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## **Press note**

### **Is Government encouraging hawala?**

The present CBI Director once said that more than \$ 500 billion of Indian black money was stashed abroad. A major chunk of this money is believed to be lying in Swiss banks in Switzerland. Would this money every come back to India? Developments of the last few years have given a ray of hope that if Indian Government acted tough like its US counterpart did a few years back, India also might get access to the list of those having their undeclared accounts abroad. However, Indian government seems to be more interested in helping the guilty rather than punishing them.

In July 2011, Indian Government received a list of roughly 700 people having bank accounts in HSBC, Geneva. The list contains bank balances of these people in 2006. We could not access all the names but the following names do appear in that list:

**Mukesh Dhirubhai Ambai – Rs 100 crores**

**Anil Dhirubhai Ambani – Rs 100 crores**

**Motech Software Private Ltd (Reliance Group company) – Rs 2,100 crores**

**Reliance Industries Ltd – Rs 500 crores**

**Sandeep Tandon – Rs 125 crores**

**Anu Tandon – Rs 125 crores**

**Kokila Dhirubhai Ambani – She has an account but there was no balance on that date**

**Naresh Kumar Goyal – Rs 80 crores**

**Burmans (3 family members) – Rs 25 crores**

**Yashovardhan Birla – no balance**

On receiving this list in July 2011, immediately, Income Tax department started conducting raids. Three raids were conducted on 28<sup>th</sup> July 2011 in Delhi. Statements (attached herewith) of those raided were recorded under oath, in which they admitted to the genuineness of the information. The three gentlemen admitted that they had Swiss bank accounts, which had not been declared for taxation. Their statements and summaries of their statements are attached.

Therefore, if the information about these three is correct, one could reasonably assume that the information about others would also be correct.

We understand that Ambani brothers have admitted to these accounts and have paid taxes on the amounts that exist in their personal names.

**But the bigger question is – why were people with small amounts raided by income tax department and those with much bigger amounts not raided?**

Mr Mukesh Ambani is understood to have met the then FM, Mr Pranab Mukherjee and requested him not to raid Reliance Industries and that he was willing to pay up taxes to “buy peace”.

It is also understood that Sh Pranab Mukherjee was planning to bring a Voluntary Disclosure of Income Scheme (VDIS) to help these 700 people. Later, he dropped the idea. Rather than do it formally through a VDIS, Mr Mukherjee granted immunity from prosecution under Income tax Act, according to some media reports. All these people were let off after paying income tax only.

**Hawala racket:**

The statements by the three gentlemen reveal that HSBC is openly and brazenly running a hawala racket in India. From their statements, it appears that perhaps it is easier to open a Swiss bank account than it is to open an account in SBI. You just need to contact HSBC in India. They would send someone at your home, who would get forms filled up, take money in cash from you and your account would get opened in Geneva or Dubai. You don't need to go out of India to open an account. Likewise, you don't need to visit abroad to operate your account. You are given the name and mobile no of someone in Geneva. If you have to deposit cash or withdraw money, you just call up that person. Immediately someone in India from HSBC would visit your house. If you have to deposit cash, you hand over the cash to that person. Corresponding amount in dollars would get credited to your account in Switzerland. If you have to withdraw money, that person would deliver that much cash to you.

This is called “hawala”. This is a serious crime under FEMA and Prevention of Money Laundering Act. The three gentlemen admitted that they indulged in hawala activities. It also clearly shows that HSBC bank is openly indulging in hawala activities.

Involvement of the three gentlemen in hawala could be established only when they were raided and their statements recorded.

**Why were Ambanis, Naresh Goyal, Burmans and Birlas not raided? Why were their statements not recorded? It appears that small people in that list were raided and bigger and powerful people were let off.**

**How did the money lying in their Swiss accounts reach there? How did the money travel to and from these accounts regularly? Through hawala, as it is turning out in all other cases?**

**Are Ambani brothers, Naresh Goyal, Burmans and Birlas guilty of indulging in hawala activities?**

**What transactions took place from these bank accounts? Were any bribes paid to politicians or bureaucrats?**

In October 2011, a report was sent by Director of Investigations, Delhi to Director General of Investigations, Delhi. The report clearly stated that HSBC officials were indulging in hawala and also encouraging tax evasion in India. The report also said that HSBC, Dubai and Geneva do not have a license from RBI to conduct banking operations in India and their operations in India were completely illegal. It is more than a year, yet no action has been taken against HSBC.

Some Swiss banks were caught indulging in similar illegal activities in US. US government initiated strong action against their top executives and forced them to reveal the complete list of US accountholders in their Swiss branches.

**Will Indian Government ever do that?**

We demand that:

1. Top officials of HSBC should be immediately arrested under Prevention of Money Laundering Act. Is this not a fit case for charging them against sedition and raging war against India?
2. Operations of HSBC should immediately be suspended in India.
3. Like it was done by US, HSBC should be asked to provide complete list and bank statements of all Indians who have had their accounts in its Geneva branch in last ten years.
4. All those whose names figure in the list of 700 people, including Ambani brothers, Naresh Goyal, Burmans and Birlas should be raided and their statements recorded.
5. They should be asked to produce complete bank statement. They should be asked to explain each entry – both debit and credit. Where did the money come from, how did it come and to whom was money paid and for what. Accordingly, action should be initiated against all of them under various laws.
6. They should be arrested if they are found prima facie guilty to have sent their money abroad through hawala and if they are prima facie guilty under PMLA or PCA.

## Summary of the three attached statements

### Shri Parminder Singh Kalra

S/o Shri Avtar Singh Kalra, A-29, Friends Colony, New Delhi.

In his statement, Shri Kalra stated that he opened an account in HSBC, Zurich on 29.1.2001. He mentioned that he was introduced to the bank by Mr Charles Habnumch, investment consultant based in Zurich. He stated that the deposits in the bank account of around Rs.8-9 crores were not disclosed to the Income tax authorities in India. Shri Kalra mentioned that after opening the account, he gave cash to some person in India as instructed by Mr Charles for being deposited in his account in HSBC, Zurich. He stated that he gave the money in several installments in Delhi to certain persons as instructed by Mr Charles. Shri Kalra stated that different persons came from time to time to collect cash from him. Shri Kalra stated that sometimes in 2008 or 2009, he instructed Mr Charles to close the account. Money of about Rs.8 to 9 crores was delivered to Shri Kalra at Delhi in cash by several persons from time to time as per instructions of Mr Charles. He mentioned that the telephone number of Mr Charles in Zurich is +41-794203575.

Statement of Shri Kalra very clearly establishes that the bank officials are providing illegal channels for transfer of cash from their client account holder in Delhi to Zurich and subsequently are also instrumental in delivering cash withdrawn by the account holder from Zurich to Delhi.

### Shri Praveen Sawhney

S/o Shri Bhushan Lal Sawhney, 6, Link Road, Jungpura Extn, New Delhi.

In the statement, Sh. Praveen Sawhney stated that he opened an account in HSBC, Geneva in 2004 and that his father Shri Bhushan Lal Sawhney transferred an amount of US \$ 1.8 million to his account. Shri Praveen Sawhney accepted that he withdrew amounts from this account from time to time and as of now \$ 4000 to 5000 might to remaining as balance. Regarding the modus operandi of withdrawal of money, Shri Sawhney stated that he used to call the bank officials at Geneva for making withdrawal. HSBC, Geneva used to arrange for delivery of cash in India through their agents in hawala channel. All discussions with the bank officials used to take place telephonically. He stated that he used to contact the following persons in HSBC, Geneva -

S.No.	Name	Telephone No.
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1.	Mr Mark Wizbek	+44- 2078605089
2.	Ms Caroline	+41- 792517653 & +41- 227054317
3.	Salin Fighli	+41- 227054278

Shri Sawhney stated that after discussion with these officials, arrangement for delivery of cash at Delhi used to be made by bank officials through the use of hawala. Shri Sawhney mentioned that every time a different person came to him to deliver cash at Delhi. He repeatedly mentioned in reply to several questions that every time he needed to make withdrawal, he contacted the bank officials who arranged for delivery of cash at Delhi through hawala and every time delivery persons were different and he knew none of them.

**Shri Vikram Dhirani**

S/o Shri V.K. Dhirani, C-229, Indl. Area, Bulandsahar Road, Ghaziabad, U.P.

In his statement, Shri Vikram Dhirani stated that he opened an account in HSBC, Dubai in the year 2005 and closed it in 2006. Regarding the procedure for opening of accounts, depositing and withdrawal of money, he explained that the representatives of the bank came to him in Delhi to open the account. The formalities were completed in Delhi and he did not travel to Dubai for opening or operating the account. Regarding deposit of money, he accepted that the person authorised by the bank officials would contact him and collect the cash from him for depositing in HSBC, Dubai. Shri Dhirani admitted that he does not remember the person who came to collect the money. After the money was deposited, Shri Dhirani got a confirmation from the bank; however, no document was given. Shri Dhirani stated that around Rs. 12 crores of unaccounted income was deposited in the account over a period of time and the same was not disclosed to the Income tax authorities. He mentioned that the account was closed in 2006. Regarding the withdrawal of money from bank he stated that the representatives of the bank delivered the cash to him in India and that he did not go to Dubai to collect the cash nor did he arrange to take the delivery of cash. The bank officials arranged for delivery of cash to him in India.