

ED arrests Jignesh Shah in Rs 5,600 crore NSEL scam

The Enforcement Directorate (ED) on Tuesday evening arrested Jignesh Shah, the key man behind the Financial Technologies India (FTIL) group that promoted scam-tainted NSEL, for suspected laundering.

Shah's arrest in the Rs 5,600-crore NSEL scam came after the investigating agency stumbled upon some new leads relating to the case, sources said. Earlier in the day, ED officials had called Shah for questioning. They then arrested him after he refused to cooperate with the investigators.

ED sources said Shah could not explain the transactions between FTIL, Indian Bullion Market Association, NSEL and other entities. Sources in the agency said they feel these were "paper transactions" and Shah was bound to explain these transactions. This led to his arrest and the agency feels that there is a "strong case" of money laundering against him.

Earlier, in May 2014, Shah was arrested by the Economic Offences Wing (EOW) of the city's police in the same case. He was out on bail in cases being investigated by the Mumbai police.

In the NSEL scam, the spot exchange for commodities trading had launched several investment products which helped a large number of investors make easy money. However, ED and some other investigating agencies believe that there were several bogus investors and some of the large brokers on NSEL had a hand in creating such bogus investors to generate illegal profits.

In August 2013, after the government suspected illegal and unauthorised trading on NSEL, it asked the bourse to close all such trading with immediate effect. This led to a huge payment crisis and several people who had lent money to brokers for hefty interest income were left high and dry.

After investigating agencies dug into NSEL's books and computers, they came across several suspicious transactions which pointed towards money laundering. To help investors whose money is stuck in the scam, the government has also ordered merging NSEL with cash-rich FTIL, against which the company and Shah have moved the court.

(Times of India)