



Press Release
12.8.2022

Directorate of Enforcement (ED) has conducted searches at various premises of **M/s Yellow Tune Technologies Private Limited** at Bangalore and has issued a freezing order to freeze its Bank balances, payment gateway balances and Crypto Balances of **Flipvolt Crypto-currency exchange** totaling to **Rs 370 Crore** worth of assets.

After the criminal investigation began, many of these fintech APPs have shut shop & diverted away the huge profits earned using the above modus operandi. While doing fund trail investigation, ED found that large amount of funds to the tune of Rs 370 Crore were deposited by 23 entities including accused NBFCs and their fintech companies into the INR wallets of M/s Yellow Tune Technologies Private Limited held with Crypto Exchange M/s Flipvolt Technologies Private Limited. These amounts were nothing but proceeds of crime derived from predatory lending practices. Crypto currency so purchased was transferred to various unknown foreign wallet addresses. Further, searches were conducted at various premises of M/s Yellow Tune Technologies Private Limited on 08.08.2022 to 10.08.2022 in order to locate the beneficial owners of this company and that of the recipient wallets. But the company's promoters are untraceable. It is found that this shell entity was incorporated by **Chinese Nationals Alex and Kaidi** (real name not known) with the active connivance of willing CAs/CSs and the Bank Accounts were opened in the name of dummy Directors. These Chinese Nationals left India during Dec, 2020 and later the Bank internet credentials, Digital Signatures of dummy Directors etc., were shipped abroad and were used by the said Chinese Nationals to launder the proceeds of crime. ED could trace the assets of Yellowtune to the extent of Rs 2.31 Crore and has issued the freezing order under PMLA.

Yellow tune by using the assistance of Flipvolt Crypto-Exchange which has very lax KYC norms, no EDD mechanism, no check on the source of funds of the depositor, no mechanism of raising STRs, etc assisted the accused fintech companies in avoiding regular Banking channels, and managed to easily take out all the fraud money in the form of crypto assets.

Furthermore, despite giving repeated opportunities, Flipvolt Crypto-exchange failed to give the complete trail of crypto transactions made by M/s Yellow Tune Technologies Private Limited. Nor could it supply any form of KYC of the opposite party wallets. The

Lax KYC norms, loose regulatory control of allowing transfers to foreign wallets without asking any reason/declaration/KYC, non-recording of transactions on Blockchains to save costs etc, has ensured that Flipvolt is not able to give any account for the missing crypto assets. It has made no sincere efforts to trace these crypto assets. By encouraging obscurity and having lax AML norms, it has actively assisted



M/s Yellow Tune in laundering the proceeds of crime worth Rs 370 Crore using the crypto route. Therefore, equivalent movable assets to the extent of Rs 367.67 Crore

lying with Flipvolt Crypto-exchange in the form of Bank and Payment Gateway **Balances worth Rs 164.4 Crore and Crypto assets lying in their pool accounts worth Rs 203.26 Crore**, are frozen under PMLA, 2002, till complete fund trail is provided by the crypto-exchange.

Further investigation is going on.
