



भारतीय प्रतिनिधि और विविध वोर्क्स
Securities and Exchange Board of India



advocates & solicitors

Mr. F.A. Shah,
Advocate, MP
High Court



1st JUSTICE K. SUBBA RAO MEMORIAL INTER-UNIVERSITY MOOT COURT

Moot Proposition

The Parties and the Contract

1. TechServe Global ("TSG") is an internationally incorporated technology and consulting company that provides a variety of services, including integrated technology and consulting solutions, Financial and Accounting services, and system maintenance, registered office at State of Uttara.
2. Voyage Solutions SA ("VS") is an internationally incorporated company, specializing in travel solutions, including managing bookings, occupancy, accounts receivables, and payables for various worldwide partner hotels, registered office at State of Dakshin Pradesh.
3. On August 1, 2017, a Master Services Agreement ("MSA") was executed between VS and TSG, under which TSG agreed to provide managed Financial and Accounting services to VS. The agreement was signed in the State of Uttara. These services specifically included the maintenance and processing of Accounts Payable, Accounts Receivable, and General Ledger activities. The operational aspect of these Services was handled by TSG's affiliate in Indiva.

I. The Role of the Service Provider's Employee

4. As part of the services provided by TSG, the company oversaw the processing of critical vendor payments, including managing the integrity of the data stored in the client's core systems. The services involved the use and management of the proprietary FinCalc ERP System, which served as VS's central platform for accounting, payment processing, and vendor management, including storing sensitive financial and payment information for

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partner hotels. The services rendered included aspects critical to both human resources (managing vendor/beneficiary details) and invoicing.

5. Mr. Ishpreet Chopra was employed by TSG and served as the team lead of the Vendor Management team specifically handling the VS account. His designation was Assistant Manager (Vendor Management). He was responsible for operational verification of vendor details and coordinating updates within the FinCalc ERP System.
6. Meanwhile, Mr. Rajeev Aggarwal, held the position of Executive Vice President and exercised overarching control over TSG's global financial operations, including high-level administrative access to the FinCalc System, supervisory authority over the vendor-management department, and general oversight of internal technological modifications. Mr. Chopra's employment was terminated on August 18, 2021, following the discovery of the below-detailed fraudulent activities.

II. Discovery and Modus Operandi of the Fraud

7. In April 2021, VS notified TSG that various partner hotels were demanding payment for outstanding invoices, even though VS's internal records i.e. FinCalc System showed those payments had already been disbursed. The FinCalc System reflected the payments as "settled".
8. The investigation uncovered significant irregularities: bank details of twenty-two partner hotels across India, the UAE, Singapore, the United Kingdom, the United States and other global locations had been altered and forged invoices had been uploaded into the system. It resulted in the payments amounting to approximately EUR 5,054,745 (around INR 44.5 crores) intended for genuine partner hotels had been diverted to unrelated accounts, a few of which were associated with an entity known as Apex Logistics Pvt. Ltd., where the records reflected the name of Mr. Ishpreet Chopra as a director.
9. The investigations indicated that Mr. Chopra, in connivance with unknown accomplices, misused his position at TSG and manipulated/ altered the finance and accounts system by



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making illegal and unauthorized alterations to the bank details of the partner hotels stored in the FinCalc ERP System.

10. The systematic diversion of funds was carried out using the following method:

- **Phase 1: Alteration of Bank Details.** Fake email addresses deceptively similar to the official domains of the partner hotels were created. These fake emails were used to send Bank Details Request Forms, which contained new, false information, including new beneficiary names (such as 'Apex Logistics' and 'Stone Properties') and bank account details. These unauthorized changes were subsequently incorporated into the FinCalc ERP System.
- **Phase 2: Creation of False Invoices.** Once the bank details were illegally changed in the FinCalc ERP System, fake invoices were generated for bookings that had been made but for which the genuine hotel had not yet raised an invoice.
- **Phase 3: Processing and Payment.** These fake invoices, showing the new fraudulent beneficiary, were emailed to an external service provider, DataFlow Inc., responsible for processing incoming invoices, which captured these fraudulent details into the FinCalc ERP System.

11. Subsequently, the list of pending invoices generated by the accounting system was paid by VS, under the mistaken belief that the payments were being made to the original partner hotels. The money was thus transferred to Mr. Chopra's proxy bank accounts.

12. The misappropriation occurred between November 2019 and March 2020 and involved fraudulent transactions related to at least 22 different partner hotels located across India, the UK, the USA, UAE, Singapore, and other global locations.

13. Internal investigations indicated that Mr. Ishpreet Chopra (and/or his accomplices) had impersonated authorized representatives of the partner hotels, created numerous



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false/forged documents, and manipulated the electronic data within the FinCalc ERP System, leading to the siphon-off of funds.

14. Some of the bank accounts utilized for the diversion of funds, which were found to be linked to Mr. Ishpreet Chopra (who was a director of one such beneficiary company, Apex Logistics Private Limited), was located in Indiva.
15. VS believes that Mr. Chopra and other unknown persons conspired to commit the fraud, causing wrongful loss to VS and consequential financial loss and reputational damage to TSG and its affiliates.

III. Complaint and Registration of FIR

16. As a result of the internal investigations, TSG issued a formal police complaint on 03 October 2021, detailing the above events and demanding necessary investigative and legal action against Mr. Chopra and other associated persons.
17. Accordingly, on 12 October 2021, the concerned police station registered an FIR No. 45 of 2021 (“FIR”) under Sections 24, 409, 120B, 420, 467, 468, 471, 477-A of the Indian Penal Code, 1860 (“IPC”) naming Mr. Ishpreet Chopra as accused along with other unknown persons.

IV. Investigation and Chargesheet

18. Following the registration of FIR, the Police issued a notice under Section 41-A of the Code of Criminal Procedure, 1973 (“CrPC”), directing Mr. Chopra to appear before them.
19. On 29th October 2021, Mr. Chopra appeared before the Police. In his statement given to the Police, Mr. Chopra voluntarily disclosed the following:



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- Mr. Chopra stated that he was not a malicious actor but merely an employee following instructions and that he was being unjustly being scapegoated by TSG's senior management.
- The misappropriation occurred during a high-pressure, confidential internal initiative termed 'Project Phoenix,' which was driven by Executive Vice President, Mr. Rajeev Aggarwal, to meet unrealistic 'Aggressive Cash Flow Optimization' targets. As part of the initiative, employees were pressured to clear backlogs and accelerate payments beyond normal reconciliation cycles.
- Mr. Chopra received specific instructions through encrypted, proprietary messaging channels and not standard ticketing systems, directing him to 'temporarily re-route' client funds using designated proxy accounts for reconciliation purposes.
- Furthermore, the complexity of the crime was such that a globally functional spoof email infrastructure (required to generate the false Bank Details Request Forms) was created for this re-routing, which was beyond the means and capacity of Mr. Chopra. Mr. Chopra stated that TSG's internal IT Security team acting under the directions of senior management created this infrastructure under the guise of "secure vendor testing".
- Crucially, senior TSG management, especially Mr. Rajeev Aggarwal, possessed back-door administrative access to the client's FinCalc ERP System, and secretly disabled the mandatory Call Verification Form check for high-volume transactions, creating the systemic vulnerability that allowed the fraud to succeed automatically.
- The external service provider, DataFlow Inc., was allegedly coordinated by a specific contact who ensured that the fraudulent invoices bypassed typical checks.
- When the fraud was discovered, TSG's internal inquiry deliberately focused only on tracing Mr. Chopra's operational logs, ignoring the encrypted senior management communications, leading directly to his termination on August 18, 2021, as the designated, sole culprit acting "in connivance with other unknown persons".

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20. The Police further examined Mr. Rajeev Aggarwal, who denied having any involvement in the matter. He stated that Project Phoenix was merely an internal initiative to generate accountability for various departments in terms of sales and ensure meeting revenue targets. Mr. Aggarwal denies conducting any unofficial communication with employees or accessing client-platformed software through back channels.

21. After conducting a thorough investigation, the Police submitted its report on 18 April 2023 (“Chargesheet”), alleging that Mr. Ishpreet Chopra, under the instructions of Mr. Rajeev Aggarwal and other senior TSG personnel, committed the offences under Sections 409, 120B, 420, 467, 468, 471, 477-A of the IPC.

V. Decision of District Court

22. The Magistrate took cognizance of the offences under the above-named sections and undertook a detailed consideration of the internal audit records, system-level access logs, documentary correspondence, the MSA framework, and the competing versions advanced by TSG and Mr. Chopra.

23. In a reasoned order dated 12 July 2023, the Magistrate concluded that the material on record did not disclose a *prima facie* case of dishonest intention against Mr. Chopra and discharged him from the proceedings. The Magistrate observed that the disabling of verification safeguards and the capability to alter server-level configurations were actions that could only be performed by senior management personnel. Moreover, certain internal communications suggested that the concept and execution of Project Phoenix were rooted at the executive level. Ultimately, it was held that the fraudulent rerouting of funds bore the hallmarks of decision-making exercised “at the highest operational echelon”, and that substantial grounds existed to proceed against Mr. Rajeev Aggarwal, for the offences alleged.



VI. Decision of High Court of Uttara

24. Mr. Aggarwal challenged before the High Court of Uttara contending that the Magistrate had erroneously attributed criminal intention to managerial decisions, had relied upon speculative inferences concerning administrative access, and had improperly accepted Mr. Chopra's narrative. It was argued that the modifications in the FinCalc System were consistent with routine system-maintenance operations and that Project Phoenix was a legitimate internal evaluation exercise.

25. TSG and VS, however, supported the District Court's findings, asserting that the disabling of safeguards and the approval of backend configurations were traceable solely to Mr. Aggarwal's authorisation and the audit trail corroborated the existence of executive direction in the manipulation.

26. By judgment dated 5th February 2024, the High Court upheld the Magistrate's order, finding that the conclusions drawn were supported by sufficient material and that the Magistrate had not exceeded jurisdiction in discharging Mr. Chopra while directing proceedings against Mr. Aggarwal.

27. The High Court held that the administrative powers exercised by Mr. Aggarwal vested him with the exclusive ability to implement system-level changes central to the alleged scheme and that the *prima facie* inference of executive involvement was neither arbitrary nor perverse. The Court further observed that the Magistrate's determination rested upon internal documents and communications that warranted judicial scrutiny at trial.

28. Mr. Aggarwal has now approached Hon'ble Supreme Court of India under Article 136 of the Constitution of India, seeking to challenge the concurrent findings of the courts below. He asserts that his actions were undertaken in good faith and within the scope of managerial discretion, that the Magistrate and High Court misapprehended the nature of Project Phoenix, and that there was no material linking him to the alleged fraudulent diversions. The Respondents oppose the petition, maintaining that the findings of the



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courts below rest on cogent material and that no ground exists for interference under the limited parameters governing special-leave jurisdiction.

All the laws pari material to Indiva applies.

ISSUES RAISED

1. Whether the High Court exceeded its jurisdiction by affirming factual inferences at the pre-trial stage while exercising its revisional and inherent powers?
2. Whether linkage of beneficiary accounts to entities in which Mr. Ishpreet Chopra was a director warrants continuation of criminal proceedings despite his claim of acting under superior instructions?
3. Whether "Project Phoenix" constitutes a legitimate managerial exercise or evidence of criminal conspiracy under S. 120B of Indivan Penal Code?
4. Whether managerial negligence, regulatory non-compliance, or failure of oversight can be elevated to offences involving dishonest intention under the Indivan Penal Code?
5. Any other issue that the party may justifiably raise.