# STAKES, STATUTES, SEIZURES: THE FAULT LINES IN INDIA'S GAMING CRACKDOWN

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**ABSTRACT**

India has restructured the legal framework that has safeguarded real money gaming over the past sixty years, employing three different mechanisms to accomplish this. According to the Promotion and Regulation of Online Gaming Act 2025, the Prevention of Money Laundering Act, and the GST system, none of these laws has considered one another, and they all ignored the rules from the Supreme Court of India’s 1967 verdict in the case of State of Andhra Pradesh vs K Satyanarayana[1] at the same time. This paper claims that today’s arguments constitute debates about corporate responsibility, not about prohibitions imposed by law. The author proceeds from the analysis of the enforcing of the authorities against WinZO and Probo Media Technologies and Dream Sports, as well as the retrospective conflict related to Gameskraft and a comparison of the latter with the “Black Friday” operation carried out by the US Department of Justice in 2011 during its actions against online poker operators. It identifies the gaps existing in the tax jurisdiction of every statute in terms of corporate responsibility.

[1] *State of Andhra Pradesh v. K. Satyanarayana*, AIR 1968 SC 825.

## Introduction

India banned real money gaming this year; however, it took three distinct acts of legislation to do so the PROG Act, the PMLA, and the GST system. It came as a result of all of them arriving at the common conclusion that the defense based on the difference between skill and chance which had protected the industry since 1967 would no longer be applicable. Less evident, however, is the fact that none of the three systems had been created taking the others into consideration. A criminal act, an anti-money laundering act, and a taxation system had been written, implemented, and applied separately, by different agencies, on different time frames and it is at the point where they meet that the disputes arise today. The question companies and their lawyers are actually litigating today isn't whether the ban applies. It's how far each enforcement tool can reach before it runs into its own procedural limits.

This piece traces those limits through the ongoing WinZO enforcement action, the Gameskraft tax dispute, and related cases against Probo and Dream Sports, alongside a comparable US precedent, to show how corporate liability actually functions in this sector not on paper, but in the motions being argued in court right now

**The PROG Act punishes a company, but real gaming groups aren't built as one company.**

Section 11[2] of the PROG Act states that the individuals in charge of a corporation are accountable if it commits an offence while shielding independent and non-executive directors. This approach seems to be practical. However, it is based on the assumption that corporations have a simple hierarchy, consisting of one business enterprise, one management team and one group of decision makers. This is rarely the case in the gaming sector, which tends to rely on holding companies, subsidiaries, outsourcing firms and offshore companies to conduct operations.

The PROG Act aims at addressing the actions of companies that may attempt to evade liability by operating internationally but does not pay attention to the much more common domestic structure. For instance, a gaming group may have one corporation that provides a platform for gambling and receives bets and pays out prizes, while another corporation that possesses brand and technology and receives profits from the gambling operations. In this situation, Section 11 focuses on the question of who was "in charge of, and responsible to, the company" that

[2] Promotion and Regulation of Online Gaming Act, 2025, § 11 (India)

performed the wrongful act. This implies that the prosecution must prove the relationship between the parent (or holding) company and the operating subsidiary. This creates a considerable enforcement shortfall. The entity involved in the prohibited transaction may be a company with little money, while the decision making and financial benefits lie somewhere else in the organization. The problem is that Section 11 does not make any party liable, but the liability of Section 11 stops with the entity closest to the transaction and does not include the entity that controls it or benefits from that activity. This difference can be crucial for regulators who want to enforce PROG Act properly.

The ED's Gurugram office seized the amount of ₹117.41 crore belonging to Probo Media Technologies, a company providing opinion trading online, which is not a standard gaming application. This seizure shows how far the enforcement reaches: the seizure included the company accounts but also bank deposits, shares, and private apartments of the owners, who do not work for the company anyway.[3]

Dream Sports, Dream11's parent, was separately raided in December 2025, but on a different theory again: investigators are examining whether funds misappropriated in an unrelated ₹2,434 crore fraud linked to industrialist Anand Jaikumar Jain and Jai Corp Limited were layered through Dream Sports and co-founder Bhavit Sheth's associated entities.[4] Three companies, three different theories of how liability reaches beyond the entity itself through a subsidiary's loans, through a promoter's family, and through a wholly separate fraud network and Section 11 offers no single test that would have predicted any of them in advance.

**PMLA freezes first and asks whether the freeze was lawful only afterward**

This is especially clear in WinZO's case. The ED froze the bank accounts of Zo Private Limited, which is WinZO's Indian subsidiary, rather than WinZO's own accounts. The ED's action came after it found that WinZO had given Zo[5] unsecured loans of more than ₹230 crore. Zo's defence is mainly procedural. It argues that it is not a gaming company, that there is no separate ECIR against it, and that the ED already knew about the loans before the search.

[3] ED Attaches ₹117.41 Crore Assets in Probo Media Technologies Online Gambling Case, The Hindu (Nov. 29, 2025),https://www.thehindu.com/news/national/ed-attaches-11741-crore-assets-in-probo-media-technologies-online-gambling-case/article70385453.ece.

[4] Prabhanu Kumar Dason, ED Raids Dream11 Office, Co-Founder's Premises as Part of Rs. 2,434 Crore Money Laundering Probe, MediaNama (Dec. 20, 2025), https://www.medianama.com/2025/12/223-ed-dream11-rs-2434-crore-money-laundering-probe/.

[5] *Directorate of Enforcement v. ZO (P) Ltd.*, 2026 SCC OnLine Kar 1432.

Therefore, according to Zo, this earlier information could not be used later to freeze its assets under Section 17(1A). That provision is meant to allow freezing during an ongoing search, not to freeze the accounts of a related company based on information that was already available WinZO argues that the ED should instead have used Section 5, which allows provisional attachment but requires the ED to record its own reasons for believing that the assets are connected to the offence.[6]

The Karnataka High Court sidestepped that question, ruling only that the freeze's legality belonged before the PMLA adjudicating authority, while allowing narrow salary relief. That's the fault line a subsidiary with no independent proceeding against it can have ₹192–193 crore frozen based on its parent's alleged conduct, with the legality of that freeze unresolved for up to 180 days by default the burden on the company to litigate its way out, not on the state to justify freezing in the first place. That sequencing freeze first, litigate legality later is now a template other companies in this sector should expect.

**The ban looks forward, but the tax bill looks back and the two were never reconciled**

The PROG Act bans money games going forward. The Gameskraft[7] ruling, however, applies a different approach by taxing past transactions from a time when these games were considered lawful under the law as it then stood. For example, a platform that completely shut down in 2026 could still face a GST demand for revenue earned in 2019. That demand may now be based on the view that the stakes involved in those games amounted to gambling rather than skill, even though this standard was not clearly in place when the revenue was earned.

It is still unclear how far back such demands can go or whether companies that had already settled disputes under the earlier skill-based interpretation can have those settlements reopened. A Rajasthan case adds another concern because GST issues can involve both tax proceedings and criminal fraud charges. The line between taking an aggressive but lawful tax position in 2019 and being accused of criminal evasion in 2026 is still not clear. This distinction is important because it could determine how much personal liability former executives face for

[6] Karnataka High Court Issues Notice on Plea by WinZo's Subsidiary Against ₹193 Crore Account Freeze by ED, LiveLaw (Jan. 19, 2026), https://www.livelaw.in/high-court/karnataka-high-court/karnataka-high-court-zo-account-freeze-winzo-ed-salaries-519608.

[7] *Directorate General of Goods & Services Tax Intelligence (HQS) v. Gameskraft Technologies Private Ltd.*, 2026 SCC OnLine SC 1008.

decisions they made when the current legal position did not yet exist.

**The playbook isn't new the US ran it against online poker in 2011**

In the US, on 15 April 2011, known as "Black Friday," the Department of Justice charged the founders of PokerStars, Full Tilt Poker and Absolute Poker and froze their accounts and seized their websites. Instead of relying only on gambling laws, the authorities used wider laws relating to wire fraud, bank fraud and money laundering. This is similar to the situation involving WinZO's subsidiary in Karnataka, where general criminal laws may also be used against a gambling-related business. The US case also shows the risks of such action because Full Tilt's executives were later accused of using money from new players to pay earlier players. Proving these allegations required a detailed investigation, meaning that the accounts were frozen before the complete facts were established. Similarly, in the WinZO case, the current account freezes and legal proceedings may only be the beginning, and the full picture of what actually happened may become clear only after further investigation.

**Three regulators are chasing the same money, and none of them has to answer to the other two**

The Online Gaming Authority determines whether a game qualifies as a money game; the ED determines what counts as "proceeds of crime"; the GST authorities determine what counts as a taxable "actionable claim." No statutory requirement binds one determination to the others.

That cuts both ways. A company cannot rely on a favourable finding from one regulator to shield it from another Gameskraft's High Court win on the skill question didn't stop the GST demand from being revived. But it also means enforcement is genuinely uncoordinated three agencies independently building factual records without a shared evidentiary base, which is why the WinZO figures winnings the ED puts at ₹177 crore in one filing, proceeds of crime it separately puts above ₹3,500 crore in another vary this dramatically by filing and by stage[8].

**What these fault lines mean in practice**

Not one of these things indicates that the defense has the possibility of a comeback. It does not.

[8] Imran Fazal, ED Flags Rs 3,000 Crore Siphoning in WinZO Case; SC Hearing in May, Exchange4Media (Apr. 10, 2026), https://www.exchange4media.com/media-others-news/ed-flags-rs-3000-crore-siphoning-in-winzo-case-sc-hearing-in-may-153719.html.

The question has gone from "is this a gambling issue" to a set of more specific questions such as which unit within a corporate structure is open to scrutiny, which chapter of the PMLA provides legitimacy for freezing said unit, how long can a tax agency look back and whether the finding from one statute applies to a case in another statute. These gaps dictate whether a corporation under investigation loses all its assets instantly or is given an opportunity to fight the state's actions step by step.