



## PRESS RELEASE

06.04.2025

Directorate of Enforcement (ED), Bengaluru Zonal Office has conducted search operations on 04.04.2025 under the provisions of Prevention of Money Laundering Act (PMLA), 2002 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. As part of the search proceedings incriminating documents, digital records and details of properties acquired out of Proceeds of Crime (POC) generated out of commission of offence of money laundering have been collected.

ED initiated investigation on the basis of various FIRs registered by Karnataka Police in connection with offences related to misuse/ diversion of funds to the tune of Rs. 97 Crore from Karnataka Bhovi Development Corporation (KBDC).

During the investigation under PMLA, 2002, it was found that B K Nagarajappa (the then GM of KBDC) was instrumental in the diversion of funds from KBDC by using bank accounts of fake beneficiaries provided by the agents from Bhovi community. Funds were further layered and laundered through entities incorporated in the name of his accomplices in connivance with other suspects/accused. They managed to divert funds from the accounts of KBDC to the accounts of fake entities/ beneficiaries which was further transferred to friends and family members of above named accused/suspected persons. Several bank accounts were opened and many beneficiaries/ intended beneficiaries were cheated by adopting a very well designed and fool proof modus operandi by B K Nagarajappa and other co-accused.

On the basis of evidences gathered during the searches, it has been established that B K Nagarajappa is guilty of the offence of money laundering and he generated the POC; layered the same using fake accounts and integrated the funds in the bank accounts of their friends and family members through bogus entities created for this purpose.

Therefore, SB K Nagarajappa was arrested u/s 19 of the PMLA, 2002 on 05.04.2025. Subsequently, B K Nagarajappa was produced before the Hon'ble Special Court, Bengaluru and the Hon'ble Court was pleased to grant 14 days Custody of B K Nagarajappa to ED.

Further investigation in under progress.