

## MOOT PROPOSITION

### **The State vs. TechCorp**

- I. TechCorp, a prominent technology firm in Indistaan, is under investigation by the Enforcement Directorate for alleged involvement in a sophisticated money laundering scheme that spans multiple jurisdictions and utilizes advanced financial technologies. The investigation stems from reports of significant financial irregularities linked to TechCorp's operations, including the use of shell companies and cryptocurrency transactions.
- II. **TechCorp** is a leading technology firm in Indistaan, specializing in software development and digital solutions. The company has a significant presence in both domestic and international markets, with reported revenues exceeding **Rs. 500 Crore** annually.
- III. The ED initiated an investigation following intelligence reports indicating that TechCorp was involved in a money laundering scheme using **shell companies** to obscure the origins of illicit funds. The investigation revealed that TechCorp allegedly created multiple shell entities to issue fake invoices for non-existent services, facilitating the transfer of funds across borders.
- IV. An internal whistleblower provided documents suggesting that TechCorp had funnelled approximately **Rs. 200 Crore** through these shell companies into offshore accounts, primarily in jurisdictions known for banking secrecy.
- V. The ED discovered that TechCorp utilized cryptocurrency transactions to further complicate the money trail. Reports indicated that over **Rs. 50 Crore** was transferred via cryptocurrencies like Bitcoin, which were then converted into fiat currency in various foreign banks. This aspect raises critical questions about regulatory frameworks governing digital currencies and their potential misuse for money laundering. The investigation highlighted that TechCorp engaged in remitting funds outside Indistaan using cryptocurrencies, which were disguised as payments for non-existent software imports from Singapore. This aspect raises questions about regulatory oversight concerning digital currencies and their role in facilitating money laundering.
- VI. The ED identified that these transactions were linked to a global forex settlement platform, NIUM Singapore Pte Ltd., which allegedly processed payments based on fake invoices raised by shell companies associated with TechCorp.
- VII. The ED conducted multiple search operations at TechCorp's headquarters and associated offices, seizing documents, digital devices, and financial records. Assets worth



approximately **Rs. 150 Crore**, including luxury cars and real estate holdings, were provisionally attached under the Prevention of Money Laundering Act (PMLA). During these operations, the ED also froze bank accounts linked to the shell companies, which contained substantial sums believed to be proceeds of crime. The ED's actions led to significant public scrutiny regarding its methods and the implications for corporate governance within tech industries.

- VIII. TechCorp is accused of generating **Proceeds of Crime (PoC)** through fraudulent transactions involving fake invoices and shell companies. These companies allegedly facilitated the laundering of funds through complex networks that obscure the true source and destination of the money.
- IX. TechCorp's legal team argues that the ED's actions infringe upon their constitutional rights, particularly regarding due process under Articles 21 and 22 of the Indian Constitution. They contend that the ED has not provided adequate evidence linking them directly to any scheduled offense as required under the Prevention of Money Laundering Act (PMLA).
- X. The defense also raises concerns about the lack of transparency in how the ED conducts its investigations, particularly regarding access to critical documents like Enforcement Case Information Reports (ECIRs).
- XI. Following the investigations, the ED filed a charge sheet against TechCorp's CEO and several executives under PMLA provisions, alleging conspiracy to commit money laundering. The ED's actions have been met with legal challenges from TechCorp, which argues that the agency has failed to establish a clear link between its activities and any scheduled offense as defined under PMLA.

**Note:** All the laws of Indistiaan are pari-materia to that of India and this proposition is a work of fiction. Any events or names mentioned if coinciding with real-life events is pure coincidence.

**The participants are required to present arguments on the following issues:**

1. Whether it is necessary for the ED (Enforcement Directorate) to establish a clear connection between alleged money laundering activities and a recognized scheduled offense before initiating proceedings under the Prevention of Money Laundering Act (PMLA)?



2. Whether constitutional protections apply in cases involving economic offenses? Specifically, what are the implications of denying access to Enforcement Case Information Reports (ECIRs) on due process rights under the Constitution?
3. Whether corporate entities like TechCorp can be held liable for financial misconduct perpetrated by their employees? What standards should be applied when determining the culpability of corporate bodies in such instances?
4. Whether, given the increasing use of cryptocurrencies in alleged financial crimes, regulatory measures should be implemented to prevent misuse while balancing the need to promote innovation and technological development?
5. Whether recent judicial interpretations affect the operational scope of investigative agencies like the ED? What implications do these rulings have for future investigations into corporate entities and economic offenses?
6. Whether the provisions of the BNSS affect the procedural aspects of the ED's investigation? Are there specific statutory requirements that must be fulfilled before the agency proceeds with arrests or searches under this framework?
7. Whether the definitions and penalties outlined in the BNSS apply to TechCorp's alleged actions? Can the company and its employees be effectively prosecuted under this new legal framework?

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