KABC010080492026

IN THE COURT OF THE PRINCIPAL CITY CIVIL AND SESSIONS JUDGE, AT BENGALURU

Dated this the 1st day of April, 2026

Present: Sri M. Chandrashekar Reddy,
B.A., LL.B.
Principal City Civil and Sessions Judge,
Bengaluru.

Crime No.25/2026 & Crl. Misc. No. 2742/2026

Accused Nos. (In Crime No. 25/2026) :

1. Palani M Bin Murugan,
Aged 64 years,
R/at No 81, 3rd Cross,
Sriram Pura,
Bengaluru -560021.

3. Madhu H.P.,
S/o Prakash Achar B.S.,
Age 37 years,
R/at Okanreshwara Nilaya,
Bhairegowda Layout,
Muddinapalya, Nagarbavi,
Bangalore – 560 069.

5. Nataraja V.,
S/o Vijay Kumar,
Aged 45 years,
R/at No. S-14, Kiloskar Colony,
Basaveshwara Nagar,
Bangalore – 560 079.

(By M/s Legal Link)

Petitioner (In Crl. Misc. No. 2742/2026) : Rajesh Kamath,
S/o. Ganapathi Kamath,
Aged about 42 years,
Jedikuni, Mitla Godu,
Shivamogga – 577 414.

(By M/s Legal Link)

Vs.

Respondent : The State of Karnataka,
CCB,
Bengaluru.

[by Sri Chinnavenkataravanappa
Public Prosecutor]

<u>COMMON ORDER</u>

Accused Nos.1, 3 and 5 in Crime No. 25/2026 of CCB, Bengaluru has filed bail application under Section 483 of Bharatiya Nagarika Suraksha Sanhita, 2023 praying to enlarge them on regular bail in the case.

2. Accused Nos. 1, 3 and 5 have filed applications seeking regular bail on the ground that they are innocent of the alleged offences and have been falsely implicated in the case. They contend that the complaint is primarily based on allegations arising out of an alleged investment transaction, and that the role attributed to them is vague, general, and

omnibus in nature. It is further submitted that the FIR does not disclose any specific material to show that these accused persons personally induced the complainant or received any amount from him.

It is further contended that there is absolutely no material on record to establish that any amount allegedly paid by the complainant was transferred to the account or came into the possession of Accused Nos. 1, 3 and 5. Therefore, the essential ingredients of the offence of cheating are not made out against them.

It is also submitted that the manner of arrest of the accused creates serious doubt. The complaint was initially filed before the Commissioner of Police on 09.03.2026 and was treated as a petition. Subsequently, it was referred to the CCB for investigation. On 10.03.2026 at about 18:15 hours, an FIR came to be registered against the accused persons. Thereafter, on 11.03.2026, the case was transferred to the Cyber Crime Police Station. Hence, they have prayed to allow the application, submitting that they are ready to abide by any conditions that may be imposed by this Hon'ble Court.

3. The petitioner in Crl. Misc. No. 2742/2026 has stated that he is innocent of the alleged offences and has been falsely implicated in the case. He submits that the complainant alleges payment of money for betting/investment purposes and claims to have directly interacted with one "Palant M." However, the petitioner asserts that he neither met the complainant nor received any money from him at any point of time.

The Petitioner further submits that the complaint is based on allegations arising out of an alleged investment transaction and that the role attributed to him is vague and omnibus in nature. The FIR does not disclose any specific material to show that the petitioner personally induced the complainant or received any amount from him.

It is further submitted that there is absolutely no material to establish that any amount allegedly paid by the complainant was transferred to the account or possession of the petitioner. Therefore, the essential ingredients of the offence of cheating are not made out against him.

The Petitioner contends that he has been arrayed as an accused merely on the allegation that he was the Managing Director of the said company. Except for such bald and general allegations, the complaint does not attribute any specific overt act against him in inducing the complainant or receiving any amount.

It is further submitted that mere designation as Managing Director, in the absence of any material showing active involvement in the alleged transaction, cannot be a ground to implicate the petitioner. The petitioner also submits that he is not concerned with the day-to-day affairs of the said company and, in fact, is not the Managing Director of the company as alleged. Accordingly, he has prayed to allow the petition, submitting that he is ready to abide by any conditions that may be imposed by this Hon'ble Court.

4. The prosecution has filed separate objections to the application/petition along with the report of the Investigating Officer. In its objections, the prosecution has stated that the case pertains to a serious economic offence

involving large-scale cheating of the complainant and several members of the public through an online platform, namely CRYSTAL AI (AI Trading Platform).

It is submitted that Accused No. 2, in furtherance of common intention along with other accused persons, induced the complainant to invest money by promising fixed and unrealistic returns, including Rs.92/- per day, Rs.2,760/- per month, and Rs.36,800/- over 400 days. Acting on such inducement, the complainant invested a sum of Rs.27,00,000/-.

It is further submitted that Accused Nos. 1, 3, 5 and other accused persons acted in concert with Accused No. 2 and facilitated the operation, promotion, and execution of the fraudulent scheme, thereby enabling the collection of crores of rupees from the public. The accused persons allegedly operated the said platform without obtaining any licence from the competent financial authorities in India and without disclosing the company's registered address or details of its officials and staff, thereby indicating fraudulent intention.

It is further stated that the accused persons created and used online wallet addresses, including Safepal App wallets, for receiving funds from investors. A detailed investigation is required to trace the money trail and identify the ultimate beneficiaries.

The prosecution submits that custodial interrogation of the accused persons is necessary to ascertain the origin and development of the CRYSTAL AI platform, to identify the persons responsible for creating and managing the platform, to trace financial transactions and fund diversion, and to identify other victims and accused involved in the conspiracy. The mobile phones used by the accused persons in the commission of the offence have been seized and are required to be sent to the Forensic Science Laboratory (FSL) for retrieval and analysis of data. The bank accounts and financial transactions of the accused persons are under investigation, and further inquiry is required to uncover the magnitude of the fraud.

It is also submitted that the accused persons lured investors by offering incentives such as foreign trips to Dubai and Thailand, thereby inducing further investments from the public. If the petitioners/accused persons are released on bail, there is a strong likelihood that they may tamper with prosecution evidence, influence or threaten witnesses, destroy or conceal electronic and documentary evidence, and hamper the ongoing investigation. There is also a possibility that they may deactivate or manipulate the said online platform. Hence, the prosecution has prayed for dismissal of the petition/application.

5. Heard learned Counsel for Accused Nos.1, 3 and 5, learned Counsel for Petitioner and learned Public Prosecutor.

5A. The learned Counsel for Accused Nos.1, 3, and 5 has relied upon the citations in W.P.Nos.1028888/2022 DD 19.10.202 in Santhosh Kumar & Anr., Vs State of Karnataka, SLP (Crl.) Diary No.28399/2024 DD 17.12.2024 of Hon'ble Supreme Court of India in State of Karnataka Vs Siddarth & Anr., Crl. P. No. 201497/2024 DD 24.1.2025 in Mr. Srijith & Anr., Vs State of Karnataka, Crl.A. No. 201140/2021 dated

14.9.2021 in Raviraj Vs State of Karnataka, Crl.P. No. 102539/2022 DD 19.10.2022 in Siddarth & Anr., Vs State of Karnataka and in Crl.P. No. 102539/2022 DD 10.9.2025 Siddarth & Anr., Vs State of Karnataka.

6. The following points would arise for the consideration of this Court:

1. Whether Accused Nos.1, 3 and 5 are entitled for regular bail?

2. Whether the Petitioner is entitled for anticipatory bail?

3. What Order?

7. The findings of this Court on the above points are under:

Point No.1: In the Affirmative

Point No.2: In the Affirmative ;

Point No.3: As per final order;

for the following:

<u>REASONS</u>

8. **<u>Point Nos.1 & 2</u>**: CCB Police have registered the case in Crime No.25/2026 against the Applicants and the Petitioner herein for the offenses punishable under Sections

316(2_), 336(3), 340(2) 316(5) 318(4) of Bharatiya Nyaya Sanhita, 2023, Section 66D of I.T. Act and Sections 21, 23, 23 and 3 of Banning of Unregulated Deposit Schemes Act, 2019, based on a complaint lodged by Sri Ranjith on 10.3.2026.

9. The allegation made in the complaint is that the Complainant, who is running a business under the name Aradhya Enterprises at Mangaluru, came into contact with Accused No.2 (Palani M.), a resident of Malleswaram, Bengaluru, through Facebook. Accused No.2 induced the Complainant to invest in Crystal AI Robot Trading Company by promising high returns and directed him to use the Safepal App. On 18.02.2026, the Complainant met Accused No.2 near Anand Rao Circle, who further convinced him and introduced the company as being managed by Accused Nos.1, 3, 5 and others. Believing the representations, the Complainant downloaded the Safepal App, created a wallet, and initially paid Rs.18,400/- as commission. Thereafter, he invested a total sum of approximately Rs.27,60,000/- in cash

through Accused No.2, who assured that the same would be converted into USDT and credited to the wallet. However, only Rs.18,400/- was reflected in the wallet, and the remaining amount was not credited.

It is further stated that subsequently, the Complainant discovered that the said company was not registered with any competent authority such as SEBI or RBI and that the accused persons had, in furtherance of common intention, cheated him and others by collecting money under the guise of cryptocurrency investment.

10. The principal allegation in the complaint is that Accused No.2 induced the complainant to invest money in the so-called "CRYSTAL AI Trading Platform" by promising high returns. The entire transaction, as narrated in the complaint, appears to have been primarily between the complainant and Accused No.2. The role attributed to Accused Nos.1, 3 and 5, as well as the Petitioner in Crl. Misc. No.2742/2026, is general and omnibus in nature, without any specific overt act being attributed to them.

11. At this stage, there is no specific material placed before the Court to show that these Petitioners had directly induced the Complainant or that they had personally received any portion of the alleged amount of Rs.27,60,000/-. The complaint and FIR do not disclose any clear and definite role played by these accused persons in the alleged transaction, except for a general allegation that they were associated with the said company.

12. Insofar as the Petitioner in Crl. Misc. No.2742/2026 is concerned, the only allegation appears to be that he was the Managing Director of the company. However, mere designation as Managing Director, in the absence of prima facie material indicating active involvement in the alleged offence, cannot be a ground to deny bail. There is no material at this stage to show his direct participation in inducing the complainant or in handling the alleged funds.

13. It is also pertinent to note that there is no material placed on record to establish that any portion of the alleged amount was transferred to or recovered from the accounts or

possession of these accused persons. Thus, the essential ingredients constituting the offence of cheating, insofar as these accused are concerned, are not prima facie made out at this stage.

14. The investigation, as submitted by the prosecution, is still in progress. However, the material already collected, as reflected in the records, does not disclose specific incriminating circumstances against these accused persons warranting their continued custodial detention.

15. The offences alleged though serious in nature, are not punishable with death or imprisonment for life. The Petitioner / Applicants are stated to be permanent residents having roots in society. There is nothing on record at this stage to show that they are likely to abscond. The apprehension of the prosecution that the Petitioner / Applicant may tamper with evidence or influence witnesses can be suitably addressed by imposing stringent conditions.

16. Bail is the rule and jail is the exception. The object of bail is to secure the presence of the accused during trial

and not to punish them by pre-trial detention. Prolonged incarceration of the petitioners, in the absence of specific material indicating their direct involvement, would not be justified. In view of the above facts and circumstances, this Court is of the considered opinion that Accused Nos.1, 3 and 5 and the Petitioner in Crl. Misc. No.2742/2026 have made out sufficient grounds for grant of bail. For the foregoing reasons, Point Nos.1 and 2 are answered in the ***affirmative.***

17. **Point No.3:** In the result, this Court proceeds to pass the following:

ORDER

The bail application filed by Accused Nos.1, 3, and 5 in Crime No.25/2026 of CCB under Section 439 of Criminal Procedure Code is allowed.

Accused Nos.1, 3 and 5 are ordered to be released on bail in the case, subject to following conditions:

1. Accused Nos.1, 3 and 5 shall execute a personal bond for Rs.2,00,000/- each along with one surety for the like sum to the satisfaction of the Court.

2. Accused Nos.1, 3 and 5 shall not tamper the prosecution witnesses in any manner.

3. Accused Nos.1, 3 and 5 shall appear before the Investigating Officer or the Court as the case may be as and when directed to do so and cooperate with further investigation and proceeding of the case.

4. Accused Nos.1, 3 and 5 shall furnish details of their present place of residence, registered mobile numbers and e-mail IDs if any along with supporting documents.
5. Accused Nos.1, 3 and 5 shall not change their place of residence pending disposal of the case without prior permission of the Court.

The petition filed under Section 438 of Criminal Procedure Code is allowed.

The Petitioner/Accused No.2 shall be released on bail in the event of her arrest in Crime No. 25/2026 of CCB, Bengaluru, subject to following conditions:

1. The Petitioner shall execute a personal bond for Rs.2,00,000/- along with a surety

for the like sum, to the satisfaction of the concerned Investigating Officer.

2. Initially, the Petitioner shall appear before the Investigation Officer on or before 16.4.2026 and co-operate with further investigation in the case by appearing before the Investigating Officer as and when directed to do so.

3. The Petitioner shall not hold any threat to or lure the prosecution witnesses in any manner.
4. The Petitioner shall not change his residence pending disposal of the case without prior permission of the Court.

Original copy of the Order is kept in Crl. Misc. No.2742/2026 and copy of the same is kept in Crime No. 25/2026.

(Dictated to the Stenographer Grade-II directly on the computer, typed by her, then corrected and pronounced by me in the Open Court on this the 1st day of April, 2026).

(M. Chandrashekar Reddy)
Principal City Civil & Sessions Judge,
Bengaluru.