



Press Release

9/10/2024

Directorate of Enforcement (ED), Bengaluru has filed a Prosecution Complaint (PC) before the Hon'ble Special Court for MPs and MLAs in Bangalore in relation to the Karnataka Maharishi Valmiki ST Development Corporation Scam and the Hon'ble Court has taken cognizance of the PC. B. Nagendra, MLA and former Minister for Scheduled Tribal Affairs, has been named as the primary accused and mastermind behind the scam, allegedly orchestrating it with the help of 24 others, including key associates like Satyanarayana Varma, Etakari Satyanarayana, J.G. Padmanabha, Nageshwar Rao, Nekkenti Nagaraj, and Vijay Kumar Gowda.

ED initiated investigation on the basis of FIRs registered by the Karnataka Police and CBI, which uncovered that around Rs. 89.62 Crore were diverted from the accounts of the Corporation's accounts into fake accounts across Andhra Pradesh and Telangana and later laundered through shell entities. This scam came to light after the suicide of Chandrashekhar, an employee of the Corporation, in May 2024.

ED investigation revealed that under the influence of B. Nagendra, the account of the Corporation was moved to the MG Road Branch without any proper authorisation, where Rs. 187 Crore, including Rs. 43.33 Crore from the State Treasury under the Ganga Kalyana Scheme, were deposited without following proper procedures and in violation of government guidelines. These funds were subsequently siphoned off through multiple shell accounts and converted into cash and bullion.

ED investigation also revealed that an amount of Rs. 20.19 Crore of the diverted funds were used to support a candidate contesting the 2024 Lok Sabha election from the Bellary constituency, as well as for the personal expenses of B. Nagendra. Evidence of these expenditures was discovered during search and seizure operations and corroborated by financial analysis and statements. Details of these election expenses were retrieved from the mobile phone of Vijay Kumar Gowda, who handled the cash on Nagendra's instructions.

B. Nagendra, who resigned after the scam came to light, is also accused of obstructing the investigation by destroying mobile phones and instructing others to remain silent. ED arrested Nagendra and five other key accused during the investigation.

Further investigation is under progress.