



PRESS RELEASE
03.03.2026

Directorate of Enforcement (ED), Mangalore Sub Zonal Office has filed a Prosecution Complaint on 02.03.2026, under the provisions of Prevention of Money Laundering Act (PMLA), 2002, before the Hon'ble Special Court for PMLA cases at Mangalore, against Bhimashankar Bilgundi and Mallanna S Maddarki, in connection with the stipend scam orchestrated by the accused persons at Mahadevappa Rampure Medical College, Kalaburagi (MRMC) during the period between 2018 and 2024.

ED initiated investigation on the basis of FIR registered by Kalaburagi City CEN Crime Police Station, Karnataka, under various Sections of IPC 1860, against Dr. S M Patil, Subash, Manager, Canara Bank and others.

ED investigation revealed that the main accused Bhimashankar Bilgundi (the then President of Hyderabad Education Society which manages MRMC), with the assistance of accounts section staff and Mallanna S Maddarki (Office Superintendent of HKE Society), during the period between 2018 and 2024, had siphoned off stipend funds credited to the bank accounts of PG Medical Students of MRMC to the tune of Rs. 33,34,78,691/-, by collecting blank signed cheques from them at the time of their admission and encashing the same by filling the details in blank cheques, thereby depriving students of their entitled stipend.

The search operations conducted under section 17 of PMLA in the instant case, during the months of April & May, 2025 at 9 locations in Kalaburagi, Karnataka, had resulted in seizure of various incriminating documents.

During investigation, the Proceeds of Crime to the tune of Rs. 6.72 Crore, in the form of immovable properties purchased by the main accused Bhimashankar Bilgundi in the names of his sons Rajkumar Bilgundi and Santosh Bilgundi, several bank accounts of Bhimashankar Bilgundi, and immovable properties of another accused Mallanna S Maddarki were provisionally attached vide PAOs dated 18/07/2025 and 04/09/2025, under section 5 of PMLA.

The Prosecution Complaint against the accused persons has been filed for commission of offense of money laundering as defined under section 3 and punishable under section 4 of PMLA, 2002.

Further investigation is under progress.
