



Prepared by

JHS & Associates LLP
Chartered Accountants

RED FLAG REPORT

APRIL TO JUNE

2021

Foreword



Dear Readers,

This quarterly publication aims to create awareness about Fraud Risks & Red flags.

“Unknown Fraud” is a real risk impacting Indian organizations. The techniques deployed by fraudsters are complex and usually masked in a complex web of falsehood, forgery and cheating.

It starts with malafide intent and ends with wrongful gain. Businesses especially smaller ones that are most vulnerable find it very difficult to unearth frauds and material control breaches. Therefore, we believe that dissemination of Red Flag Indicators Report and related information (primary goal of this publication) would assist Corporates in developing robust defence control mechanisms.

In Q2 of 2021 the surge in healthcare sector frauds continues, specifically COVID-19 frauds and scams. Fraudsters have spotted vulnerabilities and opportunities at each COVID-19 milestone, whether it is at testing or treatment or vaccination stage. COVID-19 related black marketing and fake supplies are rampant and regularly we are observing media reports of fake COVID-19 test reports, healthcare officials swindling money out of relief funds, fake vaccination drives, etc.

Furthermore, it is famously said that forewarned is forearmed keeping this in mind our publication team has researched on newspaper and electronic media stories from leading portals about fraud and red flags. Post research a crisp compilation of red flag stories has been made for readers highlighting the nature of breach, quantum of impact and modus of the operator to the extent available in public domain.

We welcome your valuable feedback and comments.

Best wishes for safety and success.

Huzeifa Unwala
Sr. Partner
JHS & Associates LLP

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1. FRAUD REPORTING UNDER COMPANIES ACT 2013

Section 143 (12) of Companies Act 2013 read with the Companies (Audit and Auditors) Amendment Rules, 2015:

- Notwithstanding anything contained in this section, if an auditor of a company in the course of the performance of his duties as auditor, has reason to believe that an offence of fraud involving such amount or amounts **rupee 1 crore** or more, is being or has been committed in the company by its **officers or employees**, the auditor shall report the matter to the **Central Government** within such time and in such manner as may be prescribed:
- Provided that in case of a fraud involving lesser than **rupee 1 crore**, the auditor shall report the matter to the audit committee constituted under section 177 or to the Board in other cases within such time and in such manner as may be prescribed:
- Provided further that the companies, whose auditors have reported frauds under this sub-section to the audit committee or the Board but not reported to the Central Government, shall disclose the details about such frauds in the Board's report in such manner as may be prescribed.

Section 143 (12) of Companies Act 2013 read with the Companies (Audit and Auditors) Amendment Rules, 2015

Applicability:

- (a) Statutory Auditor
- (b) Cost Auditor
- (c) Secretarial Auditor

Matters to be Reported in Auditor's Report:

- (a) Nature of Fraud with description;
- (b) Approximate amount involved; and
- (c) Parties involved

Matters to be Reported in Board's Report:

- (a) Nature of Fraud with description;
- (b) Approximate amount involved; and
- (c) Parties involved
- (d) Remedial Action Taken

Timelines:

- Auditor shall forward his report to the Board or the Audit Committee, as the case may be, immediately but not later than **2 days** of his knowledge of the fraud, seeking their reply on observations within **45 days**.
- In case of fraud above 1 Crore then within **15 days** from receipt of reply auditor shall send report in **Form ADT -4** to the Secretary, Ministry of Corporate Affairs. If auditor fails to get any reply or observations from the Board or the Audit Committee within the stipulated period, auditor shall send report without reply.

Companies (Auditor's Report) Order, 2020 (CARO 2020). Clause (xi)

Clause (xi) (a) whether any fraud by the company or any fraud on the company has been noticed or reported during the year, if yes, the nature and the amount involved is to be indicated;

Clause (xi) (b) whether any report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government

Clause (xi) (c) whether the auditor has considered whistle-blower complaints, if any, received during the year by the company

2. FRAUD REPORTING - SEBI

SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2020, w.e.f. 08.10.2020

Provisions:

The Securities and Exchange Board of India has issued the SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2020, w.e.f. 08.10.2020 ("SEBI Notification") whereby, inter alia, in case of initiation of forensic audit (by whatever name called) a listed company is required to make following disclosures to the stock exchange:

1. initiation of a forensic audit along-with name of entity initiating the audit and reasons for the same, if available; and
2. Final forensic audit report (other than for forensic audit initiated by regulatory / enforcement agencies) on receipt by the listed entity along with comments of the management, if any;

3. BANKING FRAUDS

1. CBI files FIR for Rs 188 crore bank fraud.

Sector : Banking

Nature : Non-routing of sale proceeds in bank accounts and Diversion

Modus : Diversion of funds, speculation transactions.

Details : The accused fraudulently indulged in diversion of funds, speculation transactions, non-routing of sale proceeds in consortium bank accounts, transactions with related parties/sister concerns, etc. The company was doing business with related entities having a common address with directors being employees of the accused company. The accused company allegedly made accounting entries with several firms without having genuine business transactions to divert the borrowed amount through non-fund based facility.

Source : Livemint

Web Link : <https://tinyurl.com/5b3u3ntx>

2. Govt-owned Bank declares 8 loan accounts as fraud.

Sector : Banking

Nature : Cheating and Diversion

Modus : Provided defective title deed/imperfect mortgage and diversion of funds

Details : Government owned Bank has declared bad loans amounting Rs 202.32 crore to seven domestic borrowers and \$5.289 million lent to a foreign company as fraud.

Source : Business Standard

Web Link : <https://tinyurl.com/tdhhuerb>

3. Clerk swindled Rs 8 crore from Bank arrested from Bengaluru

Sector : Banking

Nature : Cheating and Forgery

Modus : Misused the authority and unauthorized transfer of money to personal account.

Details : The accused was one of the good performing members of the branch. He allegedly used the system passwords and closed the fixed deposit account of few customers and transferred the amounts to his wife and relatives account. According to the source, he had swindled a total of Rs 8.13 crore in 191 transactions over a period of one-and-half-years from the bank branch.

Source : The New Indian Express

Web Link : <https://tinyurl.com/t66ed93p>

4. Fraudster swindled Rs 1.10 crore from frozen accounts arrested.

Sector : Banking

Nature : Falsely representing as office in charge of cyber cell police.

Modus : Using false letter representing office in charge of cyber cell police

Details : Fraudsters gave a fake letter representing himself as office in charge of cyber cell police and directed the bank to unfreeze 12 accounts and transfer the amount to SBI account. As soon as the bank officials transferred Rs. 1.18 crore to the SBI account, the accused transferred it to multiple accounts at various places and withdraw the amount immediately.

Source : Times of India

Web Link : <https://tinyurl.com/54kpujpr>

5. Industrialist booked in Rs 446 crore bank fraud.

Sector : Banking

Nature : Cheating and Diversion

Modus : Misappropriation and diversion of funds

Details : The private company availed term loan facility of Rs 515 crore from Bank in December,2017. The loan amount was declared as NPA on October 30,2019. Further, the borrower was allegedly declared 'Red Flagged Account' on March 6,2020 on the basis of Early Warning Signals (EWS).Bank had filed a complaint against the accused after a forensic audit revealed misappropriation and diversion of Funds.

Source : The Economic Times.

Web Link : <https://tinyurl.com/6ne75cfz>

6. Two held for cheating banks for Rs. 8 crore

Sector : Banking

Nature : Cheating, diversion and fraudulently obtaining loans

Modus : Company involved in cheating, diversion of funds, submission of fake/forged documents turning into NPAs

Details : The cyber cell of Ghaziabad police arrested two for allegedly duping banks of over Rs. 8 crore by posing as owners and managers of private companies. One of the accused would first collect details of a company by calling or visiting as a customer. While the other use to call the bank manager who handles company's transactions and develop a cordial relationship. After around 20 days, they would send an email from a fake ID to the bank seeking money transfer urgently. Once the money is transferred they would destroy the SIM and deactivate the bank account and in most cases the accused used the Wi-Fi of a café to send the mails.

Source : Times of India

Web Link : <https://tinyurl.com/6fuy25p7>

7. CBI books SBI cashier for Rs. 70 lakhs gold loan fraud.

Sector : Banking

Nature : Cheating and breach of trust

Modus : Opening multiple bank accounts

Details : The cashier fraudulently opened hundreds of accounts in last 4 years and credited gold loan amounts without pledging the required gold ornaments He credited the loan amounts to 319 savings bank accounts. The cashier, after crediting the gold accounts used to withdraw the amount by cash.

Source : Times of India

Web Link : <https://tinyurl.com/3ckvh443>

4. Cyber Frauds

1. Three arrested for cheating people online through fake website

Sector : Cyber Fraud

Nature : Wrongful methods used for loan recovery

Modus : Created fake website to redeem credit card point or gift card and the money was deducted.

Details : Three accused created fake website and sent bulk messages with links to the website. When the victims accessed the website and put in their bank details to redeem credit card points or gift cards, money was deducted from their accounts. The accused were staying at five-star hotels and were traveling to other cities to withdraw the cheated amount and escape police. In total, Police recovered 15 phones, 39 SIM cards, and RS 85,000 in cash from the accused and are scanning bank accounts used by the men.

Source : The Indian Express

Web Link : <https://tinyurl.com/3t6jncomp>

2. 91 arrests, 372 FIRs in Covid cyber fraud cases

Sector : Cyber Fraud

Nature : Cheating.

Modus : Fake SIM were used

Details : The Delhi Police has registered 372 FIRs and arrested 91 persons involved in cyber frauds to cheat people in need of oxygen and life-saving drugs such as Remdesivir.

Source : The New Indian Express

Web Link : <https://tinyurl.com/rmb3s9f4>

3. 20 Crore Online Scam Busted, 8 racketeers held

Sector : Cyber Fraud

Nature : The fraudster used to swindled the fund and invested that money for purchase of smartphone and sold them in black market.

Modus : OTP, credit card, and e-commerce frauds, fake IDs, mobile phone numbers, and addresses, black market transactions.

Details : An online racket that has defrauded around 800 people of ₹ 20 crore in the past year or so has been busted by the Union Home Ministry, teaming up with several state police departments. Eight persons have been arrested across multiple states while hundreds more have either been rounded up or are under surveillance. Their operation involved several hundred persons running the various legs, including OTP, credit card, and e-commerce frauds, fake IDs, mobile phone numbers, and addresses, apart from black market transactions, tax evasion, money laundering, and dealing with stolen property. These funds were invested in popular mobiles as they are in demand and can only be bought from sites and not from any retailer. The gang members bought these phones for about ₹ 10,000 each and sold them in the black market at 5-10% discount. Police raids across states led to recoveries of around 900 more cellular phones. Around 1,000 bank accounts and hundreds of UPI and e-commerce IDs of the gang members have been identified and are under investigation, while nearly 100 bank accounts and debit and credit cards have already been frozen.

Source : NDTV

Web Link : <https://tinyurl.com/bydfdz9>

4. Online fraudsters dupe businessman for Rs 2.5 lakh

Sector : Cyber Fraud

Nature : Wrongfully obtaining

Modus : Fraudster asked to pay money on the pretext of giving him the distributorship of a prominent company.

Details : Online fraudsters claimed to be a representative of a prominent company and promised to provide distributorship of the company, saying it will bring large profits. The suspect then asked the businessman to pay at least Rs 2.5 lakh to obtain the distributorship. But on making the payment through Google Pay, the businessman neither got the distributorship nor his money back

Source : The Indian Express

Web Link : <https://tinyurl.com/369wwa56>

5. Businessman seeking petrol pump license duped for Rs 7.80 lakh

Sector : Online Fraud

Nature : Obtaining money by tricking people through wrong means

Modus : Online fraudsters duped a Pune-based businessman to the tune of Rs 7.80 lakh on false assurances of providing him a license to run a petrol pump

Details : A businessman wanted to start a petrol pump and so he submitted his information on a website by filling an online form. While he did not get any response from the website, a few days later, he started receiving calls from the fraudster. Between December 2020 and April 2021, the fraudster called the businessman on his cell phone repeatedly with an offer of providing him a petrol pump license. The fraudster allegedly demanded money from the complainant for issuing a NOC as well as a 'security deposit' for the petrol pump license. The businessman, transferred Rs 7,80,600 through multiple transfers into various bank accounts

Source: The Indian Express.

Web Link : <https://tinyurl.com/6rtdsx54>

6. Cyber frauds dupe man of Rs 1.19 lakh

Sector : Cyber Fraud

Nature : Setting bank accounts fraudulently

Modus : Representing himself as bank representative and obtaining OTP.

Details : A man was cheated of Rs 1.19 lakh by unknown online conmen on pretext of helping him get a waiver on the annual fees for his credit card. The victim got a call from fraudster in which he introduced himself as representative of bank and offered him a waiver in the annual fees of his credit card. Thereafter the caller asked to share OTP and within a second of sharing OTP the victim found Rs 1.19 lakh phished from his account

Source : Times of India

Web Link : <https://tinyurl.com/4hpyep7t>

7. Man held for fraud on online marketplace in Mumbai.

Sector : Online Fraud

Nature : Fraud by using online portal.

Modus : Putting advertisement of vehicles and accepting booking charges but never parted with vehicles.

Details : A 31 years-old man was arrested for duping buyers and sellers over a online classifieds portal. The accused use to contact the seller and express his desire to purchase the bike after a test ride. After convincing the seller fraudster use to take the two-wheeler for test ride but never return it. The accused also put up advertisement of two-wheelers on the same portal and accept booking charges online. But never parted with vehicles.

Source : Times of India

Web Link : <https://tinyurl.com/yzznrw92>

8. UP Man Duped Of Rs 48,000 In Car Insurance Fraud In Mumbai.

Sector : Cyber Fraud

Nature : Fraud by using Phone.

Modus : Duped Rs 48,064 in the name renewal of insurance policy

Details : Victim got a call from a man who said he was the agent of an insurance firm and said that car insurance would expire on June 13, and the latter sent vehicle document copies to a phone number as well as ₹ 48,064 on a link sent to him for policy renewal

Source: NDTV

Web Link : <https://tinyurl.com/534a8xfr>

9. Retired employee loses Rs 10 lakh

Sector : Online Fraud.

Nature : Stealing and Forgery

Modus : Fraudsters stole money by obtaining OTP

Details : A retired employee lost his lifetime savings in a single day after fraudster posing as online bankers got him to share documents and one-time passwords (OTPs) to loot his account. Police found the fraudster had debited Rs 10 lakh in a shocking 102 online transactions.

Source : Times of India

Web Link : <https://tinyurl.com/5e53fz2d>

5. Healthcare & COVID-19 Fraud

1. Bogus one lakh fake Covid Test Reports during the Kumbh Mela by private testing agency engaged by state government

Sector : Covid-19

Nature : Fake test reports by private labs

Modus : Bogus Covid-19 test reports, registered wrong address.

Details : Private agency engaged by state government issued 1 lakh fake covid test reports. It has emerged that fake names and addresses have been also manipulated in making these reports. Police found some instances where one contact number used to register over 50 people, one antigen kit have shown to test 700 people, one house address shown in 500 test reports.

Source : Times now News

Web Link : <https://tinyurl.com/52225ebk>

2. Covid-19 vaccination Camp fraud

Sector : Covid-19

Nature : Cheating

Modus : Fraudsters represent himself as representative of private hospital and organized fake vaccination camp

Details : A vaccination came was arranged by residential complex but later they found that Co-win portal did not have any record of the people who participated ,no certificate generated on government portal and they received certificate in the name of different hospitals. As many as 390 members received the jobs at the camp at Rs 1,260 per person.

Source : Money Control

Web Link : <https://tinyurl.com/kc768y8v>

3. Doctor fraudulently obtained nearly \$6,30,000 loan under Government Relief Fund

Sector : Covid-19 Fraud

Nature : Fraudulently obtaining covid-19 related government guarantee loans nearly \$6,30,000

Modus : Making False Statement related to health care matters, wire fraud

Details : Doctor allegedly looted over USD 6,30,00 in federal funds earmarked for legitimate small business by two separate loans applications with different names, Email addresses, Business identification numbers and loan amount.

Source : NDTV

Web Link : <https://tinyurl.com/482s2ptt>

4. Medical Doctor with fake certifications

Sector : Covid-19 Fraud

Nature : Fake certification

Modus : Fake Doctor treat covid-19 Patient

Details : One of the Family member of an Ahmedabad Covid-19 patient filed complaint when covid patient did not recover after 10 days treatment then the family member suspected that the Doctor and Nurse appointed for 'at Home Treatment' was bogus. The doctor and his accomplices were fake and they were not professional practitioners. They are charging 10000 per day. The women has lodged a complaint alleging a fraud of Rs.1.50 lakh.

Source : News 18

Web Link : <https://tinyurl.com/ym25ekmf>

5. Fraud by using personal data posted on Social media for covid supplies

Sector : Covid-19 Fraud

Nature : Mining personal data

Modus : Misusing personal data posted on social media for covid supplies

Details : Criminals are using personal data of people seeking help on social media. they demanded advance money for supplies of oxygen cylinder, but after sending money cylinder never arrived and they have been duped by cybercriminals.

Source : Money Control

Web Link : <https://tinyurl.com/4zydt4bz>

6. Hospitals blocked bed with fake names to make money

Sector : Covid-19 Fraud

Nature : Covid bed scam

Modus : Registering beds in hospital with fake name

Details : Hospitals blocked 4065 beds with fake names and not providing bed to people who are needy one. They are making money by registering bogus names. And on other side they are taking bribe and selling that bed on high prices. First took up these cases when one politician visited covid ward and beds are empty but he found beds full on online portal everytime.

Source : The Economic Times

Web Link : <https://tinyurl.com/39yw5r6d>

7. Covid Vaccine Fraud by ex-employee of the hospital

Sector : Covid-19

Nature : Organising vaccination camp by unauthorised persons

Modus : Fake vaccination drive organized under event management company

Details : Some persons who are ex employee of hospitals are conducting fake vaccination drive. Accused are booked on various police station for same fraud. They are providing fake vaccines to people and no certificate generated on government portal. Fraud involved amount of Rs. 2.48 lakhs.

Source : The Times of India

Web Link : <https://tinyurl.com/3744j7aj>

8. Man arrested for 'selling' 42 fake vials of mucormycosis drug

Sector : Covid-19

Nature : Fake drugs

Modus : Selling of duplicate or fake mucormycosis drug

Details : A 24-year-old man from Surendranagar allegedly sold 42 fake vials of amphotericin B injections, needed for treatment of mucormycosis to a patient. The buyer was informed by the doctors that the patient was administered 20 vials first, however, his condition started deteriorating after which the doctors refused to give the remaining 22 vials. Therefore, the buyer got suspicious and got the fraudster got arrested.

Source : The Indian Express

Web Link : <https://tinyurl.com/fj96upj6>

9. Mumbai Vaccination Racket: Production Houses Including Tips Duped After Housing Society Scam

Sector : Covid-19 frauds

Nature : COVID-19 Vaccination

Modus : Alleged Malpractices by group of people

Details : One of the famous Bollywood production house has vaccinated over 350 employees of his firm between May 30 and June 3, but they have still not received the certificates. As per the producer, the vaccination center charged Rs 1,200 per dose plus GST.

The revelation comes hours after a housing society in Mumbai's Kandivali area complained to police that it was apparently cheated by some persons who organized a Covid-19 vaccination camp representing a private hospital.

Same group of people have vaccinated employees of other production houses.

Source : ABP Live

Web Link : <https://tinyurl.com/4966t53d>

10. Oxygen Scam: Supply of over 700 O2 cylinders to Non- COVID hospitals

Sector : Covid-19

Nature : Supply of Oxygen Cylinders

Modus : Fake supply of 747 oxygen cylinders

Details : In a major scam allegedly involving senior officials of the district health department and district administration fake supply of at least 747 oxygen cylinders were made to 5 Non- Covid hospitals. Upon inspection it turned out that the O2 cylinders were actually delivered to VIPs in Firozabad and not to the hospitals

Source : The Times of India

Web Link : <https://tinyurl.com/7vkjnk>

6. Corporate Frauds

1. Leading oil and gas Company booked by SEBI for Buyback 'fraud'

Sector : Corporate Frauds

Nature : Misleading Buy Back Announcement

Modus : Buy back designed manipulate share of the company

Details : The Securities and Exchange Board of India's investigations found that the company misled public shareholders with its share buyback announcement in 2014 that was actually designed to induce the public to trade in the shares of the company. SEBI has imposed a fine of ₹5.25 crore.

Further, SEBI states that the company and its directors made the public announcement of buyback without any intent to fulfil it and hence acted fraudulently and thereby violated various provisions SEBI's Prevention of Fraudulent and Unfair Trading Practices (PFUTP) rule and Buyback Regulations.

Source : Hindu Business

Web Link : <https://tinyurl.com/wpx2854t>

2. SEBI levies Rs. 42 lakhs fine on 19 entities for fraudulent trading

Sector : Corporate Fraud

Nature : Fraud in trading

Modus : Unfair Trade Practices

Details : Markets regulator SEBI has levied a total fine of Rs 42 lakh on 19 entities for their role in fraudulent trading. Further, in the media it was said that the regulator had directed one of the promoters of the company, to make an open offer for an additional 20 per cent stake. But SEBI through a press release clarified that no such approval was given. It was further noted that companies directly or indirectly related to the promoter were buying and selling shares at the higher prices. The scheme, plan, device and artifice exhibited in their trading pattern tantamount to fraud in the securities market in as much as it involves manipulative transactions in securities and misuse of the securities market.

Source : Business Standard

Web Link : <https://tinyurl.com/t4h3bn93>

3. SEBI charged Rs 25 crore fine on one of the leading Bank in AT-1 bonds case

Sector : Corporate Frauds

Nature : Mis-selling the AT-1 Bonds

Modus : Concealment of facts by altering customers investment position

Details : The Securities and Exchange Board of India has imposed a penalty of Rs 25 crore on the bank for perpetrating fraudulent acts on its customers by influencing them to alter their investment positions from fixed deposits (FD) to risky additional tier-1 (AT-1) bonds. Three former senior executives of Bank who were part of the private wealth management group in the bank were also fined Rs 50 lakh to Rs1 crore by SEBI. Further, it was found that Bank had misrepresented the AT-1 bond product as a 'Super FD'

and 'as safe as an FD'. The term sheet was also not shared with many investors and no confirmation was taken from the customers on their understanding of the product's features and the risks associated with the bond.

Source : Money Life

Web Link : <https://tinyurl.com/4sneuh9c>

7. Taxation Frauds

1. Two people arrested for issuing fake GST invoices worth Rs.200 crore

Sector : Taxation Fraud

Nature : Fraudulent ITC (Input Tax Credit) claim

Modus : Issuing fake GST invoices to claim ITC

Details : The accused generated fake invoices worth Rs.200 crore in the name of fictitious firms floated by the members of the racket. They then passed on fake ITC amounting to approximately Rs.35 crore on the basis of fake invoices without receipt of any goods. 14 GST registrations were involved in the racket and most entities were found to be in the name of labourers of the same company and name lenders.

Source : Times of India

Web Link : <https://tinyurl.com/8fmpfxm>

2. Probing of Rs. 393 crore bogus billing case unearths another GST fraud.

Sector : Taxation Fraud

Nature : Fraudulent ITC (Input Tax Credit) claim

Modus : Executing undeclared supply transactions and issuing fake bills.

Details : GST department unearthed another tax fraud after a search of house of a businessman. During the search Rs.40 lakh cash was recovered from the cupboards in accused's bedroom. The accused has confessed to making undeclared supply transactions and issuing fake bills.

Source: Times of India

Web Link : <https://tinyurl.com/nskcykw>

3. Businessman from UP arrested for issuing fake invoices worth Rs.95 crore.

Sector : Taxation Fraud

Nature : Fraudulent ITC (Input Tax Credit) claim

Modus : Issuing fake GST invoices to claim ITC

Details : The accused set up two firms, one at Bareilly and the other at Lucknow solely for the purpose of GST invoicing without actual supply of goods. A search was conducted at the Bareilly firm along with two residential premises of the accused and incriminating documents like copies of manual invoices and e-way bills issued by his other Lucknow firm, few PAN cards, Aadhar cards, etc were found. The firm showed no business activity of any kind. The raid unearthed GST fraud worth Rs.94.79 crore involving fake ITC of Rs.8.77 crore.

Source : Times of India

Web Link : <https://tinyurl.com/3hpf6ssv>

4. GST authorities bust network of firms dealing in fake invoice of Rs.115 crore.

Sector : Taxation fraud

Nature : Fraudulent ITC (Input Tax Credit) claim

Modus : Issuing fake GST invoices to claim ITC

Details : The DGGI bust a network of 16 firms spread along Punjab, Himachal Pradesh and Haryana leading to the detection of fake invoices which were meant to pass on ITC worth more than Rs.115 crore.

Source : Livemint

Web Link : <https://tinyurl.com/td6t6555>

5. 80-year-old punished after lying about bank lockers to Income tax

Sector : Taxation fraud

Nature : Escaping Income through false statements

Modus : False information given to conceal the existence of lockers with an intention to escape income tax

Details : The accused claimed to Income tax that his family had no bank lockers when in fact he had one in his name and two in his wife's name. In defense the fraudster submitted that lockers are usually looked after by wives and they are aware of the transactions was rejected by the court. On further investigations and proof it is believed that the accused had intentionally given false information to conceal the existence of the lockers with an intention to cause financial loss to the government. Lastly, considering the age of the accused he was fined with Rs. 25000/- instead of 3 years of Imprisonment.

Source : Mumbai Mirror

Web Link : <https://tinyurl.com/22v5w63p>

6. Case filed for fake assessment notice served to several taxpayers

Sector : Taxation fraud

Nature : Impersonation

Modus : Fake and illegal assessment notices served to dupe taxpayers

Details : The Income tax department has filed a case against unknown person/group for serving illegal and fake assessment notices to several taxpayers in Gurugram last year. We were suspecting the role of an insider who worked on a contract basis. The suspect tried to impersonate as an Income Tax authority and sent a forged notice to the taxpayer. The dispatch number used was correct, which led to the suspicion that it was a doing of an insider. The notices were signed with a fake name and the stamp and the letterhead were found to be fake as well. The notices also had other defects like wrong e-mail ids and wrong letter serial numbers.

Source : Hindustan Times

Web Link : <https://tinyurl.com/3crzraps>

7. Chembur resident held for cheating people by posing as an IT officer

Sector : Taxation fraud

Nature : Impersonation

Modus : Impersonating as an IT officer to cheat people

Details : The accused told people about him being an income tax officer and accepted money through Google Pay. The accused also mimicked the voice of a female GST officer to cheat people. The accused is believed to have duped at least 10 others in various parts of the country. Further, a complaint in the matter was lodged by a jeweller in Hadapsar area who claimed to have received a call from an unknown number. The caller identified himself as income tax officer. The fraudster then told the victim that he had received a complaint that the gold jewellery bought by the customer was of lesser quality than that was promised. Therefore, in order to prevent the shop from being sealed, the man demanded ₹37,200.

Source : Hindustan Times

Web Link : <https://tinyurl.com/m46wndyf>

8. Employment Frauds

1. Five arrested for cheating firm of Rs 32 lakh

Sector : Employment

Nature : Cheating and Forgery

Modus : Misused the authority and divert the funds

Details : The accused got a POS machine from the company into digital payment solution that offers a platform for routing commercial and retail payments between buyers for business purposes but misused it. The accused would make transactions in the name of company using the machine but divert the funds to their firm by forging documents.

Source : Times of India

Web Link : <https://tinyurl.com/736p6rs3>

2. IT sector witnessing highest discrepancy at 16.60% in employee background verification.

Sector : Employment Fraud

Nature : False information

Modus : Candidates lying or providing wrong information during job application.

Details : Eight out of 100 candidates misled or misinformed on job applications in 2020 with the IT sectors witnessing the highest discrepancy in employee background verification at 16.60 percent. The healthcare sector had the second-highest discrepancy at 12 percent followed by retail at 10.22 percent and and BFSI (banking, financial services and insurance) and pharma with discrepancy of 9.76 per cent and 9.65 per cent, respectively. The travel and hospitality sector with 9.58 per cent also featured in the list of sectors with the highest discrepancy ratios.

Source : The Economic Times

Web Link : <https://tinyurl.com/4hba8zkz>

9. ATM FRAUD

1. ATM hacked with malware, Rs.17 lakh stolen

Sector : ATM sector

Nature : Stealing

Modus : Hacking the ATM with malware and stealing cash

Details : The accused re-rooted the ATM by transferring a malware into ATM System through infected USB and delink from the main server and stole over Rs.17 lakhs

Source : Times of India

Web Link : <https://tinyurl.com/36ty7xbn>

2. TWO arrested for ATM fraud worth over Rs.92 Lakh

Sector : ATM Fraud

Nature : Stealing

Modus : Power and server cut while withdrawing cash.

Details : Accused used to switch off the server and power of the ATMs while doing the transactions. It was observed that one of the accused would turn off the power while one of them is withdrawing the cash and then after taking the cash they would turn the power back on. This would result in displaying a failed transaction message. The accused would then complain and ask a refund from the bank whose ATM they had used, following which the bank would transfer the amount to their accounts. Gradually, they were able to loot Rs. 92 lakhs.

Source : NDTV

Web Link : <https://tinyurl.com/jxk68t97>

3. Two Nigerian nationals held for cloning ATM card

Sector : ATM Fraud

Nature : Fraud

Modus : Cloning of ATM cards

Details : Pune police cyber-crime cell arrested both the accused in the case after a man complained of having lost Rs.1 lakh from his account without conducting any transaction. The accused had done unauthorized transactions on three consecutive days at the same ATM between 6 AM and 8 AM using cloned ATM card.

Source : Hindustan Times

Web Link : <https://tinyurl.com/99br9e6f>

4. ATM hackers in Kolkata steal around Rs.2 crores

Sector : ATM fraud

Nature : Stealing

Modus : Hacking ATM through MITM (man in the middle) hacking

Details : The hackers stole around Rs.2 crores by intercepting the two-way encrypted messaging and data system that connects an ATM to a bank's main server. They took 15 minutes to hack into the system in each ATM following which they made the machines dispense cash by connecting to the bank's server using a device that is said to be attached to cables in the ATM. The account holders don't lose anything in such kind of hacking, the loss is incurred by the company which loads money in these machines.

Source : Hindustan Times

Web Link : <https://tinyurl.com/4tukep5h>

10. Other Frauds

1. Eight lakh 'ineligible' Jan Dhan account holders received benefits under PM Kissan Samman Nidhi Scheme

Sector : Government Scheme Fraud

Nature : Misrepresentation by the account holders

Modus : By submitting the false documents

Details : In large-scale discrepancies unearthed in the distribution of benefits under the Pradhan Mantri Kisan Samman Nidhi in UP, close to 7.8 lakh 'ineligible' Jan Dhan accounts were found to be receiving Rs 6,000 each in the state. Of these, 2.3 lakh were found to be businessmen, traders and other professionals who are taxpayers. Most surprisingly, over 32,000 of these beneficiaries are already dead. Around 7.79 lakh ineligible beneficiaries were found to be receiving the funds. Their bank accounts were linked with Aadhaar and PAN cards, which helped the government to trace them

Source : Economic Times

Web Link : <https://tinyurl.com/3569hpam>

2. Former White House Adviser Arrested For Stealing \$218,000 From Charter Schools He Founded

Sector : Wire Fraud

Nature : Money Laundering

Modus : Misuse of authority and making false statements to financial institutions

Details : The fraudster abused his position as a founder of a charter school network to steal from the very same schools he helped create. Fraudster is not only alleged to have stolen the schools' money but also to have used the stolen funds to obtain a savings on a mortgage for a multimillion-dollar Manhattan apartment.

Source : ACFE, Justice USA

Web Link : <https://tinyurl.com/h5kunw96>

3. Man Posed as high ranking government official and duped Rs. 3 crore from the victims

Sector : Government Scheme Fraud

Nature : Misrepresentation

Modus : Impersonating as a high ranking government official

Details : A 36-year-old real estate broker and his two associates were impersonating themselves as a high-ranking government official and cheating nearly 100 persons of around Rs 3 crore after promising them favours. They collected huge amounts on the pretext of providing the victims double-bedroom houses under the state government's flagship scheme, allotment of government lands, jobs in the government sector, and even promised to arrange gold at a price cheaper than the market price. Ultimately, they siphoned off the funds and tried to escape the state. However, they were caught by the police.

Source : The Indian Express

Web Link : <https://tinyurl.com/ywbkyfxy>

4. US Based Pak NGOs raised funds to help India in COVID-19 Crisis, used to support terror

Sector : COVID Relief Funds

Nature : Misrepresentation

Modus : Impersonating as a high ranking government official

Details : United States based Pakistan –Linked charity organizations collected funds for helping India in the covid -19 Crisis, however the donated millions of dollars are likely to be used for formenting protests and sponsoring terror attacks. As per the few reports this is one of the **worst** scams in **Human History**.

Source : Times of India

Web Link : <https://tinyurl.com/wyf69mu2>

5. Police arrests four in cryptocurrency fraud

Sector : Cryptocurrency Fraud

Nature : Cheating

Modus : Depicting as a authorized exchanges and showing duplicate Bitcoins

Details : Haryana Police has arrested four fraudsters including the mastermind for allegedly duping people in the name of online business involving bitcoin transactions. The fraudsters, used the name of one of the world's largest cryptocurrency exchanges, with an intention to cheat gullible persons on the pretext of offering them huge returns if they invest money. Fraudster, created a fake Facebook account and claimed to show the wallet address of the cryptocurrency exchange. The wallets held non-spendable (dummy) bitcoins which were used fraudulently to trick victims into believing that the accused was in possession of bitcoins which in reality did not exist.

Source : Business Insider

Web Link : <https://tinyurl.com/2fv5kj4z>

6. Artificial water crisis was created at Colaba to siphon crores

Sector : Corporate Frauds

Nature : Artificial Water crisis

Modus : Alleged Malpractices by the management in government bodies

Details : An artificial water shortage crisis was created at the high profile Colaba Naval Officers Complex to siphon off crores, with local municipal corporation officials hand in glove with military personnel to supply tankers that were not genuinely required

Source : Market Shockers

Web Link : <https://tinyurl.com/4ztneft>

CONTRIBUTOR TO THE DOCUMENT



Akif Cheulkar
Partner, Forensics

Prepared by:



Justin Agaira
Article Assistant



Harshal Jain
Article Assistant



Saloni Dhaker
Article Assistant



Mayuri Shroff
Article Assistant

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INDIA PRESENCE

Mumbai Office

504, 5th Floor, Sahar Plaza
Complex, Meadows, J.B.
Nagar, Andheri East,
Mumbai, Maharashtra – 400 059

Kolkata Office

Suite no. 402, 4th Floor,
Vardaan Complex,
25A Camac Street,
Kolkata, West Bengal – 700 016

Delhi Office

304-306 DLF Centre,
Savitri Cinema Complex GK II,
New Delhi - 110 048

Ahmedabad Office

206, Shital Varsha,
Shivranjani Cross Road, Satellite,
Ahmedabad, Gujarat – 380 015

Vadodara Office

3rd Floor, TNW Business Centre, Above
McDonald, Near Manisha Cross Road,
Old Padra Road, Vadodara,
Gujarat – 390 007

Kalyan Office

Shop No. 11 & 12, Regency Avenue,
Below Gastrocare Hospital,
Near Syndicate Bus Stop, Syndicate,
Murbad Road, Kalyan(W),
Maharashtra - 421 301

Mazgaon Office

Ground Floor, Shop No. 11A, 345,
New Sai Niketan CHS Ltd.,
Dr. Mascarenhas Road, Mazgaon,
Mumbai, Maharashtra - 400 010

Thane Office

108, Bal Ganesh Tower CHSL,
Dada Patil Wadi, Near Thane Station,
Thane West, Maharashtra – 400 602

Associate Presence: Bengaluru | Chennai | Pune | Cochin | Daman