Press Release
14.08.2026

Directorate of Enforcement (ED), Mangalore Sub Zonal Office, has arrested Shivanand Siddappa Neelannavar, in the case relating to multi state & multi crore unsustainable Ponzi-style scheme, under the provisions of the Prevention of Money Laundering Act (PMLA), 2002. Shivanand Siddappa Neelannavar, was arrested on 13.08.2026 under Section 19 of the PMLA and was produced before the Hon'ble Special Court (PMLA), Mangalore, who has remanded him to the custody of the ED for a period of 12 days, up to 24.08.2026. He is the "whole and sole" person managing the fund flow of M/s. Shivam Associates.

ED initiated investigation on the basis of FIR registered by the Malamaruthi Police Station, Belagavi City under the Banning of Unregulated Deposit Schemes Act, 2019 and the Karnataka Protection of Interest of Depositors in Financial Establishments Act, 2004. The FIR alleges that members of the public were induced to invest funds on the promise of abnormally high and assured returns.

ED during investigation has unearthed a **highly organized, multi-state Ponzi scheme operated by M/s. Shivam Associates under the primary control of its majority partner, Shivanand Siddappa Nilanavar**. Investigation under PMLA, 2002, reveals that the partnership firm illicitly mobilized a staggering Rs. 2,110.97 Crore from public investors by falsely promising astronomical monthly returns of 3%. A digital mapping system and an extensive referral **network across Karnataka, Maharashtra, Goa, and Chhattisgarh** were systematically leveraged to lure victims through independent advisers, who were compensated with referral percentages (0.5%) to ensure a continuous influx of capital.

During the investigation under PMLA, it has been revealed that M/s. Shivam Associates operated an unsustainable Ponzi-style scheme, collecting Rs. 2,110.97 Crore from investors while only accounting for a fraction in repayments. Further it has also been unearthed that the firm suffered severe, compounding losses in the stock market since 2019. In an attempt to mask these deficiencies and retain market goodwill, fresh principal deposits collected from subsequent investors were directly diverted to fulfil interest obligations due to earlier investors. **Liquid funds were rapidly layered and integrated through various personal accounts, family members, and allied entities, including Shivam Sevaa (OPC) Pvt. Ltd. and Shivam Productions**. **The illicit capital was further utilized to acquire personal luxury vehicles, construct high-value bungalows, purchase properties in the name of name sake partners, and route expenditure into movie productions**. Consequently, identified the misappropriated funds as "Proceeds of Crime" under the PMLA, with investigations continuing to trace the remaining liabilities.

Further investigation is under progress.