

IN THE HIGH COURT OF SINDH AT KARACHI

Criminal Bail Application No.2642 of 2026

a/w

Criminal Bail Application No.2678 of 2026

Applicant : Shayan son of Muhammad Munir,
[in Cr.B.A No.2642/2026] Through M/s. Paras Ali Lodhi and
Saddam Hussain Chang, Advocates

Applicant : Muhammad Daniyal Qaiser,
[in Cr.B.A No.2678/2026] son of Khawar Aziz,
Through Mr. Mamoon A. K.
Shirwany, advocate

The State : The State: Through Mr. R. D. Kalhoro
Assistant Attorney General,
Pakistan along with I.O SI-
Muhammad Tahir, FIA, CTW,
Karachi

Date of hearing : 04.09.2026.

Date of Order : 04.09.2026.

ORDER

Jan Ali Junejo, J:-- By this common order, I intend to decide the above captioned bail applications, as they arise out of same FIR.

2. Through these Criminal Bail Applications, the Applicant Shayan son of Muhammad Munir [in Cr. B.A No.2642/2026] and applicant Muhammad Daniyal son of Khawar Aziz [in Cr. B.A No.2678/2026] seek post-arrest bail in FIR No. 05/2026 registered at Police Station FIA, CTC, for offences under Sections 4, 5, and 23 of the Foreign Exchange Regulation Act, 1947 ("FERA") read with Sections 109 PPC. The Applicants earlier post-arrest bail applications bearing No. 3076/2026 & 3103/2026, respectively, were dismissed by the learned Sessions Judge/Special Judge (CNS), Karachi South vide separate order dated 18.08.2026. Being aggrieved, the Applicants have approached this Court.

3. Concisely, the facts leading to the instant bail application as depicted in the FIR are that consequent upon Enquiry No.18/2026 registered at P.S. FIA CTW, Karachi, credible information was received that a transactional organized criminal network was engaged in illicit financial activities by using virtual currencies for the illegal sale, purchase and transmission (credit and withdrawal) of virtual foreign currencies (USDT, etc.) in violation of the provisions of the Foreign Exchange Regulation Act, 1947 (amended 2020). It is further alleged that the suspects namely Kamran, Shayan and Daniyal, along with their accomplices were operating the said transactional organized virtual criminal network by committing the offence of hundi/hawala through virtual means. Pursuant to such information, the raiding team conducted a raid and apprehended accused Shayan near Cafe Pranzo, Clifton, Karachi, and recovered a mobile phone from his possession containing incriminating evidence. During interrogation accused Shayan disclosed that one Daniyal was also an active member of the said illicit network operating digitally. Subsequently, on the pointation of Shayan, the raiding team reached Roshan Trade Centre, Shaheed-e-Millat Road, Karachi, and apprehended accused Daniyal from whose possession incriminating evidence was also found in his recovered mobile phone. Thereafter, the raiding team in search of accused Kamran, who is the brother of accused Shayan, conducted a raid at his residence, i.e. House No.570, 1st Floor, Block-II, Azizabadi, Karachi; however, accused Kamran was not found available, whereas his mobile phone was recovered and seized by the raiding team. The modus operandi of the accused persons revealed that accused Kamran and Shayan were engaged in illegal Money Value Transfer through the illegal sale, purchase and transmission (credit and withdrawal) of virtual foreign currencies (USDT, etc.), and the equivalent PKR amount was being settled in local bank accounts provided by accused Kamran and Shayan to accused Daniyal, who

allegedly layered their PKR amounts in various local bank accounts under the garb of digital marketing. It is further alleged that accused Shayan disclosed that the entire network was being headed and run by one Yaseen, also known as Yaseen Kaka, from the UAE. Such an organized transactional illicit virtual network has introduced a novel concept in the evolving criminal landscape of Pakistan, wherein seemingly legal platforms are being used as a cover to cloak illegal financial activities conducted primarily through virtual means. Hence, the present FIR.

4. Learned counsel for the applicant in Cr. Bail Application No. 2642 of 2026 submits that the applicant is innocent and has been falsely implicated; that there is an unexplained delay of about one year and six months in registration of the FIR, which casts doubt on the prosecution case; that no cogent material connects the applicant with any payment to or receipt from a person outside Pakistan so as to attract Sections 4 and 5 of the Foreign Exchange Regulation Act, 1947, and admittedly no foreign fiat currency has been recovered from him; that USDT, being a digital asset, does not fall within the statutory concept of “foreign exchange” or “foreign currency” under the FERA, and reliance is placed upon the judgment of the Lahore High Court, Multan Bench, in CrI. Misc. No.1974-B/2026, *Hammad Ali and others*, wherein the applicability of FERA to USDT was questioned; that the interim charge-sheet itself shows that detailed financial investigation, banking analysis, virtual-asset tracing, identification of other participants and determination of the alleged money trail, beneficiaries and terror-financing aspect are still pending, thereby making the case one of further inquiry under Section 497(2), Cr.P.C.; that presently there is no evidence against the applicant regarding hawala/hundi except the alleged statement of co-accused Daniyal in FIA custody, which requires independent corroboration; that the alleged recovery was effected from a public place but no independent witness was associated despite

availability, in violation of Section 103, Cr.P.C.; that the prosecution's case principally rests upon digital material and the forensic examination thereof is still awaited, and the applicant cannot be kept behind bars indefinitely merely on the basis of unverified digital evidence; that the offences under Sections 4 and 5 of FERA are punishable under Section 23 and the case does not fall within the prohibitory clause of Section 497(1), Cr.P.C.; that co-accused Kamran has already been granted bail by the learned District Judge, Karachi South, and the applicant, being on an equal or better footing, is entitled to the concession of bail on the principle of consistency; that where an offence carries alternative punishments, the lesser punishment is also relevant for purposes of bail; that the applicant is a permanent resident of Karachi, is not a previous convict or hardened criminal, has no other criminal case pending against him and there is no likelihood of his absconding or tampering with the evidence; hence, the matter calls for further inquiry and the applicant is entitled to the concession of bail subject to furnishing solvent surety to the satisfaction of this Court.

5. Learned counsel for the applicant in Cr. Bail Application No.2678 of 2026 submits that the applicant is innocent and has been falsely implicated in FIR No.CTFT-KHI-5/2026, registered at Police Station FIA Counter Terrorism Wing, Karachi, under Sections 4, 5 & 23 of the Foreign Exchange Regulation Act, 1947, read with Section 109 PPC; that the alleged occurrence pertains to 01.01.2024, whereas the FIR was registered on 23.07.2026 after an unexplained delay of more than two and a half years; that no specific foreign exchange transaction, amount, date, wallet, blockchain transaction, sender or beneficiary has been attributed to the applicant; that no independent witness was associated with the alleged search, and the applicant neither fled nor resisted the officials; that the applicability of Sections 4 and 5 of FERA to dealings in USDT, being a blockchain-

based virtual asset rather than sovereign-issued foreign currency, is itself a question requiring further inquiry under Section 497(2), Cr.P.C.; that his implication is substantially based upon the alleged disclosure of co-accused Shayan, without independent corroboration, and no specific act of instigation, assistance or conscious participation has been attributed to attract Section 109 PPC; that the legality of the alleged search and seizure is doubtful for want of demonstrated compliance with Section 19 of FERA; that the alleged digital material is yet to undergo forensic examination and its authenticity, integrity, identification and chain of custody have not been established; that no foreign currency, proceeds of crime or other incriminating documentary material has been recovered from the applicant, while the alleged terror-financing aspect is admittedly still under investigation; that the remaining evidence is documentary, banking and electronic in nature and is either already secured or obtainable from independent sources, leaving no reasonable possibility of tampering or influencing witnesses; that the alleged offences under Sections 4 and 5 of FERA are punishable under Section 23 with imprisonment extending to five years and do not fall within the prohibitory clause of Section 497(1), Cr.P.C.; and that the applicant is a permanent resident of Karachi, has a fixed place of abode, is not a previous convict, undertakes to cooperate with the investigation and attend the trial regularly, and there is no likelihood of his absconding; hence, the case squarely calls for further inquiry under Section 497(2), Cr.P.C., and the applicant is entitled to the concession of bail.

6. Conversely, learned Assistant Attorney General, assisted by the IO, opposes bail, asserting that the material collected depicts an organized transnational Hundi/Hawala network causing loss to the national exchequer. In economic and organized crimes, it is argued, courts exercise restraint in extending bail as premature release may impede unearthing of the wider network, risk tampering with

electronic evidence, and lead to abscondence. It is prayed that the application be dismissed.

7. I have heard the learned counsel for the applicants as well as the learned Assistant Attorney General, assisted by the Investigating Officer, and have perused the available record with their assistance. At the bail stage, the Court is not required to make a deeper appreciation of the evidence or record a final determination regarding the guilt or innocence of the accused. The record prima facie shows that the prosecution case primarily rests upon the alleged use of USDT/virtual currency, recovery of mobile phones containing purported incriminating material and the alleged disclosures of the co-accused. Admittedly, the alleged digital material is yet to undergo forensic examination, while the interim charge-sheet itself reflects that detailed financial investigation, analysis of banking accounts, tracing of virtual-asset transactions, identification of the ultimate beneficiaries and determination of the alleged money trail are still in progress. Thus, the prosecution case, particularly the precise role and involvement of the present applicants, requires further investigation and appreciation of evidence.

8. It is also noteworthy that no specific transaction, amount, wallet address, blockchain transaction, beneficiary or foreign exchange transaction has been attributed to either applicant in the FIR with sufficient particulars. The alleged involvement of applicant Shayan, in particular, is sought to be connected with the network through the alleged digital material recovered from his mobile phone, whereas applicant Daniyal is stated to have been apprehended on the pointation/disclosure of co-accused Shayan. At this stage, the alleged disclosure of one accused cannot, by itself, be treated as conclusive evidence against another accused in the absence of independent corroborative material. Likewise, the

evidentiary value, authenticity and integrity of the alleged electronic material are matters which require forensic examination and proof in accordance with law.

9. The contention regarding the applicability of Sections 4 and 5 of FERA to transactions involving USDT also raises a question requiring deeper examination. Whether the alleged dealings in a virtual asset/stablecoin constitute “foreign currency” or “foreign exchange” within the statutory framework of FERA cannot, in the circumstances of the present case, be conclusively determined at the bail stage. The reliance placed by learned counsel upon the judgment in *Hammad Ali and others*, CrI. Misc. No.1974-B/2026, Lahore High Court, Multan Bench, further indicates that the legal status and applicability of FERA to USDT is a matter requiring consideration. Consequently, this aspect also lends support to the plea of further inquiry.

10. The record further shows that the prosecution has yet to establish through substantive and independent evidence the precise role of each applicant in the alleged Hundi/Hawala arrangement and the alleged nexus between the virtual-asset transactions and corresponding PKR transactions. The allegation of terror financing also appears, from the interim investigation itself, to remain under examination. At this stage, therefore, the possibility of further material emerging during investigation cannot be equated with proof of guilt sufficient to justify continued incarceration.

11. For the foregoing reasons, these Criminal Bail Applications are allowed. The Applicant Shayan son of Muhammad Munir [in Cr. B.A No.2642/2026] and applicant Muhammad Daniyal Qaiser son of Khawar Aziz [in Cr. B.A No.2678/2026] are admitted to post-arrest bail in FIR No. 05/2026 registered at Police Station FIA, CTC, for

offences under Sections 4, 5, and 23 of the Foreign Exchange Regulation Act, 1947 ("FERA") read with Sections 109 PPC, subject to their furnishing: solvent surety in the sum of Rs. 500,000/- (Rupees Five Hundred Thousand only) *each* and a PR Bond in the like amount, to the satisfaction of the learned trial Court.

12. It is, however, observed that the findings recorded herein are tentative in nature, made solely for the purpose of deciding the present bail applications, and shall not prejudice the case of either party during the course of trial.

JUDGE