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W.P.No.10028 of 2024

IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 15.04.2024

CORAM:

**THE HON'BLE MR.JUSTICE M.S.RAMESH  
AND  
THE HON'BLE MR.JUSTICE SUNDER MOHAN**

**W.P.No.10028 of 2024**

Balasubramaniam Sriram

...Petitioner

vs.

1.The Directorate of Enforcement,  
Government of India,  
Rep. by its Joint Director,  
Chennai Zonal Office.

2.The Assistant Director,  
Directorate of Enforcement.  
(Both having office at,  
No.2, 5<sup>th</sup> & 6<sup>th</sup> Floors,  
BSNL Administrative Building,  
Kushkumar Road, Nungambakkam,  
Chennai – 600 034.

...Respondents

**PRAYER:** Writ Petition filed under Article 226 of the Constitution of India, praying for issuance of a Writ of Mandamus, directing the respondents to consider the petitioner's representation dated 13.02.2024 and to forthwith de-seal the petitioner's office cum residential premises situated at No.15/8, 1<sup>st</sup> Floor, Kasthuri Estate, 1<sup>st</sup> Street, Poes Garden, Alwarpet, Teynampet, Chennai – 600 018, which was sealed by respondent No.2 on 19.01.2024 in view of ECIR/CEZO-I/03/2024 being



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quashed by this Court in W.P.No.3984 of 2024 by order dated 02.04.2024.

For Petitioner : Mr.Karthick, Sr. Counsel  
for Mr.N.Damodaran

For Respondents : Mr.N.Ramesh,  
Special Public Prosecutor

### **ORDER**

*(Order of the Court was made by **M.S.RAMESH,J.**)*

Heard Mr.Karthick, learned Senior Counsel, appearing for the petitioner and Mr.N.Ramesh, learned Special Public Prosecutor, appearing for the respondents.

2. The petitioner is the erstwhile Director of M/s.Ocean Lifespace India Pvt., Ltd. When he was removed from the post of Director of the Company, he had lodged a complaint against Mr.Sylvanus King Peter, his wife and daughter, which came to be registered in Crime No.201 of 2023, for the offences under Section 406, 420, 465, 467, 468 and 471 of Indian Penal Code. The respondent herein had also filed a proceeding in ECIR/CEZO-I/03/2024 against Mr.Sylvanus King Peter and others on the basis of Crime No.201 of 2023, since the offences therein were scheduled



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offences under the Prevention of Money Laundering Act. Subsequently, the petitioner entered into a compromise with all the accused in Crime No.201 of 2023 and on the basis of the settlement of compromise arrived between them, a learned Single Judge of this Court had quashed the FIR in Crime No.201 of 2023, through an order dated 07.02.2024 passed in Crl.O.P.No.26975 of 2023.

3. In the meantime, on 19.01.2024, the officials attached to the respondent Directorate had conducted searches in the office-cum-residential premises at No.15/8, 1<sup>st</sup> Floor, Kasthuri Estate, 1<sup>st</sup> Street, Poes Garden, Alwarpet, Teynampet, Chennai – 600 018 and had also sealed the premises. Subsequently, after the criminal proceedings against the accused in Crime No.201 of 2023 was quashed, the petitioner had sent a representation to the respondents on 13.02.2024, requesting for de-sealing his premises, on the ground that the predicate offence has already been quashed by the Madras High Court. Since his representation was not considered within a reasonable time, he had preferred the present Writ Petition.



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4. It is a settled proposition of law that when the accused are finally discharged from the predicate offences, there can be no offence of money laundering. Hence, any incidental action that may have been taken against such persons by the Enforcement Directorate, would also become infructuous. In the case of ***Vijay Madanlal Choudhary & Others Vs. Union of India and Others*** reported in (20220 SCC OnLine SC 929, this legal position was reiterated in the following manner:-

*“467. ... (v)(d) The offence under Section 3 of the 2002 Act is dependent on illegal gain of property as a result of criminal activity relating to a scheduled offence. It is concerning the process or activity connected with such property, which constitutes the offence of money-laundering. The Authorities under the 2002 Act cannot prosecute any person on notional basis or on the assumption that a scheduled offence has been committed, unless it is so registered with the jurisdictional police and/or pending enquiry/trial including by way of criminal complaint before the competent forum. If the person is finally discharged/acquitted of the scheduled offence or the criminal case against him is quashed by the Court of competent jurisdiction, there can be no offence of money laundering against him or any one claiming such property being the property linked*



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*to stated scheduled offence through him.”*

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5. When the FIR in Crime No.201 of 2023 came to be challenged before this Court in CrI.O.P.No.26975 of 2023, the same was quashed on 07.02.2024, in the following manner:-

*“3.The affidavit of the second respondent dated 06.02.2024 has been filed before this Court. The petitioners and the second respondent were also present in person before this Court and they were identified by Mr.K.Rajesh Kumar, Inspector of Police, CCB, Chennai Team-3 EDF. In the affidavit it has been stated that the petitioners and the second respondent had entered into a compromise and amicably settled their issues in Crime No.201 of 2023. This Court also enquired both the parties and was satisfied that the parties have come to an amicable settlement between themselves.*

*4.The learned Senior Counsel appearing on behalf of the second respondent, on instructions from the second respondent who was present before this Court submitted that all the relevant documents will be handed over to the petitioners today along with a letter.*

*5.Under such circumstances, no useful purpose will be served in keeping the First*



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*Information Report pending, even though, the offences involved are not compoundable in nature. In the light of the guidelines given by the Hon'ble Supreme Court reported in 2017 9 SCC 641- (Parbathbhai Aahir @ Parbathbhai Vs. State of Gujrath), and after exercising due caution as advised by the Hon'ble Supreme Court in The State of Madhya Pradesh Vs. Dhruv Gurjar and Another reported in (2019) 2 MLJ CrI 10, this Court in exercise of its jurisdiction under Section 482 Cr.P.C. quashes the First Information Report in Crime No.201 of 2023, on the file of the first respondent Police.*

*6.This criminal original petition stands allowed and as a sequel, the proceedings in Crime No.201 of 2023, on the file of the first respondent police, is quashed and the terms of affidavit shall form part and parcel of this order.”*

6. The learned Special Public Prosecutor also admitted the fact that the predicate offences in Crime No.201 of 2023 has been quashed by this Court, through orders passed in CrI.O.P.No.26975 of 2023, dated 07.02.2024, which is the subject matter of ECIR/CEZO-I/03/2024 on the file of the respondents herein. In view of the same, the incidental action of sealing the petitioner's premises, requires to be rendered as futile.



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7. In the result, the Writ Petition stands allowed. Consequently, there shall be a direction to the respondents to forthwith de-seal the petitioner's office-cum-residential premises situated at No.15/8, 1<sup>st</sup> Floor, Kasthuri Estate, 1<sup>st</sup> Street, Poes Garden, Alwarpet, Teynampet, Chennai – 600 018, which was sealed by the 2<sup>nd</sup> respondent on 19.01.2024, within 24 hours from the time of receipt of a copy of this order. No costs.

(M.S.R.,J.) (S.M.,J.)  
15.04.2024

Index:Yes/No  
Neutral Citation:Yes/No  
Speaking order/Non-speaking order  
hvk

Note: Issue order copy on 25.04.2024



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**M.S.RAMESH,J.**  
**AND**  
**SUNDER MOHAN,J.**

*hvk*

To

- 1.The Directorate of Enforcement,  
Government of India,  
Rep. by its Joint Director,  
Chennai Zonal Office.
- 2.The Assistant Director,  
Directorate of Enforcement.  
(Both having office at,  
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