PRESS RELEASE
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Searches conducted by ED under PMLA, 2002 in a "Digital Arrest" cyber-fraud and money-laundering case;

Directorate of Enforcement (ED), Panaji Zonal Office, Goa, has conducted search operations under Section 17 of the Prevention of Money Laundering Act (PMLA), 2002 at multiple premises across several States in connection with the investigation into a large-scale "Digital Arrest" cyber-fraud, in which a senior citizen was defrauded of approximately Rs. 2.60 Crore.

ED initiated investigation on the basis of an FIR registered by the Cyber Crime Police Station, wherein the victim was placed under a fabricated "digital arrest" by fraudsters impersonating officials of Government agencies and, through forged documents and continuous video surveillance, was coerced into transferring her funds to accounts controlled by the syndicate.

Investigation under PMLA has revealed the **modus operandi** of an organised network that monetises the proceeds of cyber-crime and channels them out of the country. In such "digital arrest" and allied cyber scams, fraudsters first extract funds from victims into a set of first-layer "mule" bank accounts opened in the names of individuals and dormant entities. To defeat tracing, the money is then rapidly fragmented and moved through hundreds of accounts and a web of shell / conduit companies — typically newly-incorporated firms styled as "commodities", "enterprises" or "trading" concerns that carry on no genuine business and exist only to receive, layer and pass on the tainted funds.

The layered funds are thereafter re-introduced into the formal banking system through structured, high-volume cash deposits made via bulk cash-deposit (BNA) machines, and are then routed to a chain of forex entities. These forex companies — several of them holding genuine money-changer (FFMC) licences that have been quietly taken over or fronted by the syndicate — accept the funds through banking channels against fabricated invoices and, in turn, hand over an equivalent value of **foreign currency**. In effect, tainted Indian rupees are converted into US Dollars and other foreign currencies, which are then physically moved, spent abroad or otherwise siphoned out of India, thereby completing the placement, layering and integration of the proceeds of crime and severing the audit trail from the original victims. The searches were directed at the operators, controllers and conduit entities forming part of this network.

During the search operations, the ED has seized Indian currency of approximately **Rs. 1.5 Crore**, foreign currency valued at approximately **Rs. 2 Crore**, and gold and jewellery valued at approximately **Rs. 1.5 Crore**, besides a high-end motor vehicle (Toyota Fortuner) and other movable assets. Clinching incriminating evidence in the form of digital devices, namely mobile phones and laptops, along with records establishing the movement of funds and the operation of the syndicate, has also been recovered and seized.

Further, numerous bank accounts maintained by the individuals and the shell, forex and conduit entities involved in the laundering network, containing suspected Proceeds of Crime, have been **frozen** under the provisions of the PMLA to prevent further dissipation of the funds. The seized digital devices and records, and the frozen accounts, are under examination.

Further investigation is under progress.