

Digital arrests: ED files charge sheet, I4C issues fresh advisory

Scammers establish credibility through fake ads and fabricated success stories, ultimately leading victims to invest significant amounts

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Close on the heels of Prime Minister Narendra Modi urging people to guard against the menace of 'digital' arrests, probe agencies said they are taking action against this category of cybercrime with the ED filing a charge sheet in one such case and the I4C issuing a fresh advisory.

The Enforcement Directorate (ED) issued a statement on Saturday (November 2, 2024), saying it filed a prosecution complaint before a special Prevention of Money Laundering Act (PMLA) court in Bengaluru last month against eight accused who allegedly "lured"

common people through "fake" IPO allotments and stock market investments through fraudulent apps.

"Probe found that a huge network of cyber scams in India, involving fake stock market investments and digital arrest schemes executed primarily through social media platforms like Facebook, Instagram, WhatsApp, and Telegram."

"Known as 'pig-butcher' scams, stock market investment scams entice victims with promises of high returns, using fake websites and misleading WhatsApp groups that appear connected to reputable financial firms," the Enforcement Directorate said.

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Scammers, it said, establish credibility through fake ads and fabricated success stories, ultimately leading victims to invest significant amounts.

The ED said some victims of this scam were "manipulated" under the guise of a fake arrest (digital arrest) by the Customs and the CBI, ultimately making them transfer huge funds to various shell or dummy companies under a fake "fund regularisation process."

It said 'digital' arrest scams involve fraudsters posing as law enforcement officials, intimidating victims into transferring their savings by fabricating scenarios that suggest illegal involvement of the victim.

The Indian Cyber Crime Coordination Centre (I4C) issued a public advisory on Sunday asking people to "Beware of Digital Arrests" reminding that "those making video calls are not police, CBI, Customs officials or judges".

"They are cyber criminals," the organisation that functions under the Union home ministry said.

The advisory asked people to not fall for these "tricks" and report such crimes "immediately" by calling the national cybercrime helpline 1930 or logging at the portal www.cybercrime.gov.in.

Prime Minister Modi had during his monthly 'Mann ki Baat' radio address on October 27 flagged the issue of fraudsters targeting people with 'digital' arrests and urged people to adopt the mantra of "stop, think and take action" when faced with such a scam, asserting that these steps will provide digital security to them.

The ED said it booked a money laundering case into this crime after studying multiple police FIRs and it arrested eight persons, also named as accused in its charge sheet filed on October 10, named Charan Raj C, Kiran S K, Shahi Kumar M, Sachin M, Tamilarasan, Prakash R, Ajith R and Aravindan and 24 related companies.

All the arrested persons are currently lodged in jail under judicial custody.

"This cybercrime case involves proceeds of crimes to the tune of ₹159 crore and the court has taken cognisance of the ED charge sheet on October 29," it said.

The ED said fraudsters, in order to perpetrate this fraud, obtained hundreds of SIM cards which were either linked to the bank accounts of shell companies or were utilised to create WhatsApp accounts.

"The anonymity afforded by these untraceable SIMs allows scammers to defraud victims with a reduced risk of immediate detection."

"The scammers created 24 shell companies in Tamil Nadu, Karnataka and some other states to facilitate the acquisition and laundering of proceeds from cybercrimes," it said.

These shell companies, registered mainly at the addresses of coworking spaces (where no actual business presence exists), have used fake bank statements in filings before Registrar of Companies as proof of commencement of business of these companies.

Scammers operated through "mule" accounts to transfer the funds and the proceeds are ultimately converted into cryptocurrency and transferred abroad, the ED probe found.

One of the accused, Charan Raj C, played a "key" role in this scheme by recruiting individuals for directorships and managing bank account openings.

Shashi Kumar M assisted in "incorporating" several shell companies which became instrumental in collecting and integrating proceeds of crime into the banking system.

Kiran S.K., linked to several shell companies as per the ED, had connections with bank accounts of multiple shell entities created by overseas scammers, who submitted fake documents to incorporate these companies.

Sachin M, a Director in several firms, "admitted" to assisting overseas scammers in recruiting dummy directors and facilitating bank accounts, being "well aware" of their illegality, according to the agency.

Tamilarasan played a "significant" role in facilitating these activities, collaborating with both Indian and overseas scammers and he "assisted" in opening bank accounts for shell companies like Cyberforest Technologies Pvt. Ltd., and "knowingly" continued these operations despite of knowledge of their connection to cybercrime, the agency said.

The ED said it has "incriminating" evidence like chequebooks and communication records to say that these individuals participated in a syndicate that laundered proceeds from cyber frauds across India.

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