IN THE HIGH COURT OF JHARKHAND AT RANCHI
W.P. (Cr). No. 231 of 2026

Amar Mandal, aged about 48 years, Son of Ravan Mandal, Resident of Village-Sejakora, P.O. & P.S. Jama, District-Dumka, State-Jharkhand.

……………**Petitioner**

Versus

Directorate of Enforcement, through its Deputy Director, having its office at Plot No.1520/B, Airport Road, P.O. & P.S. Hinoo, District-Ranchi, Jharkhand-834002.

……………. Opposite Party

CORAM: HON'BLE MR. JUSTICE SUJIT NARAYAN PRASAD

For the Petitioner	: Mr. Ajit Kumar, Sr. Advocate Mr. Kartik Sabharwal, Advocate Ms. Aprajita Bhardwaj, Advocate Mr. Sabi Uddin, Advocate Mr. Abash Ajit Kumar, Advocate Mr. Abhishek Abhi, Advocate
For the Opp. Party	: Mr. Amit Kumar Das, Sr. Advocate Mr. Saurav Kumar, Advocate

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C.A.V. on 05/08/2026 ***Pronounced on 01/09/2026***

Prayer:

1.The instant application has been filed under Sections 226 of the Constitution of India for the following reliefs:

a. For issuance of an appropriate writ(s), order(s) or direction(s) in the nature of Certiorari, to call for the records and to quash the entire criminal proceedings arising out of ECIR/RNZO/08/2023 registered by the Respondent-Directorate of Enforcement, insofar as it relates to the present Petitioner, for the alleged offences under Sections 3 and 4 of the Prevention of Money Laundering Act, 2002, in view of the fact that the Petitioner has already been acquitted vide judgment and order dated 10.02.2026 passed in connection with the predicate offence arising out of Poraiyahat P.S. Case No. 07/19 dated 20.01.2019 registered for the alleged offences under Sections 414 and 120B of the Indian Penal Code, 1860 read with Sections 4 and 21 of the Mines and Minerals (Development and Regulation) Act, Pending 1957, by the Court of Shri Amit Bansal, learned Judicial Magistrate First Class, Godda.

b. For issuance of an appropriate writ(s), order(s) or direction(s) in the nature of Declaration declaring that in view of the acquittal of the Petitioner in the aforesaid predicate offence, on the basis of which ECIR/RNZO/08/2023 has been registered by the Respondent-Directorate of Enforcement for the alleged offences under Sections 3 and 4 of the Prevention of Money Laundering Act, 2002, no further investigation as defined under Section 2(na) of the Prevention of Money Laundering Act, 2002 can be continued against the present Petitioner.

c. For grant of an interim order staying all further proceedings in connection with

ECIR/RNZO/08/2023 during the pendency of the present writ petition.

d. For issuance of any other appropriate writ(s), order(s) or direction(s) as this Hon'ble Court may deem fit and proper in the facts and circumstances of the present case.

Factual Matrix of the Case

2.The background of the case, in brief, is that on 20.01.2019, the Jharkhand Police received information regarding illegal transportation of mined coal. Upon this, the police intercepted a truck bearing registration no. OR-16D/8350, which was found loaded with coal. Upon interception, the driver of the said vehicle, namely Kartik Bhandari, was unable to produce any valid documents or permits authorising the transportation of the coal. During preliminary enquiry, the said driver allegedly disclosed that the owner of the truck, Amar Mandal, along with Avadh Kishore Sharma, Vinod Singh and Manoj Sah, were engaged in the illegal trade and transportation of coal, allegedly transporting the same from the State of West Bengal for sale in the States of Bihar, Jharkhand and other places.

3.On the basis of the aforesaid occurrence, Poraiyahat Police Station, District Godda, Jharkhand, instituted Poraiyahat P.S. Case No. 07 of 2019 dated 20.01.2019 for the alleged offences punishable under Sections 414 (assisting in concealment of stolen property) and 120B (criminal conspiracy) of the Indian Penal Code, 1860 read with Sections 4 and 21 of the Mines and Minerals (Development and Regulation) Act, 1957.

4. Upon completion of investigation, the Jharkhand Police submitted Charge-sheet No. 137/2022 dated 12.07.2022 against Amar Mandal, Avadh Kishore Sharma, Manoj Sah and Kartik Bhandari alleging their involvement in the illegal trading and transportation of coal without valid authorisation and in violation of the applicable statutory provisions.

5. From the allegations made in the said F.I.R. and the charge-sheet submitted pursuant thereto, it was alleged that Amar Mandal and his associates were involved in the theft, illegal trading and transportation of coal without valid transport documents, which allegedly resulted in wrongful gain to the accused persons and corresponding loss of revenue to the Government exchequer.

6. On the basis of the aforesaid predicate offence, being Poraiyahat P.S. Case No. 07 of 2019, and in view of the fact that the offences under Sections 120B and 414 of the Indian Penal Code, 1860 fall within the category of scheduled offences under Part A of the Schedule to the Prevention of Money Laundering Act, 2002, the

Respondent-Directorate of Enforcement recorded an Enforcement Case Information Report bearing ECIR No. ECIR/RNZO/08/2023 dated 13.02.2023 and consequently initiated investigation under the provisions of the Prevention of Money Laundering Act, 2002 against the persons named therein, including the present Petitioner.

7. In furtherance of the aforesaid proceedings, the officials of the Directorate of Enforcement (hereinafter referred to as "ED Officials" for the sake of brevity) for the first time visited the premises of the Petitioner situated at Village-Sejakora, P.S.-Jama, District-Dumka, Jharkhand-834002 on 21.11.2025 for the purpose of conducting search and seizure proceedings.

8. During the course of the aforesaid search and seizure operation, a sum of Rs. 85,00,000/- in cash, along with 134 original property deeds and certain loose sheets, were seized by the officials of the Directorate of Enforcement.

9. Pursuant to the aforesaid search and seizure, the Respondent-Directorate of Enforcement filed an application under sub-section (4) of Section 17 of the Prevention of Money Laundering Act, 2002 before the Adjudicating Authority constituted under the said Act, seeking confirmation and retention of the cash and documents seized from the Petitioner. The said application came to be registered as Original Application No. 381 of 2025.

10. Upon receipt of the Show Cause Notice and in compliance with the directions issued by the Learned Adjudicating Authority to file a response thereto, the Petitioner filed his reply to the Original Application on 06.02.2026 (hereinafter referred to as "Reply" for short), inter alia stating that the proceedings initiated by the Directorate of Enforcement are wholly arbitrary and legally unsustainable, as neither the seized cash nor the documents bear any nexus with any alleged proceeds of crime.

11. The Petitioner further clarified that the cash amount seized from his residence largely pertains to the legitimate business operations of M/s Rudra Minerals, a partnership firm engaged in mineral trading in which the Petitioner holds a substantial share, and the remaining amount represents his lawful personal savings. It was also specifically contended that the seized documents, including property deeds and loose sheets, do not establish acquisition of any property from proceeds of crime and that the Original Application seeking retention of the seized material is devoid of any material demonstrating the commission of the offence of money laundering or any connection between the alleged predicate offence and the seized assets.

12. In the meantime, the Petitioner duly contested the criminal trial arising out of the predicate offence, being Poraiyahat P.S. Case No. 07 of 2019 dated 20.01.2019, registered for the alleged offences punishable under Sections 414 (assisting in concealment of stolen property) and 120B (criminal conspiracy) of the Indian Penal Code, 1860 read with Sections 4 and 21 of the Mines and Minerals (Development and Regulation) Act, 1957.

13. The Petitioner, after a full-fledged contested trial in G.R. Case No. 1125, has been acquitted vide judgment and order dated 10.02.2026 passed in connection with the predicate offence arising out of Poraiyahat P.S. Case No. 07 dated 20.01.2019, registered for the alleged offences under Sections 414 and 120B of the Indian Penal Code, 1860 read with Sections 4 and 21 of the Mines and Minerals (Development and Regulation) Act, 1957, by the Court of Shri Amit Bansal, learned Judicial Magistrate First Class, Godda holding that the prosecution has failed to establish the alleged offences beyond reasonable doubt and the essential ingredients of the offences were not proved in accordance with law.

14. It is the case of the petitioner that the aforesaid judgment of acquittal has attained finality and has not been stayed, reversed or set aside by any superior court of competent jurisdiction.

15. The Petitioner has also filed an Affidavit dated 19.02.2026 before the Adjudicating Authority in Original Application No. 381 of 2025, placing on record the fact that the Petitioner, after undergoing a detailed and contested trial, has been acquitted in the predicate offence.

16. Pursuant to his acquittal in the predicate offence, the Petitioner submitted a detailed representation along with a copy of the judgment and order dated 10.02.2026 before the office of the Respondent-Directorate of Enforcement, bringing to its notice the factum of his acquittal, but no order was passed thereupon, hence, the present writ petition.

Argument advanced by learned senior counsel for the petitioner:

17. Learned senior counsel appearing for the petitioner has argued *inter alia* on the following grounds.

18. Referring to the judgment rendered by the Three-Judge Bench of the Hon'ble Supreme Court of India in the case of ***Vijay Madanlal Choudhary and Others v. Union of India and Others*** reported in ***2022 SCC OnLine 929***, submission has been made that offences under the PMLA are predicate on the existence and continuation of the scheduled offence and that if the person in question is finally discharged/acquitted of the scheduled offence or if the criminal case against him is quashed by the Court of competent jurisdiction, there can be no offence of money-laundering against him.

19. Submission has been made that the aforesaid authoritative pronouncement of the Hon'ble Supreme Court unequivocally settles the legal provision governing the offence of money laundering and the dependency of such offence upon the existence of a scheduled offence.

20. Learned senior counsel for the petitioner submits that the offence of money laundering under Section 3 of the Prevention of Money Laundering Act, 2002 is intrinsically linked with the existence of a scheduled offence from which the alleged "proceeds of crime" are said to have been generated. The statutory framework of the PMLA clearly establishes that the jurisdiction of the Directorate of Enforcement to initiate or continue proceedings under the Act is dependent upon the existence of criminal activity relating to a scheduled offence. Once the scheduled offence itself ceases to exist in the eyes of law by virtue of acquittal of the accused, the very foundation upon which the proceedings under the PMLA are built stands extinguished.

21. It has been submitted that in this regard, the Hon'ble Supreme Court in ***Pavana Dibbur v. Directorate of Enforcement, (2023) 15 SCC 91*** has categorically held that the offence of money laundering cannot survive independently in the absence of criminal activity relating to a scheduled offence and that the existence of proceeds of crime is the sine qua non for invoking the provisions of the PMLA. The Hon'ble Court further clarified that unless the property in question is shown to be derived from or connected with a scheduled offence, the machinery of the PMLA cannot be set in motion. The said judgment reiterates that the PMLA is not intended to operate in isolation but only in relation to property derived from criminal activity relating to a scheduled offence.

22. Referring to the judgment rendered by Hon'ble Apex Court in the case of **Yash Tuteja v. Directorate of Enforcement, 2024 SCC Online SC 1586** submission has been made that the law has been reiterated therein that that proceedings under the Prevention of Money Laundering Act, 2002 cannot be sustained in the absence of a subsisting scheduled offence or where the accused stands exonerated in the predicate offence. The Court has emphasized that the offence of money laundering is not a standalone offence divorced from the scheduled offence and that the existence of "proceeds of crime" derived from criminal activity relating to such scheduled offence is the foundational requirement for invoking the provisions of the PMLA. Accordingly, once the accused has been acquitted in the predicate offence, the continuation of proceedings under the PMLA would be legally unsustainable and contrary to the statutory scheme of the Act.

23. It has been submitted that various High Courts have also consistently held that once a competent court of law records a finding of acquittal or exoneration in the predicate offence, the proceedings under the PMLA cannot be permitted to continue in a vacuum.

24. It has been submitted that it is well settled principle that for invoking the provisions of the PMLA, the Respondent authorities must demonstrate a clear and direct nexus between the property sought to be proceeded against and the alleged criminal activity relating to the scheduled offence. In ***Rajiv Channa v. Directorate of Enforcement, 2024 SCC Online Del 270*** it has been emphasized that the mere possession of property or financial assets cannot by itself attract the rigours of the PMLA unless it is shown that such property constitutes proceeds of crime within the meaning of Section 2(1)(u) of the Act.

25. It has been submitted that the continuation of the impugned ECIR despite the acquittal of the Petitioner in the predicate offence is wholly without jurisdiction and amounts to permitting the Respondent-Directorate of Enforcement to investigate and prosecute the Petitioner for a non-existent offence of money laundering, which is impermissible under the scheme of the Prevention of Money Laundering Act, 2002.

26. It has been submitted that in the absence of any subsisting scheduled offence and in view of the acquittal of the Petitioner in the predicate offence, there remains no material whatsoever to establish the existence of any proceeds of crime. Consequently, the continuation of proceedings arising out of the impugned ECIR against the Petitioner is wholly without jurisdiction and contrary to the settled legal position governing the provisions of the PMLA.

27. It has further been submitted that allowing the impugned proceedings to continue despite the acquittal of the Petitioner in the predicate offence would amount to permitting the Respondent authorities to prosecute the Petitioner for an offence which cannot exist independently in law. Such continuation of proceedings would therefore constitute a clear abuse of the process of law and an unwarranted violation of the Petitioner's constitutional rights guaranteed under Articles 14 and 21 of the Constitution of India.

28. Learned senior counsel for the petitioner on the aforesaid grounds has submitted that the very substratum of the impugned ECIR proceedings stands extinguished upon the acquittal of the Petitioner in the predicate offence by a competent court of law. The offence of money laundering being entirely dependent upon the existence of "proceeds of crime" arising from a scheduled offence, the continuation of proceedings under the Prevention of Money Laundering Act, 2002 in the absence of any subsisting scheduled offence is wholly without jurisdiction and contrary to the scheme of the Act.

29. It has been submitted that in such circumstances, permitting the Respondent-Directorate of Enforcement to continue investigation or coercive proceedings against the Petitioner would amount to allowing a criminal prosecution to survive despite the collapse of its very foundation in law. The impugned ECIR and the proceedings arising therefrom, therefore, deserve to be quashed.

Argument advanced by learned counsel for the opposite party-Enforcement Directorate:

30. While on the other hand, Mr. Amit Kumar Das, learned senior counsel for the opposite party-Enforcement Directorate has seriously opposed the said submission/ground both based upon the fact and the law as referred hereinabove, on the following grounds.

31. Raising the issue of maintainability, submission has been made that it is a well-settled belief of jurisprudence that the PMLA, 2002 is a complete, self-contained code that provides a robust, multi-tiered statutory hierarchy for fact-finding, adjudication, and appellate review.

32. The statute specifically designates the Adjudicating Authority under Section 8 to conduct detailed inquiries and adjudicate upon the retention and eventual confiscation of proceeds of crime, which is followed by a statutory right of appeal to the Appellate Tribunal under Section 26 of the PMLA, and a further second appeal to the High Court under Section 42 of the PMLA. Therefore, submission has been made that when a special, self-contained statute prescribes a specific specialized forum and a detailed procedure for the redressal of grievances, the invocation of the extraordinary and discretionary writ jurisdiction of this Court under Article 226 of the Constitution of India is legally impermissible, especially when the sole intent is to interdict and paralyze the statutory machinery at its very inception.

33. It has been submitted that in the case at hand, after following due procedure of law, the search and seizure operations was conducted on 21.11.2025 by the Directorate of Enforcement strictly adhering to the statutory mandate and filed Original Application No. 381 of 2025 before the Adjudicating Authority, New Delhi, under Section 17(4) of the PMLA, 2002.

34. It has further been contended that the Learned Adjudicating Authority, found sufficient prima facie ground to issue a Show Cause Notice under Section 8(1) of the Act.

Upon this, the Petitioner submitted reply dated 06.02.2026 to the jurisdiction of the Adjudicating Authority, wherein he has raised exhaustive factual defenses regarding the purportedly legitimate nature of the seized physical cash amounting to Rs. 85 Lakhs and the 134 property deeds. Having actively participated in the ongoing statutory adjudication and having submitted to the jurisdiction of the competent authority, the Petitioner is legally obstructed by simultaneously pursuing parallel litigation by way of the present Writ Petition.

35. It has been submitted that the present case appears to be an instance of forum shopping and an attempt to disrupt the ongoing adjudication process through an indirect challenge.

36. It has been submitted that the Hon'ble Supreme Court of India and various High Courts have consistently deprecated the practice of entertaining writ petitions directed against Show Cause Notices or pending adjudicatory proceedings under the PMLA, 2002. The determination of whether the seized physical cash of Rs. 85 Lakhs genuinely represents the "working capital" of a proprietorship firm, or whether the 134 coordinated gift deeds/lease agreements/Sale Deeds constitute a methodology for the integration of illicit wealth, are deeply intensive questions of fact. Such complex factual determinations, which require the rigorous sifting of financial ledgers, bank statements, and the evidentiary evaluation of documents, fall exclusively within the specialized domain of the learned Adjudicating Authority. The extraordinary writ jurisdiction of this Court cannot be converted into a parallel fact-finding inquiry to prematurely declare the seized assets as "untainted". Therefore, submission has been made that allowing the Writ Petition to proceed would not only violate the cardinal principles of exhaustion of alternative statutory remedies but would also render the entire adjudicatory machinery established by the Parliament under the PMLA, 2002 completely otiose and redundant. The Petitioner cannot be permitted to use the extraordinary writ jurisdiction as an instrument to derail a lawful, ongoing statutory proceeding and to evade the scrutiny of the specialized forum designated by law.

37. It has been submitted that the Petitioner has a full, fair, and ongoing opportunity to present his factual and legal defenses including his arguments regarding the trial court acquittal before the learned Adjudicating Authority. Therefore, the present Writ Petition, being grossly premature and a transparent abuse of the process of law aimed at bypassing a self-contained statutory code, is liable to be dismissed in limine.

38. It has further been submitted that although the Petitioner has put heavy reliance upon the judicial pronouncement in ***Vijay Madanlal Choudhary v. Union of India (2022) SCC OnLine SC 929*** to assert that his acquittal in the predicate offence mechanically and automatically extinguishes the ongoing PMLA proceedings but the acquittal order passed by the learned Judicial Magistrate First Class, Godda, on 10.02.2026 in GR Case No. 1125/2022 does not constitute the 'final absolution' contemplated by the Hon'ble Supreme Court. An order of acquittal recorded by a court of first instance is inherently subject to the statutory appellate mechanism and is liable to be challenged before the competent appellate forum under the applicable provisions of the Bharatiya Nagarik Suraksha Sanhita, 2023.

39. The legal fiction of final absolution only crystallizes when all appellate remedies have been exhaustively utilized and the acquittal is affirmed by the highest competent court, or when the statutory limitation period for filing an appeal expires without any challenge being mounted.

40. Consequently, the jurisdictional foundation of ECIR/RNZO/08/2023 remains entirely intact, rendering the present attempt to scuttle the investigation at this nascent stage legally untenable.

41. Learned senior counsel for the respondents-Opp. Party has emphasized that the Hon'ble Supreme Court, uses the specific caveat "*finally absolved*" to describe the threshold required to extinguish PMLA proceedings. It has been submitted that an un-appealed, first-instance acquittal by a Judicial Magistrate does not meet the threshold of final absolution.

42. It has been submitted that applying this principle to the present facts, the judgment of the learned Judicial Magistrate First Class, Godda, was entirely confined to the localized police investigation regarding a single intercepted truck. The learned Magistrate had absolutely no occasion to examine, let alone positively adjudicate upon, the massive cash recovery of Rs. 85 Lakhs, the 134 original property deeds, or the forensic trail of Rupees eight point nine four crores deposited in the Petitioner's bank accounts. Therefore, it has nowhere been established in a court of law that these highly incriminating assets were rightfully owned and possessed by the Petitioner through legitimate means. In the total absence of such an adjudication by the trial court regarding the seized wealth, the Petitioner cannot use a localized, non-final acquittal as a blanket shield to demand the release of heavily documented proceeds of crime, which are currently subject to independent statutory adjudication before the learned Adjudicating Authority, New Delhi.

43. So far factual aspect involved in the present case is concerned, it is a well-settled proposition of law that the offence of money laundering under Section 3 of the PMLA, 2002 is an independent and standalone offence concerning the process and activity connected with the proceeds of crime. The trial before the Judicial Magistrate First Class, Godda, was strictly confined to the interception of a single coal-laden truck on 20.01.2019 and the limited, isolated police evidence adduced in connection with that singular incident. In stark contrast, the investigation conducted by the Directorate of Enforcement spans over a decade from 2012 to 2025 and is anchored in independent, voluminous forensic financial evidence that was never placed before, nor considered by, the learned trial court. This independent material includes the detection of massive, unexplained cash deposits aggregating to over Rs. 8.94 crores in the bank accounts of proprietary concerns controlled by the Petitioner, namely M/s Maa Laxmi Coal Traders and M/s Rudra Minerals, alongside the physical recovery of Rs. 85 lakhs in physical cash from his residential premises during the search operations conducted on 21.11.2025. The simultaneous recovery of 134 original property deeds further evidences a systematic methodology of integrating the proceeds of crime into immovable assets.

44. It has been submitted that the acquittal recorded merely on the ground that the local police failed to establish the predicate offences beyond reasonable doubt regarding a single truck interception does not and cannot negate the independent findings of the Directorate. Crucially, the learned trial court has nowhere given a positive judicial determination establishing that the massive cash deposits, the physical hoarding of Rs. 85 lakhs in cash and the 134 immovable properties were rightfully owned and possessed by the Petitioner through legitimate means. Therefore, relying on the ratio of ***Vijay Madanlal Choudhary*** to claim that the substratum of the ECIR has collapsed is legally fallacious.

45. Learned senior counsel for the respondent-ED has submitted that the sole objective of the present writ application is to prematurely derail the ongoing independent investigation and to bypass the statutory adjudication process regarding the retention and eventual confiscation of these heavily documented proceeds of crime. Thus, the present Writ Petition is an abuse of the process of law and is liable to be dismissed.

46. Learned senior counsel for the respondent-ED further referring to the judgment rendered by three-judge

Bench of Hon'ble Apex Court in the case of ***Vijay Madanlal Choudhary (supra)*** has submitted that the Hon'ble Apex Court has categorically held that an ECIR cannot be equated with an FIR under the general criminal law. The ECIR is strictly an internal, administrative document created by ED for its own departmental reference, tracking a record-keeping, which cannot be the subject matter of quashing a petition under Article 226 of the Constitution of India.

47. Submission has been made that in the fact situation, entertaining a writ petition to quash an internal departmental record would not only directly contravene the settled principles of law laid down by the Hon'ble Supreme Court, but would also severely paralyze the statutory mandate of the investigating agency to unearth the intricate layers of this organized economic offence.

48. Therefore, submission has been made that the writ petition being devoid of merit, is liable to be dismissed in *limine* on this ground alone.

<u>Analysis</u>

49. This Court has considered the submissions of the learned counsel representing the parties while analyzing, evaluating and appreciating the respective contentions.

50. The some of the relevant provisions of the 2002 Act are reproduced as under for better comprehension and context.

51. Section 3 of the PMLA defines the offence of money laundering and it reads as under:

> *"**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 and projecting it as untainted property shall be guilty of offence of money laundering."*

52. Section 2(u) of the PMLA describes what is proceeds of crime and the provision reads as under:

> ***"2.Definitions.***...............................
>
> *(u) "proceeds of crime" means 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;"*

53. Sections 2(x) and 2(y) of the PMLA read as under:

> *(x) "Schedule" means the Schedule to this Act*
> *(y) "scheduled offence" means--*
> *(i) the offences specified under Part A o f the Schedule; or*
> *(ii) the offences specified under Part B ofthe Schedule if the total value involved in such offences is thirty lakh rupees or more; "*

54. Section 5 deals with attachment under the PMLA which reads as under:

> *"**5. Attachment of property involved in money-laundering**.—[29][(1) Where the Director or any other officer not below the rank of Deputy Director authorised by the Director for the purposes of this section, has reason to*

believe (the reason for such belief to be recorded in writing), on the basis of material in his possession, that—

(a) any person is in possession of any proceeds of crime; and

(b) such proceeds of crime are likely to be concealed, transferred or dealt with in any manner which may result in frustrating any proceedings relating to confiscation of such proceeds of crime under this Chapter,

he may, by order in writing, provisionally attach such property for a period not exceeding one hundred and eighty days from the date of the order, in such manner as may be prescribed:

Provided that no such order of attachment shall be made unless, in relation to the scheduled offence, a report has been forwarded to a Magistrate under Section 173 of the Code of Criminal Procedure, 1973 (2 of 1974)[30]*, or a complaint has been filed by a person authorised to investigate the offence mentioned in that Schedule, before a Magistrate or court for taking cognizance of the scheduled offence, as the case may be, or a similar report or complaint has been made or filed under the corresponding law of any other country:*

Provided further that, notwithstanding anything contained in [31]*[first proviso], any property of any person may be attached under this section if the Director or any other officer not below the rank of Deputy Director authorised by him for the purposes of this section has reason to believe (the reasons for such belief to be recorded in writing), on the basis of material in his possession, that if such property involved in money-laundering is not attached immediately under this Chapter, the non-attachment of the property is likely to frustrate any proceeding under this Act.]*

[32]*[Provided also that for the purposes of computing the period of one hundred and eighty days, the period during which the proceedings under this section is stayed by the High Court, shall be excluded and a further period not exceeding thirty days from the date of order of vacation of such stay order shall be counted.]*

(2) The Director, or any other officer not below the rank of Deputy Director, shall, immediately after attachment 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 order of attachment made under sub-section (1) shall cease to have effect after the expiry of the period specified in that sub-section or on the date of an order made under [33][sub-section (3)] of Section 8, whichever is earlier.

(4) Nothing in this section shall prevent the person interested in the enjoyment of the immovable property attached under sub-section (1) from such enjoyment.

Explanation.—For the purposes of this sub-section, "person interested", in relation to any immovable property, includes all persons claiming or entitled to claim any interest in the property.

(5) The Director or any other officer who provisionally attaches any property under sub-section (1) shall, within a period of thirty days from such attachment, file a complaint stating the facts of such attachment before the Adjudicating Authority."

55. Section 17 deals with search and seizure under the PMLA which reads as under:

*"**17. Search and seizure**.—(1) Where [68][the Director or any other officer not below the rank of Deputy Director authorised by him for the purposes of this section,] on the basis of information in his possession, has reason to believe (the reason for such belief to be recorded in writing) that any person—*

(i) has committed any act which constitutes money-laundering, or

(ii) is in possession of any proceeds of crime involved in money-laundering, or

(iii) is in possession of any records relating to money-laundering, [69][or]

[70][(iv) is in possession of any property related to crime,]

then, subject to the rules made in this behalf, he may authorise any officer subordinate to him to—

(a) enter and search any building, place, vessel, vehicle or aircraft where he has reason to suspect that such records or proceeds of crime are kept;

(b) break open the lock of any door, box, locker, safe, almirah or other receptacle for exercising the powers conferred by clause (a) where the keys thereof are not available;

(c) seize any record or property found as a result of such search;

(d) place marks of identification on such record or [71][property, if required or] make or cause to be made extracts or copies therefrom;

(e) make a note or an inventory of such record or property;

(f) examine on oath any person, who is found to be in possession or control of any record or property, in respect of all matters relevant for the purposes of any investigation under this Act:

[72][* *]*

[73][(1-A) Where it is not practicable to seize such record or property, the officer authorised under sub-section (1), may make an order to freeze such property whereupon the property shall not be transferred or otherwise dealt with, except with the prior permission of the officer making such order, and a copy of such order shall be served on the person concerned:

Provided that if, at any time before its confiscation under sub-section (5) or sub-section (7) of Section 8 or Section 58-B or sub-section (2-A) of Section 60, it becomes practical to seize a frozen property, the officer authorised under sub-section (1) may seize such property.]

(2) The authority, who has been authorised under sub-section (1) shall, immediately after search and seizure [74][or upon issuance of a freezing order], forward a copy of the reasons so recorded along with 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 reasons and material for such period, as may be prescribed.

(3) Where an authority, upon information obtained during survey under Section 16, is satisfied that any evidence shall be or is likely to be concealed or tampered with, he may, for reasons to be recorded in writing, enter and search the building or place where such evidence is located and seize that evidence:

Provided that no authorisation referred to in sub-section (1) shall be required for search under this sub-section.

[75][(4) The authority seizing any record or property under sub-section (1) or freezing any record or property under sub-section (1-A) shall, within a period of thirty days from such seizure or freezing, as the case may be, file an application, requesting for retention of such record or property seized under sub-section (1) or for continuation of the order of freezing served under sub-section (1-A), before the Adjudicating Authority.]"

56. Section 20 deals with retention of seized property under the PMLA which reads as under:

*" [**20. Retention of property**.—(1) Where any property has been seized under Section 17 or Section 18 or frozen under sub-section (1-A) of Section 17 and the officer authorised by the Director in this behalf has, on the basis of material in his possession, reason to believe (the reason for such belief to be recorded by him in writing) that such property is required to be retained for the purposes of adjudication under Section 8, such property may, if seized, be retained or if frozen, may continue to remain frozen, for a period not exceeding one hundred and eighty days from the day on which such property was seized or frozen, as the case may be.*

(2) The officer authorised by the Director shall, immediately after he has passed an order for retention or continuation of freezing of the property for purposes of adjudication under Section 8, forward a copy of the order along with the material in his possession, referred to in sub-section (1), 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) On the expiry of the period specified in sub-section (1), the property shall be returned to the person from whom such property was seized or whose property was ordered to be frozen unless the Adjudicating Authority permits retention or continuation of freezing of such property beyond the said period.

(4) The Adjudicating Authority, before authorising the retention or continuation of freezing of such property beyond the period specified in sub-section (1), shall satisfy himself that the property is prima facie involved in money-laundering and the property is required for the purposes of adjudication under Section 8.

(5) After passing the order of confiscation under sub-section (5) or sub-section (7) of Section 8, [81][Special Court], shall direct the release of all property other than the property involved in money-laundering to the person from whom such property was seized or the persons entitled to receive it.

(6) Where an order releasing the property has been made by the [82][Special Court] under sub-section (6) of Section 8 or by the Adjudicating Authority under Section 58-B or sub-section (2-A) of Section 60, the Director or any officer authorised by him in this behalf may withhold the release of any such property for a period of ninety days from the date of [83][receipt of] such order, if he is of the opinion that such property is relevant for the appeal proceedings under this Act.]"

57. Section 25 deals with appellate tribunal for hearing appeals against the order of adjudicating authority under the PMLA which reads as under:

25. Appellate Tribunal*.—The Appellate Tribunal constituted under sub-section (1) of Section 12 of the Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976 (13 of 1976) shall be the*

Appellate Tribunal for hearing appeals against the orders of the Adjudicating Authority and the other authorities under this Act.]

58. Section 66 deals with disclosure of information under PMLA which reads as under:

> *"**66. Disclosure of information**.—[154][(1)] The Director or any other authority specified by him by a general or special order in this behalf may furnish or cause to be furnished to—*
> *(i) any officer, authority or body performing any functions under any law relating to imposition of any tax, duty or cess or to dealings in foreign exchange, or prevention of illicit traffic in the narcotic drugs and psychotropic substances under the Narcotic Drugs and Psychotropic Substances Act, 1985 (61 of 1985); or*
> *(ii) such other officer, authority or body performing functions under any other law as the Central Government may, if in its opinion it is necessary so to do in the public interest, specify, by notification in the Official Gazette, in this behalf, any information received or obtained by such Director or any other authority, specified by him in the performance of their functions under this Act, as may, in the opinion of the Director or the other authority, so specified by him, be necessary for the purpose of the officer, authority or body specified in clause (i) or clause (ii) to perform his or its functions under that law.*
> *[155][(2) If the Director or other authority specified under sub-section (1) is of the opinion, on the basis of information or material in his possession, that the provisions of any other law for the time being in force are contravened, then the Director or such other authority shall share the information with the concerned agency for necessary action.]"*

59. It is evident that Section 3 of the 2002 Act defines the offence of money laundering and it is not narrowly focused. The proceeds of crime is a pivotal ingredient constituting the offence of money laundering. Section 3 of the 2002 Act has been explained elaborately in ***Vijay Madan Lal Chaudhary's case*** *(supra)*. It is evident that the definition of the offence of 'money laundering' is wide and expansive. It makes liable not only the person who directly or indirectly indulges with the proceeds of crime including its concealment, possession, acquisition or use and projecting or claiming it as untainted property, but even the person who knowingly assists or knowingly is a party or is actually involved in any process or activity connected shall also be liable. Explanation (i) further explains the position.

60. Similarly, Explanation (ii) to Section 3 of the 2002 Act provides that the process or activity connected with the proceeds of crime is a continuing activity and it continues till the time a person is directly or indirectly enjoying the proceeds of crime. While defining the expression 'proceeds of crime', it has been provided that any property derived or obtained directly or indirectly by any person as a result of criminal activity relating to the said property shall constitute the proceeds of crime. Where the property is taken or held outside the country, then the property equivalent in value held within the country or abroad shall be included in such proceeds. In the explanation attached to the definition, it has been added that if the property is directly or indirectly derived or obtained as a result of any criminal activity related to the scheduled offence, the same shall also be included in the proceeds of crime.

61. Sub-section (1) of Section 17 of Act 2002 stipulates that where the Director or any other officer not below the rank of Deputy Director and authorized by him for the purpose of Section 17 on the basis of information in his possession has reason to believe which must be recorded in writing that any person - i) has committed any act which constitutes money laundering; or ii) is in possession of any proceeds of crime involved in money laundering; or iii) is in possession of any records relating to money laundering; or iv) is in possession of any property related to crime; then he may authorize any officer subordinate to him to - a) enter and search any building, place, vessel etc., where he has reason to suspect that such records or proceeds of crime are kept; b) break open the lock of any door etc., for exercising the powers conferred by clause (a) where the keys thereof are not available; c) seize any record or property found as a result of such search; d) place marks of identification on such record or property or make or cause to be made extracts or copies therefrom; e) make a note or an inventory of such record or property; f) examine on oath any person who has found to be in possession or control of any record or property relevant for the purpose of investigation under PMLA.

62. There is a distinct difference in the reason to believe appearing in Section 17 and the reason to believe in respect of Section 5. While the reason to believe is for the purpose of attachment under Section 5(1), the reason to believe is for the purpose of search and seizure under sub- section (1) of Section 17. The reason to believe in Section 5(1) is that a person must be in possession of any proceeds of crime and such proceeds of crime are likely to be concealed etc., thereby frustrating any proceeding for confiscation then the Director or the authorised officer may provisionally attach such property. On the other hand, the reason to believe in Section 17(1) should be that the person has committed an act of money laundering or is in possession of any proceeds of crime involved in money laundering or is in possession of any proceeds relating to money laundering or is in possession of any property related to crime then he may cause search of such property. Thus, the requirement or the standard of reason to believe in Section 17(1) is on a higher plane than in Section 5(1) inasmuch as the Director or the authorised officer must have reason to believe that the person concerned has committed the offence of money laundering or is in possession of any proceeds of crime involved in money laundering etc., instead of being in possession of any proceeds of crime etc.

63. Sub-section (2) of Section 17 says that the authority who has been authorised under sub-section (1) shall immediately after search and seizure or upon issuance of the freezing order forward a copy of the reasons so recorded along with the material in his possession to the Adjudicating Authority in a sealed envelope which shall be retained by the Adjudicating Authority. Sub-section (4) mandates that the authority seizing any record or property under sub-section (1) or freezing any record or property under sub-section (1A) shall within a period of thirty days from such seizure or freezing, as the case may be, file an application before the Adjudicating Authority for retention of such record or property seized or for continuation of the order of freezing.

64. Section 20 deals with retention of property. Sub-section (1) says that where any property has been seized under Section 17 or Section 18 or frozen under sub-section (1A) of Section 17 and the officer authorized by the Director in this behalf, on the basis of material in his possession, has reason to believe which must be recorded by him in writing that such property is required to be retained for the purposes of adjudication under Section 8, such property may, if seized, be retained or if frozen may continue to remain frozen for a period not existing 180 days from the date on which such property was seized or frozen, as the case may be.

65. Further as per sub-section (2) of Section 20 the officer authorized by the Director shall, immediately after he has passed an order for retention or continuation of freezing of the property for the purposes of adjudication under Section 8, forward a copy of the order along with the material in his possession referred to in sub-section (1) to the Adjudicating Authority in a sealed envelope in the manner as may be prescribed and Adjudicating Authority shall keep such order and material for such period as may be prescribed.

66. As per sub-section (3) of Section 20, on expiry of the period specified in sub-section (1) the seized property or the frozen property, as the case may be, shall be returned to the person from whom such property was seized or whose property was ordered to be frozen unless Adjudicating Authority permits retention or continuation of freezing of such property beyond the said period.

67. Requirement of sub-section (4) of Section 20 is that Adjudicating Authority before authorizing retention or continuation of freezing of such property beyond the period specified in sub-section (1) shall satisfy himself that the property is prima facie involved in money laundering and that the property is required for the purposes of adjudication under Section 8.

68. Thus, that subsection (1) of Section 17 of PMLA deals with two stages: one is at the stage of pre-authorization and the next is the stage of post-authorization. While in the first part, the Director or the authorized officer must have reason to believe that the concerned person has committed an act of money laundering etc., in the second part, based on such reason to believe he may authorise any subordinate officer to enter into and search any building etc., if he has reason to suspect that record relating to money laundering or proceeds of crime are kept there.

69. Further Section 66(2) of the 2002 Act enables the Director or other authority specified by a general/special order under sub-section (1) to share information if he is of the opinion that the provisions of any other law for the time being in force are contravened on the basis of information or material in his possession.

70. Moreover, sine qua non to proceed under the 2002 Act is the offence of money laundering which is wholly dependent upon the proceeds of crime. It is evident that the proceeds of crime should be the result of criminal activity related to a scheduled offence included in the

Schedule attached to the Act which also includes offence under Section 414 and 120B of the Indian Penal Code, 1860 (hereinafter referred to as "IPC"). In that context, the offence of money laundering is dependent upon the proceeds of crime from criminal activity relating to a scheduled offence, however, the registration of FIR in the scheduled offence is not sine qua non for initiating the proceedings under the 2002 Act. Section 66 of the 2002 Act is not dependent on the predicate offence as explained by the Supreme Court in ***Pavana Dibbur v. Directorate of Enforcement 2023 SCC Online SC 1586.***

71. Further on a plain reading of Section 66 of the 2002 Act, it becomes evident that the Statute enables the Director or any other officer authorized by him to share information with any officer, authority or body performing any functions under any law in public interest.

72. Sub Section 2 of Section 66 of the 2002 Act is also confined to sharing information if the Director or any other authority is of the opinion that the provisions of any other law for the time being in force are contravened; on the basis of information and the material in his possession. In the opinion of the Court, the aforesaid provision has a laudable object; as it enables exchange of information between the various public authorities who are in the field of law enforcement, collection of tax, duty or cess or prevention of illicit traffic in the narcotics and psychotropic substances.

73. Further as per ***Anil Tuteja v. Union of India, 2025 SCC OnLine SC 2110***, wherein the Hon'ble Supreme Court held that Section 66 (2), casts a mandatory duty on the ED to share the materials collected with the other concerned agencies.

74. In the backdrop of the aforesaid settled position of law and discussed aforesaid provision of the Act 2002 this Court is now re-adverting of the factual aspect of the case.

75. The case originates from an incident dated 20.01.2019, when Jharkhand Police intercepted a truck carrying coal without valid documents, leading to registration of Poraiyahat P.S. Case No. 07 of 2019 under Sections 414 and 120B IPC read with Sections 4 and 21 of the Mines and Minerals Act, 1957. The driver implicated Amar Mandal and others in illegal coal trading, and after investigation, a charge-sheet was filed against them in 2022. Based on this predicate offence, the Directorate of Enforcement registered ECIR No. ECIR/RNZO/08/2023 on 13.02.2023 under the Prevention of Money Laundering Act, 2002, and initiated proceedings against the Petitioner and others.

76. Subsequently, ED officials conducted a search at the Petitioner’s premises on 21.11.2025, seizing ₹85,00,000 in cash, 134 property deeds, and loose sheets. The Enforcement Directorate filed Original Application No. 381 of 2025 before the Adjudicating Authority under Section 17(4) of PMLA seeking retention of the seized assets. The Petitioner filed a reply on 06.02.2026, contending that the seized cash was from legitimate business operations of M/s Rudra Minerals and personal savings, and that the documents bore no nexus with proceeds of crime. He argued that the proceedings were arbitrary and devoid of material linking the assets to money laundering.

77. Meanwhile, the Petitioner contested the criminal trial arising from the predicate offence and was acquitted on 10.02.2026 in G.R. Case No. 1125 by the Judicial Magistrate, Godda, holding that the prosecution failed to prove the charges beyond reasonable doubt and accordingly acquitted the petitioner. The Petitioner filed an affidavit dated 19.02.2026 before the Adjudicating Authority and submitted a representation with the judgment to the Enforcement Directorate, but no order was passed, leading to the filing of the present writ petition.

78. The principal contention advanced by learned counsel for the Petitioner, relying upon the judgment of the Hon'ble Supreme Court in ***Vijay Madanlal Choudhary and Others v. Union of India and Others, 2022 SCC OnLine SC 929***, is that since the Petitioner has already been acquitted in the predicate offence by a competent court of jurisdiction, the offence of money-laundering cannot survive against him.

79. It is further urged that, in the absence of any subsisting scheduled offence and in view of the Petitioner's acquittal in the predicate offence, there exists no material to establish the presence of proceeds of crime. Consequently, the continuation of proceedings pursuant to the impugned ECIR is wholly without jurisdiction and contrary to the settled legal position under the PMLA, and therefore the ECIR deserves to be quashed and set aside.

80. Per contra, Mr. Amit Kumar Das, learned senior counsel appearing for the Enforcement Directorate, has opposed the submissions both on facts and in law. He contends that the statute itself provides a comprehensive mechanism under Section 8 of the PMLA for adjudication by the Adjudicating Authority, followed by a statutory appeal under Section 26 to the Appellate Tribunal and a further appeal under Section 42 to the High Court. Hence, invocation of writ jurisdiction under Article 226 of the Constitution is impermissible. He further submits that reliance upon ***Vijay Madanlal Choudhary (supra)*** is misplaced, as the acquittal order dated 10.02.2026 passed by the Judicial Magistrate First Class, Godda, in G.R. Case No. 1125 does not amount to "final absolution" envisaged by the Hon'ble Supreme Court, being subject to the statutory appellate process under the Bharatiya Nagarik Suraksha Sanhita, 2023.

81. In the backdrop of the aforesaid factual matrix, and upon due consideration of the submissions advanced by the learned counsel for the parties, the following issues now arise for adjudication before this Court:

(i) Whether the ECIR, is amenable to quashing, under the jurisdiction invoked before this Court under Article 226 of the Constitution of India, upon acquittal of the Petitioner in the scheduled offence by the Court of first instance?

(ii) Whether, in a case such as the present one, the investigation or enquiry initiated upon registration of an ECIR can be said to lose its force merely on account of the Petitioner's acquittal in the predicate offence, particularly when a specific provision has been incorporated under Section 66(2) of the Prevention of Money Laundering Act, 2002?

(iii) Whether, in exercise of the jurisdiction invoked before this Court under Article 226 of the Constitution of India, a direction can be issued for release of properties which was attached by the Enforcement Directorate on the premise that they constitute proceeds of crime, thereby bypassing the statutory appellate remedy expressly

provided under Prevention of Money Laundering Act, 2002?

(iv) Whether, once the Petitioner has already invoked the jurisdiction of the Adjudicating Authority, is it open to him to simultaneously approach two forums, in view of the settled principle that a litigant cannot pursue remedies in two forums at the same time?

(v) Whether the information, which has been obtained during enquiry/investigation shared under Section 66(2) of the Act, 2002, can it be quashed at threshold ?

82. Since all the issues are intrinsically interconnected, they are accordingly taken up together and answered conjointly.

83. Since both the parties have taken aid of the Judgment rendered by the Hon'ble Supreme Court in ***Vijay Madanlal Choudhary v. Union of India (supra)***, it becomes apposite to advert to the different paragraphs of the said judgment.

84. The aforesaid case deals with the constitutionality of certain provisions of the **Prevention of Money Laundering Act (PMLA),** 2002. The petitioners challenged powers granted to the **Enforcement Directorate (ED)** regarding arrest, property attachment, and investigation under PMLA, and questioned the legality of provisions like reverse burden of proof, bail conditions, and statements made during investigations.

85. The Hon'ble Supreme Court upheld the **validity** of the powers under **Sections 5, 8(4), 15, 17, 19 of the Act 2002** affirming that these provisions have a reasonable link to combat money laundering. The Court validated the reverse burden of proof under Section 24, where the accused must prove their innocence. This is seen as a reasonable measure to fight money laundering, considering the difficulty in proving the origin of illicit money.

86. Bone of contention herein is that if petitioner has been acquitted in the predicate offence therefore entire proceeding including the ECIR and adjudication pending before the adjudicating authority should also be quashed and set-side.

87. As is evident from the prayers sought in this writ petition, the main relief sought is to quash the ECIR. To answer the said issue, it is apt to refer to the relevant portions of the judgment in ***Vijay Madanlal (supra)*** where the Supreme Court had explained the subtle distinction between an ECIR and an FIR. Paragraphs 366 to 372 of the judgment are of relevance, which reads as under:

> *"366. As per the procedure prescribed by the 1973 Code, the officer in-charge of a police station is under an obligation to record the information relating to the commission of a cognizable offence, in terms of Section 154 of the 1973 Code [Lalita Kumari v. State of U.P., (2014) 2 SCC 1 : (2014) 1 SCC (Cri) 524]. <u>There is no</u>*

corresponding provision in the 2002 Act requiring registration of offence of money laundering. As noticed earlier, the mechanism for proceeding against the property being proceeds of crime predicated in the 2002 Act is a sui generis procedure. No comparison can be drawn between the mechanism regarding prevention, investigation or trial in connection with the scheduled offence governed by the provisions of the 1973 Code.

367. In the scheme of the 2002 Act upon identification of existence of property being proceeds of crime, the authority under this Act is expected to inquire into relevant aspects in relation to such property and take measures as may be necessary and specified in the 2002 Act including to attach the property for being dealt with as per the provisions of the 2002 Act. We have elaborately adverted to the procedure to be followed by the authorities for such attachment of the property being proceeds of crime and the follow-up steps of confiscation upon confirmation of the provisional attachment order by the adjudicating authority. For facilitating the adjudicating authority to confirm the provisional attachment order and direct confiscation, the authorities under the 2002 Act (i.e. Section 48) are expected to make an inquiry and investigate. Incidentally, when sufficient credible information is gathered by the authorities during such inquiry/investigation indicative of involvement of any person in any process or activity connected with the proceeds of crime, it is open to such authorities to file a formal complaint before the Special Court naming the person concerned for offence of money laundering under Section 3 of this Act.

368. Considering the scheme of the 2002 Act, though the offence of money laundering is otherwise regarded as cognizable offence (cognizance whereof can be taken only by the authorities referred to in Section 48 of this Act and not by jurisdictional police) and punishable under Section 4 of the 2002 Act, special complaint procedure is prescribed by law. This procedure overrides the procedure prescribed under the 1973 Code to deal with other offences (other than money laundering offences) in the matter of registration of offence and inquiry/investigation thereof. This special procedure must prevail in terms of Section 71 of the 2002 Act and also keeping in mind Section 65 of the same Act. In other words, the offence of money laundering cannot be registered by *the jurisdictional police who is governed by the regime under Chapter XII of the 1973 Code. The provisions of Chapter XII of the 1973 Code do not apply in all respects to deal with information derived relating to commission of money laundering offence much less investigation thereof. <u>The dispensation regarding prevention of money laundering, attachment of proceeds of crime and inquiry/investigation of offence of money laundering up to filing of the complaint in respect of offence under Section 3 of the 2002 Act is fully governed by the provisions of the 2002 Act itself.</u> To wit, regarding survey, searches, seizures, issuing summons, recording of statements of persons concerned and calling upon production of documents, inquiry/investigation, arrest of persons involved in the offence of money laundering including bail and attachment, confiscation and vesting of property being proceeds of crime. Indeed, after arrest, the manner of dealing with such offender involved in offence of money laundering would then be governed by the provisions of the 1973 Code — as there are no inconsistent provisions in the 2002 Act in regard to production of the arrested person before the jurisdictional Magistrate within twenty-four hours and also filing of the complaint before the Special Court within the statutory period prescribed in the 1973 Code for filing of police report, if not released on bail before expiry thereof.*

369. Suffice it to observe that being a special legislation providing for special mechanism regarding inquiry/investigation of offence of money laundering, analogy cannot be drawn from the provisions of the 1973 Code, in regard to registration of offence of money laundering and more so being a complaint procedure prescribed under the 2002 Act. Further, the authorities referred to in Section 48 of the 2002 Act alone are competent to file such complaint. It is a different matter that the materials/evidence collected by the same authorities for the purpose of civil action of attachment of proceeds of crime and confiscation thereof may be used to prosecute the person involved in the process or activity connected with the proceeds of crime for offence of money laundering. <u>Considering the mechanism of inquiry/investigation for proceeding against the property (being proceeds of crime) under this Act by way of civil action (attachment and confiscation), there is no need to formally register an ECIR, unlike registration of</u>

an FIR by the jurisdictional police in respect of cognizable offence under the ordinary law.

370. There is force in the stand taken by the ED that ECIR is an internal document created by the department before initiating penal action or prosecution against the person involved with process or activity connected with proceeds of crime. Thus, ECIR is not a statutory document, nor there is any provision in the 2002 Act requiring authority referred to in Section 48 to record ECIR or to furnish copy thereof to the accused unlike Section 154 of the 1973 Code. The fact that such ECIR has not been recorded, does not come in the way of the authorities referred to in Section 48 of the 2002 Act to commence inquiry/investigation for initiating civil action of attachment of property being proceeds of crime by following prescribed procedure in that regard.

371. The next issue is : Whether it is necessary to furnish copy of ECIR to the person concerned apprehending arrest or at least after his arrest? Section 19(1) of the 2002 Act postulates that after arrest, as soon as may be, the person should be informed about the grounds for such arrest. This stipulation is compliant with the mandate of Article 22(1) of the Constitution. Being a special legislation and considering the complexity of the inquiry/investigation both for the purposes of initiating civil action as well as prosecution, non-supply of ECIR in a given case cannot be faulted. The ECIR may contain details of the material in possession of the authority and recording satisfaction of reason to believe that the person is guilty of money laundering offence, if revealed before the inquiry/investigation required to proceed against the property being proceeds of crime including to the person involved in the process or activity connected therewith, may have deleterious impact on the final outcome of the inquiry/investigation. So long as the person has been informed about grounds of his arrest that is sufficient compliance of mandate of Article 22(1) of the Constitution. Moreover, the arrested person before being produced before the Special Court within twenty-four hours or for that purposes of remand on each occasion, the court is free to look into the relevant records made available by the authority about the involvement of the arrested person in the offence of money laundering. In any case, upon filing of the complaint before the statutory period provided in the 1973

Code, after arrest, the person would get all relevant materials forming part of the complaint filed by the authority under Section 44(1)(b) of the 2002 Act before the Special Court.

372. Viewed thus, supply of ECIR in every case to the person concerned is not mandatory. From the submissions made across the Bar, it is noticed that in some cases ED has furnished copy of ECIR to the person before filing of the complaint. That does not mean that in every case same procedure must be followed. It is enough, if ED at the time of arrest, contemporaneously discloses the grounds of such arrest to such person. Suffice it to observe that ECIR cannot be equated with an FIR which is mandatorily required to be recorded and supplied to the accused as per the provisions of the 1973 Code. Revealing a copy of an ECIR, if made mandatory, may defeat the purpose sought to be achieved by the 2002 Act including frustrating the attachment of property (proceeds of crime). Non-supply of ECIR, which is essentially an internal document of ED, cannot be cited as violation of constitutional right. Concededly, the person arrested, in terms of Section 19 of the 2002 Act, is contemporaneously made aware about the grounds of his arrest. This is compliant with the mandate of Article 22(1) of the Constitution.

88. Thus, from the aforesaid paragraph it is evident that no comparison can be drawn between the mechanism regarding prevention, investigation or trial in connection with the scheduled offence, while testing it against the provisions of the CrPC it was also pointed out that, in the scheme of the PMLA, upon identification of existence of property, being the proceeds of crime, the authority under the Act is expected to inquire into the relevant aspects in relation to such property and take measures as may be necessary including the attachment of the property for being dealt with as per the provisions of the PMLA.

89. For facilitating the adjudicating authority to confirm the provisional attachment, order and direct confiscation, the authorities mentioned in Section 48 are expected to conduct inquiry and investigation. When sufficient credible information is gathered during such inquiry/investigation, indicative of the involvement of any person in any process or activity connected with the proceeds of crime, it would be open to such authorities to file a formal complaint before the Special Court, naming the person concerned for the offence of money laundering under Section 3 of the PMLA.

90. It was also held that an ECIR is nothing but an internal document, created by the Department before initiating penal action or prosecution proceedings against the person involved with process or activity, connected with proceeds of crime. More importantly, it was held that the fact that such ECIR has not been registered shall not come in the way of the authorities referred to in Section 48 of the PMLA to commence inquiry/investigation for initiating civil action of attachment, being proceeds of crime by following the prescribed procedure.

91. In plain and simple words, the ECIR is not a statutory document and if the existence of an ECIR is not a legal prerequisite for ED action, it follows that the quashing of an ECIR is not a remedy that would have any operative legal consequence.

92. The Hon'ble Supreme Court further held that merely because the expression "investigation" is used in the PMLA for various actions carried out by the authorised officer, it does not limit itself to matters of "investigation" as defined in Section 2(*h*) of the CrPC. It has further been held that the expression "investigation" is interchangeable with the function of "inquiry" to be undertaken by the authorities under the PMLA, including collection of evidence for being presented to the adjudicating authority for its consideration and for confirmation of provisional attachment order. It was also held in paragraph No. 194 of **Vijay Madanlal (supra)** that the provisions of the PMLA are not only to investigate into the offence of money laundering, but more importantly, to prevent money laundering and to provide for confiscation of property related to money laundering and matters connected therewith and incidental thereto.

93. The Hon'ble Apex Court has further observed in the said case that 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. For ready reference the relevant paragraph is being quoted herein which reads 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.*

94. Thus, there is no dispute of the aforesaid settled proposition of law as settled by the Hon'ble Apex Court that 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.

95. But in the instant case the order of acquittal passed by the Learned Judicial Magistrate First Class, Godda, on 10.02.2026 in G.R. Case No. 1125/2022 remains amenable to challenge before the competent appellate forum under the provisions of the Bharatiya Nagarik Suraksha Sanhita, 2023.

96. The legal fiction of “final absolution” crystallizes upon the exhaustive invocation of all available appellate remedies or, alternatively, upon the expiry of the statutory limitation period for filing an appeal without any challenge being preferred.

97. However, in the instant case it is evident from perusal of the order of the acquittal, which has been brought on record by way of filing an affidavit, passed by Learned Judicial Magistrate First Class, Godda, that it was confined exclusively to the localized police investigation concerning a single intercepted truck. The Learned Magistrate had neither occasion nor jurisdiction to examine, much less adjudicate upon, the substantial cash recovery of Rs. 85 Lakhs, the 134 original property deeds, or the forensic trail of Rs. 8.94 crores deposited in the Petitioner's bank accounts. The recovery of the aforesaid money and deed is the admitted fact since the petitioner is perusing his remedy for release of the same before the adjudicating authority by filing reply to the show cause.

98. In total absence of any adjudication by the trial court regarding the seized wealth, the Petitioner cannot rely upon a localized, non-final acquittal as a blanket shield to demand release of the heavily documented proceeds of crime, which remain subject to independent statutory adjudication before the Learned Adjudicating Authority, New Delhi.

99. Further the Prevention of Money Laundering Act, 2002 is recognized as a complete and self-contained code, establishing a structured multi-tiered hierarchy for fact-finding, adjudication, and appellate review. Section 8 of the Act entrusts the Adjudicating Authority with the responsibility of conducting detailed inquiries and determining the retention and eventual confiscation of the proceeds of crime. From such adjudication, a statutory appeal lies to the Appellate Tribunal under Section 26, and thereafter a further appeal lies to the High Court under Section 42.

100. In the instant case it is admitted fact that following the search and seizure operations conducted on

21.11.2025, the Directorate of Enforcement filed Original Application No. 381 of 2025 before the Adjudicating Authority, New Delhi, under Section 17(4) of the PMLA, 2002.

101. The Adjudicating Authority, found sufficient prima facie merit to issue a Show Cause Notice under Section 8(1) of the Act 2002. The Petitioner has already submitted to the jurisdiction of the Adjudicating Authority by filing a detailed Reply dated 06.02.2026, wherein he has raised exhaustive factual defenses regarding the purportedly legitimate nature of the seized physical cash amounting to Rs. 85 Lakhs and the 134 property deeds.

102. Having actively participated in the ongoing statutory adjudication and having submitted to the jurisdiction of the competent authority, it is considered view of this Court that the Petitioner is simultaneously pursuing parallel litigation by way of the present Writ Petition.

103. Further, the determination of whether the seized physical cash of Rs. 85 Lakhs genuinely represents the "working capital" of a proprietorship firm, or whether the 134 coordinated gift deeds/lease agreements/Sale Deeds constitute a methodology for the integration of illicit wealth, are deeply intensive questions of fact. Such complex factual determinations, which require the rigorous sifting of financial ledgers, bank statements, and the evidentiary evaluation of documents, fall exclusively within the specialized domain of the Adjudicating Authority and at this stage extraordinary writ jurisdiction of this Court cannot be converted into a parallel fact-finding inquiry to prematurely declare the seized assets as "untainted". Further this Court at this stage under instant jurisdiction cannot obstruct fact-finding jurisdiction of the Adjudicating Authority and to deliver a preemptive verdict on highly disputed questions of financial facts.

104. Further allowing the present Writ Petition at threshold would violate the cardinal principles of exhaustion of alternative statutory remedies and would also render the entire adjudicatory machinery established by the Parliament under the PMLA, 2002 completely otiose and redundant. Further the Petitioner has a full, fair, and ongoing opportunity to present his factual and legal defenses including his arguments regarding the trial court acquittal before the Adjudicating Authority, therefore, the prayer of writ petitioner is not fit to be allowed.

105. Further the relevant point which is required to refer herein that the Hon'ble Apex Court in the said Judgment distinguished ECIR from an FIR**,** clarifying that the ECIR is an internal document used by the ED and does not carry the same legal weight as an FIR and a Special Court can review it if necessary, during proceedings. It has further been observed that ECIR is not a statutory document, nor there is any provision in the 2002 Act requiring authority referred to in Section 48 to record ECIR. For ready reference the relevant paragraph on the aforesaid point is being quoted herein which reads as under:

> ***370.*** *There is force in the stand taken by the ED that ECIR is an internal document created by the department before initiating penal action or prosecution against the person involved with process or activity connected with proceeds of crime. Thus, ECIR is not a statutory document, nor there is any provision in the 2002 Act requiring authority referred to in Section 48 to record ECIR or to furnish copy thereof to the accused unlike Section 154 of the 1973 Code. The fact that such ECIR has not been recorded, does not come in the way of the authorities referred to in Section 48 of the 2002 Act to commence inquiry/investigation for initiating civil action of attachment of property being proceeds of crime by following prescribed procedure in that regard.*
>
> ***376.*** *It is true that the ED Manual may be an internal document for departmental use and in the nature of set of administrative orders. It is equally true that the accused or for that matter common public may not be entitled to have access to such administrative instructions being highly confidential and dealing with complex issues concerning mode and manner of investigation, for internal guidance of officers of ED. It is also correct to say that there is no such requirement under the 2002 Act or for that matter, that there is nothing like investigation of a crime of money laundering as per the scheme of the 2002 Act. The investigation, however, is to track the property being proceeds of crime and to attach the same for being dealt with under the 2002 Act. Stricto sensu, it is in the nature of an inquiry in respect of civil action of attachment. Nevertheless, since the inquiry in due course ends in identifying the offender who is involved in*

> *the process or activity connected with the proceeds of crime and then to prosecute him, it is possible for the department to outline the situations in which that course could be adopted in reference to specific provisions of the 2002 Act or the Rules framed thereunder; and in which event, what are the options available to such person before the authority or the Special Court, as the case may be. Such document may come handy and disseminate information to all concerned. At least the feasibility of placing such document on the official website of ED may be explored.*

106. Since ECIR is an internal document, it requires no approval from the Magistrate and there could be no judicial superintendence of this proceeding and it can run parallel to the police FIR. Though, the ECIR is not an FIR, however, the ED is an Investigating Agency that has been constituted to investigate the various offences including the offence of money laundering. In these circumstances, after the instituting of ECIR in the instant case in the year 2023, the ED continued to enquire and, in that process, it collected information and material by various methods including search and seizure.

107. It is considered view of this Court that ECIR since is internal administrative file noting or departmental record, it cannot be the subject matter of a quashing under Article 226 of the Constitution of India. The ECIR does not, in and of itself, entail penal consequences or affect the fundamental rights of the Petitioner in a manner that warrants judicial interference at the very threshold of a complex financial probe.

108. In the aforesaid case the Hon'ble Apex Court has observed in paragraph 382.26 that *in view of special mechanism envisaged by the 2002 Act, ECIR cannot be equated with an FIR under the 1973 Code. ECIR is an internal document of the ED and the fact that FIR in respect of scheduled offence has not been recorded does not come in the way of the authorities referred to in Section 48 to commence inquiry/investigation for initiating "civil action" of "provisional attachment" of property being proceeds of crime.*

109. The directions issued by the Apex Court in *Vijay Madanlal's case* cited supra, more specifically, 382 must be read in conjunction with the principles laid down in the said case in Paragraph Nos. 281 to 284 and 349. The conclusion arrived at paragraph 382 by the Hon'ble Apex Court cannot be read in isolation so as to quash the ECIR. The findings, principles and the scope elaborately considered by the Hon'ble Supreme Court are to be taken into consideration with reference to factual aspect of the particular case.

110. Thus, since the ECIR is strictly an internal, administrative document prepared by the Directorate for its own departmental reference, tracking and record-keeping, therefore it cannot be made the subject of a petition for quashing under Article 226 of the Constitution of India.

111. Further in the counter affidavit filed by the ED, it has been mentioned therein that during investigation of the instant case, it was found that several other predicate offences have been committed by the petitioner along with other persons and evidence in this regard has also been collected. The Enforcement Directorate is in the process of sharing all such evidences collected during investigation with the other investigating agencies, including the Income Tax Department and the State Police in accordance with section 66(2) of the Prevention of Money Laundering Act, 2002.

112. As discussed in the preceding paragraph, Section 66 of the Prevention of Money Laundering Act, 2002 empowers the Director or any authority specified under sub-section (1) to share information if, in his opinion, the provisions of any other law in force stand contravened on the basis of material in his possession. Importantly, this provision operates independently of the existence of a predicate offence.

113. On a plain reading, Section 66 authorizes the Director or his delegate to share such information with any officer, authority, or body functioning under any law, in public interest. Sub-section (2) specifically confines itself to enabling such exchange of information where contravention of another law is perceived, thereby serving the laudable object of facilitating coordination among enforcement agencies engaged in law enforcement, taxation, revenue collection, or prevention of illicit trafficking in narcotics and psychotropic substances.

114. In the case of ***Vijay Madanlal Choudhary v. Union of India (supra),*** the Hon'ble Apex Court has categorically held that the authorized officer may be advised to send information to the jurisdictional police [under Section 66(2) of the 2002 Act] for registration of a scheduled offence contemporaneously,

> *"151.It is possible that in a given case after the discovery of huge volume of undisclosed property, the authorised officer may be advised to send information to the jurisdictional police [under Section 66(2) of the 2002 Act] for registration of a scheduled offence contemporaneously, including for further investigation in a pending case, if any. On receipt of such information, the jurisdictional police would be obliged to register the case by way of FIR if it is a cognizable offence or as a non-cognizable offence (NC case), as the case may be. If the offence so reported is a scheduled offence, only in that eventuality, the property recovered by the authorised officer would partake the colour of proceeds of crime under Section 2(1)(u) of the 2002 Act, enabling him to take further action under the Act in that regard."*

115. Thus, as per the settled position of law Section 66(2) casts a duty upon the Enforcement Directorate to share materials collected with other concerned agencies, thereby reinforcing the statutory intent of inter-agency cooperation.

116. Further it needs to refer herein that Section 66(2) of the Prevention of Money Laundering Act, 2002, operates in a different field by enabling the Director or other specified authority to share information with a concerned agency if they are of the opinion that the provisions of any other law have been contravened. This facilitates action under those other laws, distinct from the primary functions under the Prevention of Money Laundering Act, 2002. Section 66(2) of the Prevention of Money Laundering Act, 2002, distinctly operates in a different field by establishing a mechanism for inter-agency information sharing when a contravention of "any other law for the time being in force" is detected.

117. While Section 66(1) of the said Act permits the Director or a specified authority to furnish information to specific bodies performing functions under laws related to tax, duty, cess, foreign exchange, or narcotic drugs and psychotropic substances, Section 66(2) broadens this scope significantly. It mandates that if the Director or other specified authority forms an opinion, based on information or material in their possession, that provisions of *any other law* have been contravened, they *shall* share this information with the concerned agency for necessary action. Thus, Section 66(2) extends beyond the primary objective of preventing and prosecuting money laundering. It transforms the Directorate of Enforcement into a hub for disseminating critical information that can trigger enforcement actions across a wide spectrum of legal fields, thereby facilitating a more comprehensive approach to combating various forms of illegal activities by leveraging the intelligence gathered during money laundering investigations. This distinct function underscores its operation in a field separate from the core mandate of the Prevention of Money Laundering Act, 2002.

118. It is evident upon a conjoint reading of the provisions contained in Chapter II and Chapter X of the Prevention of Money Laundering Act, 2002 that both operate within distinct spheres and are intended to serve different purposes. While Chapter II is concerned with penal consequences flowing from the commission of a scheduled offence, Chapter X, by contrast, is directed towards conferring powers of enquiry, coordination, and communication upon the Enforcement Directorate and allied agencies, thereby ensuring that the broader object of the Act is effectuated.

119. The reference to the predicate offence, as contemplated under Chapter II of the Prevention of Money Laundering Act, 2002, is premised upon the institution of a scheduled offence designated as the predicate offence. On that foundation, proceedings under the PMLA may be initiated for the purpose of investigation, by way of filing a complaint before the Court of competent jurisdiction, so as to ascertain whether the ingredients envisaged under Section 3 of the Act are satisfied, thereby attracting the penal consequences prescribed under Section 4 thereof.

120. Chapter X of the Prevention of Money Laundering Act, 2002, wherein Section 66 has been incorporated, operates in a distinct sphere from Chapter II, which provides for penal consequences predicated upon the commission of a scheduled offence. While Chapter II contemplates prosecution and punishment based on the existence of a predicate offence, Section 66, stipulated in Chapter X, confers power upon the Enforcement Directorate on the basis of information or material in his possession, that the provisions of any other law for the time being in force are contravened, then the Director or such other authority shall share the information with the concerned agency for necessary action.

121. If the authorities under PMLA have got input to attract the offence of laundering either by way of concealment or trail then the power has been conferred upon the authorities of ED to give such information to the agencies for the purpose of initiating the proceeding.

122. The authorities under the Act while sharing the information is not to be swayed that the notice under

Section 66 is not required to be issued solely because no case said to be instituted under schedule offence or if instituted the person concerned, the accused has been acquitted by the competent court of criminal jurisdiction. Even if a formal case for a scheduled (predicate) offence has not yet been registered, any incriminating material uncovered during a money laundering probe that points to a violation of another law must still be share.

123. The ground urged on behalf of the Petitioner in the present case is that, if the offence forming the subject matter of the First Information Report instituted under a scheduled offence has culminated in the Petitioner's acquittal, then the proceedings under the PMLA particularly the ECIR and pending proceeding before the Adjudicating Authority are liable to be quashed.

124. Conversely, the case of the Enforcement Directorate is that the predicate offence pertains only to the specific material for which the charge-sheet has been submitted by the State prosecuting agency. However, during the course of enquiry pursuant to the institution of the ECIR—an internal document—the authorities of the Directorate, upon conducting search, recovered a sum of ₹85,00,000/- in cash along with 134 original property deeds. This discovery necessitated further enquiry/investigation on the basis of the ECIR already registered. It is urged that the matter presently remains at the stage of enquiry, and further the PMLA, Section 66(2) of the Act, 2002 expressly provides for communication of such inputs to other agencies, enabling them to proceed in accordance with law should any adverse material be found against the person concerned.

125. Further, as per record, the matter is at the stage of issuance of notice, intended to afford the Petitioner an opportunity to satisfy the authorities of the Enforcement Directorate by demonstrating that the assets and cash seized have been lawfully procured and are unconnected with any laundering trail. It is not a situation where the Petitioner is being proceeded by ED in secrecy; rather, the Directorate is proceeding by duly calling upon the Petitioner to explain the seizure of assets i.e. ₹85,00,000/- in cash and 134 original property deeds, found in his possession.

126. It is a well-settled principle of law that where a provision has been enacted in a statute, the rule of harmonious construction must be applied so as to advance the object and purpose of the enactment. The Prevention of Money Laundering Act, 2002, operates in two distinct parts. The first part empowers the Enforcement Directorate to proceed by instituting an ECIR and filing a complaint before the Court of competent jurisdiction, based upon inputs gathered in relation to a predicate offence against the accused. The question, however, arises as to what would be the position in a situation where no scheduled offence has been instituted. Can it then be said that the Enforcement Directorate would be rendered remediless? If such an interpretation were to be adopted, the entire scope and efficacy of the PMLA, 2002 would stand frustrated, which is contrary to the legislative intent underlying the statute.

127. The statutory mandate under the Prevention of Money Laundering Act, 2002, adequately addresses such a situation by conferring power upon the Enforcement Directorate to ascertain the details of properties found in possession of the person concerned. The mandate of Act 2002 enables the Directorate to verify the authenticity of the procurement of such properties, ensuring that they have been acquired through lawful means and are untainted by any laundering trail.

128. An ECIR does not constitute the initiation of a criminal prosecution; rather, it is an internal document of the Enforcement Directorate. The mere institution of an ECIR to invoke jurisdiction does not, by itself, amount to launching or initiating prosecution against the person concerned. It only marks the commencement of an enquiry.

At this stage, the Directorate is empowered to call upon the person to explain the source and legitimacy of the assets seized. Where the person fails to establish that the assets have been procured from known and lawful sources, the authorities are mandated under Section 66(2) of the Act, 2002 to communicate such information to other agencies for proceeding further in accordance with law.

129. Therefore, it is not available for the litigant concerned that merely because in a situation where the other materials have been found which is not available in the predicate offence upon which the judgment of acquittal has been passed and in such circumstances the ED authorities has decided to proceed under Section 66 as per the statement made in the counter affidavit particularly in paragraph 5 of the supplementary Counter affidavit.

130. At this juncture, it needs to refer herein the principle of harmonious construction. The principle of harmonious construction is a rule of statutory interpretation employed by courts to avoid inconsistencies and conflicts between two or more provisions within the same statute or between different statutes.

131. The primary objective is to give effect to all provisions of an enactment, assuming that the legislature would not ordinarily intend to contradict itself. When faced with an apparent conflict, courts endeavor to reconcile the provisions in a manner that allows each to operate without nullifying the other, thereby upholding the legislative intent. The interpretation should, as far as possible, give full effect to both provisions.

132. A construction that renders one provision otiose or nugatory is generally to be avoided. Provisions must be read in their entirety and in the context of the whole statute. The legislative intent is gathered from the statute as a whole, not from isolated provisions. The interpretation must align with the overall purpose and object of the statute. The court may consider the mischief the statute sought to remedy and the object it sought to achieve.

133. Thus, the doctrine of harmonious construction is invoked when there is an apparent inconsistency or repugnancy between two sections or parts of the same Act. The courts strive to interpret the provisions in such a way that both can stand together and operate in their respective spheres. This approach prevents the invalidation of one provision merely because it appears to conflict with another, thereby ensuring the integrity and workability of the legislative scheme. The Supreme Court of India has consistently applied this principle in numerous judgments to resolve statutory ambiguities and uphold legislative intent.

134. In ***Municipal Corporation of Delhi v. Gagan Narang, (C.A. No.-007463-007464 – 2023) 2025 INSC 2*** the Hon'ble Supreme Court reiterated this fundamental rule of interpretation. The Hon'ble Court emphasized that the statute must be read as a whole, and different parts of the same section or different sections of the same Act should be construed with reference to each other to create a consistent enactment.

135. In ***Sultana Begum v. Prem Chand Jain, (1997) 1 SCC 373,*** the Hon'ble Apex Court rendered the guideline in context of principle of harmonious construction wherein it has been observed that it is the duty of the courts to avoid a head-on clash between two sections of an Act and to construe conflicting provisions in a manner that harmonizes them. It has further been observed that Provisions of one section cannot be used to defeat other provisions unless reconciliation is impossible and effect should be given to both conflicting provisions if possible.

136. Since both the provision under chapter II of the Act 2002 and chapter X of the Act 2002 are not overlapping rather depending upon the facts and circumstances involved in the individual case, as the fact of the present case herein is that the inputs which has been gathered in course of investigation by the state prosecuting agency in the predicate offence is different to that has been gathered by the ED Directorate by possessing/seized the property of the petitioner i.e. a sum of Rs. 85,00,000/- in cash, along with 134 original property deeds.

137. In such a situation, it is the bounden duty of the court to examine the factual aspect and under the situation where the facts are same i.e., in the predicate offence and under ECIR then certainly sharing of information under Section 66 will be said to be misuse of power but that is not the case herein as per the details furnished in the counter affidavit i.e., the predicate offence is only for one offence while in course of interception/search a sum of Rs. 85,00,000/- in cash, along with 134 original property deeds property has been found in possession of the petitioner. Moreover, in addition to the aforesaid fact, the petitioner has already approached to the adjudicating authority.

138. It is pertinent to note that in ***Vijay Madanlal Choudhary v. Union of India*** **(supra),** the Hon'ble Supreme Court, in paragraph 194, has categorically observed that the provisions of the Prevention of Money Laundering Act, 2002 are not confined merely to investigation of the offence of money-laundering, but more significantly, are designed to prevent money-laundering and to provide for confiscation of property related to money-laundering, together with matters connected therewith and incidental thereto. This authoritative pronouncement underscores that the legislative intent of the Act extends beyond prosecution, embracing preventive and confiscatory measures to ensure that the menace of laundering is comprehensively addressed, for ready reference the relevant paragraph is being quoted as under:

> ***194.*** *Concededly, the 2002 Act provides for an inquiry to be conducted by the authorities and with power to collect evidence for being submitted to the adjudicating authority for consideration of confirmation of provisional attachment order passed by the authorities in respect of properties being proceeds of crime involved in the offence of money laundering. In that sense, the provisions in the 2002 Act are not only to investigate into the offence of money laundering, but more importantly to prevent money laundering and to provide for confiscation of property related to money laundering and matters connected therewith and incidental thereto.*

139. The Hon'ble Apex Court in the said case has held that the PMLA 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. 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. For ready reference the relevant paragraphs of ***Vijay Madan Lal Chaudhary (supra)*** are being referred herein which reads as under:

> *"102. The task of the Director or an authority authorised by the Central Government under the 2002 Act for the collection of evidence is the intrinsic process of adjudication proceedings. In that, the evidence collected by the authorities is placed before the adjudicating authority for determination of the issue as to whether the provisional attachment order issued under Section 5 deserves to be confirmed and to direct confiscation of the property in question. The expression "investigation", therefore, must be regarded as interchangeable with the function of "inquiry" to be undertaken by the authorities for submitting such evidence before the adjudicating authority.*
>
> *103. In other words, merely because the expression used is "investigation" — which is similar to the one noted in Section 2(h) of the 1973 Code, it does not limit itself to matter of investigation concerning the offence under the Act and Section 3 in particular. It is a different matter that the material collected during the inquiry by the authorities is utilised to bolster the allegation in the complaint to be filed against the person from whom the property has been recovered, being the proceeds of crime. Further, the expression "investigation" used in the 2002 Act is interchangeable with the function of "inquiry" to be undertaken by the authorities under the Act, including collection of evidence for being presented to the adjudicating authority for its consideration for confirmation of provisional attachment order. We need to keep in mind that the expanse of the provisions of the 2002 Act is of prevention of money*

laundering, attachment of proceeds of crime, adjudication and confiscation thereof, including vesting of it in the Central Government and also setting up of agency and mechanism for coordinating measures for combating money laundering."

140. Thus, it becomes evident that the role of the authorities under Chapter VII of the Prevention of Money Laundering Act, 2002 is two-fold: first, to conduct enquiry and collect evidence so as to facilitate adjudication proceedings before the Adjudicating Authority in exercise of powers conferred under Chapters III and V of the Act; and second, to employ the same material to substantiate allegations against the person concerned by filing a complaint for the offence of money-laundering before the Special Court, if the circumstances so warrant. It has further been held that enquiry constitutes the foundational process, and once the Enforcement Directorate suggests the existence of proceeds of crime, it is empowered to commence enquiry for the purpose of gathering evidence.

141. It is, thus, evident that the provision as contained under Section 66(2) creates mechanism in the PMLA to act as a '*bridge*' meaning thereby that confers power upon the ED that even prior to institution of the FIR, the ED can proceed to initiate civil action so as to collect the material for the purpose of sending the information to the jurisdictional police under Section 66(2) or any other agency to proceed further to achieve the object and purport of the Act.

142. Accordingly, all the issues are being answered as above.

143. It is evident from record that a supplementary Counter affidavit dated 04.08.2026 has been filed on behalf of respondent-ED wherein it has been stated that the Directorate of Enforcement has acted upon the provisions of Section 66(2) of the Prevention of Money Laundering Act, 2002 (PMLA) and the Directorate of Enforcement has formally shared substantial evidence regarding unexplained assets and potential tax evasion by the Petitioner with the relevant statutory authorities under Section 66(2) of the PMLA, 2002.

144. Further, it has been mentioned in the said affidavit that during the course of the investigation and search operations, various highly incriminating materials, such as 134 property deeds and Rs. 85 Lakhs in cash, were recovered and as such the information have been shared to other agencies under section 66(2) of PMLA.

145. In view of the discussion above, it is considered view of this Court that at this stage the ECIR cannot be quashed or set-aside.

146. Further, as discussed in the preceding paragraphs, the Adjudicating Authority, New Delhi, is already seized of the matter concerning retention of the seized cash and documents in Original Application No. 381 of 2025, to which the Petitioner has filed his reply.

147. In such circumstances, entertaining the present writ petition and quashing the ECIR at this stage would amount to usurping the exclusive statutory jurisdiction of the Adjudicating Authority. Such interference would permanently frustrate the statutory scheme and mandate of the Prevention of Money Laundering Act, 2002.

148. In so far as the Petitioner's reliance upon the judgments of the Hon'ble Supreme Court and various High Courts is concerned, it is manifest upon perusal of that those authorities rest upon distinct factual matrices. In the present case, as borne out from the supplementary counter affidavit dated 04.08.2026, the Directorate of Enforcement has acted in terms of Section 66(2) of the PMLA and has formally shared substantial evidence regarding unexplained assets i.e. 134 property deeds and Rs. 85 Lakhs in cash, which has been seized during the course of the investigation and search operations. Accordingly, in the facts and circumstances herein, the judgments cited by the learned Senior Counsel, are inapplicable.

149. Further, it is settled position of law that the applicability of judgment is to be tested on the facts and circumstances of each and every case individually. Reference in this regard be made to the judgment rendered by the Hon'ble Apex Court in ***Dr. Subramanian Swamy vs. State of Tamil Nadu and Others, (2014) 5 SCC 75, paragraph 47*** of which reads as under:

> *"47. It is a settled legal proposition that the ratio of any decision must be understood in the background of the facts of that case and the case is only an authority for what it actually decides, and not what logically follows from it. "*

150. Thus, on the basis of discussion made hereinabove this Court is of the considered view that in the circumstances, the present writ petition is devoid of merit and stands dismissed.

151. Consequent thereto, the interim order dated 13.05.2026, whereby further proceedings in connection with ECIR/RNZO/08/2023 were stayed during the pendency of the present writ petition, is hereby vacated.

152. The Petitioner shall be at liberty to pursue his remedies before the Adjudicating Authority and other concerned authority by placing his case in entirety, including the factum of his acquittal in the predicate offence.

153. The Authority concerned is hereby directed to take appropriate decision in accordance with law.

154. With the aforesaid observation and direction, the instant writ petition stands disposed of.

155. Pending Interlocutory Application, if any, stands disposed of.

(Sujit Narayan Prasad, J.)

1st September, 2026

Alankar/--
A.F.R.
Uploaded on 04.09.2026