WCC WATCH

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

SEP 2026

COVER STORY

PIVOTAL ISSUES

KINGS & ALLIANCE LLP
LAW FIRM

info@knallp.com

www.knallp.com

Editor's Note

Convergence, this edition examines the evolving contours of enforcement under the Prevention of Money Laundering Act, 2002, and its intersection with constitutional remedies, predicate offences and insolvency proceedings. Our cover story this month examines the Enforcement Directorate's growing scrutiny of frauds and irregularities arising in insolvency proceedings. We unpack the evolving interface between the IBC and the PMLA and the circumstances in which conduct within insolvency proceedings may warrant independent enforcement scrutiny.

This edition's pivotal issues explore significant developments across the white collar crime landscape. We analyse the Delhi High Court's ruling that a compromise in the predicate offence does not automatically defeat an independent PMLA prosecution, and the Karnataka High Court's recognition that an ECIR, despite being an internal document, may be subjected to judicial review under Article 226. We also examine the Delhi High Court's approach to the Foreign Exchange Offenders Act, economic interests, and Look Out Circulars.

The case law updates further examine the limits of enforcement powers, including the requirement of "reason to believe" before property can be frozen under the PMLA, the impermissibility of reviving a defunct ECIR through an unrelated FIR, and the distinct legal treatment of tax proceedings and money laundering investigations.

Across these developments, courts continue to emphasise statutory safeguards, procedural discipline, and the careful demarcation of powers under different regulatory and criminal frameworks.

To cap it off, this edition brings you key case law developments together with curated events and training programmes shaping white-collar crime practice.

Let's dive in.

Click Here To Submit Feedback

INDEX

COVER STORY

ED examines IBC–PMLA Interplay Amid Concerns Over Excessive Haircuts and Frauds under IBC

The Enforcement Directorate (ED) has intensified its scrutiny of suspected frauds arising in insolvency proceedings, particularly cases involving disproportionately large haircuts, alleged manipulation of the Committee of Creditors (CoC), and re-acquisition of assets by erstwhile promoters. The issue was discussed at the 36th Quarterly Conference of Zonal Officers (QCZO) held at the Indian Institute of Management, Bengaluru, on 14–15 September 2026.

ED Director Rahul Navin directed officers to identify red flags in insolvency proceedings and examine whether conduct surrounding resolution processes warrants independent investigation under the Prevention of Money Laundering Act, 2002 (PMLA). The ED has specifically identified practices such as circumvention of Section 29A of the Insolvency and Bankruptcy Code, 2016 (IBC), inflation of related-party claims, manipulation of the Committee of Creditors (CoC), asset stripping and artificially large haircuts through which promoters may regain control of assets. The ED's focus comes against the backdrop of data indicating the scale of haircuts in completed Corporate Insolvency Resolution Processes (CIRPs). An analysis of IBBI data covering 1,164 CIRPs with approved resolution plans found that 564 cases, or 48.5%, resulted in haircuts exceeding 80%. In 355 cases, or 30.5%, creditors recovered less than 10% of their admitted claims, corresponding to haircuts exceeding 90%. The data relates to cases in which resolution plans had been approved up to March 31, 2025. The same IBBI-based analysis noted that, as of June 2026, creditors had...

READ MORE

+91 981 981 5818
INFO@KNALLP.COM
WWW.KNALLP.COM

Corporate Office - 13 Ring Road, Lajpat Nagar IV, New Delhi - 110024
Chamber - 511, Ad. Complex, Supreme Court of India, New Delhi - 110001

PIVOTAL ISSUES

Settle the Case, Not the Crime: Delhi High Court Says Compromise in the Predicate Offence Does Not Automatically Defeat a PMLA Prosecution

A frequently raised defence in money laundering litigation is that once the predicate offence — the scheduled crime said to have generated the tainted proceeds — is quashed, the corresponding case under the Prevention of Money Laundering Act, 2002 (PMLA) must also fail, since there can be no "proceeds of crime" in the absence of an underlying offence. The Delhi High Court has considered this argument in detail in Rohit Vij v. Directorate of Enforcement, and has held that the outcome depends on the manner in which the predicate offence was quashed. Where the quashing follows a compromise between the parties rather than a determination on merits, the PMLA proceedings are not automatically extinguished.

The petitioner, Rohit Vij, applied for bail in a money laundering investigation arising out of an alleged scheme involving fraudulent investment applications and forex transactions. During the investigation, the Enforcement Directorate (ED) incorporated 24 additional FIRs into its Enforcement Case Information Report (ECIR), alleging links to entities including Xindai Technologies and Betench Networks as part of a broader conspiracy. The petitioner submitted that the predicate offence attributed to him had been quashed on the basis of a compromise with the complainant, and that this removed the foundation for the PMLA proceedings, as there could be no proceeds of crime absent an underlying offence. He further submitted that the 24 additional FIRs could not be relied upon against him, as none of them named him.The Court rejected both submissions and dismissed the bail application Distinction between quashing on merits and quashing by compromise The Court held...

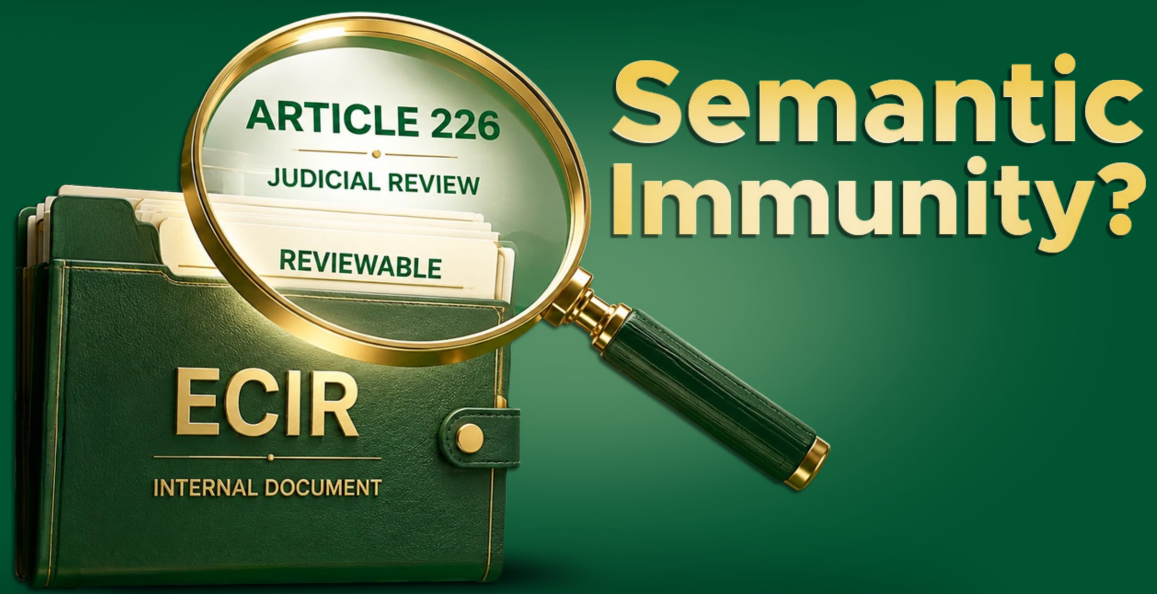
READ MORE

+91 981 981 5818
INFO@KNALLP.COM
WWW.KNALLP.COM

Corporate Office - 13 Ring Road, Lajpat Nagar IV, New Delhi - 110024
Chamber - 511, Ad. Complex, Supreme Court of India, New Delhi - 110001

PIVOTAL ISSUES

Can an ECIR Be Challenged Under Article 226 Despite Being an “Internal Document”? Karnataka High Court in Gameskraft Technologies v. Directorate of Enforcement



Can an Enforcement Case Information Report (ECIR) be challenged before a High Court under Article 226 when the Enforcement Directorate (ED) contends that it is merely an internal administrative document? The Karnataka High Court answered this question in the affirmative in M/s Gameskraft Technologies Pvt. Ltd. & Anr. v. Directorate of Enforcement. The Hon’ble Court rejected the ED’s preliminary objection to the maintainability of a petition challenging an ECIR and the consequential proceedings arising from it. The Court held that a writ petition invoking Article 226 of the Constitution read with Section 482 of the CrPC is maintainable to examine the legality of an ECIR and every consequential action founded upon it.

The decision is significant because it separates the administrative character of an ECIR from the constitutional power of judicial review. The Court made clear that nomenclature alone cannot determine whether executive action is amenable to constitutional scrutiny. Gameskraft Technologies Pvt. Ltd. and Nirdesa Network Pvt. Ltd. challenged the ECIR and the consequential proceedings initiated by the ED. The matter originated from a complaint lodged on 5 December 2024, which culminated in Crime for offences under Section 318(2) of the Bharatiya Nyaya Sanhita, 2023 and Section 66 of the Information Technology Act, 2000. Following investigation, the police filed a ‘B’ report concluding that there was no material warranting prosecution. The jurisdictional Court accepted the report, and the order attained finality Nearly six months later, the ED registered the impugned ECIR, conducted...

READ MORE

+91 981 981 5818
INFO@KNALLP.COM
WWW.KNALLP.COM

Corporate Office - 13 Ring Road, Lajpat Nagar IV, New Delhi - 110024
Chamber - 511, Ad. Complex, Supreme Court of India, New Delhi - 110001

PIVOTAL ISSUES

Beyond the Threshold: Delhi High Court on FEOA, Economic Interests and Look Out Circulars

The power to restrict an individual's travel abroad lies at the intersection of the right to travel and the State's interest in safeguarding the country's economic interests. In Income Tax Department v. Vikas Chaudhary & Ors., the Delhi High Court examined this balance in the context of a Look Out Circular ("LOC") issued against an assessee during income-tax proceedings involving allegations of undisclosed foreign assets and interests, over-invoiced exports, fictitious purchases, export incentives and hawala transactions.

Vikas Chaudhary was a director of Nautilus Metal Crafts Pvt. Ltd. and Aastha Apparels Pvt. Ltd., companies engaged in garment exports. Following search proceedings under Section 132 of the Income Tax Act, certain goods and documents were seized, and statements of Chaudhary and his wife were recorded. A subsequent search of his locker resulted in the seizure of jewellery valued at approximately ₹1 crore.

At the instance of the Income Tax Department, the Ministry of Home Affairs issued an LOC against Chaudhary. The Department cited, among other things, alleged undisclosed foreign assets and interests in foreign entities, which could attract proceedings under the Income Tax Act, the Black Money Act and the Prevention of Money Laundering Act, 2002 ("PMLA"). Chaudhary challenged the LOC before the Delhi High Court. The Single Judge quashed the LOC, holding that the material relied upon did not justify its continuation under the provision permitting an LOC in exceptional cases where a person's departure could be detrimental to...

READ MORE

+91 981 981 5818
INFO@KNALLP.COM
WWW.KNALLP.COM

Corporate Office - 13 Ring Road, Lajpat Nagar IV, New Delhi - 110024
Chamber - 511, Ad. Complex, Supreme Court of India, New Delhi - 110001

SC Upholds Delhi HC's Ruling: "Suspicion" Cannot Substitute "Reason to Believe" Under PMLA

The Supreme Court in Directorate of Enforcement Vs. Poonam Malik, SLP (Crl) Diary No(s). 25221/2026, has dismissed the ED's Special Leave Petition, upholding the Delhi High Court's judgment dated 14.11.2025 which had dismissed the ED's appeals against the PMLA Appellate Tribunal's direction to de-freeze the respondent's bank accounts. The case arose after the ED linked the respondent's husband, a driver who had also worked for an accused in a separate bank fraud investigation involving Sterling Biotech Limited, to the movement of unaccounted cash, and consequently froze two bank accounts belonging to the respondent herself, neither of whom had been named in the original FIRs.

The Delhi High Court had held that freezing under Section 17(1A) of the PMLA is merely an alternative to seizure under Section 17(1), and therefore cannot be subjected to a lower threshold of satisfaction than seizure itself, a valid freezing action requires material-based "reason to believe," not mere suspicion, that the person holds proceeds of crime or property connected with the offence. The Court had also clarified that Section 8(3) of the PMLA does not prescribe any time limit for completing the investigation itself (only governing the duration of attachment or freezing), and that a person need not be named as an accused in the prosecution complaint for an attachment to continue, so long as a PMLA complaint relating to the offence remains pending. However, since the ED had failed to follow the mandatory procedure under Section 20 before invoking Section 8, and the Adjudicating Authority had conflated the distinct statutory concepts of freezing, continuation, retention, and confirmation, the foundational orders were held vitiated and the freezing order dated 05.09.2018 was found unsustainable.

With the Supreme Court's dismissal of the ED's SLP, the Delhi High Court's reasoning now stands as settled law: enforcement authorities cannot freeze property on the basis of suspicion alone, and must adhere strictly to the statutory safeguards built into the PMLA before curtailing a person's constitutional right to property under Article 300A.

VIEW JUDGEMENT

+91 981 981 5818
INFO@KNALLP.COM
WWW.KNALLP.COM

Corporate Office - 13 Ring Road, Lajpat Nagar IV, New Delhi - 110024
Chamber - 511, Ad. Complex, Supreme Court of India, New Delhi - 110001

Delhi HC Quashes ED's Revival Tactic: ECIR Can't Be Resurrected Through an Unrelated Addendum

In Kanchana Rai Vs Directorate of Enforcement W.P.(C) 9799/2023, the Delhi High Court held that a civil writ petition under Article 226 can be entertained to challenge an ECIR registered by the ED, along with consequential proceedings like search and seizure under Section 17(1) of the PMLA. Justice Anish Dayal was dealing with petitions by family members and senior management of the Aristo Group, challenging an ECIR originally registered in 2021 based on an FIR alleging forged signatures and fraudulent share transfers. That FIR was closed in 2025 after forensic examination found the signatures genuine yet months later, the ED issued an addendum tacking on an entirely unrelated, six-year-old FIR into the same ECIR, before conducting fresh searches and summons.

The Court held that since an ECIR is an internal administrative document dependent on a predicate offence, once that offence ceases to exist, the affected party can directly challenge the ED's continuation of the ECIR by writ petition, without being relegated to the Adjudicating Authority. It found the ED could not revive a defunct ECIR through an unconnected addendum, calling it an impermissible attempt to "breathe life" into a proceeding that had lost its foundational basis further undermined by the ED's own 2023 counter-affidavit already referencing the "later-discovered" FIR.

The Court quashed the ECIR proceedings and all consequential coercive action, restrained further investigation unless the predicate offence is judicially revived, and directed restoration of status quo ante — while clarifying the ED remains free to register a fresh, independent ECIR based on the surviving FIR if statutory requirements are met.

VIEW JUDGEMENT

+91 981 981 5818
INFO@KNALLP.COM
WWW.KNALLP.COM

Corporate Office - 13 Ring Road, Lajpat Nagar IV, New Delhi - 110024
Chamber - 511, Ad. Complex, Supreme Court of India, New Delhi - 110001

Chhattisgarh HC Refuses to Interfere with ED's ₹110 Crore Attachment of Hotel Westin, Goa

In Dr Rahul Agarwal & Anr vs Union of India WPCR No. 473 of 2026, the Chhattisgarh High Court refused to interfere with the ED's provisional attachment of Hotel Westin, Goa, to the extent of ₹110 crore, arising from the alleged Chhattisgarh liquor scam. A Division Bench of Chief Justice Ramesh Sinha and Justice Ravindra Kumar Agrawal was dealing with a challenge to the Provisional Attachment Order dated 28.05.2026, under which the ED alleged that petitioner No. 1 used proceeds of crime, delivered to his uncle Vijay Kumar Agrawal by liquor scam cash handlers, to acquire the hotel, with ₹60 crore traced as a direct cash component of the purchase price and the remaining ₹50 crore attached as value of untraced proceeds.

The petitioners argued that the Income Tax Department had already accepted the same ₹60 crore cash as legitimate business income through orders upheld by the ITAT. The Court rejected this, holding that income tax and PMLA proceedings operate in different statutory fields, that Section 71 of the PMLA gives the Act overriding effect, and that there is no res judicata or issue estoppel arising from tax orders that never examined the criminal provenance of the funds. The Court also noted the tax findings said nothing about the separate untraced ₹50 crore, which independently sustains the attachment.

On jurisdiction, the Court held it could only examine whether relevant material existed before the authorised officer, not conduct a mini trial to determine whether that material ultimately establishes money laundering, a task reserved for the Adjudicating Authority. It rejected arguments based on the absence of a banking trail, the petitioners not being named as accused in the scheduled offence, and the challenge to the Adjudicating Authority's single member composition, holding that provisional attachment does not transfer title or violate Article 19(1)(g), and that any defect in the Authority's later composition cannot retrospectively invalidate an independent attachment order already passed. Finding no ground to exercise its Article 226 jurisdiction, the Court dismissed the writ petition.

VIEW JUDGEMENT

+91 981 981 5818
INFO@KNALLP.COM
WWW.KNALLP.COM

Corporate Office - 13 Ring Road, Lajpat Nagar IV, New Delhi - 110024
Chamber - 511, Ad. Complex, Supreme Court of India, New Delhi - 110001

Delhi HC Denies Anticipatory Bail: Protection in Predicate Offence Doesn't Shield Accused from PMLA Proceedings

The Delhi High Court in Ram Singh vs Directorate of Enforcement Bail Application 2393 of 2026, held that protection granted to an accused in a predicate offence does not automatically extend to independent proceedings under the PMLA. Justice Madhu Jain was dealing with an anticipatory bail plea in a money laundering case arising from scheduled offences involving cheating and fraudulent SARFAESI property transactions. The petitioner argued he wasn't named in the predicate FIRs, that protection already granted to him in those proceedings should extend to the PMLA case, and that the allegations rested mainly on co-accused statements without independent material showing his involvement.

The Court rejected this, holding that protection in a predicate offence operates only in the context of that FIR and cannot extend to the distinct PMLA proceedings. It found the Section 50 statements were corroborated by bank account analysis and a financial trail tracing proceeds of crime of approximately ₹26.18 crore to the petitioner, including a specific chain of transfers from the principal accused's entities through intermediary accounts to the petitioner and his wife. The Court also noted that despite summons on May 21, 22 and 26, the petitioner never personally appeared, submitting only written replies, which it viewed as an attempt to avoid the inquiry.

Applying the twin conditions under Section 45(1)(ii) of the PMLA, the Court found the petitioner failed to show reasonable grounds for believing he wasn't guilty, and that his conduct, the Section 50 statements, and the financial trail disclosed sufficient material connecting him to the proceeds of crime. The anticipatory bail application was dismissed, with the Court clarifying its observations were confined to the bail plea alone.

VIEW JUDGEMENT

Corporate Office - 13 Ring Road, Lajpat Nagar IV, New Delhi - 110024
Chamber - 511, Ad. Complex, Supreme Court of India, New Delhi - 110001
+91 981 981 5818
INFO@KNALLP.COM
WWW.KNALLP.COM

TRAINING AND EVENTS

Know Your Customer (KYC), Anti-Money Laundering (AML) & Combating Financing of Terrorism (CFT)

Organised By: Indian Institute Of Banking & Finance (IIBF)

22-23 SEP 2026

Online

Know More

International Conference on White-Collar Crime, Corruption, and Financial Offences (ICCWCFO 2026)

Organised By: ISSER

1-2 OCT 2026

Venice, Italy

Know More

+91 981 981 5818
INFO@KNALLP.COM
WWW.KNALLP.COM

Corporate Office - 13 Ring Road, Lajpat Nagar IV, New Delhi - 110024
Chamber - 511, Ad. Complex, Supreme Court of India, New Delhi - 110001

LEADERSHIP

MOHIT CHAUDHARY
FOUNDER AND MANAGING PARTNER

Former AAG for State of J&K at Supreme Court of India

Advocate on Record, Supreme Court of India

+91 98106 63997

mohit@knallp.com

mohitchaudhary2020@gmail.com

KUNAL SACHDEVA
PARTNER

+91 99536 55270

kunal@knallp.com

kunalsachdeva826@gmail.com

PUJA CHAUDHARY
PARTNER

+91 98106 22198

puja@knallp.com

pujabhaskar1@rediffmail.com

EXPOSITORS

Associate:	**Associate:**
Adv. Vatsala	Adv. Pratishtha Dahiya

Corporate Office - 13 Ring Road, Lajpat Nagar IV, New Delhi - 110024

Chamber - 511, Ad. Complex, Supreme Court of India, New Delhi - 110001

+91 981 981 5818

INFO@KNALLP.COM

WWW.KNALLP.COM

ABOUT KINGS & ALLIANCE LLP

For over 22 years, Kings & Alliance LLP has been a trusted advisor to both corporations and individuals, combining traditional legal wisdom with modern innovation to deliver exceptional results. Our core values of expertise, excellence, and integrity drive our commitment to providing practical, client-focused solutions, underpinned by innovative strategies and deep industry insights.

We offer a comprehensive range of services, including general and corporate litigation, arbitration, insolvency and bankruptcy, taxation, and competition law. Whether addressing complex corporate matters or navigating intellectual property and regulatory challenges, we tailor our approach to meet the unique needs of each client. Our expertise also extends to high-growth industries such as fintech, healthcare, and infrastructure, where we help businesses succeed in these dynamic sectors.

In today's globalized market, we leverage strategic cross-border partnerships to guide our clients on ESG compliance, digital transformation, and international disputes, ensuring they are prepared for the evolving challenges of the modern business environment. Our goal is to enable businesses and individuals to operate with confidence, within a landscape that values fairness and security.

With more than two decades of experience, we have developed the foresight to anticipate challenges and craft solutions that protect and empower our clients—whether they are corporations, MSMEs, entrepreneurs, NGOs or indigent individuals, we ensure that regardless of their financial standing they receive equitable access to quality legal advice.

K&A INSIGHTS

K&A Insights
WhatsApp channel

JOIN

Our WhatsApp channel for
EXCLUSIVE INSIGHTS
to refine your
Expertise

knallp.com/insights/

+91 981 981 5818
INFO@KNALLP.COM
WWW.KNALLP.COM

Corporate Office - 13 Ring Road, Lajpat Nagar IV, New Delhi - 110024
Chamber - 511, Ad. Complex, Supreme Court of India, New Delhi - 110001

GET IN TOUCH

+91 981 981 5818

info@knallp.com

www.knallp.com

Kings & Alliance LLP

wa.me/919819815818

WhatsApp Business Account

LOCATIONS

CORPORATE OFFICE
13 Ring Road, Lajpat Nagar IV,
New Delhi - 110024

CHAMBER
511, Ad. Complex, Supreme Court
of India, New Delhi - 110001

IPR OFFICE
T 518, Sector 99, Supreme Tower,
Noida, Uttar Pradesh - 201303

INSIGHT DIVISION
62/6, Channi Himmat
(Green Belt), Jammu - 180015

MUMBAI
Chamber No.3, Block No.23, 02nd Floor,
Bell Building, Sir Phirozshah, Mehta Road,
Fort, Mumbai - 400 001

KINGS & ALLIANCE LLP

LAW FIRM

DISCLAIMER: The contents of this publication are intended solely for informational purposes and general guidance. They do not constitute advertising or solicitation. The information provided is not a substitute for professional advice, which may be necessary before taking any action on the matters discussed. While every effort has been made to ensure the accuracy of the material, Kings & Alliance LLP does not assume responsibility for any errors that may occur despite careful preparation. Additionally, Kings & Alliance LLP disclaims any liability for loss or damage resulting from any actions taken or refrained from based on the information contained in this publication.