

# WCC WATCH

Your Monthly Digest to Stay Ahead in the Evolving Realm of White Collar Crime



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Create Jurisdictional Supremacy in ED-CBI  
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**Legal Magnet vs. Autonomy**, our cover story of this month examines a foundational question in white-collar enforcement, does the PMLA's "legal magnet" merely consolidate proceedings, or does it strip predicate courts of their independent discretion? We explore how the Madras High Court's analysis of **ED-CBI conflicts** is shaping forum strategy and procedural certainty in financial crime prosecutions.

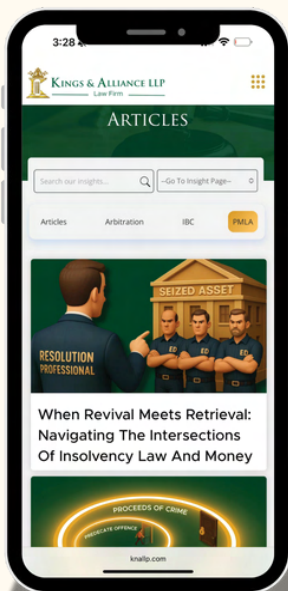
Across this edition, we analyze developments testing the contours of corporate liability. From the Karnataka High Court's ruling on "**debit-frozen**" accounts under **Section 138**, to the Delhi High Court's interpretation of money laundering as a "**continuing offence**," the judiciary continues to refine how control and retrospective liability are assessed.

We also examine evidentiary standards in **high-profile prosecutions** where the absence of independent corroboration proved fatal, alongside the shift toward favoring **substantive justice over procedural rigidity** in corporate authorizations.

Our case law round-up captures significant judicial movement across the PMLA, NI Act, and PC Act, reflecting a sharper focus on adjudicatory control.

Let's dive in.

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## COVER STORY

04

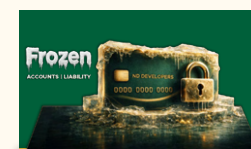
Does Section 44(1)(c) of the PMLA Create Jurisdictional Supremacy in ED–CBI Conflicts?



## PIVOTAL ISSUES

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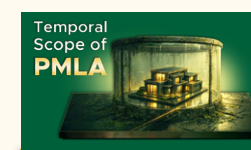
Frozen Bank Account and Section 138 NI Act: Karnataka High Court in ND Developers v. Ritesh Raushan Clarifies “Control” Requirement



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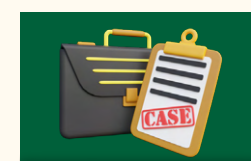
Is Absence of a Board Resolution a Fatal Blow to Section 138 Proceedings?



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- United India Insurance Co. Ltd. v. Sayona Colors Pvt. Ltd. (2026)
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# COVER STORY

Does Section 44(1)(c) of the PMLA Create Jurisdictional Supremacy in ED–CBI Conflicts?

## RESOLVING THE CONUNDRUM SECTION 44(1)(C)



On March 5, 2026, a Division Bench of the Madras High Court, in *The Deputy Director v. The Deputy Superintendent of Police and Others*, was confronted with a question at the intersection of corruption law and anti-money laundering enforcement: when a CBI court under PC Act is adjudicating a corruption case, does the subsequent filing of money-laundering charges by the ED operate as a “legal magnet,” compelling the transfer of the original proceedings to a PMLA Special Court under Section 44(1)(c)?

The dispute arose from a corruption case registered by the CBI against Dr. P. Vijayan and V. Anitha for alleged offences under Sections 13(2) (Punishment clause of Disproportionate Assets) and 13(1)(e) of the Prevention of Corruption Act, 1988. The case proceeded as C.C.No.19 of 2014 before the XIII Additional CBI Court in Chennai. Meanwhile, the ED initiated a parallel investigation, concluding on December 31, 2014, that the alleged corruption offences constituted “scheduled offences” under the PMLA. The agency subsequently issued a provisional attachment order on March 12, 2015, for properties believed to be “proceeds of crime” and filed a money-laundering complaint, before the Principal Sessions Judge in Chennai, designated as the PMLA Special Court. Noting that the corruption trial involved evidence central to the money-laundering allegations and that the proceedings were progressing slowly, the ED filed an application seeking transfer of the corruption case to the PMLA Special Court. However, the CBI Court dismissed the application on March 18, 2025, prompting the ED to challenge the order before the Madras High Court...

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# PIVOTAL ISSUES

Frozen Bank Account and Section 138 NI Act: Karnataka High Court in ND Developers v. Ritesh Raushan Clarifies "Control" Requirement

**Frozen**  
ACCOUNTS | LIABILITY



Can a drawer be held criminally liable under Section 138 of the Negotiable Instruments Act when a cheque is dishonored not due to a voluntary act, but because the bank account was frozen by a government or judicial authority? This question sits at the heart of the judgment delivered by the High Court of Karnataka on September 25, 2025, in the case of M/s. ND Developers Private Ltd. v. Ritesh Raushan. Presided over by the bench of Hon'ble Mr. Justice M. Nagaprasanna, the court decisively answered that for an offense to be made out, the drawer must maintain "authority and control" over the account at the time of presentation. If an account is debit-frozen by an external agency, the account holder is legally incapacitated from executing commands or ensuring sufficiency of funds; therefore, the essential ingredients of Section 138 specifically the requirement that the account be "maintained" by the drawer are not fulfilled.

The factual matrix of this dispute began when the respondent, purchased a flat from ND Developers under a "No Pre-EMI Scheme," which required the company to pay interest on his home loan until possession was delivered. Following a breach of this contract, the company issued a cheque for ₹41,00,000 on March 9, 2024, to settle the resulting liability. However, before the cheque was presented, the company's accounts were debit-frozen on May 24, 2024, by police authorities investigating unrelated crimes. When the respondent finally presented the cheque in June 2024, it was returned with the endorsement "account blocked situation covered in 21 25". Despite the petitioner's lack of awareness regarding the...

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# PIVOTAL ISSUES

Is Money Laundering a Continuing Offence? PMLA, Legacy Assets and Article 20(1) Explained

## Temporal Scope of PMLA



Can the mere passage of time, or the fact that property was acquired before a statute drew its first breath of legal life, place the proceeds of crime beyond the reach of the law? This profound question sits at the high-stakes intersection of constitutional protections against retrospective criminal liability and the State's unwavering mandate to dismantle the architecture of economic wrongdoing. In *Directorate of Enforcement v. M/s Mahanivesh Oils & Foods Pvt. Ltd.* The Delhi High Court engaged directly with this tension, offering a definitive roadmap on the temporal reach of the Prevention of Money Laundering Act, 2002 (PMLA). The Court was tasked with a delicate judicial balancing act: deciding whether assets acquired prior to the PMLA's enforcement could still be attached if their possession or use persisted thereafter. In a decisive shift, the Bench dismantled the theory of "completed laundering," aligning itself with a robust, forward-looking jurisprudence that treats money laundering not as a finite historical event, but as a perpetual, continuing offence. By distinguishing the act of laundering from the underlying scheduled crime, the judgment ensures that the shadow of illicit wealth does not dissipate simply because a calendar page was turned, marking a significant evolution in India's fight against financial malfeasance. The controversy finds its roots in a complex web of alleged financial irregularities involving the National Agricultural Cooperative Marketing Federation of India (NAFED) in connection with raw sugar transactions. Investigations by the CBI suggested that a sum of ₹1.5 crore was routed through a labyrinth of intermediary entities and eventually utilized by the respondent company to acquire a premium residential property in New Delhi's Vasant Vihar in March...

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# PIVOTAL ISSUES

Why India's High-Profile Economic Crime Prosecutions Fail to Convert Arrest into Conviction

## The Alchemy of Accusation



When medieval alchemists failed to turn lead into gold, the failure was never in the ambition; it was in a fundamental misreading of the raw material. Lead and gold are different things, and no furnace, however powerful, can complete a transformation that the base element will not support. The same principle governs criminal adjudication, as no theory of guilt can stand where the evidentiary foundation itself is incomplete. When Delhi's Rouse Avenue Court discharged the accused in the case of Arvind Kejriwal v. Central Bureau of Investigation (and the related money laundering matter involving Manish Sisodia and K. Kavitha) on February 27, 2026, it did not declare the allegations fictitious but found the prosecution's evidentiary formula legally insufficient.

The court observed that the investigation, led by the Central Bureau of Investigation (CBI) into the predicate corruption charges and the Directorate of Enforcement (ED) into the money laundering trail, had attempted to artificially weave missing links to bind incompatible evidentiary elements through narrative. The prosecution's primary raw material was approver testimony, yet it lacked the essential reagent of independent corroboration capable of establishing that a deliberate agreement to commit an unlawful act had actually been made. Without that reagent, the formula collapses, echoing the standard in Sharad Birdhichand Sarda v. State of Maharashtra that suspicion, however strong, cannot take the place of proof. The failure visible in the Excise Policy proceedings is not an isolated event. Over the past two decades, several high-profile economic crime prosecutions in India have faced the same...

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# PIVOTAL ISSUES

Is Absence of a Board Resolution a Fatal Blow to Section 138 Proceedings?

## Corporate Authorisation Fatal Flaw or Curable Defect?



Can a criminal complaint for the dishonor of a cheque be sustained if the person filing it lacks a formal, corporate authorization at the inception of the case? This central question lies at the heart of the legal battle in *M/S Amprolisa Construction and Marketing Pvt Ltd vs. Gupta Hardware Private Limited and Anr*, a case before the Gauhati High Court presided over by the Hon'ble Mr. Justice Sanjeev Kumar Sharma that tests the limits of procedural rectitude versus substantive justice. The matter primarily revolves around whether a deficiency in the authorisation of a company's representative specifically the absence of a Board Resolution or a valid Power of Attorney at the time of filing constitutes a "curable defect" or a fatal flaw that necessitates the quashing of criminal proceedings under Section 138 of the Negotiable Instruments (NI) Act.

The dispute began on August 26, 2015, when the learned Judicial Magistrate at Kamrup (Metro) took cognizance of a complaint filed by Manab Lahkar, appearing as the Marketing Manager for Gupta Hardware Pvt. Ltd., alleging the dishonor of a cheque. After the completion of prosecution evidence and the closure of defense evidence, a significant procedural shift occurred on July 18, 2019. The complainant moved a petition to adduce additional evidence to introduce a Board Resolution and a Power of Attorney, which the Trial Court allowed on December 7, 2019, by invoking Section 311 of the Cr.PC (now, Section 348 of the BNSS). Subsequently, on July 30, 2022, the complainant furnished this additional evidence on affidavit while the matter was pending for cross-examination. This prompted...



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# SIGNIFICANT CASE LAWS

## Summary Jurisdiction vs. Complex Fraud: Supreme Court Draws the Line in Consumer Protection Law

In *Sant Rohidas Leather Industries and Charmakar Development Corporation Ltd. v. Vijaya Bank* (2026), the Supreme Court of India considered whether a company placing a fixed deposit with a bank could be treated as a “consumer” under Section 2(1)(d) of the Consumer Protection Act, 1986. The appellant alleged that the respondent bank had fraudulently used a ₹9 crore fixed deposit to secure an unauthorized overdraft facility and later adjusted the maturity proceeds against the alleged loan. While the National Consumer Disputes Redressal Commission had dismissed the complaint on the ground that earning interest amounted to a commercial purpose, the Supreme Court clarified that the mere earning of interest does not, by itself, render a transaction commercial, as deposits may be made for purposes such as safekeeping or statutory compliance. However, the Court noted that the dispute involved serious and contested allegations of fraud, forgery, and the existence of a subsequent contract of pledge, which could not be resolved without detailed examination of evidence. Emphasizing that summary proceedings under the Consumer Protection Act are ill-suited for adjudicating complex factual disputes involving elements of criminality, the Court held that the complaint, as framed, was not maintainable before the consumer forum. Accordingly, although it disagreed with the NCDRC’s reasoning on “commercial purpose,” the Supreme Court upheld the dismissal of the complaint, leaving the appellant free to seek remedies before an appropriate civil or criminal court.

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# SIGNIFICANT CASE LAWS

## Commercial Risk vs. Criminal Liability: Supreme Court Clarifies Scope of Cheating in Film Finance Disputes

The Supreme Court of India in *V. Ganesan v. State Rep. by the Sub Inspector of Police & Anr.* (2026) established a significant legal benchmark regarding the distinction between a failed commercial transaction and the criminal offense of cheating. In this ruling, the Court emphasized that for an offense under Section 420 IPC (Section 318 BNS) to be made out, a dishonest or fraudulent intention must be proven to have existed at the very inception of the transaction. The case involved a film producer who borrowed funds for a movie project, an inherently high-risk and speculative venture promising a share in the profits. While the film was successfully completed and released, the failure to generate expected returns and the subsequent dishonor of post-dated cheques led to criminal charges. Overturning the High Court's refusal to quash the proceedings, the Supreme Court held that the mere dishonor of a post-dated cheque is not sufficient to presume dishonest intent, as such cheques are often issued to discharge future liabilities based on the expectation of sufficient funds at a later date. The Court concluded that since the movie was actually made, the initial promise was not false, and the dispute remained essentially civil in nature, arising from the non-performance of a contractual obligation in a volatile business environment.



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# SIGNIFICANT CASE LAWS

## Fraud Vitiates Insurance Claims: Supreme Court Orders SIT Probe into Staged Fire Incident at Sayona Colors

The Supreme Court of India in *United India Insurance Co. Ltd. v. Sayona Colors Pvt. Ltd.* (2026) delivered a definitive ruling on the consequences of fraudulent insurance claims, emphasizing that fraud vitiates all solemn acts and no party can benefit from their own wrongdoing. In this case, the respondent company claimed a loss of approximately Rs. 28.20 crores due to a fire it attributed to a short circuit, shortly after significantly enhancing its insurance coverage. However, forensic evidence from Truth Labs revealed the presence of kerosene, a fire accelerant at the seat of the fire and found no evidence of electrical malfunction, leading the Court to conclude the incident was a deliberate act of arson for unlawful gain. Furthermore, investigations into the alleged suppliers revealed that the invoices used to substantiate the claim were fabricated and the entities were non-existent. Setting aside a National Consumer Disputes Redressal Commission (NCDRC) order that had granted partial relief, the Supreme Court held that there is no concept of equitable relief in cases tainted by fraud, as an insurance contract cannot be used for unjust enrichment. Beyond repudiating the claim in its entirety, the Court observed that staged insurance incidents are a serious threat to the integrity of the financial system and directed the Commissioner of Police, Ahmedabad, to constitute a Special Investigation Team (SIT) to conduct a comprehensive criminal probe into the fraud.



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# SIGNIFICANT CASE LAWS

## Liberty Over Prolonged Incarceration: Supreme Court Rules that Detention Without Trial Amounts to Punishment

The Supreme Court of India in *Pardeep Kumar @ Banu v. State of Punjab* (2026) upheld the fundamental principle that the indefinite detention of an undertrial prisoner violates the right to personal liberty when a trial shows no signs of concluding. In this case, the appellant had been in custody since April 13, 2024, facing charges under the Indian Penal Code and the Arms Act, including allegations of extortion and attempted murder. Despite the prosecution's proposal to examine 23 witnesses, the Court noted that nearly two years had passed without a single witness being examined, rendering the conclusion of the trial nowhere in sight. A bench comprising Justice Dipankar Datta and Justice Prasanna B. Varale observed that such prolonged incarceration without trial effectively amounts to punishment before conviction. Consequently, the Court set aside the Punjab and Haryana High Court's order denying bail and directed the appellant's release, emphasizing that further detention was unnecessary given the overall circumstances and the slow pace of the judicial process.



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# SIGNIFICANT CASE LAWS

## Karnataka High Court: Procedural Safeguards Under BNSS Do Not Shield Absconding Accused

The Karnataka High Court's ruling in *Mr. Yugadev R. vs. The State of Karnataka*, established a critical precedent regarding the procedural requirements for arrest under the Bharatiya Nagarik Suraksha Sanhita (BNSS), 2023. In this white-collar crime case involving an alleged investment fraud of approximately ₹98 lakhs, the petitioner challenged the legality of his arrest by arguing that the police failed to serve him a mandatory physical notice to join the investigation as prescribed under Section 35(3) of the BNSS for offences carrying a punishment of seven years or less. However, the Court dismissed the petition, observing that the accused had actively evaded the authorities for 40 days by frequently changing his location across state lines and had ultimately refused to accept the physical service of the notice when tracked down by the police. The Court clarified that while Section 35(3) of the BNSS mandates the physical delivery of a notice, Section 35(6) specifically empowers police officers to arrest an individual who is unwilling to identify themselves or fails to comply with the terms of such a notice. Ultimately, the judgment affirmed that the petitioner's persistent evasion and refusal of service constituted "non-cooperative behavior," justifying the arrest and ensuring that the procedural safeguards meant to protect personal liberty do not inadvertently serve as a shield for those seeking to subvert the investigative process.



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# REGULATORY UPDATE:

A Guide to the Draft Income-tax Rules, 2026

# CBDT

Central Board of Direct Taxes

India's Central Board of Direct Taxes (CBDT) has released the draft **Income-tax Rules, 2026 (the "draft rules")** along with the proposed forms, in relation to the Income-tax Act, 2025 (the "Act"), which is scheduled to come into force beginning 1 April 2026. Before then, the draft rules and proposed forms have been placed in public domain.

**1. Major Changes in Employee Benefits (Perquisites)** One of the biggest shifts is how "perks" provided by employers are valued. While most limits have been raised to benefit employees, the taxable value for company-provided cars is set to increase significantly.

**Motor Car Perquisite Valuation** If the employer provides a car for both official and personal use, the "taxable value" added to the income will rise as follows: **2. Higher Tax-Free Limits for Allowances** To account for the rising cost of living, the draft rules propose a massive jump in exemption limits for daily expenses, education, and health. **HRA Metro Expansion:** The list of cities eligible for a 50% HRA exemption (instead of 40%) now includes Ahmedabad, Bengaluru, Hyderabad, and Pune, alongside the original four metros. **3. Form Simplification & New Numbers** The CBDT has slashed the total number of rules and forms by nearly half. Alphanumeric names (like 12BB or 26QB) are being replaced by a simpler, sequential numbering system (1 to 190). **Form 130 (Replacing Form 16):** The new master certificate for TDS on salary. It now...

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# TRAINING AND EVENTS

**International Conference on White-Collar Crime, Corruption, and Financial Offenses**  
Organized By: Society for Education (SFE)



12 APRIL 2026



Coimbatore, India

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**Theme: National Security, White-Collar Crime & the Skills Future India Needs**

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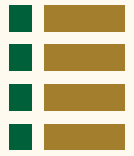
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