



PRESS RELEASE

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Directorate of Enforcement (ED), Mumbai Zonal Office has conducted search operations on 09.09.2024, under the Foreign Exchange Management Act (FEMA), 1999 at various locations in Mumbai and Kolkata as part of an ongoing probe in the case of front running business in respect of Axis Mutual Fund. During the course of search operations, movable properties in the form of Foreign Currencies (GBP/Euro/AED) amounting to Rs. 12.96 Lakh, various incriminating documents pertaining to overseas immovable properties, overseas bank accounts and digital devices have been found and seized.

ED has initiated investigation on the basis of interim order passed by SEBI levelling allegations of front running business against Viresh Joshi and others for earning wrongful gains of approx. Rs. 30.56 Crore. Front running is a term used in the securities market to describe a practice where a broker or trader executes orders on a security for their own account while taking advantage of advance knowledge of pending orders from their customers. This practice is considered unethical and illegal, as it undermines the integrity of the market and cause disadvantages to other investors.

During the course of ED investigation, evidences have been found which unravel the modus identified in the front running scam. In this case, Viresh Joshi was allegedly sharing market-sensitive information in return for kickbacks from brokers having terminal in Dubai who could execute trade on his instructions. He also contacted few other individuals/ entities based in India who could lend their trading accounts on rental basis. The illicit gains generated through the said trade was received by Viresh Joshi in cash from the said brokers. Further, Viresh Joshi used Kolkata based operators to route the said cash in the bank accounts of multiple shell entities which in turn gave unsecured loans to Viresh Joshi, his family members and the firms/ companies beneficially owned by them. Preliminary investigations revealed that the said illegal gains made from front running was utilized for the purchase of immovable properties in UK. Documents related to two such properties have been found for which an amount of Rs 14 Crore was remitted abroad. It is also found that overseas entities namely M/s Vintage Capital Investment LLC in Dubai and M/s Vincent Capital Holding Limited in UK were incorporated with these funds and illegitimate gains to the tune of Rs 12 Crore were parked in those accounts. Funds were also used to form FDs and buy properties in India.

Further investigation is under progress.