



IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 26TH DAY OF MARCH, 2026

BEFORE

THE HON'BLE MR. JUSTICE SACHIN SHANKAR MAGADUM

WRIT PETITION NO. 4264 OF 2026 (GM-RES)

BETWEEN:

R JYOTHI
W/O R LOKANANDHA NAIDU
AGED ABOUT 44 YEARS,
RESIDING AT 5TH CROSS,
MAIN ROAD, JAYANTHI NAGAR,
HORAMAVU, BENGALURU EAST,
KARNATAKA-560 043.

...PETITIONER

(BY SRI. SHREE HARI S., ADVOCATE)

AND:

1. STATE OF KARNATAKA
REPRESENTED HEREIN BY
THE STATE PUBLIC PROSECUTOR,
BENGALURU, KARNATAKA-560001.
2. THE STATION HOUSE OFFICER
NORTH REGION CYBER POLICE STATION,
REPRESENTED BY
INVESTIGATING OFFICER/ INSPECTOR,
5VX6+WJH, KAANDIVALI,
SHIV SAGAR, KANDIVALI EAST,
MUMBAI-400 101.
3. AXIS BANK
REPRESENTED BY,
THE BRANCH MANAGER,
KALKERE BRANCH,
NO. 9, UPPER FLOOR,

Digitally
signed by
CHAITHRA A

Location:
HIGH
COURT OF
KARNATAKA





RAMAMURTHY NAGAR,
RICHES GARDEN MAIN ROAD,
KALKERE, BENGALURU 560 016

...RESPONDENTS

(BY SRI. ADITYA DIWAKARA, AGA FOR R1;
SRI. FRANCIS XAVIER, ADVOCATE FOR R3)

THIS WRIT PETITION IS FILED UNDER ARTICLES 226 AND 227 OF THE CONSTITUTION OF INDIA, PRAYING TO DIRECTING THE RESPONDENT TO DEFREEZE THE ACCOUNT OF THE PETITIONER AND PERMIT THE PETITIONER HEREIN TO USE AND OPERATE HAVING THE BANK SAVINGS NO.923010054563776 A/C IFSCCODE UTIB0004822, MAINTAINED IN AXIS BANK AND ETC.

THIS WRIT PETITION, COMING ON FOR PRELIMINARY HEARING, THIS DAY, ORDER WAS MADE THEREIN AS UNDER:

CORAM: HON'BLE MR. JUSTICE SACHIN SHANKAR MAGADUM

ORAL ORDER

The captioned petition is filed seeking direction against respondent No.3/Bank to defreeze the account of petitioner and permit petitioner to operate the bank account bearing A/c No.923010054563776, maintained with respondent No.3/Bank.

2. The petitioner asserts that she is engaged in a lawful and legitimate financial transactions involving purchase and sale of cryptocurrency (USDT) through a



recognized digital trading platform, namely Binance, strictly in accordance with applicable platform norms and regulations. The grievance of the petitioner emanates from a communication issued by respondent No.2— Investigating Officer, directing respondent No.3/Bank to freeze the petitioner's bank account. It is contended that acting solely on the basis of such communication, the Bank has proceeded to freeze the entire account of the petitioner, thereby bringing her business operations to a standstill.

3. Heard the learned counsel appearing for the parties. Perused the material on record with care and circumspection.

4. A perusal of the records would indicate that respondent No.2 has lodged a complaint with respondent No.3/Bank seeking to secure the alleged proceeds of crime by directing the Bank to mark a lien over the petitioner's account to the extent of Rs.10,000/-. However, it is



evident that the Bank, instead of confining its action to the said quantified amount, has proceeded to freeze the entire account of the petitioner. Such action, in the considered opinion of this Court, travels beyond the scope of the communication issued by the Investigating Officer.

5. It is trite that while the Investigating Agency is vested with the authority to take necessary measures to secure suspected proceeds of crime and to ensure availability of funds during the course of investigation, such power is not unbridled. The exercise of such power must be proportionate and tailored to the exigencies of the case. Freezing of an entire bank account, particularly when the alleged amount involved is specifically quantified, would amount to an excessive and unreasonable restriction, impinging upon the petitioner's fundamental right to carry on trade and business. The action of respondent No.3/Bank, therefore, cannot be sustained to the extent it results in a complete embargo on the operation of the account.



6. In the case on hand, the amount indicated by respondent No.2 as being subject to investigation is Rs.10,000/-. Therefore, the ends of justice would be adequately met if the lien is restricted to the said amount. At the same time, balancing the interest of the investigation with the petitioner's right to carry on business, it would be appropriate to direct that the petitioner shall maintain a minimum balance equivalent to the said amount in the account, pending completion of investigation or until further orders are passed by the competent authority.

7. In view of the foregoing discussion, this Court proceeds to pass the following:

ORDER

- (i) The writ petition is ***allowed in part;***
- (ii) The action of respondent No.3/Bank in freezing the entire bank account of the petitioner



is held to be arbitrary and disproportionate, and is accordingly modified;

(iii) Respondent No.3/Bank is directed to mark a lien on the petitioner's account bearing No.923010054563776 to the extent of Rs.10,000/- (Rupees Ten thousand only), which shall remain in force subject to further orders;

(iv) The petitioner is permitted to operate the bank account for all transactions, subject to maintaining a minimum balance of Rs.10,000/- therein during the pendency of the investigation or until further orders by the competent authority.

Sd/-
(SACHIN SHANKAR MAGADUM)
JUDGE