



Case Study on Money Laundering in Cash

Investigative Techniques for the Cash Economy
(Specialty) Virtual Programme

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Brief facts of the case:

- One Politician in India had revised Income Tax Returns (ITRs) for last 3 consecutive years simultaneously, showing exponential increase in agricultural income.
- Agriculture Income in India are not only tax free but also accrued in Cash.
- Based on Red flag indicator i.e. sudden huge jump in total income, revised ITRs filed by him were put to scrutiny by the Income tax department.
- During scrutiny of ITRs, it was seen that the accused had also purchased high value Life Insurance policies in cash in his as well as his family members name. In order to justify ill gotten money as genuine, he had filed revised Income tax returns.

Modus Operandi Used:

- To justify cash from which Life Insurance Policies were purchased, the accused had revised his Income Tax Returns showing increase in his agricultural income from the fruit orchards owned by him.
- To further justify his income, he had entered into back dated MOU with his accomplice/agent, authorizing him to manage his orchards and sell the fruits in the market, on his behalf.
- To justify sale of fruits in market, his agent had obtained fake invoices and book entries from the agricultural market.
- Thereafter, ill gotten cash generated by accused politician was laundered for the purchase of high value Life insurance policies.

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- After few years, life insurance policies which were purchased in cash were prematurely surrendered i.e. before their maturity. Proceeds of the same were credited in the accounts by accused and his family members, showing the same as genuine income from insurance policies.
- The aforesaid money was again laundered in the purchase of flat by the accused.

Investigation methods or tools:

- Data from Horticulture department was obtained to analyze the production of fruits in other orchards available in same area, which reveals that during those 03 years production was even less than normal production in that area, due to bad weather conditions and most of other owners were in the losses during those 3 years period;
- Details of the Stamp Paper on which back dated MOU was signed by accused with his agent reveals that the stamp paper itself was printed in Government press after the date of MOU.
- Further statement of the buyer of fruit was recorded in which he disclosed that he had not purchased any fruit but only provided book entry and fake invoices .

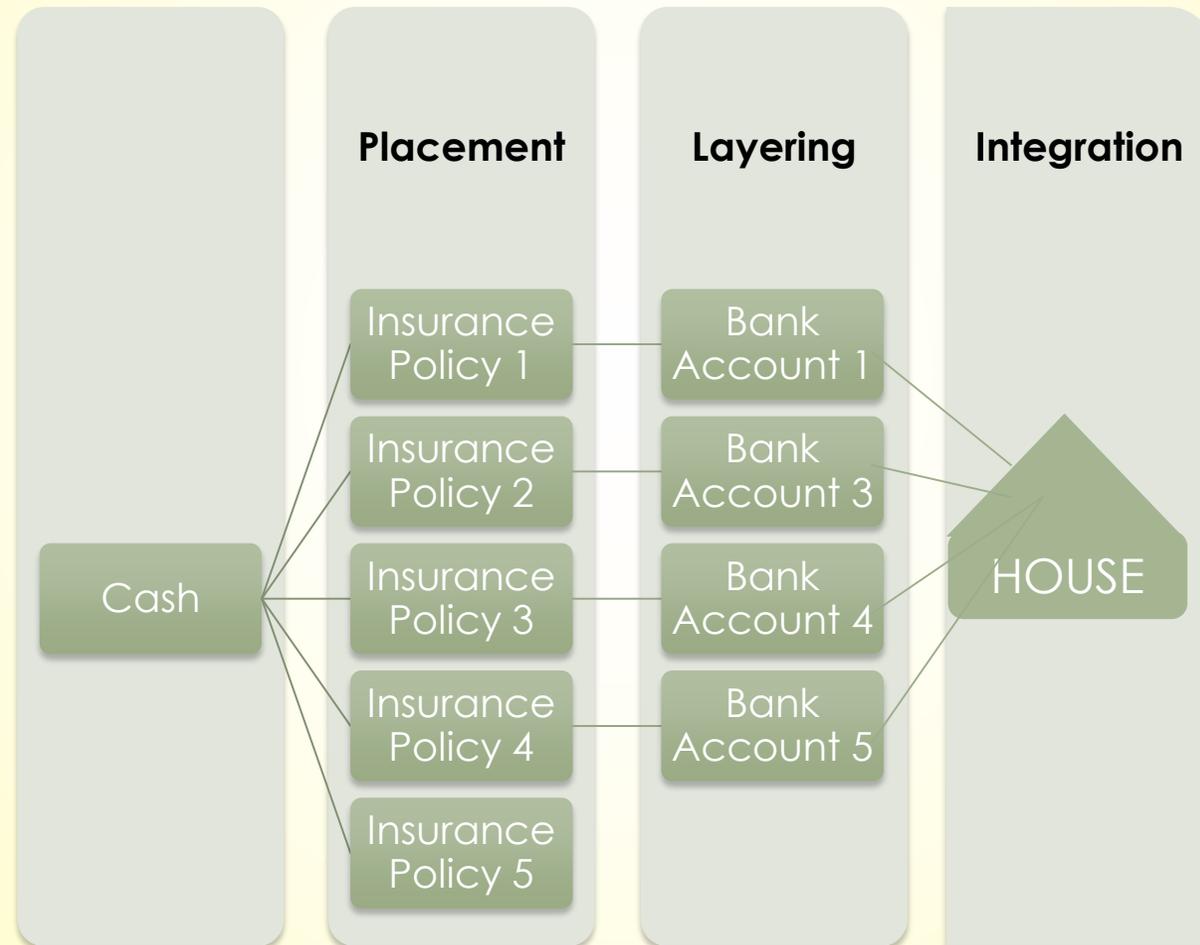
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- Also the details of the vehicles used for transporting of fruits was also obtained from accused and his agent. When the same was verified with records from Transport Department also found to be fake.
- The agent of the accused was arrested during investigation and his interrogation revealed that he used to obtain cash from accused or his family members and bought LIC policies in their name;
- Scrutiny of bank account statements of accused person and his family members reveals that all money received from surrendering of insurance policies were further laundered by them for the purchase of immovable property i.e. house.

Process of Money laundering

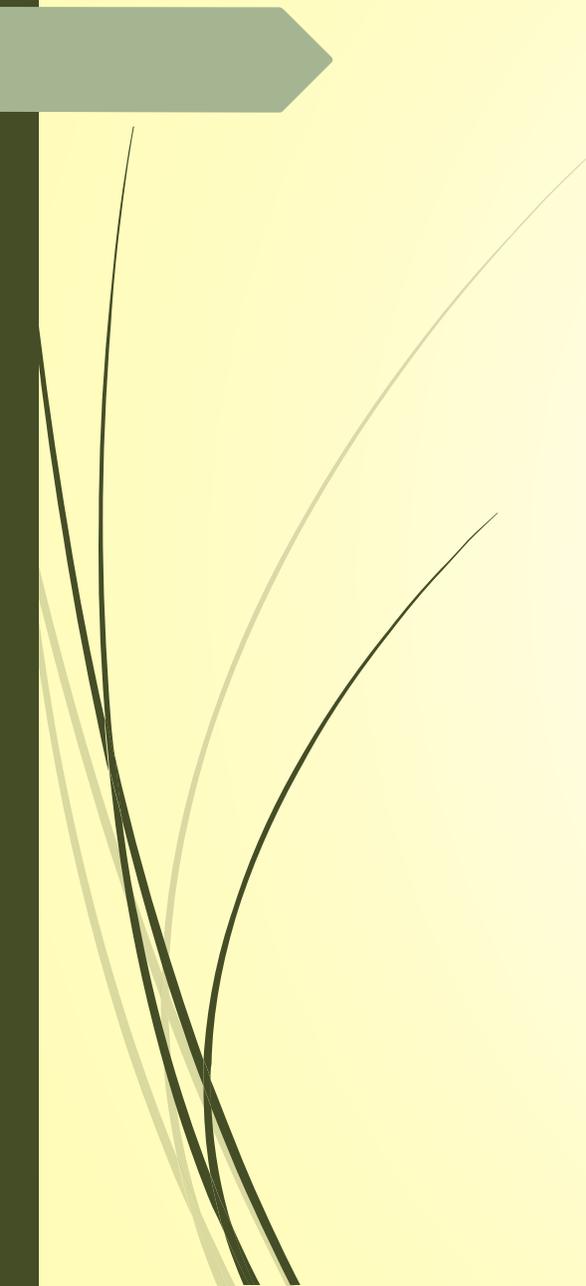


Money Trail in the case study



CASE RESULT

- **Attachment of Proceeds of Crime(POC):** Movable and immovable Proprieties including the house pictured in above slide was attached.
- **Filing of Prosecution Complaint:** Prosecution Complaint was filed before the Competent Court against the accused and his family members for the offense of Money Laundering punishable for a term of minimum 03 years

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Thank You