



Press Release
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Directorate of Enforcement (ED) has conducted searches on one of the Directors of M/s Zanmai Lab Pvt Ltd which owns the popular Crypto-currency exchange WazirX and has issued a freezing order to freeze their Bank balances to the tune of INR 64.67 Crore.

ED is conducting Money Laundering investigation against number of Indian NBFC companies & their fintech partners for predatory lending practices in violation of the RBI guidelines and by using tele-callers who misuse personal data and use abusive language to extort high interest rates from the loan takers. Various fintech companies backed by Chinese funds could not get NBFC license from RBI for carrying lending business. So they devised the MoU route with defunct NBFCs to piggyback on their license.

After the criminal investigation began, many of these fintech APPs have shut shop & diverted away the huge profits earned using the above modus operandi. While doing fund trail investigation, ED found that large amount of funds were diverted by the fintech companies to purchase Crypto assets and then launder them abroad. These companies and the virtual assets are untraceable at the moment. Summons were issued to the Crypto-exchanges. It is seen that maximum amount of funds were diverted to WazirX exchange and the crypto-assets so purchased have been diverted to unknown foreign wallets.

During ED investigation it is observed that:

- Zanmai Labs Pvt Ltd - the company owning WazirX Crypto Exchange - has created a web of agreements with -- Crowdfire Inc. USA, Binance (Cayman Islands), Zettai Pte Ltd Singapore -- to obscure the ownership of the crypto exchange. Earlier, their Managing Director Mr Nischal Shetty had claimed that WazirX is an Indian Exchange which controls all the crypto-crypto & inr-crypto transactions and only has an IP & preferential agreement with Binance. But now, Zanmai claims that they are involved in only inr-crypto transactions, and all the other transactions are done by Binance on WazirX. They are giving contradictory & ambiguous answers to evade oversight by Indian regulatory agencies.
- WazirX works from a Cloud based software (@AWS Mumbai), all employees work from home, the registered office is a 2 Chair co-working Wework space, and all crypto-crypto transactions are controlled by Binance {which is again without any known office, any known employee and rarely responds to queries on legal@binance.com}.
- Despite giving repeated opportunities, WazirX failed to give the crypto transactions of the suspect fintech APP companies and reveal the KYC of the wallets. Most of the transactions are not recorded on the blockchain also.



- WazirX informed that prior to July 2020, they did not even record the details of the Bank Account from which funds were coming into the exchange to purchase crypto assets. No physical address verification is done. There is no check on the source of funds of their clients. No EDD is done. No STRs were raised.

Because of the non-cooperative stand of the Director of WazirX exchange, a search operation was conducted under PMLA on 3.8.2022 and it was found that Mr Sameer Mhatre, Director WazirX, has complete remote access to the database of WazirX, but despite that he is not providing the details of the transactions relating to the crypto assets, purchased from the proceeds of crime of Instant Loan APP fraud. The lax KYC norms, loose regulatory control of transactions between WazirX & Binance, non-recording of transactions on Blockchains to save costs and non recording of the KYC of the opposite wallets has ensured that WazirX is not able to give any account for the missing crypto assets. It has made no efforts to trace these crypto assets. By encouraging obscurity and having lax AML norms, it has actively assisted around 16 accused fintech companies in laundering the proceeds of crime using the crypto route. Therefore, equivalent movable assets to the extent of Rs. 64.67 Crore lying with WazirX were frozen under PMLA, 2002.

Further investigation is going on.
