

India's Bitcoin Ponzi king and the thousands he duped stare at a turbid future

Anand Murali Shadma Shaikh April 16, 2018 13 min



At his zenith, Amit Bhardwaj amassed wealth equivalent to the GDP of a small nation duping thousands of investors lured in by the promise of quick riches mining cryptocurrencies. Today, he is treated like a common criminal – being made to sit on the floor and given minimum comforts – under arrest by the Pune Police.

Bhardwaj, the mastermind of India's most infamous cryptocurrency-based Ponzi schemes run under the names GainBitcoin, GBMiners and GB21, was arrested after an international chase from Dubai, where he was living for the past several months, to Bangkok where he was nabbed and brought to New Delhi by Indian law enforcers.

The story is fuzzy about how exactly Bhardwaj reached New Delhi. Some say Dubai Police, known to go to great lengths to avoid bad press, worked with Indian authorities in putting Bhardwaj and his brother Vivek on a plane to the Thai capital, where they were apprehended.

FactorDaily's reporting begins in Pune. Sudhir Hiremath, DCP (cyber crime), Pune flew to Delhi with his team to take custody of the cryptocurrency investor on April 5.

Bhardwaj was handed over to Pune Police – there are several cases registered against him in Pune, Nanded and other Maharashtra towns – at the New Delhi airport. The official line of the city’s police so far has been that they are unaware where Bharadwaj was first arrested.

On Friday, Bhardwaj and brother Vivek were produced in the Pune District court by Radhika Phadke, head of cyber crime cell in the city and her team. When news spread, many including policemen dropped in to see him. ‘The crypto guy’, as Bhardwaj was referred to, sat stoically dressed in a bright yellow t-shirt and blue jeans as public prosecutor Ujwala Pawar read charges against him.



Amit Bhardwaj Managing Director & CEO of GainBitcoin

Pawar appealed for six days of extension of police custody highlighting a number of investments and properties owned by Bhardwaj that were allegedly illegally obtained

and were waiting to be seized. The charges against the duo are being framed under Indian Penal Code (IPC) section 406, 420, 409, 120; the Maharashtra Protection of Interest of Depositors (MPID) Sections 3 and 4; Information Technology Act Section 66 D; and Price Chit Fund and Money Circulation ACT Sections 4 and 5.

For those who came in late, who is Amit Bhardwaj?

Bhardwaj came to fame peddling cryptocurrency schemes to people who fell prey to the oldest trick in the investment world: double your money in under two years, Coinciding with the bull run in cryptocurrencies over two-three years, he launched a multi-level marketing (MLM) scheme under the GainBitcoin name that by his own admission had over 100,000 investors – all drawn to his promise of 10% monthly returns. What gave his schemes a veneer of sophistication was that he positioned himself as a technology whiz with advertisements in mainstream media and an electronic book he authored. Add to it a touch of glamour that came with engaging Bollywood stars for publicity.

As news of undelivered returns started surfacing early in 2017, fewer new investors came into the scheme making it difficult for Bhardwaj and his team to service their promise of high returns – by all accounts earlier investors were being paid off by cash inflows of new ones. When returns in Bitcoins became difficult to service, he forced payouts from Bitcoins to an in-house crypto token called MCAP with predictions that its price would grow 20-fold. That promise has remained just that – MCAP is at \$0.16 today versus the \$5.78 it was listed at – leaving most GainBitcoin investors high and dry. When they started exploring legal options, Bhardwaj fled India for Dubai just before summer last year.

RETURN ON INVESTMENT

	
10% per Month for 18 Months	0-4 Months 10%
	5-8 Months 15%
	9-12 Months 25%
Total - 180% returns in MCAP	Total - 200% returns in MCAP

In December 2017, GainBitcoin was shut down and, according to the company, all investors would receive a final settlement in MCAP tokens. Some, to be sure, did. But, the scheme soon resurfaced in its new avatar of GB21 which solicited investments in MCAP unlike in the case of GainBitcoin where Bitcoin was the entry

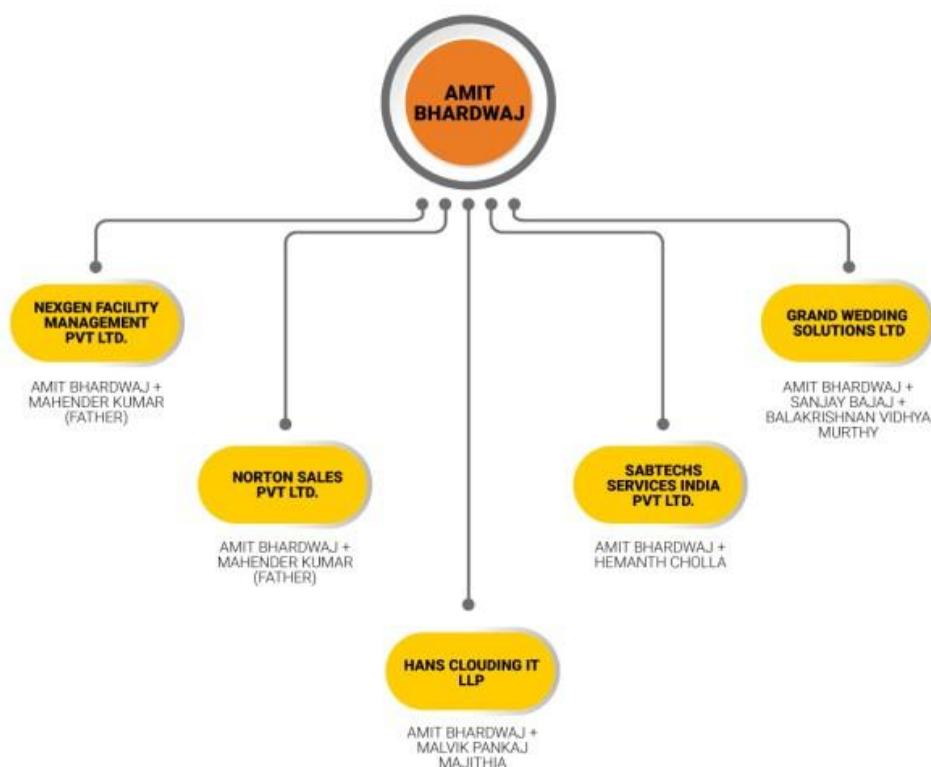
investment. The idea was clear: boost demand for MCAP and, in turn, its price. Many of the GainBitcoin investors were credited MCAPs on the new GB21 platform – effectively, forcing them to make the switch.

This is *FactorDaily's* sixth story on Bhardwaj and his GainBitcoin empire. Our stories in the past starting August last year detailed Bhardwaj's [operations](#), [investor woes](#), [his pivot](#), and his plan to [go international](#) to boost the value of MCAP.

From Shalimar Bagh to Burj Khalifa

The investigation report pointed out that Bhardwaj, along with his father Mahendra Kumar and second brother Ajay (both have Bhardwaj as their last names), holds directorship of at least seven companies, including Nexgen Facility Management Pvt Ltd, Miners India Technology Pvt Ltd, Norton Sales Pvt Ltd, Radox Infotech Pvt Ltd, Hans Clouding IT LLP, Sabtechs Services India Pvt Ltd, and Grand Wedding Solutions Ltd.

COMPANY TREE WITH BHARDWAJ AS DIRECTOR



According to registration documents for Norton Sales with the Union government's department of consumer affairs, the company was registered as a 'direct selling' business. Bhardwaj on the submission form stated that the company would be offering 'services' under the identity of 'gbminers'. The location of the company headquarters is at Shalimar Bagh in New Delhi.

The submission by Bhardwaj also states that the company will have written contracts with participants and will maintain a register with their KYC information including PAN details. What particularly irks some investors is that the document signed by Bhardwaj as the managing director of Norton Sales says that a customer's grievance will be resolved within 45 days. In the past months, not only were many customer complaints never addressed but in some cases repeated requests for help would also get the victims banned and deleted from the system.

**NORTON SALES PVT LTD PROFORMA
PART A**

2018-4-6 13:35

1.

(i) Name of the Company (As Registered) NORTON SALES PVT LTD
(ii) CIN No: U74899DL1983PTC015659
(iii) Name and address of Directors on Board(Enclose details) 2

Director Name 1 Amit Bhardwaj
Director Address 1 [REDACTED]
Director Name 2 Mahender Kumar
Director Address 2 44, Sahipur Village, Shalimar Bagh, Delhi-110088, 9212392764

2. DETAILS OF REGISTRATION (WITH JURISDICTION)

(a) Address of Registered Office (Enclose copy of Registration Certificate): [REDACTED] Shalimar Bagh, New Delhi-110088
(b) Email : nortonsalespvtltd@gmail.com
(c) Telephone Nos: [REDACTED]
(d) Company Website: nortonsalespvtltd.com
(e) Details of other registrations (with jurisdiction), if any (Attach copy of Registration Certificate)
(f) Type of Entity (Private, Public, Trust, Ltd, Etc.) Ltd

3. HEAD OFFICE

(a) Address [REDACTED] Shalimar Bagh, New Delhi-110088
(b) Email : nortonsalespvtltd@gmail.com
(c) Details of Key Management Personnel as per registration under the Companies Act:
Amit Bhardwaj (Managing Director) - 9 [REDACTED] Mahender Kumar (Director) - 9 [REDACTED] Kanwar Singh (Business Head)- 75 [REDACTED]
Sagar Ahuja (Manager- Operation)- 9 [REDACTED] Om Prakash Saini ([REDACTED]), Virender Chauhan (Manager-Software)- 9 [REDACTED]
(d) Details of Regional Offices:
Amit Bhardwaj (Managing Director) - 9 [REDACTED] Mahender Kumar (Director) - 9 [REDACTED] Kanwar Singh (Business Head)- [REDACTED] 3.
Sagar Ahuja (Manager- Operation)- 9 [REDACTED] Om Prakash Saini ([REDACTED]), Virender Chauhan (Manager-Software)- 9 [REDACTED]
(e) Nodal Officer for interacting with D/o Consumer Affairs: (Name, designation, Tel No., e-mail, Fax, mobile No.) sagar Ahuja, [REDACTED] 7

4. Whether anyone from the Management was convicted by any court in the past within the past 5 years (from the date of application), if so, the details thereof;
No

5. Whether direct selling is of Products or services or both?
Services

6. Details of License(s), Trade Mark or Principal Brand which identifies the company:
gbminers

7.

i. Address / Telephone Nos. / e-mails etc. of Customer Care & Grievance Redress Cells(HQ & Branches); Head Quarter: [REDACTED] Shalimar Bagh, New Delhi-110088, 01 [REDACTED] Sagar Ahuja, 9 [REDACTED]

ii. Details of Consumer Grievance Redress Committee as per guidelines:

- a. Member Name, Phone No, Email Sagar Ahuja, 9 [REDACTED] @gmail.com

Direct Selling Report

- b. Member Name, Phone No,Email
- c. Member Name, Phone No,Email

Kanwar Singh,7[REDACTED]@gmail.com

Om Prakash Saini,9[REDACTED]@gmail.com

PART B

(Direct Selling Business Details)

8. Details of Products / Services offered(Give link of websites)

Yes

9. Please confirm the following about your direct selling scheme:-

- (a) It has no provision that a Direct Seller will receive remuneration or incentives for the recruitment / enrolment of new participants and provide that direct sellers will receive remuneration derived only from the sale of goods or services. **Yes**
- (b) It does not require a participant to purchase goods or services:
i. for an amount that exceeds an amount for which such goods or services can be expected to be sold or resold to consumers; **Yes**
ii. for a quantity of goods or services that exceeds an amount that can be expected to be consumed by, or sold or resold to consumers; **Yes**
- (c) It does not require a participant to pay any entry/registration fee, cost of sales demonstration equipment and materials or other fees relating to participation; **Yes**
- (d) It provides a participant with a written contract describing the "material terms" of participation; **Yes**
- (e) It allows or provides for a participant a reasonable cooling-off period to participate or cancel participation in the scheme and receive a refund of any consideration given to participate in the operations; **Yes**
- (f) It allows or provides for a buy-back or repurchase policy for "currently marketable" goods or services sold to the participant at the request of the participant at reasonable terms; **Yes**

Note :

1. Give details in regard to the above in an enclosure.
2. In case any of the answers in this para is 'No', please provide full details with reasons in an enclosure.

10.

- (a) Whether proper identity document(s) to all the Direct Sellers are issued. **Yes**
- (b) Whether you maintain "Register of Direct Sellers" wherein relevant details of each enrolled Direct Seller is updated and maintained with details including verifiable proof of address, proof of identity and PAN as per the Income Tax Act. **Yes**
- (c) What is the mechanism for payment of VAT? Give details. **Vat is not Applicable, however the applicable taxes shall be paid by our company**

11.

- (a) The website is proper and updated regularly with all relevant details, contact information, details pertaining to management, products, product information and complaint redress mechanism for direct sellers and consumers. **Yes**
- (b) There are arrangements for registering consumer complaints online or otherwise and grievances are resolved within 45 days of date of making such complaints. Details to be provided. **Yes**

12. Notes/Remarks, if any.

No

PART C

(UNDERTAKING)

I / We, **Amit Bhardwaj** in the capacity of **MD** of the **Norton Sales Pvt Ltd** company / firm declare that we are compliant with the following:

- (a) We do not promote a Pyramid Scheme, as defined in Clause 1(11) or enroll any person to such scheme or participate in such arrangement in any manner whatsoever in the garb of doing Direct Selling business.
- (b) We do not participate in Money Circulation Scheme, as defined in Clause 1(12) in the garb of Direct Selling of Business Opportunities.
- (c) We are compliant with all the remaining aspects mentioned in the guidelines issued vide F. No. 21/18/2014-IT (Vol-II) dated 9th September, 2016 by the Department of Consumers, Ministry of Consumer Affairs, Food and Public Distribution and shall also provide such details as may be notified from time to time.

2018-4-6 13:36

Direct Selling Report

Place :New Delhi
Date :2017-03-10 05:33:06

Sd/-
Name :Amit Bhardwaj
Designation :Managing Director
Tel No :01141518002
E-mail :amit.bhardwaj.23@gmail.com

Print

2018-4-6 13:36

Once things began to get tricky in India for Bhardwaj, he swiftly moved his base to Dubai and continued his India operations from there through top-tier promoters he had enlisted in India for his MLM operation. With the money he amassed through the GBMiners scheme, Bhardwaj has bought multiple office properties in Dubai including some at premium locations such as Jumeirah Tower and Burj Khalifa, according to the investigation report by Pune cyber crime department that has been reviewed by *FactorDaily*.


According to the report, the Pune Cyber Police team have uncovered a string of companies that Bhardwaj has registered across the globe including in Singapore, Hong Kong, British Virgin Islands, Estonia, Dubai and US, where Bhardwaj and brothers Vivek and Ajay and father Mahendra Kumar hold directorship. Bhardwaj has also been found to have bank accounts in Dubai-based Noor Bank, Standard Chartered Bank, and Emirates NBD Bank.

DIRECTORSHIP IN OTHER FOREIGN COMPANIES

HONG KONG  AMAZE MINING AND BLOCKCHAIN RESEARCH LTD AND GREEN OVERSEAL LTD

BRITISH VIRGIN ISLANDS  CRYPTO CAPITAL COMPANY

ESTONIA  CRYPTO AMC LTD

DUBAI  AB MARKETING CONSULTANCY FZE
ABC MEGA ALLIANCE DMCC
ABC RESEARCH AND CONSULTANCY LTD
GRACE AND YOUNG COMPANY
AMAZE MEGA ALLIANCE

US  ABC MEGA ALLIANCE

“There is always a chance that the investigation team has only been able to track or trace properties in the name of his immediate connections. There is always a chance that a lot of the properties or investments Bhardwaj has made could be in the name of other accomplices that are still unknown,” said a victim who attended a meeting at Bhardwaj’s residence in Dubai, asking he not be identified since the matter is under investigation.

Police are investigating the trail of a deposit of a little more than AED 1 million (approximately Rs 2.12 crore) Bhardwaj made through a cheque in favour of Everardus Anthonius Marie Maas through his Standard Chartered account on March 31, 2018, less than a week before his arrest. Details of Maas have not been found.

The investigation so far

The investigators have been able to log in to Bhardwaj’s GBMiners account based on the information he has shared so far. But the team has been able to only find two wallets linked to the account so far. The first wallet has a transaction history showing a receipt of 601 bitcoins but had zero balance at the time of police investigation. The second wallet showed it had received 4,771 bitcoins but had a current balance of 3.31 bitcoins. More details are not available. The anonymity and difficulty in tracking Bitcoins will make it difficult to determine the truth unless Bhardwaj offers more information, which the investigators are hopeful of.

The transaction history of the wallets show that Bhardwaj had received a total of 5,372 bitcoins in these two accounts alone, the approximate value of which equals Rs 284 crore. But that may only be the tip of the iceberg. Pune Mirror newspaper quoted unnamed sources as saying that the GainBitcoin scam may be in the range of Rs 35,000 crore – more than the GDP of Bhutan. Pertinent to note here is that the two wallets that Bhardwaj has provided information of so far. There could be many others not revealed. It is not uncommon for people who deal with cryptocurrencies to keep them in cold storage – offline on a hardware wallet or offline hard disk – for security and safekeeping. It is very difficult to track and find these as they can’t be easily detected online.



Amit Bhardwaj and brother Vivek Bhardwaj after their arrest by Pune Police

“With the size and scale of his operations that we have seen in the past, the amounts reported or recovered by the cops seem to be very minuscule. Especially, with the fact that a lot of the money invested in him by people were unaccounted (black) and hence those people will not come ahead with complaints against him,” said the victim, quoted without name earlier.

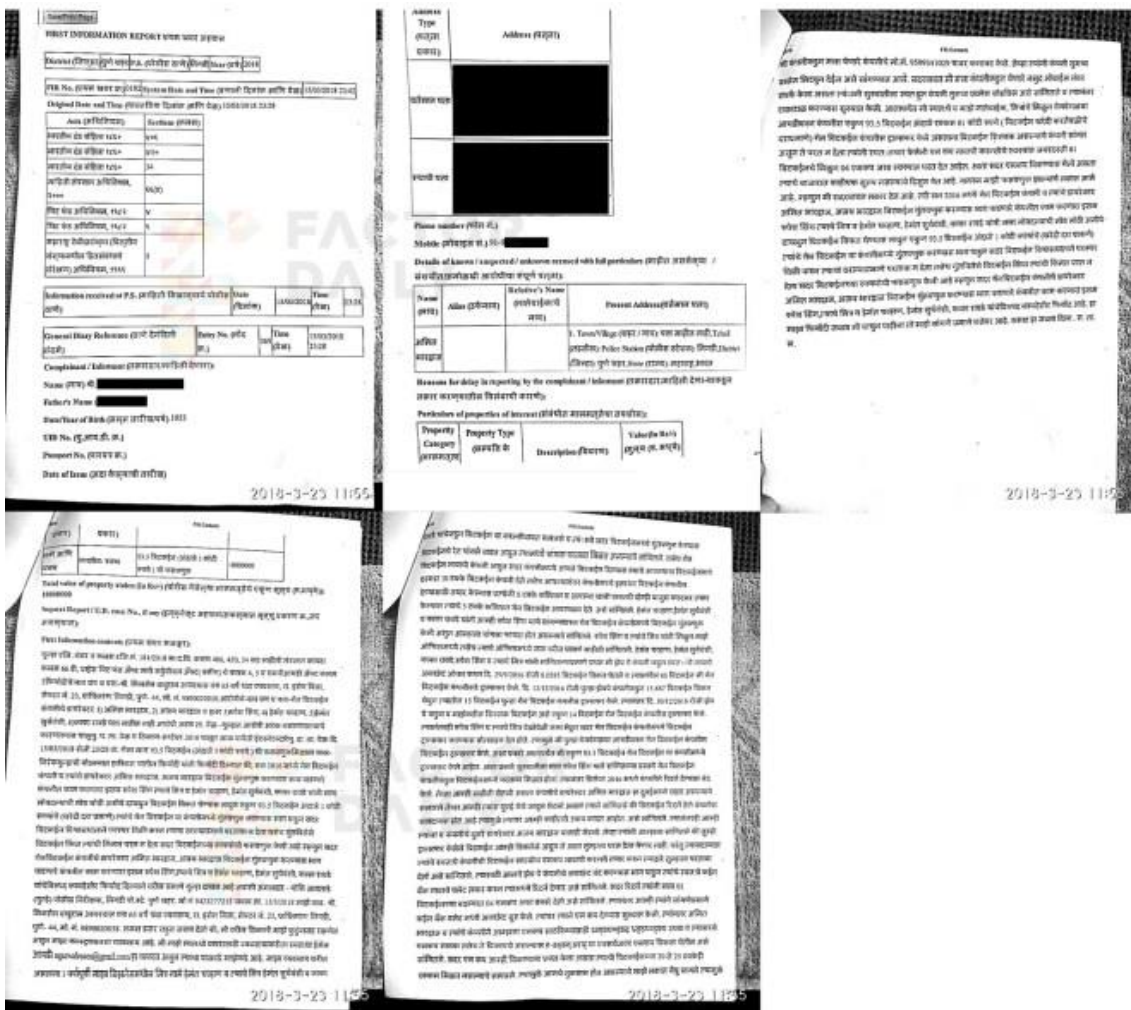
Pune Police has received an extension of Bhardwaj’s police custody until April 18 and is in the process of tracking the 5,372 bitcoins that feature in the history of his two wallets – 600 of which were received from one Pankaj Adlakha, a top-level GainBitcoin promoter. They are also in the process of trying to seize and investigate his office properties in Dubai worth Rs 27.62 crores, recover Rs 1.43 crore he invested in his Dubai corporations, get details of his Dubai bank accounts, and the Rs 2.12-crore cheque issued to Maas worth Rs 2.12 crore, among other allegations and disputes.

The investigation report states that around 55 people have registered complaints against Bhardwaj.

Pawar is part of a group of victims who have appointed advocate Ameya Dange to represent them in the court. Dange said that he has received applications and details of fraud from over 78 people since the news of Bhardwaj's arrest came out.

Besides the Bhardwaj brothers, the other arrests under the case registered at Dattawadi police station in Pune include Akash Sancheti, Kajal Shingavi, and Vyas Narhari Sapa who were top-level MLM promoters of GainBitcoin and other similar MLM schemes. Sancheti and Vyas were allegedly direct marketers of Bhardwaj's scheme and are named by several complainants. The duo ran a company called Cloud Miners Pvt Ltd billing it an associate company of GainBitcoin. This could not be independently verified by FactorDaily.

Sancheti's modus operandi was unusual: besides conducting seminars in the city, Sancheti would look out for prospective matrimony matches and would meet people in his community over marriage proposals and would then convince them to invest in his cryptocurrency scheme.



A copy of the FIR against Amit Bhardwaj filed at Pune with some details redacted

Sancheti has been accused by 23 complainants who have approached Dange with proof. The first one was city resident Nisha Raison, who went to meet Sancheti as a prospective groom for her sister. He told her that he mined bitcoins for a living and explained the concept to her, convincing her to invest in the scheme.

“These guys are very smooth,” said Dange. “They held conferences in five-star hotels and told people that the cars and flats they bought came from bitcoin money.” Sancheti is currently in judicial custody in Yerwada Central Prison.

The police are trying to trace eight other alleged accomplices in the scam.

Tough case

During the court hearing, Phadke, the Pune cyber cell head said that Bhardwaj hasn't been very cooperative during the investigation. Though the police have confiscated his devices, including an iPhone and a MacBook, the police investigation team did not have access to all his accounts. He has also been complaining of poor health due to a renal disorder for which he had earlier got a kidney transplant in China, further complicating the process of interrogation. Pankaj Ghode, a cyber expert for Pune Police has been roped in to help with the investigations.

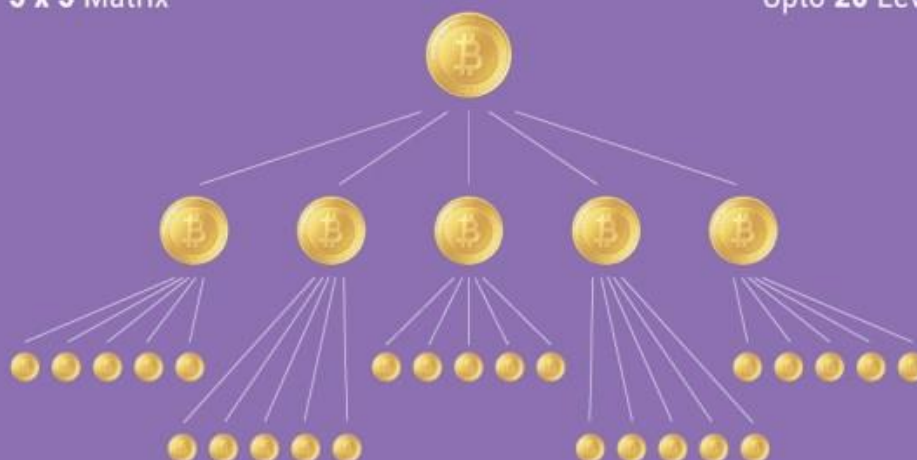
Bhardwaj's lawyer Gaurav Jachak, however, is of the opinion that the case doesn't require a technical understanding of the underlying technology behind bitcoin.

“It's simple trading, like shares,” he said. “If you bought a share at 10% on the promise that you would receive 30% returns, now instead you are only 5%. That's why people are complaining.”

How the GainBitcoin MLM network worked

5 x 5 Matrix

Upto 20 Levels



Level	Bonus %	Total
1	7	7
2	2	2
3	1	1
4	2	2
5	3	3
6 - 10	0.5	2.5
11 - 20	0.25	2.5

Jachak's main line of defence remains that despite multiple notifications by Reserve Bank of India in 2013 and in 2017, people have been investing in bitcoin in India. People who invested in Bhardwaj's scheme were aware of the risks of currencies being devalued, he insisted. He said that the defence will file a bail application for Bhardwaj's release.

Jaideep Reddy, a technology lawyer with law firm Nishith Desai Associates, said the defence argument by Bhardwaj may end up more of a helping statement. "It is less of a legal argument and may only help in a marginal sense since the RBI press releases in question were not binding legal statements; they were not issued under any Act or law. The only binding legal statement the RBI has put out on cryptocurrencies so far is the one issued on April 6 (2018) on the prohibition on dealing with virtual currencies by regulated entities," said Reddy.

Another point Jachak brought up was that his client's business is based in Singapore where Bitcoin trading was allowed. But, the Norton Sales application with the consumer affairs department to operate a direct selling scheme under the name GBMiners may go against such a claim. Also, with the extent of operations he had in India and with India being a major customer base for him the validity of this argument can also be challenged.

“Merely because an office is registered in Singapore or some other country doesn't usually get you out of Indian law if your activities are harming Indian citizens or residents. If such people are affected, then usually Indian law will apply and can even be enforced extraterritorially as it happened in this case,” said Reddy who clarifies that all MLM schemes are not illegal in India and there are many that operate legally. “There are Acts and rules regulating MLM schemes (which the RBI has also cautioned about) – sometimes they can be legal but a lot of the schemes are illegal and have been prosecuted in the past under the Indian Penal Code combined with the Prize Chits and Money Circulation Schemes (Banning) Act. Claims under the Consumer Protection Act can also be brought.”



GBMiners and associated companies headed by Amit Bhardwaj

Pawar and the other victims are planning to meet the Pune Police on April 18 to put forward a list of demands that they have compiled for the case. “Also a lot of the time the size or amount involved in the scam doesn't seem to be large because the amount of initial investment by the victims is being calculated and not the current value of that investment,” said Pawar.

The police departments at Nanded in Maharashtra and New Delhi are also in the process of getting custody of Bhardwaj for investigation based on complaints from victims in their jurisdictions. Victims in Kolkata have also put in a request with the city police to look into their cases. There have also been reports where victims have not been able to submit complaints as some police departments are turning them away saying bitcoins are illegal in India.

The Amit Bhardwaj saga, clearly, is far from over.