



PRESS RELEASE  
16.04.2025

Directorate of Enforcement (ED), Bengaluru Zonal Office has arrested Ms. R. Leelavathy, former Managing Director of Karnataka Bhovi Development Corporation (KBDC), under the provisions of the Prevention of Money Laundering Act (PMLA), 2002 on 12.04.2025 for being found involved in the offense of money laundering. After the arrest, she was produced before the Hon'ble Special Court (PMLA) and the Hon'ble Court was pleased to grant ED custody of the accused for 7 days.

Earlier, search operations were conducted on 04.04.2025 under Section 17 of 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 including Ms. Leelavathy. 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.

During the investigation under PMLA, 2002, it was found that Ms R Leelavathy was instrumental in the diversion of funds from KBDC by creating bank accounts fraudulently in the names of fake entities, in connivance with other suspects/accused viz. B K Nagarajappa (the then GM of KBDC), Subbappa (the then Superintendent of KBDC) and others. 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, Ms. Leelavathi, Subbappa and others. Earlier, B K Nagarajappa was arrested and is continuing in ED custody out of 14 days custody granted to ED by the Hon'ble Court.

Therefore, on the basis of material in possession, reasons to believe were made out that Ms. R leelavathy is guilty of the offence of money laundering and has generated the POC; layered the same using bank accounts of sister Late Mangala Ramu and integrated the funds in the bank accounts of her friends and family members through bogus entities created for this purpose.

Therefore, Ms R Reelavathy was arrested u/s 19 of PMLA, 2002 on 12.04.2025. Subsequently, the Hon'ble Special Court (PMLA), Bengaluru sent him to ED custody for 7 days.

Further investigation in under progress.