

A.F.R.



IN THE HIGH COURT OF ORISSA AT CUTTACK

CRLMC No.5199 of 2025

Along with

CRLMC Nos.5449 of 2025, 5476 of 2025 and 153 of 2026

(In the matter of an application under Section 528 of the Bharatiya
Nagarik Suraksha Sanhita)

(In CRLMC No.5199 of 2025)

Umesh Kumar Ramani & Anr. *Petitioner (s)*

-versus-

State of Odisha & Anr. *Opposite Party (s)*

Advocates appeared in the case through Hybrid Mode:

For Petitioner (s) : *Mr. Soumya Ranjan Das, Adv.*

For Opposite Party (s) : *Ms. Sarita Moharana, ASC*

CORAM:

DR. JUSTICE SANJEEB K PANIGRAHI

DATE OF HEARING:-20.03.2026 & 12.05.2026

DATE OF JUDGMENT:-15.05.2026

Dr. Sanjeeb K Panigrahi, J.

1. Since common question of facts and law are involved in both the CRLMCs, the same have been heard together and are being disposed of by this common judgment. However, this Court feels it apposite to deal with the CRLMC No. as the leading case for proper adjudication of both the cases.
2. In filing the CRLMC No.5199 of 2025, the Petitioners against whom the allegation of fraud and misappropriation of money of the



Opposite Party No.2 are made, have prayed for quashing the entire criminal proceeding initiated against them vide Jhirpani P.S. Case No.181 of 2024 corresponding to G.R. Case No.1303 of 2024 pending before the Court of learned J.M.F.C (R), Rourkela.

I. FACTUAL MATRIX OF THE CASE:

3. On 26.11.2024, a written complaint was lodged before the local Police Station alleging therein that the Petitioners have made a fraud of Rs.13,540/- (Rupees Thirteen thousand five hundred forty only) from the bank account of the Opposite Party No.2 by creating an account named MVC (My Victory Club) on 28.07.2023. Hence, the Petitioners were booked for the offences under Sections 419, 420, 465, 467, 471, 120-B & 34 of the I.P.C and Sections 66C & 66D of the Information Technology (Amendment) Act, 2008. It is also alleged therein that the Petitioners have created a fake DIGI MUDRA PVT. LTD. and the money was being deposited through the Google Pay/ Phone Pay number of the Petitioners vide Mobile No.9337941849 & 9861075855.

II. SUBMISSIONS ON BEHALF OF THE Petitioner:

4. Learned counsel for the Petitioners Mr. Soumya Ranjan Das earnestly made the following submissions in support of his contentions orally as well as borne out from the Written Note of Submissions:
 - i. Learned counsel for the Petitioners submits that the Petitioners were the agents of the company in question. They were engaged in promotion of crypto currency as per the direction



of their superior authorities and the investors were aware of the market risks. Due to the loss of money for the volatility in the market, the complainant/investors had lodged an F.I.R in the local Police Station.

- ii. Being fully aware about the market risks the investors had invested their respective money. Though the investors have a right to pursue legal remedies, losses suffered are majorly attributable to the policies of the company/ officials who are at the helm of the affairs. The scope of authority of the Petitioners is merely extended to the extent of promotion of the scope of investment in crypto-currency and nothing beyond the same.
- iii. The allegations made under Sections 420 of the I.P.C and other Sections noted hereinabove are not made out against the Petitioners. Though the concept of crypto currency is yet to receive official status through a legislative enactment, nature of the same has been recognized to be a legal tender and therefore, though the financial authorities such as the SEBI and RBI can regulate it, no blanket embargo can be imposed on its circulation since it amounts to a virtual digital asset in the prevailing circumstances.
- iv. The Apex Court in the case of *Internet Mobile Association of India Vrs. Reserve Bank of India* ¹ has held that though the R.B.I had wide statutory powers, it could not impose a blanket

¹ AIR 2021 SC 2720



ban/ embargo on dealing of virtual currency and since it is a virtual digital asset, the dissemination or trade in crypto currency can be regulated, however, it cannot be completely curtailed. The Apex Court further recognized the same as legal tender.

- v. The High Court of Madras in the case of *Rhutikumari Vrs. Zanmai Labs Pvt. Ltd.* ² has held that the crypto-currency is covered under the definition of intangible property and is capable of being held in trust, it was further observed that the same being virtual digital asset and was governed under Section 2(47A) of the Income Tax Act, 1961. He also relies on the decision of the Bombay High Court in the case of *Zanmai Labs Pvt. Ltd. Vrs. Bitcipher Labs LLP* ³.
- vi. It is further contended that the Apex court while adjudicating as to whether the provision under Section 420 of the IPC is applicable in a particular case or not stated that elements/ingredients of the same have to coexist with Section 415 IPC. To make out a case against the Petitioners under Section 420 IPC which is the primary allegation, the following elements have to be satisfied:
 - a. The deception of any person
 - b. Fraudulently or dishonestly inducing that person to deliver any property to any person and

² 2025 SCC Online Mad. 9290

³ 2025 SCC Online Bom 4074



- c. Dishonest intention of the accused at the time of making the inducement
- vii. In the case of *A.M. Mohan Vrs. State represented by SHO and Anr.*⁴ the Apex Court while analyzing an application under Section 482 Cr.P.C which is equivalent to Section 528 of the BNSS, has held that dishonest intention at the time of making the inducement is the sine qua-non to attract Section 415 and 420 of the IPC, and also held that in absence of the same, the remedy of 482 should be invoked since continuation of the proceedings shall amount to an abuse of process of law.
- viii. It is further submitted that High Court of Delhi in the case of *Yogesh Singh Vrs. State of NCT of Delhi & Anr.* in Bail Application No.3183 of 2020 while quashing the proceeding under Section 482 against some of the accused persons, has held at paragraph nos.38.1 and 38.2 that though fraud has to be punished, investors who suffer due to their own lack of prudence cannot claim victimhood and therefore, in such cases, when no prima facie case is made out against persons guilty of procuring investments, the High Courts should not be hesitant to quash such proceedings since continuation of same shall severely prejudice the accused persons. He, accordingly, prays for allowing the prayer made in this CRLMC.

⁴ SLP (Criminal) No.9598 of 2022



III. SUBMISSIONS ON BEHALF OF THE OPPOSITE PARTY:

5. On the contrary, learned Counsel Ms. Sarita Moharana for the Opposite Party No.1/State made the following submissions:

- i. In opposition, learned counsel for the State submits that the power to quash the FIR or criminal proceedings under Section 528 of the BNSS (erstwhile Section 482 of the Cr.P.C) is an extraordinary power and should be exercised sparingly and with caution, only in cases where the allegations in the FIR even if taken at their face value do not disclose any cognizable offence.
- ii. She further contends that in the present case, pursuant to registration of the F.I.R., investigation has been duly conducted and culminated in filing of charge-sheet. It is contended that at this stage, when the investigating agency has found prima facie materials and placed the same before the learned Court below, there exists no compelling or exceptional circumstance warranting exercise of inherent jurisdiction to quash the proceeding.
- iii. She contends that allegations in the FIR clearly disclose that the Petitioners were active participants in a well-orchestrated financial fraud, misleading vulnerable individuals through false promises of high returns on crypto currency investments and creating fake entities to facilitate the cheating. In the present case, the Petitioners



acting in criminal conspiracy created a fake entity named “Digi Mudra Connect Pvt. Ltd.” and induced innocent investors including the complainant to deposit money by falsely promising high returns and promoting a fake digital coin called ‘SIITO’ which they claimed would be listed on major crypto currency exchanges including BINANCE.

- iv. It is pertinent to note here that money of investors was deposited into accounts of DIGI MUDRA CONNECT Pvt. Ltd. in AU Small Finance Bank, HDFC Bank and ICICI bank in Jaipur, Rajasthan and also routed through Google Pay/ Phone Pay numbers of the Petitioners. Once the money was collected, the Petitioners refused to return the invested capital or pay the promised returns, thus indicating a clear intent to deceive and defraud. The Petitioners’ claim that “not a single pie of the investors’ money went into to the Petitioners’ account is demonstrable false and contradicted by the FIR itself, which states that money was deposited via Google Pay/ Phone Pay numbers of Samuel Cyril Lakra and Umesh Kumar Ramani. Furthermore, the substantial commission of Rs.1.5 core earned by Umesh Kumar Ramani and his acquisition of assets directly link them to the misappropriation of funds. This clearly establishes their direct involvement in the fraudulent transactions and personal benefit and derived from the criminal activity.



Thus, the Petitioners did not engage themselves in legitimate cryptocurrency trading rather they acted as the principal conspirators who designed, executed and got profit from the fraudulent scheme, which attracts Section 420 of the IPC cheating and dishonestly inducing delivery of property. Therefore, the scale of the fraud involving collection of “more than 5 crores” from multiple districts underscores the gravity of the offences and the need for a thorough trial.

- v. The victim belongs to economically disadvantaged communities and waited for a prolonged period hoping that the Petitioners would return their money four time double as promised. The Petitioners actively concealed their fraud by assuring the investors for getting double return and giving false timelines for listing of ‘SIITO’ coin. Delay in filing an FIR in cases of financial fraud particularly where the accused actively misrepresents facts and keeps the victims under the hope of recovery, cannot be a ground for quashing. The delay, if any, stands fully explained. The core of the allegations against the Petitioners is not the legality of cryptocurrency trading itself, but the deliberate misrepresentation, creation of fake entities, false promises of returns and misappropriation of funds which unequivocally constitute offences under the I.P.C and the Information



Technology Act and are independent of whether cryptocurrency is legal or not.

vi. Further, the present case is not a case of lawful cryptocurrency trading as the Petitioners floated a fake company, created a nonexistent coin named 'SIITO' made false promises of listing on 'BINANCE', and misappropriated the money of investors. She also relies on the following decisions to bolster her submissions:-

- a. *Neeharika Infrastructure Pvt. Ltd. Vrs. State of Maharashtra & Ors.* ⁵
- b. *Parbatbhai AAHIR Vrs. State of Gujarat & Anr.* ⁶
- c. *Central Bureau of Investigation Vrs. Aryan Singh & Ors.* ⁷

vii. Learned counsel further submits that the veracity of the allegations and the question of false implication are all matters to be adjudicated upon recording of evidence during the course of trial. According to her, premature interference would stifle a legitimate prosecution. She, accordingly, prays for dismissal of the present CRLMC.

IV. THIS COURT'S REASONING AND ANALYSIS:

6. Heard learned counsel for the parties at length. Upon careful consideration of the rival submissions, the pleadings on record, the

⁵ 2021 19 SCC 401

⁶ 2017 9 SCC 641

⁷ 2023 18 SCC 399



F.I.R., and the materials collected during investigation, the principal issue which arises for consideration as to whether the present case warrants exercise of the extraordinary inherent jurisdiction of this Court under Section 528 of the Bharatiya Nagarik Suraksha Sanhita, 2023, for quashing the impugned criminal proceeding at its threshold. The jurisprudential contours governing such jurisdiction are now firmly crystallized through a consistent line of judicial pronouncements. Though the inherent power of the High Court is of the widest amplitude and exists to secure the ends of justice and prevent abuse of the process of Court, the same is nevertheless controlled by well-settled self-imposed restraints evolved through judicial discipline. Such jurisdiction is not intended to convert the High Court into a Court of preliminary trial, nor does it authorize meticulous appreciation of evidence or adjudication upon disputed factual controversies.

7. At the stage of quashing, this Court is not expected to weigh the sufficiency of evidence for conviction; rather, the enquiry is confined to examining whether the allegations, taken at their face value and accepted in their entirety, prima facie disclose the essential ingredients of the alleged offences. The jurisdiction under Section 528 of the B.N.S.S., therefore, is essentially preventive and not adjudicatory in character.
8. The foundational plank of the Petitioners' argument is that they were merely agents or promotional associates acting under the



directions of superior authorities of the company concerned and that the complainant, having voluntarily invested in cryptocurrency with full knowledge of the speculative and volatile nature of such investments, cannot subsequently invoke criminal law merely because the investment did not yield the expected returns.

9. It is further contended that cryptocurrency, being recognized in law as a virtual digital asset and not being per se prohibited, cannot form the basis of criminal prosecution. The proposition canvassed by the Petitioners, to the extent it asserts that every failed commercial transaction does not *ipso facto* constitute cheating, is legally unexceptionable. Criminal law cannot be permitted to degenerate into a coercive instrument for enforcement of purely civil claims or recovery of money arising out of commercial losses. The distinction between a civil wrong and a criminal offence, however, lies not in the nature of the transaction alone, but in the intention which animates it. A transaction ostensibly commercial in appearance may nevertheless assume criminal colour if the representation inducing the transaction was tainted with deception from the inception itself.
10. In the considered opinion of this Court, the present case, prima facie, travels substantially beyond the realm of a mere failed investment venture or ordinary commercial dispute. The allegations emerging from the F.I.R. and the materials collected during investigation disclose assertions of deliberate and systematic inducement, projection of false representations, creation of allegedly fictitious



entities, circulation of assurances regarding unrealistic and exorbitant returns, and collection of funds through digital payment channels allegedly linked with the Petitioners themselves.

11. The accusation is not merely that the investors suffered losses owing to market volatility; rather, the gravamen of the allegation is that the investors were induced to part with their money on the basis of representations which were allegedly false to the knowledge of the accused persons from the very inception. The prosecution case specifically alleges that a fake entity was floated, a non-existent digital coin under the nomenclature 'SIITO' was propagated, and assurances were extended regarding its proposed listing on internationally recognized cryptocurrency exchanges. Such allegations, if ultimately substantiated during trial, unmistakably transcend the domain of civil liability and enter the province of criminal culpability founded upon deceit and dishonest inducement.
12. The distinction between a mere breach of promise and the offence of cheating has long occupied a central place in criminal jurisprudence. The essence of the offence under Sections 415 and 420 of the Indian Penal Code/Section 318(1) and Section 318(4) of the BNS lies in the existence of *mens rea* at the inception of the transaction. It is the dishonest intention accompanying the inducement which constitutes the criminal element. A subsequent failure to honour a promise may give rise to civil consequences; however, where the intention to



deceive exists from the inception of the transaction, the law visits such conduct with criminal sanction.

13. At this stage, this Court is not called upon to conclusively consider whether the allegations are ultimately true or false. The enquiry is confined to whether the factual assertions contained in the prosecution materials disclose the foundational ingredients of the offences alleged. Tested on this touchstone, the allegations relating to false representations, inducement to invest, collection of money through identified payment channels, and subsequent refusal or failure to honour the promises allegedly made, prima facie furnish sufficient factual basis necessitating a full-fledged trial.
14. The reliance placed by the Petitioners upon judicial pronouncements recognizing cryptocurrency as a virtual digital asset does not materially advance their case. The legality or permissibility of cryptocurrency transactions, in the abstract, is not the crucial issue in the present proceeding. The prosecution is not based upon the mere dissemination, trading, or promotion of cryptocurrency as such. The allegations, rather, concern the use of the facade of cryptocurrency trading as an instrumentality for perpetrating deception and inducing innocent investors to part with their money. Even a legally permissible business activity may attract criminal liability, if it is employed as a cloak for fraudulent conduct. The law does not extend immunity to deceit merely because the medium through which such deceit is practised is not itself prohibited. In order to hold otherwise



would amount to elevating the form over substance and permitting technological complexity to become a shield against criminal accountability.

15. This Court is also mindful of the consistent judicial caution administered by the Hon'ble Supreme Court that economic offences stand on a distinct footing and must be viewed with a greater degree of seriousness. Economic offences are not confined in their impact to individual victims alone; they corrode public confidence in the integrity of financial systems and undermine the collective faith of society in commercial dealings. Allegations involving organized financial fraud, systematic inducement of multiple investors, and collection of substantial amounts through coordinated mechanisms ordinarily require comprehensive evidentiary examination during trial. The societal impact of such offences often extends far beyond the pecuniary loss suffered by individual complainants. Consequently, Courts exercising inherent jurisdiction are expected to adopt greater circumspection before interdicting prosecutions involving allegations of large-scale financial deception at the threshold itself.
16. The defence projected by the Petitioners that they were merely subordinate agents acting under instructions of superior authorities equally raises disputed questions of fact incapable of adjudication within the narrow confines of jurisdiction under Section 528 of the B.N.S.S. Whether the Petitioners acted innocently without



knowledge of the alleged fraud, whether they were passive intermediaries, or whether they were active participants in the alleged conspiracy, are all matters intrinsically dependent upon appreciation of evidence. Such determination necessarily requires examination of financial transactions, electronic records, witness testimonies, and surrounding circumstances, which can only be properly undertaken during trial. The inherent jurisdiction of this Court cannot be invoked for weighing the probable defence of the accused or for entering upon an enquiry as to the reliability or otherwise of the prosecution evidence.

17. It is a cardinal principle of criminal procedure that the High Court, while exercising inherent jurisdiction for quashing, does not conduct a mini-trial. The truthfulness of the allegations, the admissibility of evidence, the sufficiency of material for conviction, and the possible defences available to the accused are matters lying squarely within the domain of the trial Court. So long as the allegations disclose the commission of cognizable offences and raise triable issues requiring evidentiary adjudication, judicial interference at the threshold would be wholly unwarranted. Premature quashing in such circumstances would amount to stifling a legitimate prosecution before the prosecuting agency is afforded an opportunity to establish its case in accordance with law.



V. CONCLUSION:

18. Having considered the entirety of the matter, this Court is unable to persuade itself that the present case falls within the limited and exceptional categories warranting exercise of inherent jurisdiction for quashing the criminal proceeding. The allegations made in the F.I.R. read conjointly with the materials collected during investigation and the charge-sheet submitted before the learned Court below, prima facie disclose the commission of cognizable offences necessitating adjudication upon evidence. At this stage, the prosecution cannot be characterized as manifestly frivolous, inherently absurd, or legally untenable so as to justify judicial interdiction. Interference at the threshold would not only amount to trenching upon the domain of trial but would also risk foreclosing a legitimate prosecutorial enquiry into allegations of serious economic fraud. Consequently, this Court finds no justifiable ground to invoke its inherent jurisdiction under Section 528 of the B.N.S.S.
19. The present CRLMCs, being devoid of merit, accordingly stands **dismissed.**

(Dr. Sanjeeb K Panigrahi)
Judge

Orissa High Court, Cuttack,
Dated the 15th May, 2026