



PRESS RELEASE
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Directorate of Enforcement (ED) has issued a Show Cause Notice (SCN) to Crypto-Currency Exchange M/s Zanmai Labs Pvt Ltd (WazirX), and its Directors Nischal Shetty and Sameer Hanuman Mhatre under Foreign Exchange Management Act, 1999, (FEMA) for transactions involving crypto-currencies worth Rs 2790.74 Crore.

ED initiated FEMA investigation on the basis of the ongoing money laundering investigation into Chinese owned illegal online betting Applications. During the course of the investigation, it was seen that the accused Chinese nationals had laundered proceeds of crime worth Rs 57 Crore approximately by converting the INR deposits into Crypto-currency Tether (USDT) and then transferring the same to Binance (exchange registered in Cayman Islands) Wallets based on instructions received from abroad. WazirX allows wide range of transactions with Crypto-currencies(CCs) including exchange of CCs with INR and vice-versa; exchange of CCs; Person to Person (P2P) transactions; and even transfer/receipt of Crypto-currency held in its pool accounts to wallets of other exchanges which could be held by foreigners in foreign locations. WazirX does not collect the requisite documents in clear violation of the basic mandatory Anti Money Laundering (AML) and Combating of Financing of Terrorism (CFT) precaution norms and FEMA guidelines. In the period under investigation, users of WazirX via its pool account, have received incoming Crypto-Currency worth INR 880 Crore from Binance accounts and transferred out Crypto-Currency worth INR 1400 Crore to Binance accounts. None of these transactions are available on the blockchain for any audit/investigation. It was found that the WazirX Clients could transfer 'valuable' crypto-currencies to any person irrespective of its location and nationality without any proper documentation whatsoever, making it a safe haven for users looking for money laundering/ other illegitimate activities.
