



Press Release

27.01.2025

Directorate of Enforcement(ED), Chennai Zonal Office has arrested two masterminds in connection with a **digital arrest scam**. One suspect was apprehended in Kolkata, while the second individual was arrested in Delhi as he attempted to flee the country. Both suspects played a key role in managing mule accounts, converting illicit cash into cryptocurrency, and transferring it overseas.

The case stems from an FIR filed by a senior citizen with the Chennai Police, alleging that scamsters defrauded her of Rs. 33 Lakh. The victim was threatened with fake allegations and the prospect of a "digital arrest". ED investigation uncovered a network of layered mule bank accounts used to route fraudulent funds.

ED also conducted extensive searches at over 30 locations across West Bengal, Madhya Pradesh, Uttar Pradesh, Gujarat, and Maharashtra as part of the investigation. During the searches, multiple mobile phones, laptops, and other electronic devices containing substantial incriminating evidence were seized. Cryptocurrency in the form of BTC and USDT was also found and seized.

ED investigation revealed a sophisticated system wherein cash withdrawn from mule accounts was converted into cryptocurrency and transferred to entities suspected to be based abroad. Significant amounts of funds, originating from various digital fraud schemes, were routed through this method.

Additionally, the accused misused Cash Deposit Machines (CDMs) to deposit cash into the bank accounts of companies offering fintech services. These funds were then routed to individual accounts, enabling the accused to obtain cryptocurrency. This cryptocurrency was allegedly used to conceal and transfer the Proceeds of Crime (POC) abroad with the assistance of accomplices using foreign phone numbers.

ED also uncovered major lapses by several fintech companies, which failed to comply with Know Your Customer (KYC) norms and accepted cash deposits from bogus entities and individuals. These cash deposits, running into hundreds of crores, are suspected to be tainted money originating Digital Crimes. The role of these fintech companies, their distributors, retailers, and associated bank accounts is being examined.

Further investigation is under progress.