHOUDHARY, the High Court of Bombay held that Section 19 cannot be transformed into an investigative weapon. The requisite material must exist before arrest, not emerge because of it. The High Court of Bombay emphasized that the threshold under Section 19 is considerably higher than that prevailing under the ordinary criminal law. The authorized officer must possess material which rationally connects the accused to the offence of money-laundering and demonstrates guilt rather than mere suspicion. The High Court of Bombay accordingly held that the power of arrest cannot be exercised routinely or mechanically and granted interim protection to the accused.

19.2. Again, the High Court of Bombay in **ANILKUMAR KHANDERAO PAWAR v. DIRECTORATE OF ENFORCEMENT**[6] has held as follows:

"…. …. ….

7. Before proceeding further, we may usefully have a glance through the "grounds of arrest" and the "reasons to believe". In the grounds of arrest, the ED gave the following reasons for the petitioner's arrest: -

"You, Anil Kumar KhanderaoPawar, are hereby informed that during the ongoing inquiry and investigation under PMLA by the Directorate of Enforcement, various incriminating records (including the digital devices), Whatsapp Chats and statements of various persons were taken on record, wherein it has been revealed that:

1.You have deliberately and intentionally committed omission to perform your lawful public duty and thereby actually involved in acquisition, possession of several crores of the Proceeds of Crime and thereafter its concealment and utilisation for your personal benefit and enrichment.

2.You have organized a cartel of VVCMC officers, Junior Engineers, Architects, CAS and Liasoners after joining as Commissioner and involved in an organized action plan to acquire the Proceeds of crime by committing the illegal omission to perform his public duty and thereafter granting development permissions at fixed rate.

3. You, have grossly misused your position as Commissioner of VVCMC, and was directly responsible for taking no preventive actions so that ***illegal construction*** *occurs over government/private land in the jurisdiction of VVCMC and has taken the substantial amount of bribe money for keeping a blind eye and taking no action over rampant* ***illegal construction*** *on government/private land.*

4. You, as a head of Demolition department of VVCMC, despite being legally duty bound and

---

[6] Criminal Writ Petition No.4779 of 2025 decided on 15-10-2025

*responsible for taking action against **illegalconstruction** over government/private land in the jurisdiction of VVCMC has taken no action.*

*5. You, have flourished the already existing cartel comprising of senior VVCMC officers, local builders and Liasoners for keeping a blind eye and taking no action over rampant **illegalconstruction** on government/private land in lieu of fixed the commission/bribe amount at the total rate of Rs 150 per sq ft out of which you keep substantialcommission/bribe amount of Rs 50 per sq ft.*

*6. You have charged huge commission/bribe for granting various **developmentpermissions** required from VVCMC for starting different residential/commercial/other projects which was fixed at the rate of Rs 20-25 per sq ft of the built area of the project which varies and may increase to Rs 50 per sq ft depending on the complexity of the project and wherewithal of the concerned builder.*

*7. You have established and used an intricate **codewordsystem** for collection of commission/bribe amount from builders, Architects and Local Liasonersin order to guise the enforcement agencies and to conceal the movement Proceeds of crime.*

8. You have acquired and possessed the proceeds of crime in cash and the said cash has been collected and delivered through VVCMC officers, distant relatives and local liasoners.

9. You have received huge amount of cash from Sh. Y S Reddy for clearing files giving various development permissions and same was delivered to your distant relative and the said cash so collected by your distant relative was invested in properties situated at various locations in Maharashtra which clearly manifest that you have not only acquired or possessed the Proceeds of crime but also concealed and project the same as untainted and integrated the crime proceeds in the financial main-stream of the economy.

10. You have incorporated various firms in order to channelize and utilize the proceeds of crime and also to integrate the proceeds of crime in the financial main-stream of the economy.

11. You in order to conceal the source of acquisition of the Proceeds of crime have incorporated

the firms wherein your wife has been ostensibly shown as the partner however she denies having knowledge of basic facts pertaining to all the projects/entities incorporated in her name.

12. You have infused huge amount of cash in all your projects/entities/investments in the multiple entities floated in the name of your Wife, daughters and distant relatives. These entities were engaged in construction of residential projects wherein huge amount of cash has been suspected to be infused by you.

13. You have destructed and tampered with the crucial evidences and had deleted the call logs and whatsapp data from mobile phone.

14. You hold the office as Commissioner, VVCMC till 25.07.2025 and in view of the authority and influence inherent to such an office you held, there exists a grave and reasonable apprehension that you may exercise undue influence, inducement, or threat and coercion upon Builders, Architects, Liasoners and officials of VVCMC. There is every likelihood that you by utilising his official position will influence, induce and threaten the material witnesses and co-accused persons, thereby impeding the further course of investigation.

On the basis of aforesaid facts and circumstances and material in possession, I have reasons to believe that you have not only acquired, possessed, concealed and utilized the proceeds of crime of several crores of rupees, but also actually involved and knowingly assisted inlayering and laundering of proceeds of crime, and thus you are guilty of the offence of money laundering as defined under section 3 of PML. Act, 2002 punishable under section 4 of PML Act, 2002.

Accordingly, there exists sufficient reasons to believe that your arrest is necessary for various reasons as already detailed in the reasons to believe' being served along with this 'grounds of arrest'.

In view of the above and based on material in possession, I have reasons to believe that you, Anil Kumar KhanderaoPawar, are guilty of the offence of the money laundering under section 3 of PMLA, 2002, punishable under section 4 of PMLA, 2002 and therefore, your arrest under Section 19(1) of PMLA is warranted.

Sd/-
(Praduman Sharma)

Assistant Director
(Arresting Officer)

I have been intimated about the grounds of arrest at the time of my arrest in adherence to the provisions of Article 22(1) of the Constitution and Section 19(1) of PMLA and have also been made aware of my rights as laid down by the Hon'ble Supreme Court of India in the case of DK Basu Vs. West Bengal with regard to the rights of the arrested person.

(Signature of Anil Kumar KhanderaoPawar)
Arrestee/Arrested person"

8. The aforementioned grounds are reiterated by the ED in the "reasons to believe" with certain descriptions about the commission paid to the petitioner and other officials using a Codeword. The relevant extracts of the " reasons to believe" are reproduced herein below: -

"***I. ACTUAL INVOLVEMENT OF SH. ANIL KUMAR KHANDERAO PAWAR IN THE ACQUISITION, POSSESSION AND CONCEALMENT OF PROCEEDS OF CRIME:***

1. That Sh. Anil Kumar KhanderaoPawar is an IAS officer of 2014 batch. He joind Vasai Virar City Municipal Corporation as Commissioner on 13.01.2022 and remained there till 25.07.2025. He organized a cartel of VVCMC officers. Junior Engineers. Architects, CAs and Liasoners after joining as Commissioner. That Sh. Anil Kumar KhanderaoPawar was involved in an organized action plan to acquire the Proceeds of crime by committing the illegal omission to perform his public duty and thereafter granting development permissions at fixed rate.

2. That Sh. Anil Kumar KhanderaoPawar, as Commissioner of VVCMC, was directly responsible for taking preventive actions so that no illegal construction occured over government/private land in the jurisdiction of VVCMC.

3. That Sh. Anil Kumar KhanderaoPawar, as a head of Demolition department of VVCMC, was legally duty bound and responsible for taking action against illegal construction over government/private land in the jurisdiction of VVCMC.

4. That Sh. Anil Kumar KhanderaoPawar flourished the already existing cartel comprising of senior VVCMC officers, local builders and Liasoners for keeping a blind eye and taking no action over rampant illegal construction on government/private land and fixed the commission/bribe amount at the total rate of Rs 150 per sq ft out of which: Rs 50 per sq ft for himself and rest for others. This has been revealed on the basis of statement of VVCMC officers. The relevant screenshot of the statement of Sh. Y S Reddy recorded u/s 50 of the PMLA, 2002 dated 07.08.2025 is reproduced as under:

"…….The cash amount is paid at the rate of Rs 150 per sq ft of the area to be constructed. The break up is as follows:

Sl No	*Level*	*Rate per sqft*
01	*Municipal Commissioner*	*50*
02	*Additional Municipal Commissioner*	*30*
03	*Deputy Municipal Commissioner*	*20*
04	*Assistant Municipal Commissioner and other staff*	*50*

*5. That, it has been revealed by **variousbuilders** who constructed the 41 illegal buildings over alleged 60-acre government/private land that the substantial amount of bribe money was given to Senior officers of VVCMC including Commissioner Sh. Anil Kumar KhanderaoPawar for keeping a blind eye and taking no action over rampant **illegalconstruction** on government/private land.*

*6. That Sh. Anil Kumar KhanderaoPawar, as a head of Demolition department of VVCMC, did not take action against **illegalconstruction** over government/private land in the jurisdiction of VVCMC even after filing of CWP. That only after the order of Hon'ble Bombay High Court, demolition of **illegalconstruction** was done.*

*7. That Sh. Anil Kumar KhanderaoPawar has charged huge commission/bribe for granting various **developmentpermissions** required from VVCMC for starting different residential/commercial/other projects which was fixed at the rate of Rs 20-25 per sq.ft of the built area of the project. It may increase to Rs 50 per sq ft depending on the complexity of the project and wherewithal of the concerned builder. This has been*

revealed on the basis of statement of various Builders, Architects, VVCMC officers. Liasoners.

Sh. Y S Reddy in his statement which was recorded u/s 50 of the PMLA, 2002 dated 07.08.2025 stated that:

"……On being asked I would like to state that Shri Anil Pawar the Municipal Commissioner, VVCMC use to take Rs 20-25 per sq ft. DDTP was given Rs10 per sqft and Rs 4 per sqft is given to ADTP/Town planner and Rs 1 per sq ft is given to JE. If plot area is more the 2000sqmtrs then the file is handled by ADTP and for proposals with less than 2000sqmtrs, it is handled by Town Planner..."

That statement of certain builder and Architects were also recorded wherein they have stated the details of commission paid. The excerpt of the statement of a builder/Architect recorded u/s 50 of the PMLA, 2002 dated 09.07.2025 is reproduced under:

Sr. No.	***Department Name***	***Commission Paid***
1	*Legal Department*	*Rs 50,000 to Rs 1 Lakh per file*
2	*Engineering Department*	*Rs 25,000 per file*
3	*Junior Engineer*	*Rs 1 – Rs 2 per Square Feet*
4	*Municipal Engineer*	*Rs 2 per Square Feet*
5	*Assistant Director of Town Planning*	*Rs 5 per Square Feet*
6	*Deputy Director of Town Planning*	*Rs 10 to Rs 12 per Square Feet*
7	*Commissioner*	*Rs 25 per Square Feet*

Commission is mostly paid directly to the concerned officer. However, sometimes it is also paid through the architect to the concerned officer..."

*8. That Sh. Anil Kumar KhanderaoPawar established an intricate **codewordsystem** for collection of commission/bribe amount from builders, Architects and Local Liasoners. In **depthanalysisofWhatsapp chats** of Sh. Anil Kumar KhanderaoPawar with Sh. Y S Reddy, of Local Liasoners with Sh. V S Reddy, of Architects and Builders with Sh. Y S Reddy and others established that:*

- *Code Word "C" was used for commission/bribe amount pertaining to Sh. Anil Kumar KhanderaoPawar, Commissioner VVCMC.*

- *Code Word "D" was used for commission/bribe amount pertaining to Sh. Y S Reddy, Deputy Director Town Planning. VVCMC.*

This fact is substantiated by the statement of the Architect and Builder recorded u/s 50 of the PMLA, 2002 on 22.07.2025 and 16.07.2025 respectively. The excerpt of the statement of the Architect recorded u/s 50 of the PMLA, 2002 dated 22.07.2025 is reproduced under:

"...In reply I said that I had previous 10 cases and one new case so I meant I had to pay commission for the new case only. Then MrReddy asked me how much money do I have to pay him? I gave him the figure of 1. 95,000 square feet which wasthe total area of my last case wherein permission was granted by VVCMC. So the total amount was of Rs 48,75,000 at the rate of Rs 25 per square foot which is rounded off to Rs 50 lakhs. This was the amount which was to be given to Shri Reddy as DDTP. "D" in the chat meant DDTP. Then I asked how much money was to be given to the commissioner VVCMC, In the chat "C" is meant to be the Commissioner VVCMC who was Shri Anil Pawar..."

The excerpt of the statement of a builder recorded u/s 50 of the PMLA. 2002 dated 16.07.2025 is reproduced under:

"....I would like to state that code names used by Architect/Developer/Builder who are dealing in VVCMC area for Commissioner VVCMC and Deputy Director Town Planning while doing communication on WhatsApp chats or otherwise are "C" and "D" respectively. So "C" in the above chat refers to Shri Anil Pawar, the commissioner of VVCMC. The above chat is also related to finalisation of bribe amount in some matter...."

9. That during the course of investigation, it is gathered that Mr. Anil Kumar KhanderaoPawar was actively involved in keeping a blind eye and taking no action over rampant illegal construction on government/private land in lieu of fixed commission/bribe amount and subsequently involved in money laundering by way of acquiring, possessing. concealing and utilizing the proceeds of crime and

thereby transferring and channelizing the said proceeds of crime through distant relatives and local liasoners.

10. That during inquiry and investigation, it is further gathered that the Proceeds of crime was acquired and possessed by Sh. Anil Kumar KhanderaoPawar in cash and the said cash has been collected and delivered through VVCMC officers, distant relatives and local liasoners. The in-depth analysis of Whatsapp chats of Sh. Anil Kumar KhanderaoPawar with Sh. Y S Reddy, of Local Liasoners with Sh. Y S Reddy and others established that:

- *Sh. Anil Kumar KhanderaoPawar received more than Rs. 17.75 crore from Sh. Y S Reddy for clearing files giving various development permissions and same was delivered to distant relative.*

- *Distant relative collected huge amount of cash for Sh. Anil Kumar KhanderãoPawar from Sh. Reddy on other occasions. The cash so collected by distant relative was invested in properties situated at various locations in Maharashtra. The excerpt of the statement of distant relative recorded u/s 50 of the PMLA, 2002 dated 11.08.2025 is reproduced under:*

"...I would like to state that I have perused the said chat and state that this contact details belong to me. The said chat is about confirmation of the cash payment of Rs. 3.375 Crore (37.5 Lakh +3 crore) received in cash at my office at Dadar from Angadiya through Mr. Y S Reddy on the instructions of Mr. Anil Pawar…"

- *Sh. Anil Kumar KhanderaoPawar brought luxury expensiveSarees, Pearls and Gold & Diamond studded Jewellery through Sh. Reddy and settlement happened in cash.*

***J. ACTUAL INVOLVEMENT OF SH. ANIL KUMAR KHANDERAO PAWAR IN THE UTILIZATION OF PROCEEDS OF CRIME AND PROJECTION OF THE TAINTED PROPERTIES AS UNTAINTED**:*

1. Sh. Anil Kumar KhanderaoPawar has incorporated various firms in order to channelize and utilize the proceeds of crime and also to integrate the proceeds of crime in the financial main-stream of the economy. Huge amount of cash has been suspected to be infused in all the projects/entities/investments by Sh. Anil Kumar KhanderaoPawar in the multiple entities floated in the name of Wife, daughters and distant relatives.

These entities were engaged in construction of residential projects wherein huge amount of cash has been suspected to be infused by Sh. Anil Kumar KhanderaoPawar.

2. That Sh. Anil Kumar KhanderaoPawar in order to conceal the source of acquisition of the Proceeds of crime Sh. Anil Kumar KhanderaoPawar has incorporated the firms wherein his wife has been ostensibly shown as the partner however she denies having knowledge of basic facts pertaining to all the projects/entities incorporated in her name.

3. That the material in possession as discussed and detailed in the preceding paras, and the reasons to believe enumerated in writing in the present document, clearly substantiated that Sh. Anil Kumar KhanderaoPawar is guilty of offence of money laundering. The material in possession on the basis of which the Investigating Officer has formed the Reasons to Believe includes the evidences in form of the statements of various persons recorded u/s 50 of the PMLA, 2002 and the Whatsapp chats and the other digital evidences as discussed in detail in the preceding paras.

4. Thus, Sh. Anil Kumar KhanderaoPawar has committed and is guilty of offence of Money Laundering defined u/s 3 of PMLA, 2002, punishable u/s 4 of PMLA, 2002 since he has actually involved in acquisition, possession and concealment of crime proceeds and also in utilising the proceeds of crime and projecting the tainted property as untainted."

9. **After hearing the learned senior counsel for the petitioner and the learned Additional Solicitor General and on perusing the materials on record, we have formed an opinion that as on 13th August 2025 the Arresting Officer had no such material in his possession which would establish that the petitioner committed offence under the PMLA so as to form reasons to believe under section 19 of the PMLA. When we say that the Arresting Officer had no such material, we mean that "notangible material" was available with the Arresting Officer to establish that the petitioner was guilty of the offence under the PMLA and, that, we are not weighing such materials so as to examine the sufficiency of the**

materials in possession of the Arresting Officer.In*"Radhika Agarwal"*, the Hon'ble Supreme Court referred to *"Vijay Madanlal Choudhary v. Union of India"* (2023) 12 SCC 1 and held that the safeguards provided in the PMLA and the pre-conditions to be fulfilled by the Arresting Officer before effecting arrest as contained in section 19 of the PMLA are stringent and of higher standard. Those safeguards ensure that the authorized officer does not act arbitrary but make them accountable for their decision about the necessity to arrest any person as being involved in the commission of offence of money-laundering even before filing of the complaint before the Special Court under the PMLA. The whole case of the ED is based on the statements of Mr. Y. S. Reddy and certain architects and developers/promoters recorded under section 50 of the PMLA and the WhatsApp chats between the petitioner and Mr. Y. S. Reddy, a reference of which has been made by the learned Additional Solicitor General in course of the arguments. As we glance through the WhatsApp chats, it is revealed that the WhatsApp chats between the petitioner and Mr. Y. S. Reddy started on 13th January 2022. That was the day when the petitioner tendered joining as Municipal Commissioner at the VVCMC. In course of the hearing, on a Court's query, the learned Additional Solicitor General confirmed that this is the case of the ED that the WhatsApp chats started between the petitioner and Mr. Y. S. Reddy from 13th January 2022. However, in course of the dictation of this order, the learned Additional Solicitor General makes a statement that the WhatsApp chats were pulled on that day. In our opinion this statement is clearly incorrect because onthat day the ED was not in the picture.

10. **The WhatsApp chats between the petitioner and Mr. Y. S. Reddy referred to photographs of certain ornaments, their value and a proposal from the petitioner to Mr. Y. S. Reddy to purchase a few ornaments. In the context of the aforesaid materials collected by the ED against the petitioner, this needs to be indicated that the team of the ED officials which conducted search and seizure at one of the premises of the petitioner didn't recover any incriminating material. There is a *Panchanama* drawn on 29th July 2025 at the residential premises of the petitioner which records that on a thorough and systematic search of the said premises, no incriminating documents, unaccounted cash or electronic devices were found or seized from the said premises. This**

is also not the case pleaded by the ED that any cash, ornament or unaccounted property has been recovered from the possession of the petitioner or his premises which can be said to be the proceeds of crime. The definition of the expression "proceeds of crime" under section 2(1)(u) of the PMLA refers to any property derived or obtained, directly or indirectly, by any person as a result of criminal activity relating to a scheduled offence or the value of any such property or where such property is taken or held outside the country, then the property equivalent in value held within the country or abroad. Furthermore, if this is the case of the ED that the proceeds of crime were seized from the possession of Mr. Y. S. Reddy, there is no indication how the petitioner is involved in money-laundering. In *"Arvind Kejriwal"*, the Hon'ble Supreme Court explained the expression "reasons to believe" in section 19 and held that belief is beyond speculation or doubt. The Hon'ble Supreme Court further held that the requirement in law is not satisfied by just providing "written grounds of arrest" and such action of the Arresting Officer does not initself satisfy the compliance requirement. The Hon'ble Supreme Court further held that the subjective opinion of the Arresting Officer must be founded and based upon fair and objective consideration of the materials available with him as on the date of arrest and the Court shall be entitled to examine the soundness of the "reasons to believe". In paragraph no. 44 of the reported judgment, the Hon'ble Supreme Court held that the exercise of judicial review is confined to ascertaining whether "reasons to believe" are based upon the materials which establish that the arrestee is guilty of an offence under the PMLA. The Hon'ble Supreme Court further held in paragraph no. 61 as under:

> ***"61. The legality of the "reasons to believe" has to be examined based on what is mentioned and recorded therein and the material on record. However, the officer acting under Section 19(1) of the PML Act cannot ignore or not consider the material which exonerates the arrestee. Any such non-consideration would lead to difficult and unacceptable results. First, it would negate the legislative intent which imposes stringent conditions. As a general rule of interpretation, penal provisions must be interpreted strictly. [See Vijay Madanlal Choudhary v. Union of India,***

(2023) 12 SCC 1 at para 106 : (2023) 21 ITR-OL 1 (SC) : (SCC pp. 164-65)"106. The "proceeds of crime" being the core of the ingredients constituting the offence of money laundering, that expression needs to be construed strictly. In that, all properties recovered or attached by the investigating agency in connection with the criminal activity relating to a scheduled offence under the general law cannot be regarded as proceeds of crime. There may be cases where the property involved in the commission of scheduled offence attached by the investigating agency dealing with that offence, cannot be wholly or partly regarded as proceeds of crime within the meaning of Section 2(1)(u) of the 2002 Act—so long as the whole or some portion of the property has been derived or obtained by any person "as a result of" criminalactivity relating to the stated scheduled offence."Also see M. Ravindran v. Directorate of Revenue Intelligence, (2021) 2 SCC 485 : (2021) 1 SCC (Cri) 876 at para 17.9 : (SCC p. 505)"17. …17.9. Additionally, it is well settled that in case of any ambiguity in the construction of a penal statute, the courts must favour the interpretation which leans towards protecting the rights of the accused, given the ubiquitous power disparity between the individual accused and the State machinery. This is applicable not only in the case of substantive penal statutes but also in the case of procedures providing for the curtailment of the liberty of the accused."] ***Secondly,any undue indulgence and latitude to DoE will be deleterious to the constitutional values of rule of law and life and liberty of persons. An officer cannot be allowed to selectively pick and choose material implicating the person to be arrested. They have to equally apply their mind to other material which absolves and exculpates the arrestee. The power to arrest under Section 19(1) of the PML Act cannot be exercised as per the whims and fancies of the officer***."

11. **When we examined the materials on record with reference to the aforementioned dictum, we see no *prima-facie* case made out against the petitioner for his arrest on 13th August 2025. We observed that the same and similar facts are reiterated in the "grounds of arrest" and "reasons to believe". The stand taken by the ED is speculative and based on hazy facts. The case built up by the ED based on the statement of Mr. Y. S. Reddy that a Codeword system for collection of commission was**

devised and huge tainted money was received does not lead anywhere inasmuch as no recovery was effected from the premises of the petitioner or from his possession or in the possession of his family members. The ED referred to illegal constructions of 41 buildings but the petitioner cannot be said to be a party in the illegalities committed at that time. The allegations of keeping a blind eye and taking no action over the rampant illegal constructions on government/private land and the petitioner receiving more than Rs.17.75 crores from Mr. Y. S. Reddy are without any description of such project and no details of the development plan are disclosed by the ED. **The ED does not say that any incriminating material such as WhatsApp chats, diary, message etc. are recovered from the possession of the petitioner or his mobile phone. No details of any investment made or the so-called company, partnership etc. formed by the wife of the petitioner or his family members as sought to be projected by the ED are provided. In FIR No.0330 of 2025 lodged on 1 st August 2025, the petitioner is not a named accused. This FIR waslodged on the allegation of commission of the offences under section (13)(1)(b) r/w 13(2) of the Prevention of Corruption Act, 1988 after raids were conducted on 14th May 2025 and 3rd June 2025 at the premises of Mr. Y. S. Reddy who was the Deputy Director of Urban Planning and cash and ornaments were seized during the said raids. It is stated in the said FIR that Mr. Y. S. Reddy amassed wealth more than his known source of income and he committed offences under sections 13(1)(b) and 13(2) of the Prevention of Corruption Act, 1988 as amended in 2018. But there is no reference of the involvement of any probable accused in commission of such crime by Mr. Y. S. Reddy.** The learned senior counsel for the petitioner argued that if the ED, in course of investigation, comes across violations of other provisions of law, it has to inform the appropriate agency and it cannot assume the role of investigating those offences. The learned senior counsel elaborating upon the powers of the ED to proceed with the investigation in a case where an allegation of disproportionate assets beyond the known sources of income of the accused is made but the CBI does not file a charge-sheet, submitted that the ED cannot investigate the occurrence. **In "*Vijay Madanlal Choudhary*", the Hon'ble Supreme Court held that the expression "proceeds of crime" needs to be construed strictly because this is the core of the ingredients constituting the offence of money-laundering**

and all properties recovered or attached by the investigating agency in connection with the criminal activity relating to a scheduled offence under the general law cannot be regarded as the proceeds of crime and there may be cases where the property involved in a crime of scheduled offence attached by the investigating agency dealing with that offence may not be wholly or partly regarded as the "proceeds of crime" within the meaning of section 2(1)(u) of the PMLA. Inparagraph no. 109 of the said judgment, the Hon'ble Supreme Court held as under: -

> "109. ***Tersely put, it is only such property which is derived or obtained, directly or indirectly, as a result of criminal activity relating to a scheduled offence that can be regarded as proceeds of crime. The authorities under the 2002 Act cannot resort to action against any person for money laundering on an assumption that the property recovered by them must be proceeds of crime and that a scheduled offence has been committed, unless the same is registered with the jurisdictional police or pending inquiry by way of complaint before the competent forum. For, the expression "derived or obtained" is indicative of criminal activity relating to a scheduled offence already accomplished. Similarly, in the event the person named in the criminal activity relating to a scheduled offence is finally absolved by a court of competent jurisdiction owing to an order of discharge, acquittal or because of quashing of the criminal case (scheduled offence) against him/her, there can be no action for money laundering against such a person or person claiming through him in relation to the property linked to the stated scheduled offence. This interpretation alone can be countenanced on the basis of the provisions of the 2002 Act, in particular Section 2(1)(u) read with Section 3. Taking any other view would be rewriting of these provisions and disregarding the express language of the definition clause "proceeds of crime", as it obtains as of now***."

12. We may further indicate that there is a clear distinction between the provisions under section 19 and the provisions under section 45 of the PMLA and, to that extent, the stringent conditions as incorporated under clause (ii) of sub-section (1) of section 45 that the Court

> **is satisfied that there are reasonable grounds for believing that he is not guilty of such offence and that he is not likely to commit any offence while on bail, are not the requirements to test the validity of arrest made on 13th August 2025.The learned Additional Solicitor General submitted that the Prosecution Complaint has now been filed which gives details of the materials collected by the ED post-arrest of the petitioner. However, in our opinion, any material collected by the ED after 12th August 2025 cannot be looked into to examine the legality of the arrest of the petitioner on 13th August 2025 and such materials can be used by the ED to support its case against the petitioner as narrated in the Prosecution Complaint.**
>
> 13. In the result, this writ petition succeeds to the extent that the arrest of the petitioner on 13th August 2025 is held illegal. All the orders of remand passed by the Additional Sessions Judge, Designated Special Court under the PMLA stand quashed. The petitioner shall be released on production of a copy of this order and filing an affidavit of undertaking that he will not tamper with the evidence or influence or attempt to influence the witnesses. Findings recorded by this Court in the present proceedings are *prima-facie* opinion of the Court recorded only for the purpose of deciding legality of the arrest of the petitioner on 13th August 2025 and such findings shall not affect the case of the ED when the Prosecution Complaint is examined by the Court in any further proceedings against the petitioner."

19.2.1. The same constitutional ethos reverberates through the decision of the High Court of Bombay in **ANILKUMAR KHANDERAO PAWAR** *supra*. The High Court of Bombay undertook a meticulous examination of the "grounds of arrest" and the "reasons to believe" and ultimately concluded that there existed no tangible material capable of sustaining the statutory satisfaction required under Section 19. The High Court of Bombay observed that

while the Enforcement Directorate may possess statements, chats and other materials, the crucial inquiry is whether such material objectively establishes guilt so as to justify arrest. Mere allegations cannot substitute the statutory threshold mandated by law.

19.2.2. The High Court of Bombay further reiterated that the power under Section 19 cannot be exercised on selective consideration of incriminating material while ignoring exculpatory circumstances. Fairness requires an even-handed evaluation of all available material. The High Court of Bombay, therefore, reaffirmed that the rigours of Section 19 are intended not merely to regulate arrests but to preserve the constitutional balance between the coercive authority of the State and the inviolable liberty of the individual.

THE HIGH COURT OF MADRAS:

20. The High Court of Madras in **R.K.M. POWERGEN PRIVATE LIMITED v. DIRECTORATE OF ENFORCEMENT**[7] has held as follows:

"…. …. ….

---

[7] **2025 SCC OnLine Mad. 3272**

59. When this aspect was pointed out to Mr AR.L. Sundaresan, the Additional Solicitor General pointed out that criminal law can be set into motion by any person. That is a general principle of criminal law. No one can dispute it, and we certainly are not going to do it. If any criminal act takes place, it is certainly open to any individual to bring it to the notice of police or appropriate authorities who are entitled to register a complaint on these aspects. **A perusal of the papers show that no complaint had been lodged with respect to any of the aforesaid alleged criminal activities. The ED is not a super cop to investigate anything and everything which comes to its notice. There should be a "criminal activity" which attracts the schedule to PMLA, and on account of such criminal activity, there should have been "proceeds of crime". It is only then the jurisdiction of ED commences. The *terminus a quo* for the ED to commence its duties and exercise its powers is the existence of a predicate offence. Once there exists a predicate offence, and the ED starts investigation under the PMLA, and file a complaint, then it becomes a stand alone offence. As long as there is no predicate offence, ED cannot plead that since no one set up the criminal law into motion, it will rely on that doctrine and commence proceedings under the PMLA.**

60. It is too well settled that where an act has to be done in a particular way, it must be done in that way and in no other way. The PMLA demands the existence of a predicate offence. When there is no predicate offence, initiation of proceedings under PMLA is a non starter. If the arguments of the Additional Solicitor General are accepted, then the ED on registration of an ECIR can conduct a roving enquiry with respect to other aspects also. That is not the position of law. To put it pithily, no predicate offence, no action by ED.

61. A careful perusal of Section 66(2)PMLA points out that if during the course of investigation, the ED comes across violations of other provisions of law, then it cannot assume the role of investigating those offences also. It is to inform the appropriate agency, which is empowered by law to investigate into that offence. If that Agency, on the intimation from the ED, commences investigation and registers a complaint, then certainly the ED can investigate into those aspects also, provided there are "proceeds of crime". In case, the investigating

> **agency does not find any case with respect to the aspects pointed out by the ED, then the ED cannot *suomotu* proceed with the investigation and assume powers. The essential ingredient for the ED to seize jurisdiction is the presence of a predicate offence. It is like a limpet mine attached to a ship. If there is no ship, the limpet cannot work. The ship is the predicate offence and "proceeds of crime". The ED is not a loitering munition or drone to attack at will on any criminal activity."**

The High Court of Madras holds that Enforcement Directorate has no power to investigate into the predicate offence or assume the role of predicate agency.

THE HIGH COURT OF ALLAHABAD:

21. The High Court of Allahabad in **SATINDER SINGH BHASIN v. STATE OF UTTAR PRADESH**[8] has held as follows:

"…. …. ….

> **127.** Consequently, where ED receives material relating to new scheduled offences, or further transactions involving the same accused or entities controlled by them, it is entitled to incorporate that information into its investigative record through addendums. The petitioner has shown no legal bar on the ED issuing addendums. Nor has any judicial pronouncement to that effect has held that addendums to an ECIR are impermissible.
>
> **128. The petitioner's argument that addendums are impermissible because the original ECIR was based on FIR No. 353/2015 is fundamentally misconceived. Section 3 PMLA does not restrict offences arising from only one scheduled offence. The test is the existence of**

---

[8] 2025 SCC OnLine All 8082

> **"proceeds of crime" connected with a scheduled offence, not the numerical identity of the predicate FIR. If the accused is alleged to have diverted or laundered funds arising from multiple transactions, each giving rise to distinct scheduled offences, those offences form independent predicates for PMLA jurisdiction."**

(Emphasis supplied at each instance)

The High Court of Allahabad holds that ECIR can be amended only to include different FIRs where proceeds of crime are generated by the same accused or the same entity.

22. **Viewed cumulatively, these decisions weave a coherent constitutional tapestry. They establish that Section 19 is not a charter of unfettered power but a carefully calibrated restraint upon executive authority. The recurring theme that permeates the entire jurisprudence is that the offence of money-laundering, howsoever serious, does not authorise a departure from constitutional discipline. The power to arrest may be statutory; the right to liberty is constitutional. Whenever the two intersect, the law demands that the former bow to the safeguards, fairness and accountability that the latter commands.**

23. The afore-quoted material which forms grounds of arrest and reasons for arrest are indicative of the fact that those are the issues or reasons for the grounds or for search and seizure proceedings that took place when the crime in Crime No.722 of 2024 has been registered. When Crime No.722 of 2024 stood stayed at the hands of this Court, statement of objections was filed by the Enforcement Directorate contending that there is another crime anterior to registration of crime in Crime No.722 of 2024. Therefore, they may update their ECIR and incorporate the other predicate offence in the ECIR. The specific grounds taken could be gathered from paragraphs 6, 9 and 12 of the statement of objections. They read as follows:-

"…. …. ….

6. At the time of recording of the reasons to believe on 11-11-2025 and authorization of searches under Section 17 of the PMLA during 18-11-2025 to 22-11-2025, the respondent Directorate had no knowledge of the closure of FIR No.0722 of 2024. It is submitted that reasons to believe were not solely made on the basis of the said FIR No.0722 of 2024, but various other complaints, available on the open web source, against the petitioners. The complaints have been discussed in detail in the reasons to believe as well as original Application before the learned Adjudicating Authority (PMLA), New Delhi.

… … …

9. Accordingly, FIR No.0029 of 2026 was lawfully incorporated into the existing ECIR by way of an addendum dated 18-02-2026. The allegations therein disclose commission of a scheduled offence under Section

> **318(4) of the Bharatiya Nyaya Sanhita, 2023 (fraud), falling under FATF Category (ix), thereby generating prima facie proceeds of crime. In view of the settled position of law laid down in Vijay Madanlal Choudhary v. Union of India (2022 SCC OnLine SC 929), proceedings under the PMLA are independent in nature and attachment, search, seizure or investigation can continue so long as proceedings of crime are traceable to any scheduled offence. The addendum thus sustains the ECIR, and the very foundation of the present petition is rendered infructuous.**
>
> **... ... ...**
>
> **12. In the present case, the RTB dated 11-11-2025 was based on credible and extensive material, including FIR No.0722 of 2024, lakhs of user complaints across platforms such as Pocket-52 and Rummy Culture, allegations of approximately ₹3/- crore fraud, use of bots, collusive gameplay, inducement through free credits, withdrawal restrictions and siphoning of approximately ₹250/- crore by the erstwhile CFO Sri Ramesh Prabhu."**

(Emphasis added)

24. The afore-extracted portions of the statement of objections cast a revealing light on the very substratum of the proceedings initiated by the Enforcement Directorate. A careful reading of the objections leaves little room for doubt that the foundation upon which the Enforcement Directorate erected its edifice of suspicion was Crime No.722 of 2024 and the material gathered in relation thereto. Indeed, the Enforcement Directorate itself, in paragraphs 6, 9 and 12 of its objections, acknowledges that the "reasons to believe" recorded on 11-11-2025 and the

consequential search and seizure operations conducted between 18-11-2025 and 22-11-2025 were anchored upon the allegations emanating from the said crime.

25. What is sought to be projected thereafter is that the Enforcement Directorate was unaware that Crime No.722 of 2024 had already met its juridical end with the acceptance of a 'B' report. Simultaneously, it is urged that the subsequent incorporation of FIR No.29 of 2026 by way of an addendum dated 18-02-2026 breathed fresh life into the ECIR and rendered the challenge to its continuance infructuous. Yet, the very objections display the fragility of that contention. Paragraph 12 candidly avers that the "reasons to believe" dated 11-11-2025 were founded upon the same allegations of online gaming fraud, use of bots, collusive gameplay, inducement through free credits, withdrawal restrictions and complaints spread across platforms such as Pocket-52 and Rummy Culture. These are, in substance and in form, the very allegations that resurface in the new ECIR – the present and ultimately culminate in the arrest of the petitioners.

26. **The narrative, therefore, unfolds with unmistakable clarity. The material that animated the earlier ECIR, the searches and seizures conducted thereunder, and the material now relied upon to justify arrest under the new ECIR, are but reflections of the same underlying allegations. The foundation may have been repackaged; it has not been reconstructed.**

27. If the earlier ECIR, fortified by search and seizure operations spread over several days, did not persuade the Enforcement Directorate that the arrest of the petitioners was either warranted or necessary, it is difficult to fathom how the very same material, merely paraphrased and transplanted into a new ECIR, could suddenly acquire the potency to justify their incarceration. The inference is inescapable. The subsequent search and seizure did not yield any fresh incriminating material; nor do the grounds of arrest disclose the emergence of any new tangible evidence.

28. **The learned Additional Solicitor General painstakingly invited the attention of the Court to several complaints and allegations said to have surfaced subsequently. Yet, barring three complaints registered after the interim order dated 22-01-2026, no fresh predicate offence has been shown to exist against the petitioners. That position is not disputed. Therefore, the attempt to justify arrest on the strength of material already in possession of the Enforcement Directorate from earlier proceedings runs contrary to the very architecture of Section 19(1) of the PMLA. The provision contemplates an assessment of the material available at the time of arrest; it does not countenance the resurrection of stale material to manufacture a fresh justification for deprivation of liberty. Section 19 is not elastic enough to permit arrest on recycled suspicion when no new incriminating material has emerged.**

29. The dictum of the Apex Court in **PANKAJ BANSAL** stands as a complete answer to the action of the Enforcement Directorate in the case at hand. The Apex Court has cautioned that arrest under the PMLA cannot be reduced to a matter of administrative

expediency. The Enforcement Directorate is armed with the power to summon persons under Section 50 of the PMLA and to secure their participation in the investigation through lawful means. If, despite such summons, a person refuses to cooperate, the law provides adequate remedies. Arrest is thus not the first step; it is the last resort.

30. In the present case, it is an admitted position that no summons under Section 50 were ever issued to the petitioners prior to their arrest. Their liberty was curtailed even before the search proceedings conducted on 07-05-2026 had reached fruition. The arrest was thus not preceded by any demonstrable attempt to secure cooperation through the statutory mechanism. More importantly, both the grounds of arrest and the reasons to believe reveal that the Enforcement Directorate was relying predominantly upon material already in its possession from earlier proceedings.

31. The contention of the learned Additional Solicitor General that the pendency of a bail application before the competent Court ought to dissuade this Court from entertaining the present petitions is equally unpersuasive. The Constitution does not permit this Court

to be held hostage to parallel proceedings. The Apex Court in the case of **ARNAB MANORANJAN GOSWAMI v. STATE OF MAHARASHTRA**[9] has held as follows:

"…. …. ….

> **68.** Mr Kapil Sibal, Mr Amit Desai and Mr Chander Uday Singh are undoubtedly right in submitting that the procedural hierarchy of courts in matters concerning the grant of bail needs to be respected. However, there was a failure of the High Court to discharge its adjudicatory function at two levels—first in declining to evaluate prima facie at the interim stage in a petition for quashing the FIR as to whether an arguable case has been made out, and secondly, in declining interim bail, as a consequence of its failure to render a prima facie opinion on the first. **The High Court did have the power to protect the citizen by an interim order in a petition invoking Article 226. Where the High Court has failed to do so, this Court would be abdicating its role and functions as a constitutional court if it refuses to interfere, despite the parameters for such interference being met. The doors of this Court cannot be closed to a citizen who is able to establish prima facie that the instrumentality of the State is being weaponised for using the force of criminal law. Our courts must ensure that they continue to remain the first line of defence against the deprivation of the liberty of citizens. Deprivation of liberty even for a single day is one day too many.** We must always be mindful of the deeper systemic implications of our decisions."

(Emphasis supplied)

The Apex Court reminded constitutional Courts that they remain the first line of defence against unlawful deprivation of liberty and that refusal to intervene when liberty stands imperilled would amount to an abdication of constitutional duty. **The Apex Court poignantly**

---

[9] (2021) 2 SCC 427

observed that deprivation of liberty even for a single day is one day too many.

32. The existence of a bail application, therefore, cannot erect a jurisdictional barrier against the exercise of constitutional review where the legality of arrest itself is under challenge. It must be remembered that the petitioners do not seek quashing of the ECIR, nor do they invite this Court to adjudicate upon the sufficiency or adequacy of the evidence. They do not seek regular bail under Section 45 of the PMLA. Their challenge is far narrower and far more fundamental: whether the arrest itself satisfies the constitutional and statutory mandate of Section 19. The learned Additional Solicitor General makes his submissions, which would touch upon merit of the allegations or the act of these petitioners that would entitle them to be prosecuted. There can be no qualm about what is said on merit of the matter. The petitions are preferred on a limited question of legality of arrest of these petitioners.

33. This brings the Court to the pivotal issue – the necessity of arrest. The jurisprudence of the Apex Court has repeatedly

emphasised that arrest is not to be treated as a routine administrative response to allegations of economic wrongdoing; particularly under the PMLA, where the consequences of arrest are severe and the rigours of bail are formidable, the threshold for curtailing liberty has been consciously placed upon a high constitutional pedestal. The decision of the Apex Court in **ARVIND KEJRIWAL** reiterates that the safeguards governing arrest under the PMLA are of a higher order and that the necessity of arrest must precede and inform the formation of satisfaction under Section 19. The Apex Court has further cautioned that even evasive answers, non-cooperation, or refusal to confess do not, by themselves, furnish a justification for arrest.

34. Examined in that constitutional light, the submissions of the learned senior counsel for the petitioners deserve acceptance. The Enforcement Directorate possessed ample statutory authority under Section 50 to summon the petitioners and secure their participation in the investigation. Had the petitioners thereafter obstructed the process or refused cooperation, the question of arrest may have arisen in a different factual setting. But no such situation had arisen. No summons were issued. No opportunity for

cooperation was afforded. No fresh incriminating material emerged from the subsequent searches. Yet, the petitioners were arrested.

35. What renders the action particularly vulnerable is, the undeniable fact that six months earlier, on substantially the same material, the Enforcement Directorate itself did not consider arrest necessary. If the material then available did not warrant arrest, the mere registration of a new ECIR cannot transmute, old allegations into a newfound necessity for arrest. Liberty cannot fluctuate due to changing procedural labels. **The necessity to arrest must arise from new circumstances, new material, or new conduct; it cannot spring from the ashes of allegations that have remained unchanged.**

36. Insofar as the submission of the learned Additional Solicitor General with regard to the ingredients of the crime or the gravity of the offence, there cannot be any qualm about those submissions, they are not the ones that need consideration for the issue projected in the case at hand. Same would go with a plethora of judgments that are sought to be relied on by the learned Additional Solicitor General, all of which, would touch upon the

merits of the matter. The issue that is being considered by this Court in the subject petitions is not on the merit of the matter, it is on the legality of the arrest, for which examination of the issue is limited to legality of the arrest or otherwise.

37. Therefore, this Court is left with the irresistible conclusion that the arrest of the petitioners is unsupported by any fresh tangible material capable of driving home inference of guilt, so as to satisfy the mandate of Section 19 of the PMLA. The arrests, therefore, cannot withstand judicial scrutiny and must be declared contrary to law. The inevitable consequence is that the petitioners are entitled to be restored to their liberty. At the same time, it is made abundantly clear that the statutory powers vested in the Enforcement Directorate under Section 50 of the PMLA remain wholly unaffected, and it shall be open to the Enforcement Directorate to issue summons and proceed further in accordance with law, should the circumstances so warrant.

38. For the *prafaetus* reasons, the following:

O R D E R

(i) Writ Petitions are **allowed.**

(ii) Arrest of these petitioners is declared contrary to law. As a consequence thereof, the petitioners shall be set at liberty forthwith.

(iii) The Registry is directed to intimate this order to the prison authorities for release of these petitioners.

Pending applications, if any, also stand disposed.

Sd/-
(M.NAGAPRASANNA)
JUDGE

bkp
CT:MJ