

## NIRAV MODI: MOST WANTED ECONOMIC FUGITIVE

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### ABSTRACT

*Nirav Modi, millionaire in Jewelry Business make a fraud of PND and incurred loss of crore to the bank. This paper glimpse over the Nirav Modi profile and explains the PNB fraud and how the ED justifies the UK government for Nirav Modi arrest.* Nirav Deepak Modi (born 27 February 1971) is an Indian finance manager, charged by Interpol and the Government of India for criminal trick, criminal penetrate of trust, cheating and unscrupulousness including conveyance of property, debasement, tax evasion, extortion, misappropriation and break of agreement in August 2018.[1] Modi is being examined as a piece of the \$2 billion misrepresentation case[1] of Punjab National Bank (PNB) and is additionally being sued in the State of California for US\$4.2 million for duping Los Angeles business person, Paul Alfonso, more than two custom precious stone wedding bands that ended up being lab diamonds.[1] In March 2018, Modi applied for liquidation insurance in Manhattan, New York.[2] In June 2018, Modi was accounted for to be in the UK where he allegedly applied for political shelter in Britain.[2] In June 2019, Swiss specialists froze an aggregate of 6 million US dollars present in Nirav Modi's Swiss ledgers alongside the resources.

**Keywords:** Nirav Modi, Economic Fugitive, PND, ED.

### Introduction

Nirav Modi was brought into the world in Palanpur, Gujarat, and experienced childhood in Antwerp, Belgium. His family has been in the precious stone business for a few generations.[2] When he was 19, he and his dad Deepak Modi moved to Mumbai to work in his uncle's business, Mehul Choksi, the head of Gitanjali Group, a retail adornments organization with 4,000 stores in India.[2] Modi went to the Wharton School at the University of Pennsylvania however ultimately dropped out.[3] While contemplating, he met his future spouse, Ami, the girl of a precious stone money manager Amukuraj Choksey.[3] After moving to India in 1989, and preparing in all parts of the jewel exchanging business, he established Firestar in 1999 (Formerly known as Firestone), a jewel sourcing and exchanging company.[3] Firestar is the selective wholesaler of Rio Tinto's Argyle pink precious stones in India.[4]

In 2002, his organization began fabricating adornments on an agreement premise. He obtained Frederick Goldman in 2005, and Sandberg and Sikorski and A.Jaffe in 2007 in the USA.[4] In 2008, a dear companion requested Nirav Modi to make a couple from hoops, after which he made the brand.[4] In 2010 he dispatched a precious stone store bearing his name in New Delhi's Defense Colony, trailed by one in Mumbai's Kala Ghoda. 17 other store openings followed across the world.[4] Nirav Modi dispatched universally with shops in New York City and Hong Kong in 2015, trailed by two different shops opened in Hong Kong in 2016.,[4] and one in MGM Macau in 2016.[4]

He turned out to be notable after he planned his "Golconda Lotus Necklace" with an old, 12-carat, pear-molded precious stone as a focal point in 2010. The precious stone was before sold during the 1960s; it was repolished.[4] It highlighted a grid of white and pink jewels. It was remembered for the front of Christie's inventory in Hong Kong, and was unloaded for US\$3.6 million in 2010.[4] In 2012, the Riviere of Perfection, highlighting a day and a half white jewels gauging an aggregate of 88.88 carats, was sold at Sotheby's Hong Kong auction.[4]

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It is accepted that he was overextended for quite a long while and utilized new MOUs to pay for as far back as ones for around long term. One of his workers has expressed that "He needed to develop his business, and to do in five years what may some way or another have required 20 years." he guaranteed that "On the off chance that he'd opened up to the world, perhaps he might have vowed his value, collected some cash, lastly repaid the bank. Maybe he would have done that." [5]



**Fig 1. Nirav Modi**

### **PNB Fraud**

The Punjab National Bank trick identifies with fraudulent letter of undertaking worth Rs 10,000 crore gave by the bank.

Very rich person gem dealer Nirav Modi supposedly obtained fraudulent letters of undertaking from one of its branches for abroad credit from other Indian loan specialists. [6]

The Enforcement Directorate (ED) on Thursday led assaults on diamond setter Nirav Modi's properties in Mumbai, Surat and Delhi. An instance of illegal tax avoidance has likewise been held up against Nirav Modi and others.

In an articulation gave to trades, Punjab National Bank on Wednesday said it has recognized some fraudulent and unapproved exchanges (messages) in one of its branch in Mumbai to serve a couple of select record holders with their evident conspiracy.

"In view of these exchanges different banks seem to have progressed cash to these clients abroad. In the Bank these exchanges are unexpected in nature and risk emerging out of these on the Bank will be chosen dependent on the law and validity of fundamental exchanges," it said. [6]

PNB has suspended 10 officials over the Rs 11,400 crore trick and alluded the make a difference to CBI for examination. As per media reports, Nirav Modi left the country on January 1 weeks before the CBI got grievance from PNB on January 29.

His sibling Nishal, a Belgian resident, likewise left the country on January 1, while spouse Ami, a US resident, and colleague Mehul Choksi, the Indian advertiser of Gitanjali gems chain, withdrawn on January 6.

### **Usual Way of doing Things**

The Punjab National Bank in a letter on February 12 cautioned different banks by uncovering the usual way of doing things utilized by bank authorities of PNB's Brady House branch.

In the letter, PNB said, "It was found through SWIFT path that one 'junior level' branch official unauthorisedly and fraudulently gave Letter of Undertakings (LoUs) in the interest of certain organizations having a place with Nirav Modi Group viz. Sunlight based Exports, Stellar Diamonds and Diamond R US for profiting purchasers credit from abroad parts of Indian banks." None of the exchanges were steered through the CBS framework, in this manner staying away from early location of fraudulent movement, it added. The bank likewise forewarned of a comparable usual way of doing things utilized by a similar branch official in organizations having a place with Gitanjali Gems Ltd, advanced by Mehul Choksi viz. Gitanjali Gems, Gili India and Nakshatra while giving LOUs. [6]

If there should be an occurrence of LoUs, it has been made that at the hour of giving LoUs for a more modest sum by SWIFT, the exchange was steered through the CBS framework however therefore, corrections were made in these LoUs by considerably upgrading the measure of LoUs and communicated through SWIFT without directing these improvements through CBS.

LOUs were opened for abroad parts of Indian banks for import of pearls for a time of one year, for which according to RBI rules, the all out time span permitted is 90 days from the date of shipment. Association Bank of India, Allahabad Bank and Axis Bank are said to have offered credit dependent on letters of undertaking (LOUs) gave by PNB.

Among those named is a representative administrator, Gokulnath Shetty, who was posted at PNBs unfamiliar trade division in Mumbai since March 31, 2010. He had purportedly alongside another authority Manoj Kharat fraudulently gave LoUs to these organizations without following endorsed strategy or making passages in the banking framework, staying away from identification of exchanges. [6]

At the point when Nirav Modi organizations requested LoUs for raising purchasers' credit after the retirement of the PNB worker engaged with the trick, the Punjab National Bank looked for 100% money edges for giving LoUs. This was challenged by the Nirav Modi firms, saying they had profited of the office from as right on time as 2010.

Nirav Modi, his significant other Ami, sibling Nishal and Mehul Choksi are accomplices in Diamonds R US, Solar Exports and Stellar Diamonds, which has shops in unfamiliar areas like Hong Kong, Dubai, and New York. [6]

Modi, who had figured in the Forbes rundown of most extravagant Indians, moved to India in 1990. The Nirav Modi store in New York imparts space to unbelievable brands like Chanel, Hermes, Prada and Gucci, and the planner is known to dish out an astounding \$1.5 million every year as rental for the store. The store dispatch was graced by big name visitors, for example, US official competitor Donald Trump, Hollywood entertainer Naomi Watts and driving model Coca Rocha. Modi even strolled the Red Carpet at the Oscars close by Kate Winslet, who was embellished in a Nirav Modi gem. From that point, he has opened stores on the Old Bond Street in London, Hong Kong and Macau.[6]

The vital denounced for the situation were gem specialist and architect Nirav Modi, his maternal uncle Mehul Choksi, and different family members and some PNB workers. Nirav Modi and his family members got away from India in mid 2018, days before the information on the trick got public. PNB trick has been named as the greatest misrepresentation in India's banking history.

Bankers utilized phony Letters of Undertakings (LoUs) at PNB's Brady House branch in Fort, Mumbai. The LoUs were opened for parts of Indian banks for import of pearls for a time of one year, for which Reserve Bank of India rules spread out an all out time span of 90 days from the date of shipment.

This rule was disregarded by abroad parts of Indian banks. They neglected to share any archive/data with PNB, which were made accessible to them by the organizations at the hour of profiting credit from them.

Nirav Modi got his first fraudulent assurance from PNB on March 10, 2011 and figured out how to get 1,212 all the more such certifications throughout the following 74 months. The Enforcement Directorate (ED) recuperated bank token gadgets of the unfamiliar faker organizations utilized by the criminal precious stone merchant to move the fraudulent assets.

The test office found that Nehal Modi, sibling of Nirav Modi had annihilated the gadgets and had even gotten a worker situated at United Arab Emirates (UAE) not long after the trick broke out. These fake firms had been getting the fraudulent PNB LoUs and were based out in British Virgin Island and other expense shelters.

The implementation office has so far held onto portable and resolute properties to the tune of Rs 2362 crore in the PNB misrepresentation case.

PNB workers abused the SWIFT organization to send messages to Allahabad Bank and Axis Bank on store necessity. While this was finished utilizing SWIFT passwords, the exchanges were never recorded in the bank's center framework — along these lines keeping the PNB the executives in obscurity for quite a long time. [7] On 29 January 2018, PNB stopped a FIR with CBI expressing that fraudulent LoUs worth Rs 2.8 billion (Rs 280.7 crore) were first given on 16 January. In the objection, PNB had named three precious stone firms, Diamonds R Us, Solar Exports and Stellar Diamonds. Starting at 18 May 2018, the trick has expanded to over Rs 14,000 crore [7]

### **ED Findings**

The United Kingdom (UK) government's endorsement of the removal of criminal gem specialist Nirav Modi, the critical blamed in over Rs 12,000 crore Punjab National Bank (PNB) trick, is viewed as a jolt for investigation offices – the Enforcement Directorate (ED) and Central Bureau of Investigation (CBI) – in arguments recorded against him and other denounced three years prior. [8]

There were in any event five key test discoveries submitted to the UK courts through the Crown Prosecution Service which assisted India with securing its removal demand for Modi that he had tested in British courts. The "urgent proof" incorporated ED's discovery of Modi's endeavor to secure citizenship of another country, before the trick became exposed in January 2014, to sidestep law, thereby building up him as a 'flight-hazard', sources acquainted with the investigations told ThePrint.

Additionally, the CBI had submitted "voluminous oral and narrative proof to prove the charges of criminal scheme, cheating, criminal break of trust, criminal unfortunate behavior by local officials, obliteration of proof and criminal terrorizing of proof," said an organization source. [8] The two offices have, since January 2018, gave proof as records, witness declarations, and versatile digital subtleties against Modi, persuading the UK court and specialists that Modi has a case to reply in India on misrepresentation and tax evasion charges. UK's Home Secretary Priti Patel's endorsement for Modi's removal Thursday came two months after Westminster Magistrates' Court administering. In February, District Judge Sam Goozee said Modi has a case to reply under the watchful eye of the Indian courts and that the bars to removal under the UK law don't have any significant bearing for his situation.

Likewise read: Nirav Modi can be removed to India, has case to reply in PNB trick, rules UK court

- **Privileged Citizenship of Vanuatu**

ED's test, which started in February 2018 to investigate the tax evasion charges, discovered that Modi had supposedly paid for gaining the privileged citizenship of Vanuatu in late 2017, however the country's movement specialists denied his solicitation after an activity embraced by them yielded unfavorable discoveries against him.

"The Vanuatu migration specialists affirmed to ED that Nirav made an endeavor to procure their citizenship. Afterward, he escaped India via air on 1 January 2018, weeks before the trick was recognized, lastly went to the UK to stow away. The proof identified with Modi's Vanuatu endeavor assisted India with building up UK courts that he was a flight-hazard," an office source said.

ED additionally submitted proof to the UK courts hearing Modi's removal offer appearance he supposedly held business visa, work visa, Schengen visa, private visa of seven nations, including the US, the UK, Hong Kong, the UAE, Singapore and Canada. ED has said three organizations of Modi — Solar Exports, Stellar Diamonds and Diamonds R US — got reserves worth Rs 6,498 crore, notwithstanding their ineligibility, by means of Letters of Undertaking (LoUs) from PNB's Mumbai Brady House branch. [8] Like Modi, his uncle and criminal gem dealer Mehul Choksi, who is a denounced in the PNB misrepresentation case, likewise left India in January 2018. Choksi is blamed for swindling the PNB of Rs 6,097 crore.

The CBI had on January 31, 2018 enrolled a body of evidence against Modi, his organizations, their accomplices, and others, including then officials of PNB, on a protest from the bank that the charged incubated a criminal intrigue among themselves to cheat the public area bank by fraudulent issuance of LoUs. "The CBI test showed that a couple of charged PNB officials, in a connivance with the denounced firms, had fraudulently given an enormous number of LoUs to abroad banks for acquiring purchaser's credit for the blamed firms with no authorized breaking point or money edge and without making passages in arrangement of the bank," the CBI source said.

Interpol had given red corner sees against Modi and Choksi on India's solicitation. CBI and ED have charge sheeted Modi, Choksi, their denounced firms and others for the situation. India has likewise looked for the removal of Choksi, who had procured the citizenship of Caribbean island Antigua and Barbuda before the trick became exposed. Additionally read: 'Surprising, horribly harsh' — what UK court said on Katju contrasting BJP govt with Hitler

- **'Endeavors to confine sham chiefs'**

The Enforcement Directorate and CBI had additionally submitted to UK courts proof identified with Modi's supposed utilization of influential abilities and constrained control of a couple of faker heads of his abroad shell organizations, to prevent them from getting back to India after investigation started in January 2018. The LOU finances drawn unlawfully from the bank had been redirected to these shell organizations. ED sources said capturing the fake chiefs could uncover insider facts around probably the greatest extortion in the Indian banking area. Modi supposedly attempted to persuade them that they would be captured and their resources seized in the event that they got back. The assertions of a portion of these chiefs who turned observers were recorded by the ED test. [9]

These fake chiefs previously collected in Dubai and afterward traveled to Cairo for brief restriction against their desires. The whole expense, including airfare, was purportedly borne by Modi, as indicated by ED sources. During the time of their constrained stay, travel papers of these fake chiefs were purportedly removed. They were ultimately permitted to return solely after much wheedling and influence—and that excessively just two all at once and after the supposed marking a couple of archives, as per ED sources. ED's test likewise tracked down that the telephones of the fake chiefs were supposedly obliterated. One of the spurious chiefs, who turned an observer, guaranteed that during his visit in Egypt he got dangers. He asserted he was informed that if didn't acknowledge Rs 20 lakh and give a bogus assertion to frustrate the test, he would be slaughtered.

- **'Bank Reserves were Redirected'**

ED's test likewise gathered proof appearance that Modi's charged firms had purportedly redirected a considerable piece of the assets got from the bank through installments to 17 abroad shell elements in Hong Kong, Dubai and the US since 2011 in the pretense of questionable fare/import, aside from utilizing them to offset before LOUs. ED's test tracked down that the shell association's chiefs and investors were faker chiefs and were representatives or previous representatives of Firestar gathering of organizations, who purportedly dealt with Modi's and his confided in officials' ways. The assertions of different faker chiefs and related people uncovered that they were precisely moving the merchandise and monies according to the bearings of Modi with no financial reasoning and rationale. The ED source said, "ED tracked down the supposed redirection of the returns of wrongdoing to the degree of \$629.21 million has been followed to a few gathering organizations, family members, other faker organizations under their influence."

Additionally read: An extremely rich person from no place: The over aspiring excursion of jewel magnate Nirav Modi [9]

- **'Bank Subsidizes used to Acquire Resources'**

The test additionally gathered proof to build up that Modi supposedly used continues of the supports attracted from the bank to buy resolute resources abroad. This was finished by a labyrinth of exchanges to muddle the investigation and to cover the tracks of tax evasion. In any case, the test got unfamiliar bank accounts and budget summaries of different unfamiliar sham substances to track such exchanges, the sources said. Sources referred to the case of an enduring property in the US purportedly got by Modi in 2017 for \$25 million, utilizing bank reserves. The property was bought for the sake of a trust, Ithaca Trust, utilizing reserves that ED followed which supposedly had a place with a Dubai shell firm — Fine Classic, FZE — constrained by Modi's family member.

"Fine Classic, FZE had gotten assets from certain Dubai and Hong Kong – based sham organizations of Nirav Modi that were the beneficiaries of fraudulent LOUs got unlawfully from PNB," as indicated by one of the ED sources.

- **'Endeavors to Annihilate Material Evidentiary Worth'**

The investigations additionally chronicled asserted endeavors by Modi and his partners to obliterate materials of evidentiary worth for the situation, which thus strengthened the body of evidence against the denounced, sources said. "After the case broke out, a partner of Nirav Modi got the protected worker situated in UAE annihilated. Through that worker, the denounced and the others used to discuss covertly with their nearby associates," the source further said. [10]

"Printouts of a portion of the implicating email interchanges of this mysterious worker were acquired from Dubai. Aside from this, the test could recuperate a couple of bank token gadgets of the abroad fake organizations through which fraudulent assets were moved," the source added. [10]

A group, including ED Mumbai's Joint Director Satyabrata Kumar and a senior CBI officer, went to London multiple times to arrange with the CPS to press for Modi's removal. Modi, 50, who is stopped in Wandsworth Prison in London since 19 March 2019, has 14 days to apply for consent to bid against the UK home secretary's organization in the High Court in London.

## **Conclusion**

Nirav Modi, millionaire in Jewelry Business make a fraud of PNB and incurred loss of crore to the bank. This paper glimpse over the Nirav Modi profile and explains the PNB fraud and how the ED justifies the UK government for Nirav Modi arrest. In last we can say that strict and fast judgment of such fraud is also required so that It will set the example for such economic fugitives.

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