



Press Release

16/10/2025

Ms. R D Chaitra, wife of MLA, Chitradurga District, K C Veerendra alias Puppy had filed a Writ Petition in the Hon'ble High Court of Karnataka, on several grounds to declare arrest of K C Veerendra by ED, BGZO under the Prevention of Money Laundering Act (PMLA), 2002 as illegal, arbitrary, and violative of fundamental rights. The Hon'ble High Court has, vide order dated 15.10.2025, upheld the arrest of K C Veerendra by ED, BGZO and dismissed the said Writ Petition.

ED initiated investigation on the basis of multiple FIRs involving cheating through illegal online/offline betting and gambling. K C Veerendra and associates operated illegal betting platforms (e.g., King567,) using payment gateways like FonePaisa Payment Solutions Pvt. Ltd. Funds were moved through shell companies and casinos in India, Sri Lanka, Nepal, and Dubai, and the estimated Proceeds of Crime (POC) are several crores of rupees. Preliminary investigation of ED revealed that K C Veerendra is the kingpin of a large network of betting and money-laundering operations, using family-run entities and overseas casinos to launder proceeds. Subsequently, based on material in possession, K C Veerendra was arrested by ED from Gangtok, Sikkim on 23.08.2025. Thereafter, he was remanded to 15 days ED Custody by Hon'ble Special Court, PMLA and he is in lawful Judicial Custody till today. Further, ED investigation has resulted in seizure of more than Rs. 150 Crore of POC till date.

Petitioner's counsel had contended that most FIRs against K C Veerendra were closed or compromised; and only FIR No. 218/2022 remained pending and even this FIR pertained to a Rs. 30,000 dispute, which was treated as a civil matter with a filed 'B' report (closure report). No direct allegations or links to FonePaisa or betting operations were made against K C Veerendra, therefore, that arrest was without jurisdiction and violative of due process under Section 19 PMLA.

Learned ASG, Karnataka appearing for ED had vehemently argued that the Rs. 30,000 complaint was only a tip of the iceberg; while the ED investigation uncovered a massive betting racket. Sufficient material existed to form "reason to believe" under Section 19 of PMLA for his arrest and that custodial interrogation was necessary to trace fund trails and identify foreign links. It was also argued that though the complaint pertains to only a sum of Rs.30,000/-, the POC as per Section 2(1)(u) of the PMLA, 2002 also includes property not only derived or obtained from the scheduled offence, but also any property which may directly or indirectly be derived or obtained as a result of any criminal activity relatable to the scheduled offence. On the said ground, it was contended that POC can be over and above what is mentioned in the present FIR. It was argued that in a cyber fraud case like the one on hand, usually complaint is given by very few persons, who are cheated and FIR No.218/2022 is one such instance and the investigation into the same has made the respondent discover a large network of sophisticated criminal activity involving the luring of several persons and cheating them and realising the POC which constitutes an offence under the provisions of the PMLA, 2002.

