



Press Release
29.03.2023

Directorate of Enforcement (ED) has provisionally attached movable assets to the tune of Rs. 106 Crore in the Chinese Loan App Case.

ED initiated an investigation on the basis of FIRs registered by Cyber Crime Police Station, Bengaluru under various sections of Karnataka Money Lenders Act, 1961, Information Technology Act, 2000, Karnataka Prohibition of Charging Exorbitant Interest Act, 2004, and various Sections of Indian Penal Code, 1860 against numerous entities/persons in connection with their involvement in extortion and harassment of the public who had availed small amounts of loans through the mobile apps being run by those Chinese national controlled entities/persons.

The investigation by ED revealed the modus operandi of these entities wherein these entities were incorporated by appointing dummy directors on behalf of Chinese nationals, used to obtain KYC documents of company staff and appoint them as Directors of such entities and even opened bank accounts in their name, without their knowledge or prior consent. These entities are involved in illegal/criminal activities by submitting fake addresses in KYC documents and taking assistance from various professionals and other persons. They have provided instant short-term loans to the public through Loan apps and other means and charged high processing fees and exorbitant rates of interest and amounts were subsequently recovered from the public by these companies by way of threatening and causing mental torture to the borrowers of the loans over the phone as well as contacting their family members, relatives and friends asking for the money.

These Chinese national-controlled entities have indulged in huge money laundering activities through the merchant IDs maintained with various payment gateways, Razorpay, Cashfree, Paytm, PayU, Easebuzz and bank accounts maintained with various banks and thereby generating proceeds of crime. An amount of Rs 106 Crore has been attached under PMLA in merchant IDs, bank accounts.

Further investigation is in progress.