

IN THE HIGH COURT OF SINDH AT KARACHI

Criminal Bail Application No.2679 of 2026

Applicant : Syed Atif Abbas
son of Syed Aqeel Zaidi,
Through M/s. Irshad Ahmed Jatoi &
Syed M. Nabeel Mustafa, advocates

The State : The State: Through Mr. R. D. Kalhoro
Assistant Attorney General,
Pakistan along with I.O SI-Shaikh
Shahroz, FIA, CBC, Karachi

Date of hearing : 30.09.2026.

Date of Order : 30.09.2026.

ORDER

Jan Ali Junejo, J:- Through this Criminal Bail Application, the Applicant Syed Atif Abbas son of Syed Aqeel Zaidi seeks post-arrest bail in FIR No. 51/2026 registered at Police Station FIA, CBC, for offences under Sections 4, 5, and 23 of the Foreign Exchange Regulation Act, 1947 (as amended 2020). The Applicant earlier post-arrest bail application bearing No. 4737/2026 was dismissed by the learned Sessions Judge, Karachi East/Foreign Exchange Regulation Tribunal vide order dated 18.08.2026. Being aggrieved, the Applicant has approached this Court.

2. Concisely, the facts leading to the instant bail application as depicted in the FIR are that consequent upon Enquiry No.112/2026, credible information was received that accused Syed Atif Abbas Zaidi son of Syed Muhammad Aquil Hussain Zaidi was allegedly engaged in unauthorized sale and purchase of foreign currency at Unit No.M-2, First Floor, Al Amin Tower, E-2, Block-10, Gulshan-e-Iqbal, Karachi, without authorization from the State Bank of Pakistan and without issuance of receipts, thereby attracting the provisions of the Foreign Exchange Regulation Act, 1947 (as amended in 2020). After obtaining approval from the competent authority, a raiding party of FIA CBC Karachi proceeded to the said premises and, upon arrival, found the accused present. During

search, the raiding team recovered US Dollars 23,107/-, Iranian Riyals 1,11,60,00,000/-, Saudi Riyals 45,000/-, Pakistani currency Rs.33,10,000/-, two prize bonds of Rs.750/- each, two cheques of MCB and Meezan Bank, five stamps of different companies, one register, and four iPhones allegedly being used by the accused, bearing the respective IMEI numbers. The accused was asked to produce receipts, authorization or permission from the State Bank of Pakistan in respect of the foreign currency, but he failed to produce any such document or offer any plausible explanation regarding possession of the substantial foreign currency. The recovered articles were accordingly taken into FIA custody through a seizure memo prepared at the spot on 06.08.2026 at 1700 hours in the presence of witnesses. Upon return to the FIA CBC Karachi, the accused was interrogated and allegedly failed to provide any satisfactory explanation regarding the possession and unauthorized sale/purchase of foreign currency and Hawala/Hundi activities and, as stated in the FIR, voluntarily admitted his involvement therein. Consequently, the competent authority approved registration of the case against accused Syed Atif Abbas Zaidi, CNIC No.42201-3596081-7, under Sections 4, 5 and 23 of the Foreign Exchange Regulation Act, 1947 (as amended in 2020), whereafter he was arrested and investigation was taken up by the complainant/investigating officer. Hence, the present FIR.

3. Learned counsel for the applicant, after referring to the contents of the FIR, argued that the applicant is innocent, has been falsely implicated, and has no nexus with the alleged offence; that the offences under Sections 4, 5 and 23 of the Foreign Exchange Regulation Act, 1947, carry punishment of up to five years and do not fall within the prohibitory clause of Section 497 Cr.P.C., hence bail is the rule and refusal an exception; that the prosecution case is primarily based upon the alleged recovery of foreign and Pakistani currency, whereas the FIR does not disclose any specific transaction of sale, purchase, exchange, lending or borrowing of foreign exchange, nor does mere possession of foreign currency, by itself, establish a contravention of Section 4(1) of the FER Act; that the allegations regarding Hawala/Hundi are also unsupported by any specific transaction, identification of sender or recipient, or tangible evidence showing transmission of payments outside the banking system;

that no independent or substantive material has been produced to establish the applicant's involvement in unauthorized dealing in foreign exchange or violation of Section 5 of the FER Act; that the raiding/search proceedings were conducted in violation of the mandatory provisions of Section 19 of the FER Act and Section 103 Cr.P.C., as neither requisite permission/search warrant was obtained nor independent persons of the locality were associated with the search and seizure; that there is also no material demonstrating the requisite criminal intent or mens rea on the part of the applicant; that the prosecution has thus failed to establish a prima facie case and the matter, at the very least, calls for further inquiry within the meaning of Section 497(2) Cr.P.C.; that the applicant is a law-abiding citizen with an unblemished record, is not likely to abscond or tamper with the prosecution evidence, and is ready to furnish solvent surety to the satisfaction of the Court; and, therefore, the learned counsel prayed that the applicant be admitted to bail.

4. 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.

5. I have considered the submissions advanced by learned counsel for the applicant as well as the learned Assistant Attorney General, assisted by the Investigating Officer, and have gone through the available record with their assistance.

6. At the outset, it may be observed that the allegations against the applicant are undoubtedly serious in nature; however, at the stage of bail, the Court is required to examine whether the material available on record brings the case within the prohibitory clause of Section 497 Cr.P.C. or, conversely, whether the case calls for further inquiry. The applicant has been booked under Sections 4, 5 and 23 of the Foreign Exchange Regulation Act, 1947, and the maximum punishment provided for the

alleged offences, as presently attracted in the FIR does not fall within the prohibitory clause of Section 497(1) Cr.P.C. and the principle governing grant of bail in non-prohibitory offences is attracted.

7. The prosecution case, as reflected from the FIR itself, substantially rests upon the recovery of substantial quantities of foreign currency, Pakistani currency, certain documents/articles and mobile phones from the premises where the applicant was found present. However, the FIR does not specify any particular transaction whereby the applicant was actually found buying, borrowing, selling, lending or exchanging foreign exchange with any person in contravention of the provisions of the FER Act. Mere recovery or possession of foreign currency, though undoubtedly a circumstance requiring explanation, cannot at the bail stage be treated as conclusive proof of the specific prohibited transaction contemplated by Section 4 of the Act. Likewise, the allegation regarding Hawala/Hundi business has been introduced in the FIR, but no particular Hawala/Hundi transaction, sender, recipient, date, amount, mode of transmission or corresponding documentary/electronic trail has been identified therein so as to establish, at this tentative stage, the applicant's direct involvement in such activity.

8. The alleged admission attributed to the applicant during interrogation also requires cautious consideration. At the stage of bail, such alleged admission cannot, by itself, be treated as sufficient substantive material to conclusively establish guilt, particularly when the prosecution is yet to place before the Court independent corroborative material connecting the recovered currency with any unauthorized transaction or Hawala/Hundi operation. The mobile phones, register, cheques, stamps and other articles recovered from the premises may undoubtedly be relevant to the investigation, but their evidentiary value and the connection, if any, with the alleged offences are matters to be determined after collection of further material and, ultimately, at trial.

9. Thus, without touching upon the merits of the case or expressing any opinion regarding the ultimate guilt or innocence of the applicant, I find that the material presently available does not furnish reasonable

grounds for believing that the applicant is guilty of the offences charged to the extent required for denial of bail. Conversely, the questions regarding the nature and purpose of the recovered foreign currency, its alleged connection with unauthorized transactions, the allegation of Hawala/Hundi dealings, and the manner and legality of the search and seizure require further inquiry within the meaning of Section 497(2) Cr.P.C. The applicant has remained in custody and the prosecution has not pointed out any specific material demonstrating that his further incarceration is necessary for any identified investigative purpose.

10. For the foregoing reasons, this Criminal Bail Application is allowed. The Applicant Syed Atif Abbas so of Syed Aqeel Zaidi is admitted to post-arrest bail in FIR No. 51/2026 registered at Police Station FIA, CBC, for offences under Sections 4, 5, and 23 of the Foreign Exchange Regulation Act, 1947 (as amended 2020) subject to his furnishing: solvent surety in the sum of Rs. 500,000/- (Rupees Five Hundred Thousand only) and a PR Bond in the like amount, to the satisfaction of the learned trial Court.

11. 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