

NARESH PATEL

Naresh Jain is said to run 'world's biggest' hawala racket of over Rs 5,000- cr

His bank accounts were seized by the US to recover laundered drug money

LAX HAWALA laws helped a man suspected to be running a Rs 5,000 crore global money- laundering racket go scot- free on Friday.

The Enforcement Directorate ( ED) raided eight premises in Delhi and the National Capital Region belonging to Naresh Jain, a. k. a. Naresh Jain Kumar Patel, believed to be world's biggest hawala operator and a terror financier with links to Dawood Ibrahim and the Osama bin- Laden- led terror outfit, al- Qaeda. He was interrogated for a few hours before being let off.

He is wanted in the US as well as in the United Arab Emirates for his money- laundering and his alleged links with several terror outfits, which he is believed to be funding through Dawood, India's most wanted man.

Jain, who allegedly shifted his hawala and terror finance base from Dubai to Delhi recently, was booked under the Foreign Exchange Management Act ( FEMA). However, the Act does not even give the ED the powers to detain a suspect, leave alone arrest and prosecute him.

The ministry of home affairs has been asked to issue a lookout notice against Jain at all airports and seaports so that he does not leave the country. Sources in the ED said he could otherwise easily escape to any of the countries he is alleged to have operations in, including the US, Pakistan, the United Arab Emirates ( UAE), China, Nigeria, Nepal, Afghanistan, Italy, Congo, Cook Islands and South Africa.

ED sources claimed Jain was arrested in Dubai on February 20, 2007 based on a tip- off from the US, but he managed to get himself released. He later entered India via Nepal in May 2009. They said an indication of his enormous illicit money network was that he is often referred to in money- laundering circles as " Patel Bank".

Indian officials entered the picture after the US State Attorney in the Southern District of New York forfeited over \$ 4.3 million ( Rs 21.5 crore) in bank accounts in New York that were seized by

American investigators. All the bank accounts, US officials claimed, are linked to Jain.

Meanwhile in Delhi, when ED officials raided his Pitampura residence and seven other premises, all they could find was Rs 60 lakh in cash and an unspecified amount of foreign currency.

Apart from his Pitampura residence, there were also raids in Ghaziabad, Vikaspuri, Shankar Garden, Vasundhara and a commercial centre in Wazirpur.

Jain, in an interview with this paper, said that there is a witchhunt on by investigative agencies in India to get him arrested here. He said: " They only found Rs 12.5 lakh and \$ 200- 400 in foreign currency. The claims that I work for Dawood Ibrahim and al- Qaeda are false. The UAE could not chargesheet me in even one case." But ED officials are not impressed. They point to a US Attorney order issued on June 22 this year which exposes Jain's hawala operations.

The order states: " On February 20, 2007, Dubai law enforcement authorities arrested Naresh Jain Kumar Patel and 39 other individuals associated with an extensive money- laundering

operation. Patel directed transfers from entities under his control in Dubai, through various banks and exchange houses in Dubai, into various bank accounts at Man Financial in Manhattan. Activity in the Man Financial accounts demonstrated that Patel engaged in layering -- a money- laundering technique

that seeks to disguise the origin of funds by engaging in transactions that are designed to make tracing more difficult." ED sources revealed that during the raids on Friday, they found documents showing transactions with Pakistan and Afghanistan- based persons and entities which amounted to several crores of rupees.

The ED is also checking whether Jain has been using as many as 40 front companies for his hawala racket. Jain allegedly owns a copper mine in Congo and a trading company in Dubai, in addition to importing goods and foodgrains from Pakistan.

The 2007 arrest in Dubai came after an 18- month- long multi- nation intelligence operation.

Jain was charged with moving narcotics proceeds out of Italy by hawala channels. This made tracing of the money extremely difficult.

The US Attorney order adds: " It was learnt in 2004 that a network of Albanian narcotics traffickers operating in Italy distributed drugs throughout Italy and then used a network of money remitters in Italy and other European countries, as well as in UAE and Pakistan, to launder their drug proceeds. Naresh Patel, who operated out of

Dubai, controlled some or all of these hawalas." It further stated that the bank accounts seized by US authorities had been used to launder the proceeds of narcotics sales in Europe through the UAE and into the US. In India, the CBI is separately investigating a Rs 250- crore pulses scam involving a firm named Jetking International, which is allegedly linked to Jain.

The agency had registered a case against this firm, which is believed to be owned by one of Jain's brothers.

The CBI accuses this firm of selling about 60,000 tons of pulses, valued at around Rs 250 crore, to Dubai- based buyers to whom the consignments were shipped. The Centre had banned such exports for a certain time period in 2006- 2007.

But Jetking is alleged to have connived with overseas buyers to get around the ban by manipulating letters of credit with a bank on Cook Islands.

Despite all this ammunition, ED officials could do precious little. However, the Prevention of Money Laundering ( Amendment) Bill, 2009 could come to the rescue here. The PML Act is aimed at combating moneylaundering, terror financing and cross- border economic offences.

The new law also seeks to check use of black money for financing terror activities. " We are trying to find evidence against Jain to prove terror links of his hawala network," an ED official said, " so that we can book him in under the Money- Laundering Act."

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