



PRESS RELEASE

05.06.2025

Directorate of Enforcement (ED), Bengaluru Zonal Office has filed Prosecution Complaint (PC) against three accused, Ms. R Leelavathy, B K Nagarajappa and P D Subbappa in the investigation related to misappropriation of funds from Karnataka Bhovi Development Corporation (KBDC)] under the provisions of the PMLA, 2002 before the Hon'ble Special Court (PMLA) on 03.06.2025.

The investigation which was initiated by ED on the basis of various FIRs registered by Karnataka Police, revealed that B K Nagarajappa, the then General Manager of KBDC and Ms. R Leelavathy, the then Managing Director of KBDC and others in connivance with middlemen and their associates, have misappropriated the funds from KBDC and the same was diverted to the bank accounts of various bogus entities viz. Adithya Enterprises, Somanatheswara Enterprises, New Dreams Enterprises, Harntiha Creations, Annika Enterprises controlled/operated by B K Nagarajappa and others.

Search and seizure operations under the provisions of PMLA, 2002 was carried on 04.04.2025 at various locations across Bengaluru, including the office of Karnataka Bhovi Development Corporation (KBDC) located at V V Tower, Bengaluru and residential premises of accused/suspected persons.

Thereafter, B K Nagarajappa as well as R Leelavathy were arrested u/s 19 of the PMLA, 2002 on 05.05.2025 and 12.05.2025, respectively and they were remanded to ED custody for 14 days and 7 days respectively. Currently both of them are lodged in judicial custody.

The Proceeds of Crime (POC)so generated was used in purchase of properties, making payments to middlemen and further diverted to bank accounts of individuals and various other entities.

Earlier, in this case ED had provisionally attached various immovable properties worth Rs. 26.27 Crore (approx.), (having market value of Rs. 40 Crore) belonging to B K Nagarajappa, Ms. R Leelavathy and other accused involved in Money Laundering.

Further investigation is under progress.