

Income Tax raids mutual fund house in Mumbai

By TIOL News Service

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Income Tax Department carried out a search and seizure operation on 28.07.2022 on an ex-fund manager and chief trader of equities of a prominent mutual fund house along with related sharebrokers, middlemen and entry operators. The search action covered more than 25 premises, spread across Mumbai, Ahmedabad, Vadodara, Bhuj and Kolkata.

As a result of the search operation, various incriminating evidences in the form of documents and digital data have been found and seized. These evidences gathered during the search including sworn statements recorded from various persons have revealed the modus operandi. It has been detected that the said fund manager and chief trader were sharing specific trade related information with brokers/middlemen and persons located in certain foreign jurisdictions. These persons in turn, used such information for illicit gains in the share market by trading in such scrips either in their own account or account of their clients. These persons including family members of the fund manager have admitted in their statements that the unaccounted cash generated from the above operations was routed mainly through Kolkata based shell entities into their bank accounts. From these bank accounts, funds have been further diverted into the bank accounts of companies/entities incorporated in India and other low tax jurisdictions. The gleaning of seized evidences has exposed the nexus between the ex-fund manager, middlemen, share brokers, and entry operators.

Evidences of large-scale unaccounted investment in cash loans, fixed deposits, immovable properties and their renovation, etc. have also been found and seized. More than 20 lockers have been put under restraint. So far, unaccounted deposits exceeding Rs. 55 crore have been seized.