Money Laundering and Scams "THROUGH" Multi-State Urban Cooperative Credit Societies in India - Cash Deposits

Research Committee
The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)
New Delhi

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Foreword

The Government of India is taking various initiatives to control Black money in the system and usage of cash transactions. The focus to encourage more digital transactions has witnessed a surge after demonetization in the year 2016. Since, normal Banking channels have various Compliances, KYC restrictions and stricter monitoring with respect to cash deposits; it has been noticed that the fraudsters generally use alternative channels of Co-operative societies to divert their funds. Therefore, it is of utmost importance to understand the methodology followed in executing the transactions for unethical and wrongful purposes. The ICAI through its Research Committee has been relentlessly working to provide updated guidance on this emerging topic to cope up with the Money Laundering and Scams in Co-operative Society sector.

I am very pleased to note that the Research Committee of the Institute took upon the task to publish **three** Research Case Studies on the topic of "**Money laundering and scams "THROUGH" Multi-State Urban Co-operative Credit Societies**" in three volumes, namely **Cash Deposits, Jewellery and Diamonds and Sugar Industries**. This first volume focuses on the impact of **cash deposits** in credit cooperatives society and its mobilization through layering of funds in multiple chunks and through multiple account holders spread across various Banks, making it extremely difficult to trace. It also focuses on the potential wrongful acts that are undertaken through loopholes in the systems.

I would like to take this opportunity to express my thanks to CA. Anuj Goyal, Chairman, Research Committee and CA. Kemisha Soni, Vice-Chairperson, Research Committee, who initiated the task of publishing Research Case Studies on this emerging topic. I would also like to take this opportunity to express my gratitude to members of the Research Committee who have made invaluable contribution through their expert guidance in the finalisation of Research Case Study on Cash Deposits.

I am confident that this Research Case Study will be extremely useful to the members of the Institute and other stakeholders in identifying modus operandi of Urban Cooperative Society and avoiding money laundering cases related to cash deposits.

New Delhi **CA. Atul Kumar Gupta**
January 29, 2021 **President, ICAI**

Preface

The Credit Co-operative societies have misused various gaps of the system over period of time by tapping various regulations for commercial purposes which has multiplying effect. The flow of money moves without being monitored seamlessly through various unethical channels and the outcome could be illegal or against the interest of the economy including potential terrorist funding. This could disturb the overall economic scenario and may hamper the development of our Nation.

One may think that such scams have already occurred in the past and there would be less or limited relevance in the current economic scenario. However, such Scams are still in continuance, however the modus operandi may be different. It is important to understand the Nitty-gritty of the transactions and what is the modus operandi and how one can unveil the mystery through Data Analytics and Bank statement analysis followed by background searches.

Therefore, the assessments performed by way of Research Case Study will allow Institute to put forward the experience and practical knowledge of researcher which will form basis for improving Governance and expedite Revenue Collection by targeting the "Ultimate Beneficiaries".

I am thankful to CA. Atul Kumar Gupta, President, ICAI and CA. Nihar N. Jambusaria, Vice President, ICAI who inspired me to undertake the task to publish three Research Case Studies on the topic of "Money laundering and scams "THROUGH" Multi-State Urban Cooperative Credit Societies".

I would also like to extend my thanks to CA. Kemisha Soni, Vice-Chairperson, Research Committee and all the members of the Research Committee.

I would like to take this opportunity to congratulate CA. Jinesh Mehta for writing Research Case study on "**Money laundering and scams "THROUGH" Multi-State Urban Cooperative Credit Societies in India-Cash Deposits"** and to express my thanks to CA. Jagdish Kapoor, Expert for providing his valuable comments and observations on the Research Case Study for improvement of its technical and presentation aspect. I also appreciate the whole hearted support and cooperation of Dr. Amit Kumar Agrawal, Secretary, Research

Committee and CA Rahul Paul, Project Associate for relentlessly working on the finalisation of Research Case Study.

I believe and trust that this publication would prove useful to the members of the Institute and others concerned.

New Delhi **CA. Anuj Goyal**
January 29, 2021 **Chairman, Research Committee**

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Section 1: Introduction - Objective of formation of cooperative societies

Introduction: - Objective of Formation of Cooperative Societies.

A co-operative society is a voluntary association of individuals having common needs who join hands for the achievement of common economic interest. Its aim is to serve the interest of the poorer sections of society through the principle of self-help and mutual help. The main objective is to provide support to the members. People come forward as a group, pool their individual resources, utilise them in the best possible manner, and derive some common benefit out of it.

An Act to consolidate and amend the law relating to co-operative societies, with objects not confined to one State and serving the interests of members in more than one State, to facilitate the voluntary formation and democratic functioning of co-operatives as people's institutions based on self-help and mutual aid and to enable them to promote their economic and social betterment and to provide functional autonomy, was being felt necessary by the various cooperative societies, and federation of various cooperative societies as well as by the Government. In order to achieve the objective, **The Multi State Cooperative Societies Bill** was introduced in the Parliament. The bill having been passed by both the Houses of Parliament received the assent of the President on 2002 and it came on the Statute Book as The Multi State Cooperative Societies ACT 2002 (39 of 2002).

On June 2017, Reserve Bank of India has issued an advisory to general public against depositing money in co-operative societies or primary co-operative credit societies (PACS). "Such co-operative societies have neither been issued any licence under Banking Regulation Act, 1949 (As Applicable to Cooperative Societies) nor are they authorized to carry on the Banking Business," RBI said. These entities are allowed to raise deposits only from their members. The insurance cover from Deposit Insurance and Credit Guarantee Corporation will not be available for deposits placed with these entities. "Members of public are advised to exercise caution and carry out due diligence of such entities before dealing with them," RBI said.

It has come to the notice of the sector regulator that some co-operative societies and PACS are accepting deposits from non-members, violating banking rules. (Source: Economic Times).

Section 2: Executive Summary.

It has been seen in recent years that Black money and cash transactions are under the scanner, and the Government is taking various initiatives to control the same. Various transactions have already taken place in huge volumes prior to demonetization in the year 2016. Since normal Banking channels have various Compliances, KYC restrictions and stricter monitoring with respect to cash deposits; hence, the fraudsters use alternative channels of Cooperative societies to divert their funds.

This Research Case Study would focus on the impact of cash deposits in credit cooperatives society and its mobilization through layering of funds in multiple chunks and through multiple account holders spread across various Banks, making it extremely difficult to trace. It also focuses on the Potential Wrongful acts that are undertaken through loopholes in the systems.

It is observed that there are various gaps in the system which makes these scams possible. These societies are misused over period of time by tapping various regulations for commercial purposes which has multiplying effect. For instance, the one-rupee fraudulent transaction may have multiplier effect of 3 to 5 times over years. The flow of money moves without being monitored seamlessly through various unethical channels and the outcome could be illegal or against the interest of the economy including potential terrorist funding or even grave purpose. This could disturb the overall economic scenario and may hamper the development of our Nation.

It is important to understand the Nitty-gritty of the transactions and what is the modus operandi and how one can unveil the mystery through Data Analytics and Bank statement analysis followed by background searches.

One may think that such scams have already occurred in the past and there would be less or limited relevance in the current economic scenario. However, it is important to understand that there are multiple cases pending with the Income Tax Department, Investigation Wings, Central Bureau of Investigation (CBI), Economic Offence Wings (EOW) and Enforcement Directorate (ED).

ICAI can initiate through their members to follow appropriate approach to identify beneficiary apart from targeting merely the middle men's like societies, directors, companies, LLPs, Firms, Proprietorships, etc. who are unaware of the transactions held in their accounts or are merely used as conduits. This shall help to resolve the cases with right perspective thereby collection of taxes by the exchequer.

In-fact, such Scams are still in continuance, however the modus operandi may be different. The solution that is proposed shall help to trace various kinds of movement of funds between various institutions through a connected network of databases.

It is believed that Government Authorities with the help of ICAI can setup / establish a process whereby inbuilt software triggers can be set-up between multiple Banks / Financial Institutions, to catch hold of suspicious transactions at early stage and on real time basis through continuous monitoring and Big Data Analysis. Further, there are various guidelines / Compliances which are not in existence or are already prescribed, but not followed by the societies or the Financial Institutions including Nationalized & Private Banks.

These assessment by way of "Case Study" has allowed us to put forward our experience and practical knowledge which will form basis for improving Governance and expedite Revenue Collection by targeting the "Ultimate Beneficiaries".

Section 3: Background of the Case.

The background of the case is that Multistate Urban Cooperative Credit Societies and various other similar societies are used as conduit and have allowed huge cash deposits and other credit transactions in the accounts of certain persons / entities whose KYC and physical verification were not done appropriately. On physical verification of some of these individual account holders / entities; it was seen that most of the entities / individuals were not found on their recorded addresses. The said cash deposits shown to have transferred immediately through RTGS / NEFT to other persons / organizations within India / Abroad by using the Bank account of the Society (Pool Account) or through various other intermediaries to Beneficiary Accounts ultimately being untraceable. This method is called smurfing (also known as "structuring").

a) In present case the Assessee is a registered Multi State Co-operative Urban Credit Society established under Maharashtra Co-operative Societies Act, 2002 and it is involved in the facility of providing credits and other Banking facilities to its members and is governed by the provisions of Multi State Cooperative Societies Act, 2OO2 (MSCSA) and as per the bye laws framed by the society itself. The administering authority of the enabling Act, MSCSA, 2002 is the Central Registrar of Cooperative Societies under the Department of Agriculture and Cooperation. The major source of income of the assesses is interest on loans advanced to its members, Fees on Deposit and withdrawal Transactions and various other Banking transactions related income. This society is bound by law for annual audit by a qualified Chartered Accountant and submit the Audit report to the Central Registrar of Cooperative Societies. The society has interstate operations at Maharashtra, Gujarat, Madhya Pradesh, Andhra Pradesh, Karnataka and Delhi having around 90 branches all over India.

b) The society has two types of members viz. Ordinary and Nominal members. Ordinary members have right to vote and are subscriber to the shares of society. Nominal members are admitted on payment of fees of Rs. 100 and don't have voting rights. The bye-laws of the society have a separate "Membership" clause. The society operates different types of accounts for its customers which are: a) savings account; b) current accounts c) Recurring deposit Account, d) Loan Accounts e) Daily Collection account; & f) FDR Account. In order to open and operate any of the above accounts, a person has to first become the member, either ordinary member or nominal member of the society.

Section 4: What is Money laundering and how it works?

What is Money Laundering?

1) Money laundering is **concealing or disguising the identity of illegally obtained proceeds** so that they appear to have originated from legitimate sources. It is a component of other, much more serious crimes such as drug trafficking, robbery or extortion.

2) According to the **IMF,** global Money Laundering is estimated between **3 to 5% of World GDP.**

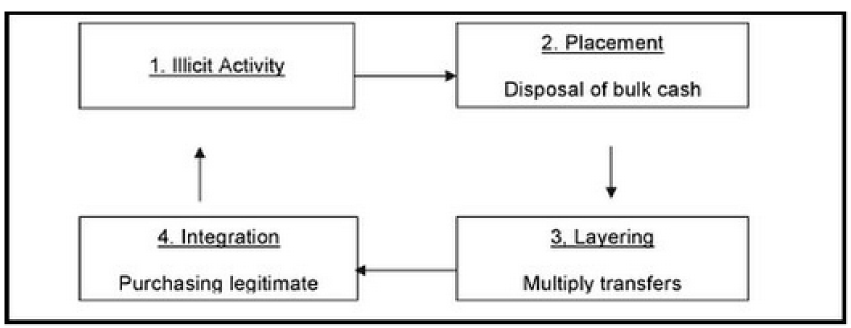
How Money Laundering works?

3) It involves three steps: **placement, layering and integration.**

   a) **Placement** puts the "dirty money" into the legitimate financial system.

   b) **Layering** conceals the source of the money through a series of transactions and bookkeeping tricks.

   c) In the case of **integration,** the now-laundered money is withdrawn from the legitimate account to be used for illegal or criminal activities.



Money Laundering can take several forms, some of them are:

a) Structuring also called as Smurfing

b) Bulk Cash Smuggling

c) Cash intensive Businesses

d) Trade based Laundering

e) Shell companies

f) Round tripping

g) Gambling

h) Black salaries

i) Tax amnesties

j) Transaction laundering

Section 5: Objective of Research.

The objective of research is to study and understand the methodology followed by the Fraudster while misusing the Society and its members in executing the transactions for unethical and wrongful purposes thereby abusing / misusing the Structure of the Society.

And

Who should be Punished / Taxed / Penalized / Prosecuted?

Should the End Beneficiary be identified / traced and Punished?

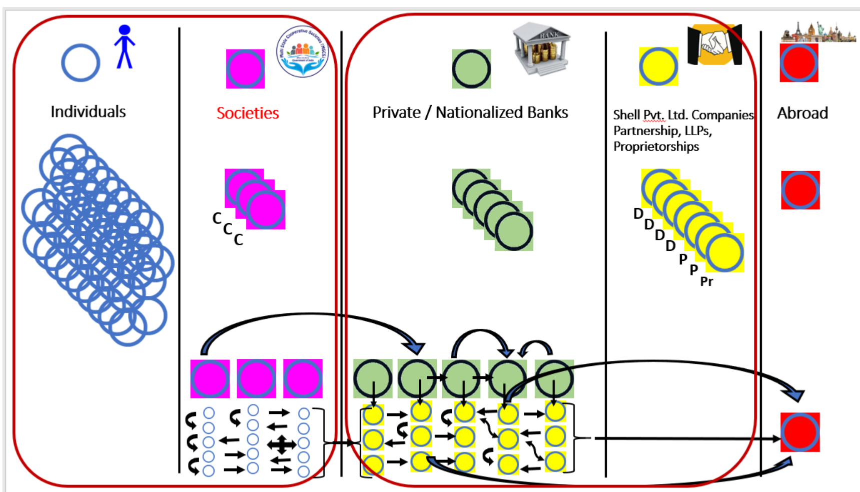
Or

Middle men's like societies, directors, companies, LLPs, Firms, Proprietorships, etc. who are unaware of the transactions held in their accounts or are merely used as conduits should be Punished?

How one can establish who is end beneficiary and what is the Modus Operandi? (Refer Research Methodology and other particulars).

Who should be punished?
Who should pay Tax ?
Who can REALLY PAY Tax??

Stage 1	Stage 2	Stage 3
Societies	Individuals / Members / Customers of Societies C	C = Chairman of the Society / Top Management / Managers / Employees
Private or Nationalized Banks	Top Management / Managers / Employees	
Private Limited Companies D	D = Directors of Private Limited Companies	
Partnership Firms / LLPs P	P = Partners of Partnership Firms or LLP's	
Proprietorships Pr	Pr = Proprietors	
Middle Men's / Commission Agent's	CA's / Angadia houses / Hawala Agencies	
Foreign Entity Abroad	Directors, Partners, etc.	
Ultimate Beneficiary	Politicians / Bureaucrats / Business men's / Film stars / Cricketers / HNI's / Builders / Jeweler's / Terrorist / Smuggling / Unlawful People / Bitcoiners	



Section 6: Statement of Problem for Research.

Identification of Ultimate Beneficiary of Money: -

The impact of cash deposits in cooperative society and its mobilization through layering of funds in multiple chunks and through multiple account holders spread across various Banks making it extremely difficult to trace the End Beneficiary. This involves complex Techno-Financial capabilities so as to understand the Modus Operandi and ascertain the root cause of source as well as destination of funds and the parties involved. This is because the ultimate beneficiary is generally no-where in the fore-front.

Section 7: Research Gap.

The biggest gap is obtaining the right data sets (Example: Bank statements, RTGS Details, etc.) from various multiple sources which limits the output and underlying conclusion. Also, the time factor to obtain such information, sanitizing, processing, Analyzing and establishing sense out of the data / information to make it understandable to the users / various investigation agencies.

The data sources are dispersed and no single Institution has access to such a Global level of consolidated data / information. Also, the formats are different and interpretations differ. To unveil the mystery, various skill set are required which includes accounting, Information Technology, Compliance, Analytics and High level of Professional Skepticism.

Billions of Banking Transactions take place on Daily basis however, there is **"NO COMMON DATABASE"** which connects all of them. The centralized repository system is missing even with the Apex body like Reserve Bank of India (RBI). If this Historical database is maintained, processed, analyzed and reviewed on regular basis then many red flags can be uncovered which can act as a preventive measure to safeguard our economy against FRAUDULENT Transactions.

There is one more gap whereby due to lack of TIME, Expertise and Political Pressures the Tax Authorities, tries to recover taxes from the middle men's just for the formality sake and merely to complete the assessment or task in hand. This approach would not lead to any benefit to the economy as there will not be any tax collection, since the middle men are used just as a conduit for routing the transactions and the real beneficiary is someone else. Further, assuming a scenario wherein the middle men are involved intentionally, then also the would not be able to pay the 100% tax as practically they work for a nominal percentage which could range from 0.01% to 10% of the overall transaction value (Hypothetically)

So, what every-one is doing is mere waste of time to finish their Jobs!

Section 8: Research Methodology.

A multi-facet approach is used to identify the fund trail, which includes FORENSIC Data Analysis, Compliance Review, Accounting, Audit, Legal

Interpretation, Background searches and in-depth analysis based on practical approach and ACTUAL work experience. Some bullets are cited hereunder: -

- Case Study and Real-life scenarios
- References to Income Tax and CBI matters
- Data analytics
- Open source back ground checks relating to common Directorship
- Reports
- Practical Experience
- Interviewing
- References to Income Tax cases
- KYC snap shots
- Site visits
- Bank statement analysis

Section 9: Modus Operandi of the Money Laundering through Credit Societies.

The modus operandi of Tax evasion through the Assessee society was that the individuals lured (influenced) to deposit huge amount of cash deposited by its members in crores of Rupees through various branch offices of this society in a single day. Generally, in case the cash deposits are more than Rs. 10 Lakhs then it needs to be reported under PMLA to FIU India. Though the cash deposited by an Individual was more-than Rs.10 Lakhs, the society makes multiple entries of cash deposits in that account by splitting the transactions in such a manner that the deposits were shown below Rs. 10 Lakhs for each of the transactions. The Application software was compromised to cover up this gap.

These cash were deposited by the society in its own Bank Account maintained with Nationalized Banks like XIM Bank and CCI Bank, etc. and through these Banks the funds were transferred to the head office at XXXX. As per modus operandi established by the department in search and surveys conducted at various places; majority of transactions are unaccounted cash transactions.

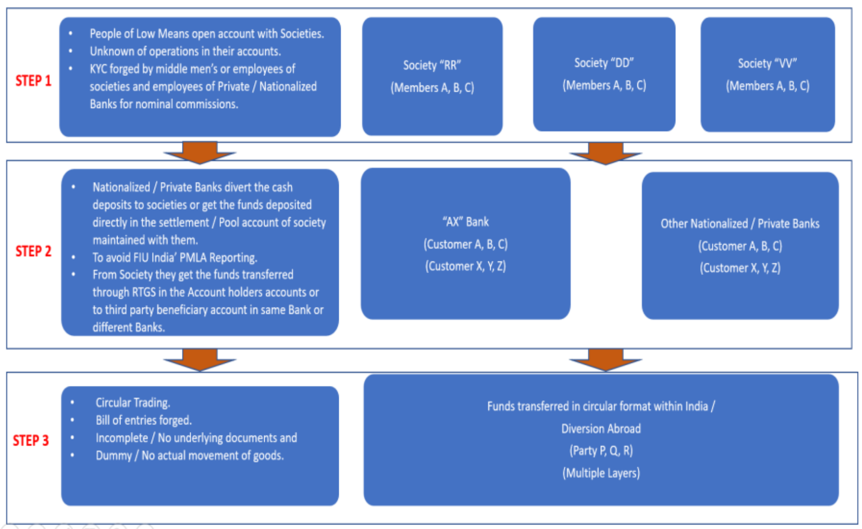
Money laundering and scams — Cash Deposit

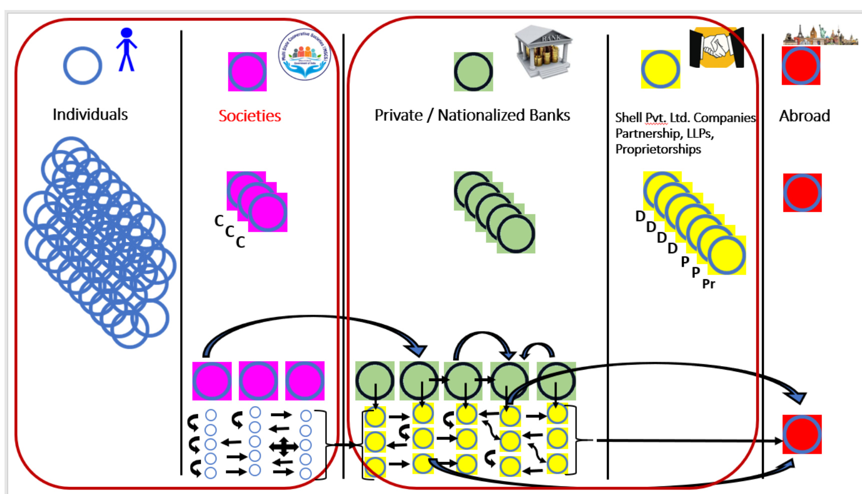
The society by way of transfer of unaccounted cash in various parts of the country has been helping tax evaders.

The unique pattern that is noticed in most of the accounts is that the withdrawals are exactly similar to the deposits. The Assessee acting as "Parallel Angadia" to transfer the unaccounted money of individuals from one place to another place. The said exercise also revealed that the Assessee was flouting (contravening) all the prudent norms of financial regularities and accepting high value cash deposits without verifying the Genuineness of source of such monies and / or credit worthiness of the depositors. Substantial cash deposits were being made in the same or different branches of societies in the account of a particular account holder. The aggregate of all such deposits was being deposited by the society in its own Bank account (Pool Account) as funds received from customers. Since single deposit of aggregate value was being made, prima facie it was not evident that the same comprised of high deposits from a limited number of account holders. The said sums were almost immediately withdrawn by the said customers by submitting the withdrawal slips to the society which based on the same issued its own cheques in the name of the party specified by the account holders – effectively converting the cash received to RTGS payments, or allowed cash to be withdrawn by the account holders. The parties to whom the RTGS payments were made were found as dummy / shell companies with no real business (investigations done on test check basis). During the course of Investigations; the site visit was done of 4 such firms on the addresses mentioned in the KYC obtained from the Banks to whom the RTGS payments were made in huge amounts. All these firms are not filing their Income Tax Returns (ITR) and were not found existing at their respective addresses. Thus, it was evident that taking advantage of the absence of the reporting liabilities these societies were being used as a Conduit for Money Laundering. Further analysis of information obtained also brought to light critical and sensitive issues such as usage of money couriers, commission agents and undisclosed income sourced from unknown possibly illegal / undisclosed sources.

Section 10: Pictorial Flow of Structuring between various channels to move the funds to ultimate beneficiary Abroad.

Brief Modus Operandi





Section 11: Gist of allegations on the functioning of the society.

a. It was Gathered by the Department that this society has been receiving huge amounts of cash deposits into the accounts held by its members which are not being reported to any government authority. It was also noticed in the pre search enquiries that the Assessee is involved in facilitating transfer of huge unaccounted cash belonging to various persons including itself by using scheduled Banks. The society is also charging commission in Lieu of such cash transfers and for this purpose availing the services of benami persons which includes its own employees as well.

b. The main information about the society Scam through cash Deposit includes following:

   1. The society is not maintaining proper KYC documents of the account holders and working essentially as money transfer agency.
   2. The society has huge cash deposits in the account holders whose creditworthiness is doubtful.
   3. In the cash deposit scam in respect of account holders and in whose accounts substantial cash deposits are being made are either untraceable or person of very low means.
   4. There is substantial amount of cash deposit against which cash is being withdrawn from other branches of the society. The society has not maintained proper KYC details of depositor and withdrawer thus working as cash transfer agency or 'Parallel Angadias".

Section 12: Funds remitted abroad

It is found that "DD Multi State Urban Cooperative Credit Society Limited" had transferred funds, *inter alia*, to certain entities tabulated in Table A below. It is noted that "DD Multi State Urban Cooperative Credit Society Limited" had first made cash deposits as aforesaid and then transferred out to some other entity immediately, mostly on the same day.

To further trace the route of these funds, the Bank account statements of various entities in Table A were called for by issuing summons under section 131 of the Income Tax Act. On perusal of the Bank statements, it was seen that these entities were of two types:

Category 1 (listed in Table A-1): These entities directly remitted nearly all the funds received from "DD Multi State Urban Cooperative Credit Society Limited" (and received from Bank accounts of others) abroad. This was evident from either the narration ("Direct Remittance," "USD BRN") or from certain debit entries ("Bill ID," "Trade Finance") which upon further investigation turned out to be foreign remittances. The said remittances have been made to Hong Kong / China and other countries.

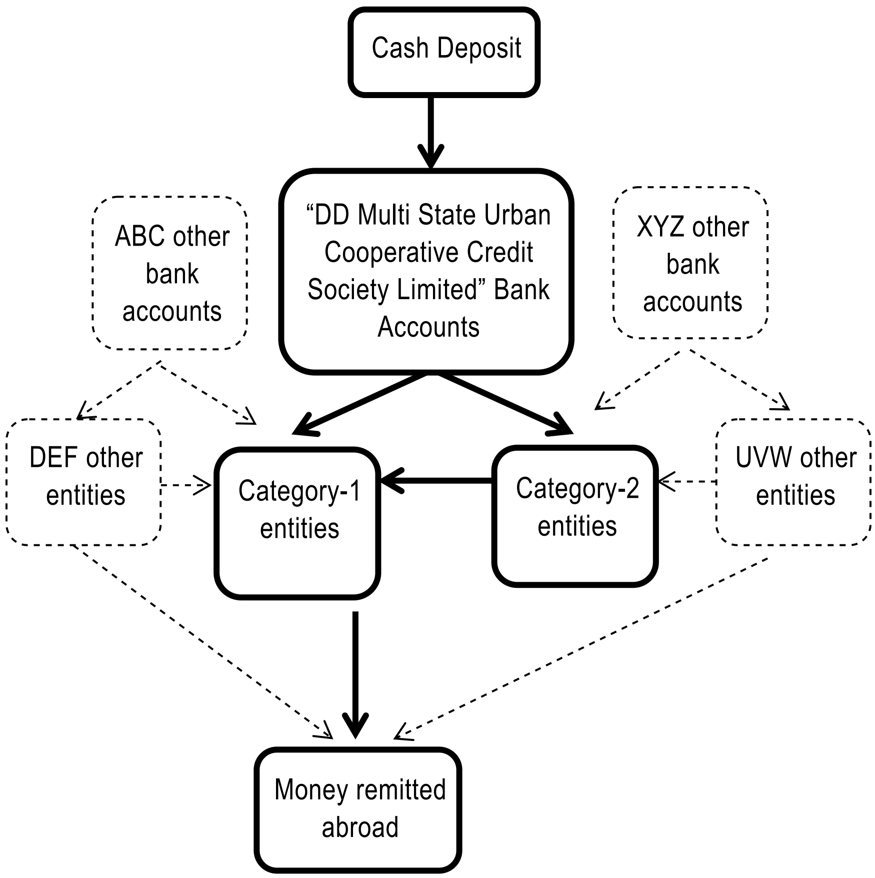
(Example: "DD" to "Entity" to "Abroad")

Category 2 (listed in Table A-2): These remaining entities did not directly remit the funds received from "DD Multi State Urban Cooperative Credit Society Limited" abroad. Instead, they transferred nearly all the funds to other entities/ other similar credit societies etc, which ultimately remitted the money abroad. (Example: "DD" to "Entity" to "other societies" to "entities" to "entities" to "Abroad")

It is reiterated that the source of all these remittances is cash deposits in the Bank accounts of "DD Multi State Urban Cooperative Credit Society Limited". This clearly shows that "DD Multi State Urban Cooperative Credit Society Limited" and various entities mentioned in Table A were used to move huge funds out, which had originally come in the form of unaccounted cash to "DD Multi State Urban Cooperative Credit Society Limited".

The aforesaid money trail can be represented through a schematic diagram as below:

Money laundering and scams — Cash Deposit



The total quantification of funds received as cash by "DD Multi State Urban Cooperative Credit Society Limited" and ultimately transferred out through various entities as aforesaid has been tabulated in Table B below. It can be seen that the total quantum is more than around Rs. 300 Crores. It is noted that these figures are as per the investigation/analysis carried out so far, and further investigation is to be done by the AO.

Table A: List of entities to which money transferred by "DD Multi State Urban Cooperative Credit Society Limited" (which is ultimately remitted abroad) (Example: "DD" to "Entity")

1. M/s. Brand Enterprises
2. M/s. Tower Enterprises
3. M/s. Sundar Trading

Table A-1: Entities out of Table-A which directly remitted the funds received from "DD Multi State Urban Cooperative Credit Society Limited" abroad (Example: "DD" to "Entity" to "Abroad")

1. M/s. Brand Enterprises
2. M/s. Tower Enterprises
3. M/s. Sundar Trading
4. M/s. XXX
5. M/s. XXX

Table A-2: Entities out of Table-A which transferred funds received from "DD Multi State Urban Cooperative Credit Society Limited" to other entities or other credit societies and did not directly remit the funds abroad (or remitted the funds through layers before it reaches abroad).

(Example: "DD" to "Entity" to "other societies" to "entities" to "entities" to "abroad")

1. M/s. XXX
2. M/s. XXX
3. M/s. XXX
4. M/s. XXX

Table B: Amount of funds transferred by "DD Multi State Urban Cooperative Credit Society Limited" into various entities and mode of subsequent transfer of funds by those entities (Ultimate Beneficiary) (Example: "DD" to "Entity" to "other societies" to "entities" to "entities" to "abroad") (As per various Modes)

No.	Name of entities in which DD-MSCCS and other credit cooperative societies have transferred funds	Amount transferred by various Credit Cooperative Societies including DD-MSCCS into entities in (B) (Rs.)	Amount out of (C) transferred only by DD-MSCCS subsequent to cash deposits made in DD-MSCCS (Rs.)+	Broad mode of subsequent transfer of funds from entity	Amount of funds remitted abroad
(A)	(B)	(C)	(D)	(E)	(F)
1.	M/s. Brand Enterprises	240 crores	27,86,00,000	Remitted abroad (Bill ID)	~300 crore
2.	M/s. Tower Enterprises	150 crores	15,13,00,000	Remitted abroad (Bill ID)	~170 crore
3.	M/s. Sundar Trading	3.1 crore	3,10,00,000	Remitted abroad (Trade Finance)	~50 crore
4.	M/s XXXX				

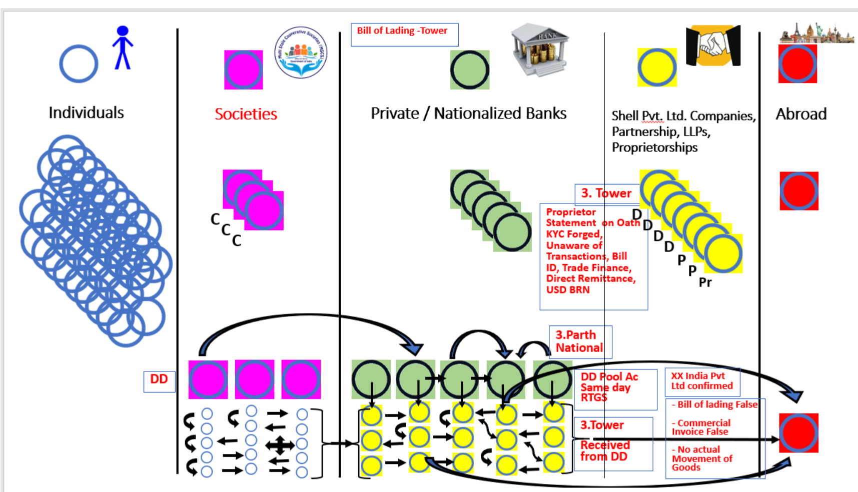
Apart from the above quantification, few other Bank accounts belonging to certain parties have been requisitioned from the Banks but the total of amounts transferred from "DD Multi State Urban Cooperative Credit Society Limited" have not been quantified. The parties include but are not limited to M/s FunSunrise International, M/s TriStar infinity international, M/s TriPacific Liner and Logistics Pvt ltd, M/s Domestic Sea Services and Forwarders Pvt ltd. The Assessing Officer may verify the Bank statements to arrive at the total quantification of the amount transferred. The Bank statements are requested from the Banks.

It may be noted that the above amount was transferred by "DD Multi State Urban Cooperative Credit Society Limited" into the above-listed entities after cash deposits were made into the following 5 Bank accounts of "DD Multi State Urban Cooperative Credit Society Limited":

No.	Account No.	Bank Branch Details
1.	2208890033556	CCI, Jarin Bazar Branch
2.	226534501050534543	CCI, Redtape Branch
3.	5436000820110002842	Bank XX, Jarin Bazaar branch
4.	2265361791765	Kanak Mahindra Bank, Jarin Bazaar branch
5.	2220100035435	Indus Bank, Jarin Bazaar branch

Section 13: M/s Tower Enterprises - Case Study.

The process by which this line of investigation was done is exemplified as follows. The cash deposits made by "DD Multi State Urban Cooperative Credit Society Limited" were examined. As mentioned above, it was noticed that the entire amount was transferred to another Bank account by RTGS/NEFT immediately. The details of the account to which the money was transferred to was called for and examined. It was noticed that this money was transferred by these accounts to overseas entities. The Bank has also submitted that the narration ("Direct Remittance," "USD BRN") or certain debit entries ("Bill ID," "Trade Finance") indicate that this is the amount transferred overseas. An illustration is given below. The extract of the copy of the Bank statement was provided.



It can be seen from above that the cash deposited in above account is immediately being transferred to another account by RTGS on the same day. For the time period of 26.11.201X, it can be seen that “DD Multi State Urban Cooperative Credit Society Limited” has deposited cash of Rs 25,50,000, Rs 95,50,000 and Rs 65,00,000 in sequence amounting to Rs 1,84,00,000/-. On the very same day, the amounts of Rs 55,00,000/-, Rs 65,00,000/- and Rs 64,00,000/- were transferred by RTGS to the entity M/s Tower Enterprises as given in the Bank statement mentioned above. To verify this, the Bank was asked to give details of the account which is the recipient of these transfers. The Bank replied and the following account was identified as A/c No 2132473506365842355 with the Parth National Bank. The Bank account was called for.

From the above Bank statement, the funds transferred out from “DD Multi State Urban Cooperative Credit Society Limited” to M/s Tower Enterprises can be clearly seen. It is also noticed that there was subsequent transfer of the said amounts with the narration ‘Bill ID‘. It was confirmed from the Bank that the narration ‘Bill ID‘ Corresponds to foreign remittance. The Bank was also asked to give details of the documents that were submitted to it for making the aforementioned foreign remittance. The copy of the following documents was recovered from the Bank namely, Bill of Entry, Declaration made by the entity M/s Tower Enterprises, a copy of the commercial invoice and the Bill of lading. The copy of the Commercial invoice and the Bill of lading were requisitioned.

Following this, the entity was asked to give details of the funds transferred abroad and the goods purchased by it for the funds transferred abroad. Therefore, summons were issued to Mr Kunal Shinde who is the proprietor of M/s Tower Enterprises. His statement was taken and it was found that he was not aware of any of the business of the enterprises. The copy of the statement taken on oath was taken on record.

It is inconceivable that the individual in such financial paucity would be able to undertake such transactions. From the perusal of the statement, it can be seen that the signature of the person in the statement is distinctly different from the one used for his PAN card, AADHAR Card and the documents used for the transactions in the course of business. Moreover, the person in question, Mr Kunal Shinde has himself stated under oath that he was not involved in any business activities and that his PAN and AADHAR were being misused by others. It is to be remembered that the same allegation was made against “DD Multi State Urban Cooperative Credit Society Limited” in above Paras that certain documents of individuals were used for creating accounts without their knowledge. From the above discussion, it can be noticed that the entire money trail can be traced from the cash deposit in the Bank account of "DD Multi State Urban Cooperative Credit Society Limited" to being transferred to overseas accounts.

Following this, the Bill of lading which was recovered from the Bank - the basis on which money was remitted abroad was examined and it was seen that it was issued by Maruti Merit Marine Company ltd. Therefore, summons was issued to the company's entity in India - Maruti Merit Marine India Pvt ltd and it was asked to give details of the Delivery Challan and the person and the address to which these goods were delivered. The representatives of company attended the office of the DDIT(Inv) and replied in their letter dated 0X.0X.201X as follows.

"We further clarify that your representative had provided following Bill of Lading Numbers to verify them from our system, but those Bill of Ladings are not reflecting in our system and are not pertaining to us.

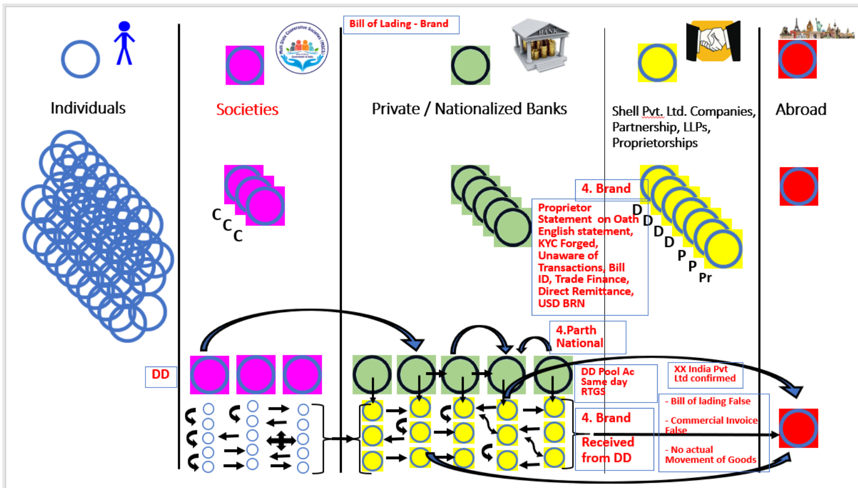
1. *Tower Enterprises – Bill of Lading No XXHDMXNUXIA90920256X*
2. *Brand Enterprises – Bill of Lading No XXHDXMUNXAY24526035X"*

It is clear from the above that the money was transmitted abroad on the basis of a false Bill of lading. It means that the goods were never imported to this country.

The money trail started with the deposit of cash with "DD Multi State Urban Cooperative Credit Society Limited". The details of the persons who made the deposits could not be provided by "DD Multi State Urban Cooperative Credit Society Limited" as the employees have already stated that the deposits are made first and then the deposit slips are made for the accounts. Further, the summons issued to the account holders with "DD Multi State Urban Cooperative Credit Society Limited" returned unserved.

Section 14: M/s Brand Enterprises. - Case Study.

A similar exercise was conducted in the case of funds transferred to other entities as well. It was noticed that the funds were transferred from the Bank Account of "DD Multi State Urban Cooperative Credit Society Limited" to the account of M/s Brand Enterprises in Prath National Bank. This trail also started with the deposit of cash in "DD Multi State Urban Cooperative Credit Society Limited" and then the money was sent by RTGS to this entity. This money was also seen to be remitted abroad after the receipt from "DD Multi State Urban Cooperative Credit Society Limited". Subsequently, the sole proprietor of Brand Enterprises was summoned by the Investigation wing and his Statement was taken by the DDIT(Inv), XMXX.



The relevant part of his statement is given below (Sample): -

Q.1 Please identity yourself and confirm that Oath has been administered upon you and you have been made aware of consequences of giving false statement on oath?

Ans. Sir, I am Radhe Kumar Singh S/o. Kumar Singh aged 23 years, residing at Rahat Store, Barreck No 126, Near Shani Baugh, 420004 Dist. Thane. I confirm that Oath has been administered upon me and I have been made aware of consequences of giving false statement on oath.

Q.2 Please confirm whether you are in a fit condition to depose statement on oath?

Ans. I confirm that I am in physically and mentally fit condition to depose statement on oath.

Q. 3 You are being reminded that this statement is being recorded on oath and you have been made aware about the consequences of giving false statement on oath including penalties/prosecution u/s 179 of IPC, Sec 181 of IPC, Sec. 191 r.w.s 193 of IPC, Sec. 27sA of

the Information Technology Act and Sec 277 & 277A of Income Tax Act, 1961

- **Sec 179 of IPC: Refusing to answer the question**
- **Sec 181 of IPC: False statement on oath**
- **Sec 180 of IPC: Refusing to sign the statement**
- **Sec 191 r.w.s 193 of IPC: Giving false evidence**
- **Sec 275A of Information Technology act: Refusing to give password**
- **Sec 277 of Income Tax Act, 1961: Giving false statement on oath**
- **Sec 277A of Income Tax Act: Enabling others to evade the taxes**

Ans: Sir, I confirm that I have been made aware about consequences of giving false statement on oath and other penal provisions as mentioned above.

Q.4 Please state your educational qualifications. State the languages which you may read, write and speak. Also state whether you can read, write and understand English language? Please mention the language in which you would like to record your statement.

Ans. Sir, I have Passed 12th grade from Revadham College, Janki Nagar. I can read, write and speak Hindi & English languages. I give my consent to record my statement in English only.

Q.5 Please provide your contact details and email addresses along with their password(s).

Ans. My cell no. is 976XX00762. / 702XX54066. My email id is *XXXSingh1XX010@gmail.com* (password raeg@10)

Q.6 What is your source of Income and what is your annual income from all these sources?

Ans: I am an employee of M/s. Desolve Ltd. working as worker (Sample testing) in Laboratory. I have joined this company since last two months and I get the salary of Rs. 14000/- per month. This is the only source of my income.

Q.7 Please state your occupation/profession, if any before joining this company, M/s Desolve Ltd.

Ans: I was working for a M/s Solution Company, for six months before joining M/s. Desolve Ltd.

Q.8 Are you assessed to income tax, if yes, please state your PAN and the jurisdiction where you file your return of income? Also mention the details of income tax returns filed by you.

Ans. No, I don't file Income tax return. I have PAN but right now I don't know the number.

Q.9 Please provide the list of business entities in which you have or had any business interest along with their name, address, PAN, nature of business carried on and details of any other persons having interest in such entity.

Ans: No, I am not part of any business entities receiving any business interest other than salary received from M/s. Desolve Ltd. Even before joining M/s Desolve Ltd., I did not have any business interest in any business concern.

Q.10 I am showing you the copy of account opening form (enclosed with the statement as Annxeure A) in the name of M/s Brand Enterprises (Prop: Radhe Kumar Singh) from XXXXX Bank, Dana Branch, XMXX. The A/c No. as seen in the form is 400754235. The form contains photo, copy of Aadhar card, copy of Voter id. Please go through the copy of account opening form and state whether this account belongs to you.

Ans: Yes, I confirm that this account belongs to me only.

Q.11 Please state the purpose for opening this account at XXXXX Bank.

Ans: I was introduced to Mr. Alam through my friend Kamal staying in my area. Mr. Alam called me to Bandra with documents like Aadhar card, Pan card and photo on June 2014. He asked me to sign on blank paper and took all the documents from me. After ten days a person named Mr. Ronit called me with reference to Mr. Alam and asked me to come at CST to open an account in XXX Bank, Dana Branch, XMXX-400 009. I was informed by Ronit that the account will be opened in my name, it will be in operation for six months and later on it will be closed. I along with Ronit and Ranjeet then visited the Manager of XXX Bank, Dana Branch. I then signed on the account opening form and other documents given to me by Bank officials and was asked to wait outside the Bank by Ronit. Since then, I was called by Ronit on phone regularly around thrice in a month and I used to sign the cheques. For every meeting with Ronit or Ranjeet, I used to get Rs. 1000/-. This all was taken care of by Ronit and Ranjeet. I was not aware of the reasons as to why the account was opened in my name in XXX Bank.

Q.12 I am showing you the statement of Bank account (5983475298375) (enclosed with the statement as annexure A-1) received from the XXX Bank, Dana Branch. On perusal of this statement, it is seen that there are multiple credits in this account during the period from 19.12.1X to 21.07.1X followed by subsequent withdrawals in the form of foreign remittances (as confirmed by the Bank). Please explain both the credit and debit transactions made during the period from 19.12.1X to 21.07.1X.

Ans: Sir, I am not aware of these transactions. These transactions were done by Ronit and Ranjeet on my name.

Q.13 Please state whether this Bank account (58934759208734) is currently being operated by you or by these above persons.

Ans: I have never used this account. As stated by me earlier, Ronit and Ranjeet used to take my signature every month on cheques and they only used to operate this Bank account. As far as I recall, I had last signed on the cheque during the month of March, 201X.

Q.14 Please state the reason for discontinuing the operations of this Bank account (58934759208734).

Ans: Sir, I am not aware of the reasons for discontinuing the operations of this Bank account (58934759208734) as I never used this Bank account.

Q 15 Please state the full name address and contact number of Ronit, Ranjeet, Alam and Kamal.

Ans I only have the contact number of Ronit and Ranjeet. I don't know their address.

Ronit: 9845567389

Ranjeet: 9563960534

I am giving the address and contact number of Kamal

Address: Kamal Kolambe

Azad Nagar, Near XXX, Prath Colony,

XXX, Dist – 4XXX02

Contact: 4329817409

Q.16 Please state whether you are aware of Shri Samant Cooperative Urban Credit Society Ltd. and whether you have at any time in past maintained account at any of the branches of this credit society.

Ans: I am not aware of Shri Samant Cooperative Urban Credit Society Ltd. I don't have any account in the same.

Q.17 Please state the details of any other Bank accounts opened by you at the instruction of persons whose name you have mentioned in reply to question no.11 asked earlier in this statement.

Ans: On the instructions of Ronit and Ranjeet, accounts were opened in the Prath National Bank, Kathi Bank and XIM Bank in the name of M/s. Brand Enterprises. I don't know the branches in which the Bank account was opened.

Q.18 Please state the reason for opening the above-mentioned Bank accounts at Prath National Bank, Kathi Bank and XIM Bank.

Ans: As stated above I was called by Ronit for signing the documents like account opening forms and other documents required to open an account and I used to sign the same. I am not aware of the purpose behind it.

Q.19 Please state whether any genuine business activity has been done by M/s Brand Enterprises at any time in past.

Ans: No, I am not aware of the same.

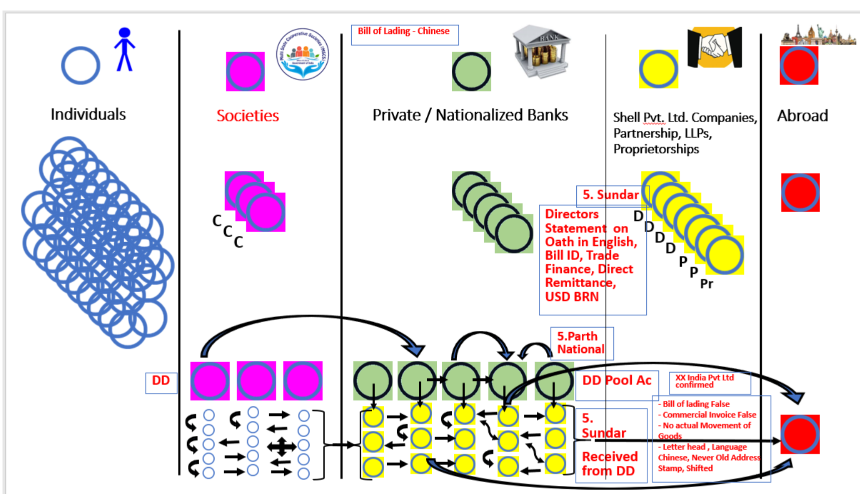
Q.20 Do you want to say anything else?

Ans. No.

It can be seen from the above statements, that he has denied any knowledge with the said entity M/s Brand Enterprises and that he was not aware of this modus operandi or the transfer of funds abroad. A similar exercise was carried out in M/s Tower Enterprises case as well. The copies of documents necessary for foreign remittance were called for from the Bank and the Bill of Lading sent for verification. It can be seen from the above letter issued by the Maruti Merit Marine (India) Pvt ltd in given paras, that the Bill of Lading issued for the transfer of money through Brand Enterprises was non-genuine as well. This clearly establishes that the money transferred from the Bank accounts of Brand was based on non-genuine documentation and there was no import of goods for which this payment was purported to have been made. This entire process was made possible from the deposits of cash made in “DD Multi State Urban Cooperative Credit Society Limited”.

Section 15: Sundar Trading Company and Vine Trading Company - Case Study.

Subsequently a similar exercise was conducted in a few other recipients of money from “DD Multi State Urban Cooperative Credit Society Limited”. Bank statements were summoned from Prath National Bank of two parties- Sundar Trading Company and Vine Trading Company from where a substantial amount was remitted abroad. The necessary documentation maintained by the Banks for the foreign remittance was called for as well. This consisted of Bills of Lading, Commercial invoices, etc. The Bills of Lading have shown that the shipping was done by Van HuLines (India) Pvt ltd.



Therefore, summons were issued to the company's entity in India - Van HuLines (India) Pvt ltd and asked to give details of the Delivery Challan and the person and the address to which these goods were delivered. The company replied vide letter dated 11.08.201X that the Bills of Lading were not genuine and not issued by the company in question. The letter was received in this regards from the concerned executive which stated that the documents were not genuine and below reasons were highlighted: -

1. The B/L copy has content in Chinese language, however, our original B/L format contents are in English Language (Copy attached for your kind reference),
2. The stamp endorsed on the B/L has our old office address. Further, we do not put address stamp on B/L,
3. This B/L has dates of year 201X, however, we have already shifted to other premises.

We understand that our Name and information is mis-used without our knowledge and we are no where connected to this case in any manner what so ever.

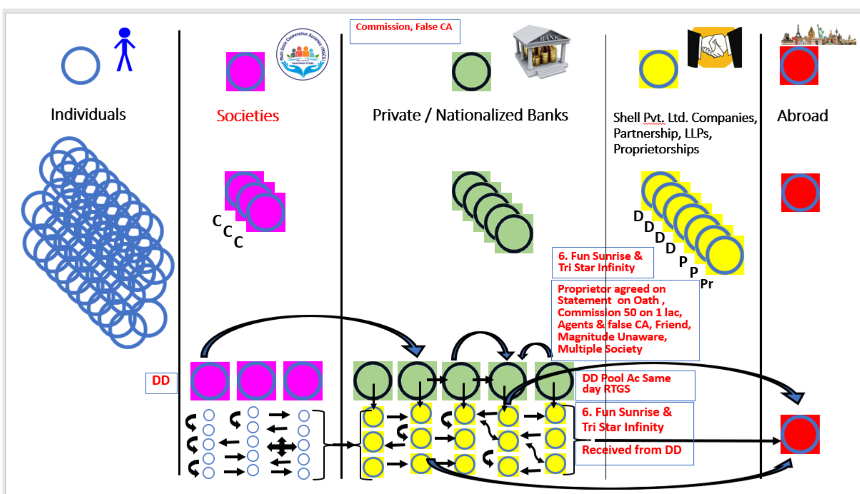
The letter above clearly gives details as to why the aforementioned bills are not genuine. From the above discussion, it is evident that the amount remitted from the Banks is based on false documents and does not pertain to actual import of goods. Thus, the companies have been making payments to overseas entities by submitting false documents to the Banks on imports that never happened. This needs to be verified and appropriate action needs to be taken. The entire process of foreign remittance for this money was however put into process by the cash deposits in "DD Multi State Urban Cooperative Credit Society Limited".

Section 16: M/s FunSunrise International and M/s TriStar Infinity International - Case Study.

Following the search action, certain other parties which have received money from "DD Multi State Urban Cooperative Credit Society Limited" and remitted money abroad were summoned. The statement of Mr Ramesh Padhi during these proceedings was also taken on oath in similar manner.

The statement gives an overview of the activities done by these entities for transferring the funds overseas. These entities do not do any business but are used as conduits for transfer of money. The cash deposited is being routed through “DD Multi State Urban Cooperative Credit Society Limited” and these entities to overseas. The sole proprietor has claimed that he is not aware of the magnitude of the transactions running through his Bank accounts and his role is allegedly limited to collecting the commission on the transactions. The main point highlighted here was that a middle-men agents used the name of a Chartered Accountant to influence the sole proprietor and his friends to enter into such transactions.

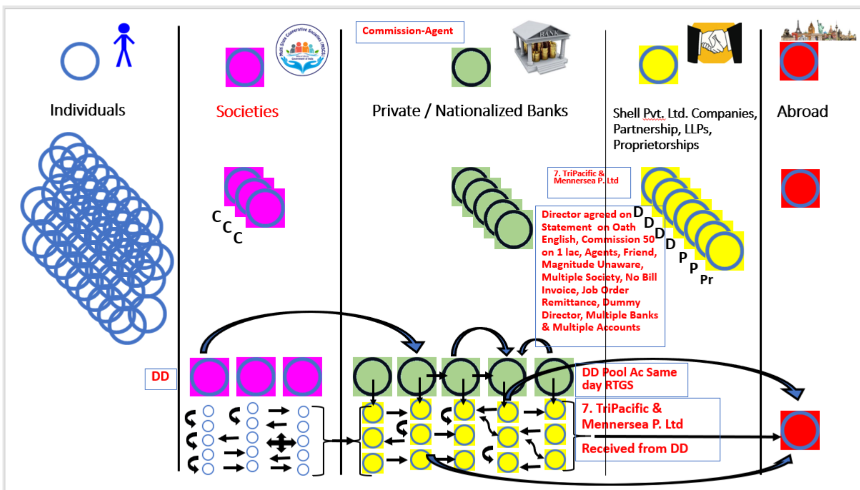
As mentioned above in para, the quantification of the money transferred overseas has not been done for these entities. This will increase the quantum of funds mentioned above. The Assessing Officer may undertake further analysis and verification. Further action may also be taken on the names alleged to be involved in this process by Ramesh Padhi. These are not exhaustive, there may be more of these concerns, the Assessing Officer is required to further investigate these details. The Bank statements of these entities, as far as have been requisitioned by the Banks are being provided for review.



Section 17: M/s TriPacific Sea Freight Pvt ltd and M/s MEnnersea Logistics Pvt Ltd - Case Study.

Similarly, summons was issued to Mr Sandesh Rama, director of two companies – TriPacific Sea Freight Pvt ltd, MEnnersea Logistics Pvt ltd. In the statement given by him, he has mentioned that these two companies do not transact any business but are non-genuine companies. He has mentioned that no books of accounts were maintained, no details of work agreements, no work/job orders or bills/invoices are with him or in the premises. He also stated that he was made a “dummy director“ in these companies. However, it is noticed that the credits in the Bank statements of these companies are very high. The relevant part of his statement was provided.

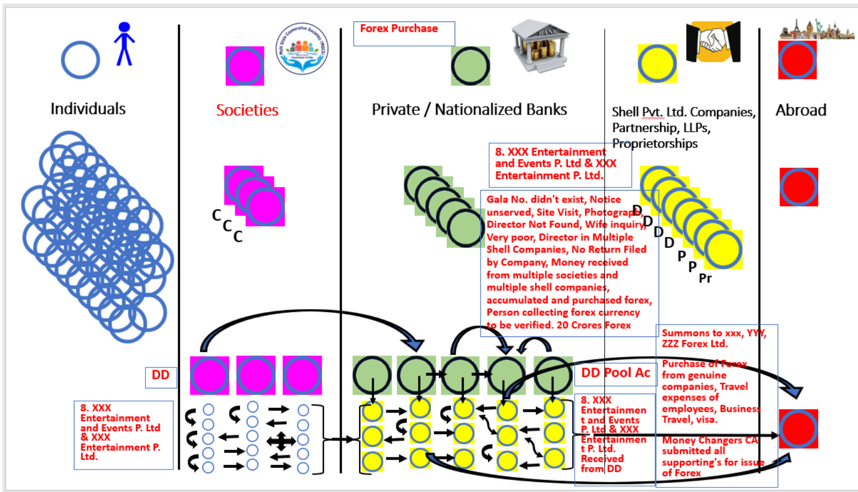
From the above it is evident that the individual Mr Sandesh Rama alleges that he is not aware of the transactions in its entirety though he agreed that the transactions were undertaken for earning commissions. The allegations made could not be confirmed by this office. Further investigation may be done and efforts made to identify the persons who are mentioned by him in his statement.



Section 18: Purchase of Forex - Case Study.

In many cases, money is seen to be transferred from “DD Multi State Urban Cooperative Credit Society Limited” to certain entities, from where the same is seen to be paid to various companies for purchase of foreign exchange, especially US Dollars and UAE Dirhams. This was done by examining the Bank statements of certain recipients of RTGS/NEFT from “DD Multi State Urban Cooperative Credit Society Limited”. In the case the two of these recipients – Black Mirror Entertainment and Events Pvt ltd and Reson Memec and Entertainment P. Ltd, these are also holding current accounts in “DD Multi State Urban Cooperative Credit Society Limited” itself as per above Paras. The other entities identified were Black Ship Media and Entertainment P. Ltd., M/s

Mat Cat Company, etc. From the examination of the Bank accounts of these entities, it is seen that the money from these entities was transferred to money changers such as Kezmet Forex Ltd., Sedac Forex P. Ltd., Dongri Forex P. Ltd. etc.



The genuineness of these entities was sought to be verified following this finding. Summons was issued to the company Black Mirror Entertainment and Events Pvt Ltd but no response was received. It was seen that the entity Black Mirror Entertainment and Events Pvt Ltd was a company which had two directors. Dorry Mandis and Sagar Kumar. It is seen that Mr Dorry Mandis is also the director of another company Reson Memec and Entertainment Pvt ltd mentioned in above Paras. Therefore, field enquiries were made at the residences of these directors. The photographs taken at such premises are also enclosed.

Despite the assurances given by his wife, there was no appearance from Mr Dorry Mandis in the office of the DDIT(Inv), XMXX. A letter was filed purportedly in his name by an Authorised Representative who asked for adjournment and mentioned that this company was purchased in Year 2015. No details of Books of Account were submitted though they were required to be done so by the summons issued. The Authorised representative was asked to ensure the provision of the details of the business activities of the company and the personal attendance of Mr Dorry Mandis. There was no further compliance. Attempts made to contact him on the phone numbers were futile. The other director Mr Sagar Kumar was also sent a summons but the following report was received from the officer in charge.

On verification in the records in the Department, it was noticed that the company Black Mirror Entertainment and Media Pvt Ltd has not filed any Income Tax Returns till date. No books of accounts were maintained at the addresses available. The reports filed by the officers who have visited the residences of the two directors indicate that these two individuals are of small means and it is unlikely that they are directors of companies that show such major monetary transactions. Thus, it can be fairly concluded that these two companies are shell entities but have been the recipients of RTGS/NEFT from “DD Multi State Urban Cooperative Credit Society Limited” and a conduit for the purchase of foreign exchange.

Summons were issued to Kezmet Forex Ltd., Sedac Forex P. Ltd., Dongri Forex P. Ltd. to verify the reasons for the transfer of funds from Black Mirror and other entities mentioned above to them.

They were further asked to provide the documents maintained by them of the Forex issued by them following the recepit of money from Black Mirror Media and Entertainment Pvt ltd. The following response was received. A set of documents that was maintained for each sale of Foreign Exchange is also enclosed.

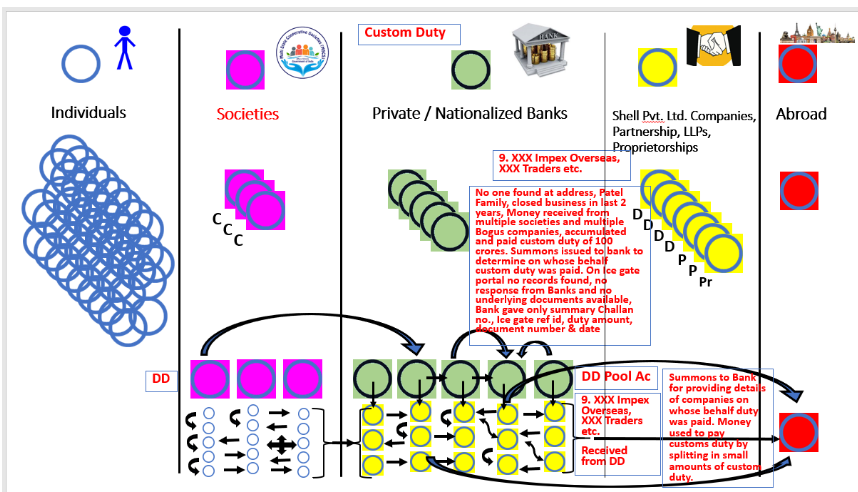
From the submitted set of documents and the nature of the entities that have received the transfer of money from “DD Multi State Urban Cooperative Credit Society Limited”, the following conclusion can be drawn:

It is noted that in majority of these cases, cash is deposited in “DD Multi State Urban Cooperative Credit Society Limited”, which is transferred to such entities and then immediately paid for purchase of foreign exchange. It is noted that the aforesaid entities that are used for purchase of foreign exchange are seen to receive money not only from “DD Multi State Urban Cooperative Credit Society Limited”, but from various other entities also (including various non-genuine companies and several other cooperative societies). From the Bank statements of the entities that have been identified as having been used to purchase forex as per the investigation so far, it is seen that total funds of (approx.) Rs. 45 Crore have been used towards purchase of foreign exchange (these funds have been received from “DD Multi State Urban Cooperative Credit Society Limited” as well as other cooperative societies and bogus companies as aforesaid). It has only been established by this office that the business activities of Black Mirror Entertainment and Media Pvt ltd and other entities do not seem to be genuine in nature. The veracity of the identity of the persons taking the Foreign Exchange and their identities is to be verified by the Assessing Officer. The submissions made by the money changers - Kezmet Forex Ltd., Sedac Forex P. Ltd., Dongri Forex P. Ltd are provided for further investigation.

Section 19: CUSTOM DUTY - Case Study.

In a few cases, it was seen that the money from “DD Multi State Urban Cooperative Credit Society Limited” was transferred to the accounts of certain entities like Pet Impex, Chandan Overseas, Table Traders and others. It is seen that the money which was deposited in these entities was used to pay

Custom Duties. This was confirmed by the Bank. It is noted that in this case also, cash is deposited in "DD Multi State Urban Cooperative Credit Society Limited", which is transferred to such entities and then immediately paid towards Customs Duty by splitting in smaller amounts. It is noted that the entities thus used for payment of Customs Duty have also received money not from "DD Multi State Urban Cooperative Credit Society Limited" alone, but from a number of bogus companies as well as other cooperative societies also. From the Bank statements of the entities used for payment of Customs Duty (as identified in the investigation so far), it is seen that total funds of (approx.) **Rs. 100 Crore** have been paid towards Customs Duty in this manner. These funds have been received from "DD Multi State Urban Cooperative Credit Society Limited" as well as other cooperative societies and bogus companies as aforesaid.



Summons were issued to the Bank to provide the details of the entities on whose behalf the said custom duties were paid. The Bank made the following submission.

"Dear Sir,

PFA required challan of IGR. Also request you to refer the below details of custom challan & generate the challan through CUSTOM portal link. https://www.icegate.gov.in/TrackAtICES/ChallanEnquiry/CE

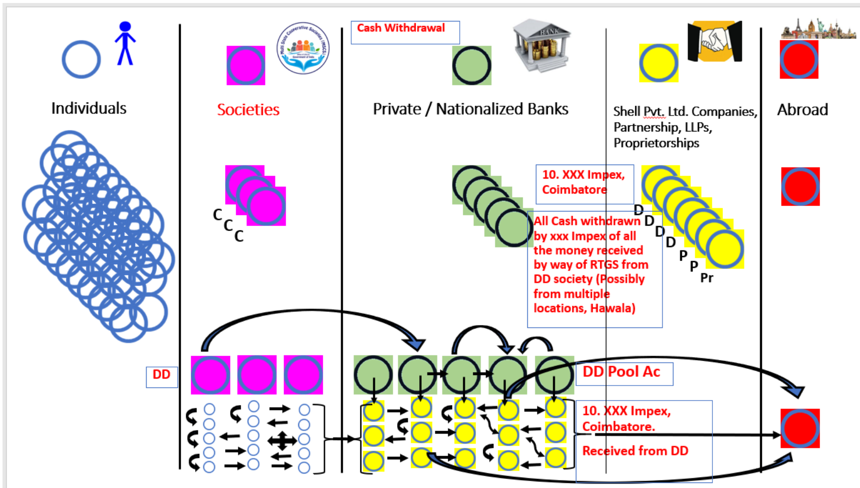
CHALLAN_NUMBER	ICEGATE_REF_ID	DUTY_AMNT_ TO_PAY	DOC_ NUMBER	DOC_DATE
[redacted]10[redacted]15[redacted]	[redacted]23[redacted]50[redacted]4572565[redacted]	[redacted]9080	[redacted]75027	22/01/20[redacted]
[redacted]10[redacted]74[redacted]	[redacted]23[redacted]50[redacted]9371061[redacted]	[redacted]503	[redacted]81250	23/01/20[redacted]
[redacted]10[redacted]74[redacted]	[redacted]23[redacted]50[redacted]9371061[redacted]	[redacted]294	[redacted]81830	23/01/20[redacted]
[redacted]10[redacted]74[redacted]	[redacted]23[redacted]50[redacted]9371061[redacted]	[redacted]209	[redacted]81228	23/01/20[redacted]
[redacted]10[redacted]74[redacted]	[redacted]23[redacted]50[redacted]1560160[redacted]	[redacted]0974	[redacted]81300	23/01/20[redacted]
[redacted]10[redacted]76[redacted]	[redacted]23[redacted]50[redacted]5456552[redacted]	[redacted]368	[redacted]83339	23/01/20[redacted]
[redacted]10[redacted]81[redacted]	[redacted]23[redacted]50[redacted]2289357[redacted]	[redacted]7377	[redacted]82714	23/01/20[redacted]
[redacted]10[redacted]81[redacted]	[redacted]23[redacted]50[redacted]8034996[redacted]	[redacted]4191	[redacted]83009	23/01/20[redacted]
[redacted]10[redacted]84[redacted]	[redacted]23[redacted]50[redacted]9151380[redacted]	[redacted]194	[redacted]82211	13/01/20[redacted]
[redacted]10[redacted]83[redacted]	[redacted]23[redacted]50[redacted]1189365[redacted]	[redacted]859	[redacted]03789	05/01/20[redacted]
[redacted]10[redacted]82[redacted]	[redacted]23[redacted]50[redacted]5553268[redacted]	[redacted]2005	[redacted]83821	23/01/20[redacted]
[redacted]10[redacted]85[redacted]	[redacted]23[redacted]50[redacted]0500940[redacted]	[redacted]512	[redacted]21997	07/01/20[redacted]
[redacted]10[redacted]99[redacted]	[redacted]23[redacted]50[redacted]0500940[redacted]	[redacted]541	[redacted]49114	20/01/20[redacted]
[redacted]10[redacted]91[redacted]	[redacted]23[redacted]50[redacted]0500940[redacted]	[redacted]4207	[redacted]48043	20/01/20[redacted]
[redacted]10[redacted]85[redacted]	[redacted]23[redacted]50[redacted]5303047[redacted]	[redacted]165	[redacted]47017	20/01/20[redacted]
[redacted]10[redacted]39[redacted]	[redacted]23[redacted]50[redacted]8002184[redacted]	[redacted]068	[redacted]81816	23/01/20[redacted]

The details provided by the Banks were verified from the ICE gate website of the Custom Authorities but the following response was received – “No records found “. The Bank was asked to provide the copies of the challans but the Bank has not responded yet.

The summons issued to the entity’s M/s PET Impex and M/s Chandan Overseas returned unserved. Therefore, field enquiries were made in this case to verify the genuineness of these entities.

Section 20: Cash withdrawal - Case Study.

On perusal of the recipients of RTGS from “DD Multi State Urban Cooperative Credit Society Limited”, the Bank statement of an entity by the name Kamran Impex, situated in Coimbatore was called for from State Bank of Radheshyam. In this case, the recipients of money by RTGS/NEFT from “DD Multi State Urban Cooperative Credit Society Limited” have directly withdrawn cash from their account with State Bank. The State Bank Radheshyam was asked to provide the full narration of the Bank Statement to clearly identify the transactions of “DD Multi State Urban Cooperative Credit Society Limited” and to continue further investigation. However, no reply has been forthcoming as on date. Further details will be informed to the Assessing Officer as and when they are received to take necessary action. This is similar to the activity of this society to act as a conduit for cash transfer from one place to another.



Section 21: LOAN Transaction - Case Study.

XXX Entertainment and Media Pvt ltd

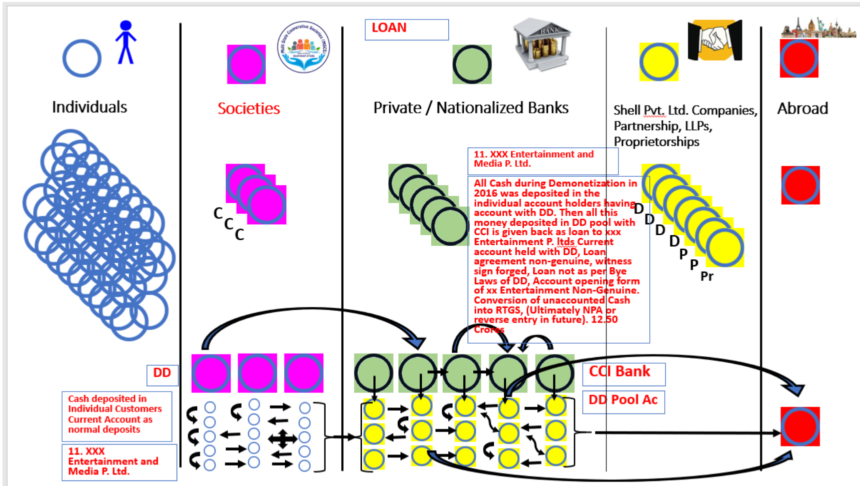
Following the investigation in the various account holders in "DD Multi State Urban Cooperative Credit Society Limited" and the recipients of RTGS from it, it was noticed that an entity XXX Entertainment and Media Pvt Ltd received RTGS from "DD Multi State Urban Cooperative Credit Society Limited" while remaining a Current account holder. Following investigation, the Survey action u/s 133A was carried out in its case at the business premise of the assessee company at 224-A, Trance Park, Behind Showroom, XMXX – 400 025 on 10.04.201X. The assessee was incorporated on 28.01.200X. The Directors in the assessee company are Shri Umesh S Sawant (PAN: ABAPS8765K) and Smt. Reema Rana (PAN: ABAPS9746N). The assessee is engaged in the business of event management, fashion shows, brands and product endorsements, programs, concerts, etc. and managers of all kinds of entertainments, amusements, recreations, games, sports, competitions, etc.

It was stated by Shri Shailesh Janki in his Statement on oath recorded under section 131 at the Red tape premise of "DD Multi State Urban Cooperative Credit Society Limited" that large amounts of cash had been brought in November 201X as per the modus operandi stated above for deposit in the Bank Accounts of "DD Multi State Urban Cooperative Credit Society Limited", and consequent RTGS to XXX Entertainment and Media P. Ltd. in lieu of the same. The total amount of RTGS transfer of Rs. 12.50 Crore was made to XXX Entertainment and Media P. Ltd. in this way, with details as below:

- Rs. 12 Crore (RTGS of two amounts of Rs. 6 Crore each) on 10.11.201X from CCI Bank Account No. 50395258003350 of “DD Multi State Urban Cooperative Credit Society Limited”
- RTGS of Rs. 50 Lakh on 15.11.201X from CCI Bank Account No. 6547578543 of “DD Multi State Urban Cooperative Credit Society Limited”

It was also gathered that one person named ‘Rahul’, who was seen to be employee of XXX Entertainment and Media Private Limited, used to visit “DD Multi State Urban Cooperative Credit Society Limited” in relation to these transactions. In wake of these facts and circumstances, action under section 133A was carried out.

As stated earlier, in the course of the Survey action at the assessee’s premise, Shri Shailesh Janki was called there, and his more detailed statement (dated 10.04.201X to 11.04.201X) was recorded specifically regarding details of the impugned transaction of XXX Entertainment and Media P. Ltd. This detailed Statement forms part of the Annexure to this report, which may be perused by the Assessing Officer. During the Survey action at assessee’s premise, a “Loan Agreement” document dated 15.11.201X was found and impounded (Page Nos 1 to12 of Annexure A-2 of the impounded material provided), which is a Non-notarized agreement signed by Shri XXX and Shri Sunil Kamble (one of the persons of “DD Multi State Urban Cooperative Credit Society Limited”) regarding giving of loan of Rs. 12.50 Crore by “DD Multi State Urban Cooperative Credit Society Limited” to XXX Entertainment and Media P. Ltd. at the rate of interest of 8%, with names of Ms. Rewani and Shri Shailesh Janki as witnesses. In the aforesaid Statement on oath dated 10.04.201X, Shri Shailesh Janki has stated that his signatures as Witness on this document is forged, and that the said loan document is non-genuine. The copy of the loan agreement is part of annexure to the statement. Moreover, it is evident from the statement taken from the employees of “DD Multi State Urban Cooperative Credit Society Limited” and the By-laws of the credit society that a loan cannot be granted by it.



Subsequently in the course of Survey action, statement on oath under section 131 of Shri Lohana, main Director of the assessee company was recorded, wherein he was confronted with Statements of Shri Shailesh Janki dated 07.04.201X and 10.04.201X. It was stated by Shri Lohana that the impugned transaction was a loan transaction, wherein the assessee had taken loan of Rs. 12.50 Crore from "DD Multi State Urban Cooperative Credit Society Limited". Further, statements on oath under section 131 of Rahul Kumar, office boy of assessee and Ms. Rewani, Manager in assessee, who had coordinated with "DD Multi State Urban Cooperative Credit Society Limited" in the course of the impugned transaction were also recorded during Survey action. The statements of the aforementioned persons and the loan agreement are made as part of the annexures.

It has been made clear in above paras that the activities of "DD Multi State Urban Cooperative Credit Society Limited" are not according to the provisions of the Law. It is further reiterated that it cannot give a Loan to the present entity. With respect to the assessee's contention that the impugned transaction is a loan transaction, it is further noted that the apparent Loan Document is merely a cover-up and suffers from serious irregularities. The signatures of witness Shri Shailesh Janki are forged, which renders the document invalid and shows that the document was prepared as a cover-up in a casual manner. Attention is invited to the statement of Shri Shailesh Janki dated 10.04.201X recorded at the premise of the assessee in this regard. Further, the document titled "Account Opening Form" of XXX Entertainment and Media P. Ltd. for opening of "Account" of the assessee with "DD Multi State Urban Cooperative

Credit Society Limited" is also clearly non-genuine and has been filled in summarily. This document had been found and impounded in the course of Survey action at the XMXX premise of "DD Multi State Urban Cooperative Credit Society Limited" as part of Annexure A-52 of impounded material.

In addition to the above facts, it has clearly been established above that "DD Multi State Urban Cooperative Credit Society Limited" was functioning in contravention of applicable laws. By no stretch of imagination, the impugned transaction of the assessee with a fraudulent entity and ridden with fraudulent documentation, can be a genuine loan transaction. The test of unexplained credits on the basis of "identity, creditworthiness and genuineness of the transaction" is seen to be violated. It is difficult to accept the contentions raised by the assessee, which are seen to be mere cover-up measures. The impugned transaction is nothing but conversion of unaccounted cash of the beneficiary assessee into RTGS.

Section 22: To Sum up.

There is a lacuna in the process of operating system for running a Multistate Credit Cooperative Society. Here the Societies do not have clearing house, hence they have to collect the cash from all the customers and deposit their total funds / collections in the Pool account of "DD-MSCCS" maintained with the Nationalized / Private Banks who have the clearing house. Now, say if the customer gives instruction for RTGS or request for funds transfer through cheque then in such cases the Name of "DD-MSCCS" would be reflected in the Recipients / Beneficiaries account instead of the customer of "DD-MSCCS" who has actually instructed for the Funds transfer. The real transferor of funds (i.e., "DD-MSCCS" customer) is MASKED / HIDDEN thereby raising doubts on societies...This is a lacuna in the functioning of the societies due to which people take advantage and misuse the names of the societies. Further most of the RBI guidelines and Banking regulation Act are not applicable to Credit societies. Also, in earlier years the PMLA reporting to FIU India was not applicable to credit societies leading to such scams. Further, due to this reporting and limited compliances, the Nationalized / Private Banks take undue advantages of the society and divert their customer's cash deposits to the societies instead of depositing the same in to their own Banks. By this methods the Nationalized / Private Banks avoid PMLA reporting to FIU India relating to acceptance of Cash deposits.

Section 23: Expected Output.

Establishing linkages between various parties and layering of funds between multiple Bank accounts is grave. It is believed that one can setup / establish a process whereby inbuilt software triggers can be set-up between multiple Banks / financial institutions, to catch hold of suspicious transactions at early stage and on real time basis through continuous monitoring and Big Data Analysis.

Further, it appears from above case that there are various guidelines / compliances which are not in existence or are already prescribed, but not followed by the societies or the Financial Institutions including Banks.

Our approach and methodology shall help various agencies (Income Tax / CBI/ ED) to solve the cases swiftly and target right people for revenue collection rather than taxing the middle men's like societies, directors, companies, LLPs, Proprietorships, etc. who are unaware of the transactions held in their accounts or are merely used as conduits.

Assessee's take advantage in the name of Tax Planning and divert the funds with wrong intentions.

Also, this approach will generate professional opportunities for Chartered Accountants in supporting various agencies in unveiling the Scam.

Moreover, one can control and prevent such scams, if appropriate centralized systems are put in place and triggers are set for throwing early-stage red flags. This will create a solution for monitoring / preventing the Transactions executed with the unlawful intentions of Money Laundering.

Section 24: Research questions or hypothesis.

If one gets the data of various Bank statements with counter party data in required format (e.g., Excel Columnar format) then one can process the data in customized application or in excel to establish the fund trail and movement of funds from one party to other thereby establishing the end beneficiary.

If the parties are private limited companies or LLP's then one can establish the common Directorship between the Companies / LLP's. Also, one can establish the common office addresses, DIN number of Directors, Strike-off or Active status of the companies / LLPs and whether they have completed their compliances and identify the Loan exposures, if any through MCA portal.

If the Full names and PAN are provided then one can get the KYC from the Banks and look for common Partners who are controlling the General Partnership firms or LLP's. This information is not available from open source.

If the Income Tax / CBI can write letters to various Banks and obtain the Bank statements, RTGS / NEFT Outward Details, KYC, LOAN Facilities, Sanction Letters, Bill of Entries, Bill of Ladings, Custom Documents, Foreign outward remittances, Form A2, FEMA compliance documents, LOU, LC, Swift details, and various other supporting documents; then one can establish the genuineness of transactions and the underlying documents supporting the transactions. This will help to corroborate the evidences.

Similarly, the Bank statements and other information's should be made available from International Banks in case the funds are transferred abroad. This is extremely critical area where the investigations are held up due to lack of TIMELY information leading to closure of case in incomplete manner.

Note: While representing to Income Tax and CBI for our case, we have followed above process and were able to obtain various details from the Banks and Open source and establish the linkages thereby forming the conclusion for the analysis performed on the available data.

In our research report we have presented the relevant content of the masked output of the working done by us thereby maintaining the appropriate confidentiality. This approach will assist users in creating awareness as to how the transactions are accomplished operationally and structurally. We shall cover few sample analyses in our next research case study.

Section 25: Impact of Money Laundering.

1) Economic Impact:
    a) Undermines legitimacy of private sector
    b) Undermines integrity of financial markets
    c) Loss of control of economic policy
    d) Economic distortion and instability
    e) Loss of revenue
    f) Security threats to privatisation efforts

g) Volatility in exchange rates and interest rates due to unanticipated transfers of funds

h) Rise of economic prices

2) Social Impact:

a) Increased criminality

b) Decreases human development

c) Misallocation of resources

d) Affects trust of local citizens in their domestic financial institutions

e) Declines the moral and social position of the society by exposing it to activities such as drug trafficking, smuggling, corruption and other criminal activities

3) Political Impact:

a) Initiates political distrust and instability

b) Criminalisation of politics

c) Other Impact:

d) Impact on Tax policies

e) Impact on Inflation

f) Genuine Institutions, Industries and people suffer due to mischief of scamsters

g) The statistical data of Actual Imports and Exports are distorted due to involvement of high value artificial Imports / Export transactions undertaken for transfer of funds abroad or receipts of funds from abroad respectively.

h) Distrust on Government, Bureaucrats, Politicians and Policy Makers

i) Hardship, Mental harassment, botherance and lack of peace of mind due to undue inquiries from investigation agencies done on innocent and genuine individuals who are genuinely unaware of unfair transactions done in their Names. Same applies to the family members of such individuals.

Section 26: Recommendations for Detection and Prevention of scams through Cooperative Societies and Banks.

1)	Clarity on applicability Banking regulations. There is lack of interpretational clarity as to whether the Banking regulations apply to the cooperative credit societies and why they are not complying to the Banking guidelines and why they do not get covered under stringent reporting, compliance and monitoring mechanism of Reserve Bank of India?
2)	Abide to the Bye Laws and objective for which the cooperative societies are formed. The cooperative societies should abide to the laws of the land and follow the objective for which it is formed as per the Bye laws of the societies.
3)	Clearing House and RBI Guidelines to be made applicable once the deposit turnover is exceeded in totality or individual members' level. Since there is no clearing house maintained / allowed by the societies, there is limited compliance by these societies. Further, there is no co-relation between the receiver and the sender of money. Hence it is suggested that once the societies reach certain limit of turnover then they should mandatorily have the clearing house and abide with the Banking guidelines, security and reporting measures with respect to carrying on their transactions in legitimate and secured manner.
4)	Monitoring and reporting mechanism to made applicable and more stringent: - • PMLA reporting (FIU India) • System Audits above certain turnovers • Concurrent Audits • Internal Audits • Penetration / Vulnerability Testing • Various other Audits

	Compliance to stringent monitoring and reporting is essential for the societies because the records are maintained in local languages and most of the societies do not have sound and standard technology infrastructure or Core Banking systems, hence there are weaker controls which are easy to override through collusion or otherwise.
5)	Limits on Cash deposits to be defined for individual account holders and group level. The Cash deposit limits should be defined at individual account holders' level, Branch level, Location level, Nature and type of accounts, mode of deposits and various other criterion to avoid inappropriate and limitless cash deposits. Most of the Banks divert their customers to Cooperative societies as they accept huge cash deposits. The Banks executives take advantage of the structure for which the cooperatives are made and dilute the overall intent for which Cooperatives are formed.
6)	Section 80-P benefit and concept of mutuality. The societies are taking undue advantage of the Section 80-P on the Income Tax Act, 1961. This the benefit which is available under the Income Tax Act. This needs to be reviewed for appropriate amendments to protect the interest of the exchequer and considering the changing economic environment and need of the hour. This will avoid loss of revenue to the Government.
7)	Avoid political interventions. Many political parties through agents control the Societies from the back end. Though this is difficult to identify and prove due to various influential factors and the existing laws pertaining to availability of data. In many cases once the search or seizure is initiated under the Income Tax Act or in case the society is under the scanner of CBI / ED, the political pressure is made on the officers to close or delay the matters. This should be restricted or tracked. Further, once the transaction volume is analysed and once the upper cap is reached then one can raise suspicion to monitor such societies and early stage.
8)	80:20 rule / ABC Analysis. On the available reporting formats with various agencies (ex. FIU

	India) one can analyse the data on monthly basis to track the suspicious transactions based on 80:20 rule. One has to find the 20% of targeted transactions / parties, where we can find 80% materialistic value. This random assessment including various other statistical approaches need to be applied on various databases and cross databases after consolidation. This is extremely essential as a continuous monitoring principle, so that the suspicion can be raised and red flags can be identified at early stage. It is essential to implement systems which acts as preventive measures rather than post mortem / detective methods after the scam has already taken place.
9)	Stringent KYC norms and site visits to ensure Credit worthiness, Identity, Source of funds and Genuineness of transactions. The societies and Banks should go beyond mere documentation and look in to the credit worthiness of the customers as compared to the transactions done in their accounts. Though this may be impractical for all the customers, however, a random check should be done for few instances based on algorithm / analytics based on various criterion such as age of customer, location, address, declaration of income as per the KYC documents, gender, nature of business, time frame of account held, Aadhar numbers, PAN Numbers, Mobile Numbers, etc. This will ensure early-stage signals for reporting of suspicious transactions. Because most of the Banks do not track or map the transactions with above factors like Credit worthiness, Identity, Source of funds, Genuineness of transactions, etc. However, Income Tax and other bodies do assess on these factors while the case is under appeal or litigation matters. Hence, these factors should be made as part of the KYC and Standard Operating Procedures of Cooperatives as well as Banks, since Banks are also not able to track such scams. In today's fast moving Digital Era, the time has come that Financial Institutions Act as detectives to safeguard themselves. It is wise to spend on Preventive measures rather than spending on Post-mortem thereby loosing on reputation. The Intangible loss suffered due to scams shall weigh out the tangible spending made to safeguard from Scams!

10)	Corporate Governance improvement - COSO Framework A good corporate governance system ensures that the management of the organization considers the best interests of everyone. Helps organizations deliver long-term success and economic growth in ethical manner; Improves control over management and Information systems (such as security or Risk management). The Chairman, CEO or CFO should also confirm that the Internal Controls are sound and they should take responsibility over it by confirming through signatures in similar manner as it is done in corporates.
11)	Source and Destination mapping at consolidation level At RBI level or at FIU India level the system can be framed wherein at Country level the consolidation of transactions is done whereby the internal tracking is done at account holder level with respect to TOTAL Debit Transaction and Total Credit Transactions. This can be done base on combination of various factors. For instance, the AADHAR number or PAN Card Number or Mobile Number or Location based criterion. This needs to be done across all BANKs, All states, All Financial Institutions through Big Data Analytics. Later it can be expanded to Country level based on the unique criterion of Passport numbers, etc. This will help to find the **Beneficiary**. Because ultimately while we track the layering and smurfing, the funds are concentrated or accumulated in fewer accounts at destination level. Further, once the funds are transferred abroad, then getting the data from international Banks is extremely difficult and time consuming as well as impossible at times. The Government is suggested to have ready mechanism in place to ensure immediate submission of data based on the request from CBI / ED / Income Tax, etc in prescribed formats.
12)	Restriction on overall usage of hard cash, as the economy is moving towards digitization and non-cash transactions; post demonetization. The efforts should be made to control the usage of hard cash as the economy is moving towards digitization. Though it is difficult for certain businesses and certain rural sections of the society, however, in long run and through awareness things are possible. Further such cooperatives should be monitored and should be subject to stringent compliance and amendments so as to fit to the ethical environment.

13) Audit Methodologies needs to be changed / upgraded.

Auditor has to increase their level of professional skepticism for raising doubts beyond the available facts and figures. Auditors are advised to act as blood hound and not as watch dogs. The statutory Auditor has to increase their scope. Alternatively, forensic Audits should be made mandatory for each financial institution once they cross certain financial or Non-financial criterion / limits. For instance, Turnover, Deposits, Advances, Payments, Number of Account holders, Number of Branches, Number of Employees, etc.

Forensic Audit standards needs to be established so that a different and detailed approach is followed to include Background searches, open-source, social media searches, evaluating related party transactions through site visits and address verifications, interviewing personnel with investigation mind sets, asking tough questions to Key personnel's / Management / Audit Committees and Boards at higher levels.

Forensic Auditors need to perform mock drills and act like spies to enter as a dummy customer or dummy employees and check the systems, operations and manipulations at grass route levels.

Forensic Auditor should start playing role as a preventive controller rather than detective agencies. Forensic Auditors are normally involved after the scam or Fraud has taken place. However, they should be hired to do their job as a matter of mandatory compliance on behalf of Government for the companies or Financial institutions based on certain limits / criterion.

Though certain audit approaches are beyond theory and seems impractical but to find and prevent the scams at early stage, especially the one which are difficult due to collusion, one has to think beyond normal and follow out of the box methodologies to save the economy / country.

PREVENTIVE Methods are difficult to achieve because in reality they don't exist at affordable price. Mere reporting and compliance will not be sufficient to prevent scams / frauds. One has to step in to the shoes of a fraudster to control frauds.

14)	Under cutting of fees. The Auditors lack the quality in output due to various factors such as cost, time, risk and lack of powers. Despite various compliances, Concurrent Audits, Internal Audits, Statutory Audits, PMLA reporting, etc. even Nationalized and Private Banks are suffering due to Frauds and Scams. Which means that Auditors are intelligent but not able to catch the Frauds at early stage because they are not having or not able give quality output due to low or nominal fees. Few Auditors neither have enough infrastructure to evaluate the systems with complex transaction cycles and documentation evaluation bandwidth. It is important to ascertain and evaluate that why there are frauds despite of multiple layers of Checks, Controls and Audits? Further the Auditors should be given appropriate powers to raise doubts while they perform their duties towards Nation Building.
15)	Independent appointment of Statutory Auditors. It is suggested that the Auditors should be appointed independently through the panel with appropriate rotation criteria. This shall ensure that the Financial Institutions do not influence the Auditors and get their work done from Local Accountants who are less aware or unaware of the overall provisions and the gravity of transactions undertaken through the Financial Institutions. The panel of Chartered Accountants shall be formed based on relevant experience, knowledge and expertise which shall ensure reasonable compliance, security and safety of the Revenue.

Section 27: Steps Taken by Government of India to Prevent Money Laundering.

1) **Criminal Law Amendment Ordinance (XXXVIII of 1944):** It covers proceeds of only certain crimes such as corruption, breach of trust and cheating and not all the crimes under the Indian Penal Code.

2) **The Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976:** It covers penalty of illegally acquired properties of smugglers and foreign exchange manipulators and for matters connected therewith and incidental thereto.

3) **Narcotic Drugs and Psychotropic Substances Act, 1985:** It provides for the penalty of property derived from, or used in illegal traffic in narcotic drugs.

4) **Prevention of Money-Laundering Act, 2002 (PMLA)**

   a) It forms the core of the legal framework put in place by India to combat Money Laundering.

   b) The provisions of this act are applicable to all financial institutions, Banks, Mutual Funds, Insurance Companies, and their Financial Intermediaries.

   c) **PMLA (Amendment) Act, 2012**

      i) Adds the concept of **'Reporting Entity'** which would include a Banking Company, Financial Institution, Intermediary, etc.

      ii) It has provided for provisional attachment and confiscation of property of any person involved in such activities.

5) **Financial Intelligence Unit-IND:** It is an independent body reporting directly to the **Economic Intelligence Council (EIC) headed by the Finance Minister.**

6) **Enforcement Directorate (ED):**

   a) It is a law enforcement agency and economic intelligence agency responsible for enforcing economic laws and fighting economic crime in India.

   b) One of the main functions of ED is to Investigate offences of money laundering under the provisions of Prevention of Money Laundering Act, 2002 (PMLA).

   c) It can take actions like confiscation of property if the same is determined to be proceeds of crime derived from a Scheduled Offence under PMLA, and to prosecute the persons involved in the offence of money laundering.

7) **India** is a **full-fledged member of the FATF** and follows the guidelines of the same.

Section 28: Global efforts to combat Money Laundering.

1) **The Vienna Convention:** It creates an obligation for signatory states to criminalize the laundering of money from drug trafficking.

2) **The 1990 Council of Europe Convention:** It establishes a common criminal policy on Money Laundering.

3) **G-10's Basel Committee statement of principles:** It issued a "statement of principles" with which the International Banks of member states are expected to comply.

4) **The International Organization of Securities Commissions (IOSCO):** It encourages its members to take necessary steps to combat Money Laundering in securities and futures markets.

5) **The Financial Action Task Force:**

   a) It has been set up by the Governments of the G-7 countries at their 1989 Economic Summit and has representatives from: -

      i) 24 OECD countries

      ii) Hong Kong

      iii) Singapore

      iv) The Gulf Cooperation Council

      v) The European Commission

   b) It monitors members' progress in applying measures to counter Money Laundering.

   c) The famous **Forty Recommendations** are given by FATF.

6) **IMF:** It has pressed its 189 member countries to comply with international standards to thwart terrorist financing.

7) **The United Nations office on Drugs and Crime:** It proactively tries to identify and curb down / stop Money Laundering.

Section 29: Way Forward

The threats of money laundering which are supported by the emerging technologies should be controlled with equally innovative Anti-Money

Laundering tools like Big Data Analytics and Artificial Intelligence. The International and Domestic Stakeholders should collaborate and come together by strengthening effective data sharing mechanisms amongst them to effectively eliminate / control the snag of Money Laundering.

Section 30: Disclaimer.

- The Case Study is based on the data provided and available with us, while providing services to the client / department authorities, and based on knowledge / experiences / interaction with various authorities.
- The Case Study provided would be based exclusively on the facts and circumstances described during the engagement for conducting the work and is given based on the representations, expressed or implied, and based on our interpretation of law, which may differ to another person.
- Existence of any other factual or historical background not provided to us might require a conclusion different from the one expressed herein.
- The information contained herein is specific only to the facts of the present case and cannot be used in any other matter and is not intended to address the circumstances of any particular individual or entity other than what has been described in the Case Study.
- The names and amounts used in the Research Case Study are hypothetical / fictitious in nature and do not necessarily represent any real events.
- Certain part of the case study is based on the Historical events which may or may not resemble the reality in current times due to change in economic conditions, amendments to various laws or changes in regulations or need of the society.
- The background search is based on open-source search and have no legal implications on the researcher.
- Although it has been endeavoured to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate thereafter. No person should act on such data / information without appropriate professional advice based on the circumstances of a particular situation.

- The recommendations or views expressed herein are based on the experience of the Researcher and do not necessarily resemble as the recommendations from ICAI.
- We carry No third-party claims or liabilities of whatsoever and no-where held ourselves personally responsible.
- This data / information with respect to the research case study was earlier provided to the Income Tax Department & CBI based on the information shared by "various societies" / various departments. Now the same is shared after masking with ICAI based upon the request from ICAI for the benefit of the members of ICAI. As an Independent Chartered Accountant (Researcher), we do not carry any personal interest or liability over the data or Case Study shared herein. We are adhering to the law of the land and acting accordingly in the overall interest of the nation. We do not have any conflict of interest and are objective in mind and appearance.