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1. Supreme Court upholds ED's power to arrest in money laundering cases (July 27, 2022)

The Supreme Court on 27 July upheld the constitutional validity of certain provisions of the Prevention of Money Laundering Act (PMLA).

Important facts

- A bench headed by Justice AM Khanwilkar delivered the verdict on petitions challenging the process of arrest, seizure and investigation conducted by the ED.
- The Supreme Court upheld the Enforcement Directorate's power to make inquiries, arrests and attachments in relation to assets under the Prevention of Money Laundering (PMLA) Act.
- The Supreme Court upheld the constitutionality of the provisions of sections 5, 8 (4), 15, 17 and 19 of the PMLA, which deal with the ED's powers of arrest, attachment and search and seizure.
- The Supreme Court clearly said that the Enforcement Case Information Report (ECIR) which is considered as a copy of FIR in a way, it is not necessary to give this copy to the accused. It will be enough for the ED to give reasons at the time of arrest.

What is the Prevention of Money Laundering Act?

- The Act was enacted in 2002 and came into force in 2005.
- The main objective of this law is to fight the process of converting black money into white (money laundering).
- The authority responsible for investigating crimes under PMLA is the Enforcement Directorate-ED.
- Persons found guilty of money laundering shall be punishable with rigorous imprisonment of not less than 3 years, which may extend to 7 years, with fine.

Objectives of PMLA

- To prevent the use of black money in illegal activities and economic crimes
- Seizing property involved in or derived from money laundering
- Attempts to prevent other forms of money laundering offences

Enforcement Directorate (ED)

- It was established in the year 1956 and its headquarter is in New Delhi.

- It is responsible for implementing certain provisions under the Foreign Exchange Management Act, 1999 (FEMA) and the Prevention of Money Laundering Act.
- It works under the administrative control of the Revenue Department for operational purposes.