# News

## Karnataka High Court requests an answer from the ED about Winzo's request to halt the money laundering trial.


**On the plea filed by Winzo, its founders, and its subsidiaries, Justice M. Nagaprasanna sent a notice. The next hearing on the subject is scheduled for July 22.**

In Winzo and ors v. Directorate of Enforcement, the Karnataka High Court on Monday requested a response from the Directorate of Enforcement (ED) in response to a petition filed by gaming platform Winzo to overturn a trial court's order to take cognizance of a money laundering case against it.

In response to the plea filed by Winzo, its founders, Paavan Nanda and Saumya Singh Rathore, as well as the company's subsidiaries, including those in the US, Singapore, and

India, Justice M Nagaprasanna issued a notice.

**The ED has been instructed by the Court to submit its response by July 22, the date of the next scheduled hearing.**

**M. Nagaprasanna, Justice**

**According to the ED's evidence, Winzo's gaming operations used BOTs and algorithmic manipulation, leading to claimed wrongful gains of ?177 crore. Additionally, it has accused money laundering through cloud-based infrastructure hosted on Amazon Web Services (AWS) and money diversion to foreign corporations.**

Additionally, the ED has alleged that international money movements totaling about USD 55 million have occurred and that the identities of several Winzo users have been exploited.

Based on predicate offenses listed in first information reports (FIRs) filed in Bengaluru, Rajasthan, and Delhi, the ED registered its case.

Winzo, however, has retorted that closure reports have been submitted in the other FIRs in which the company was not specifically named, and that the Bengaluru FIR has already been overturned by the High Court.

**On May 2, however, a trial judge acknowledged the ED case against Winzo, citing violations of Section 3 of the Prevention of Money Laundering Act, 2002 (PMLA).**

Since the ED's allegation was based on scheduled or predicate offenses in FIRs that have either been closed or overturned, Winzo has contended that this trial court decision is not legally enforceable.

**Winzo continues, "The ED has now cited FIRs in Gurugram and Nagpur to justify the continuation of its case, but those FIRs were filed after the ED registered its case."**

Winzo said that while the inquiry was permitted to proceed, the Punjab and Haryana High Court also prohibited the ED from using coercion against Winzo in the Gurugram case. Allegations that Winzo used BOTs to beat legitimate players in real-money games are at the heart of the Gurugram case. Winzo has also refuted these allegations as untrue. Furthermore, given that there was just one complainant in the Gurugram FIR, it has been questioned how the ED can assert that any "proceeds of crime" were being laundered.

**In light of this, Winzo and its representatives have claimed that the trial court failed to consider the ED's complaint. As a result, they have asked the High Court to overturn the trial court's May 2 cognisance order and the actions that followed.**

Additionally, Winzo has requested a temporary halt to the trial court's proceedings until the High Court renders a decision.