



Press Release
08.11.2024

Directorate of Enforcement (ED), Mumbai Zonal Office has conducted search operations on 07.11.2024 at 5 locations in Mumbai under the provisions of Foreign Exchange Management Act (FEMA), 1999 in a case of suspected illegal sale and distribution of Forex by FFMCs (Full Fledged Money Changers) at premises of M/s Kuntilaa Forex Pvt Ltd (KFPL), M/s Shagun Enterprises, M/s Capital India Finance Ltd and M/s MDB Tours and Forex Pvt Limited. During the search operations, various incriminating evidence, electronic devices, foreign currency (of multiple countries) equivalent to Rs. 4.6 Crore and Indian currency of Rs. 0.04 Crore were seized.

ED investigation was triggered on the basis of unusual financial activities observed during Financial Year 2022-23 in the forex business of M/s KFPL, a FFMC, whose license was revoked by RBI in October 2023.

ED investigation revealed that the bank accounts of M/s KFPL, M/s MDB Tours and Forex Pvt. Ltd. and others were used to deposit cash / receive funds from various channels which were used by FFMCs to purchase foreign currency in bulk from M/s Capital India Finance Ltd, an AD-Category-II licensee and thereafter the said foreign currency was sold through unauthorized/illegal channels. The investigation has revealed that there were cash deposits of more than Rs 370 Crore in the bank accounts of M/s KFPL during a short span of 14 months in 2022-23. ED investigation further revealed that M/s Capital India Finance Ltd was receiving hundreds of crore within a short period of time from various FFMCs which did not have a history/expertise of such huge business/transactional volumes. Many of such FFMCs' licenses were revoked by RBI due to non-compliance of guidelines and suspicious transactions.

Further investigation is under progress.