IN THE HIGH COURT OF KERALA AT ERNAKULAM

PRESENT

THE HONOURABLE MR. JUSTICE M.A.ABDUL HAKHIM

FRIDAY, THE 10TH DAY OF JULY 2026 / 19TH ASHADHA, 1948

WP(C) NO. 43188 OF 2025

PETITIONER:

BY ADVS.
SHRI.VISWANATH SALISH
SHRI.AKASH JITTHU T.
SMT.NIDHA SHERIN
SMT.SANDRA PAUL

RESPONDENTS:

1 **KERALA GRAMIN BANK**
REPRESENTED BY ITS BANK MANAGER, NO.XII/479 A,SALAAM COMPLEX, EDARIKODE, MALAPPURAM, PIN - 676501

ADDL.R2 **STATION HOUSE OFFICER,**
KALPAKANCHERRY POLICE STATION, VAILATURE PUTHANATHANI RD, KADUNGATHUKUNDU TOWN, KALPAKANCHERY,
KERALA - 676551
[ADDL.R2 IS IMPLEADED AS PER ORDER DATED 19.12.2025 IN I.A.1/2025 IN WP(C)43188/2025].

ADDL.R3 THE STATION HOUSE OFFICER,
MADURAI CYBER CITY CRIME POLICE STATION, CONTROL ROOM CAMPUS, OPPOSITE TO KHADI CRAFT, MADURAI CITY, TAMIL NADU, PIN 625001
[ADDL.R3 IS IMPLEADED AS PER ORDER DATED 01.06.2026 IN I.A.1/2026 IN WP(C)43188/2025].

ADDL.R4 THE STATION HOUSE OFFICER,
CID OFFICE, POLICE HEAD QUARTERS, CRIME INVESTIGATION DEPARTMENT FLOOR, MANGALAGIRI, ANDHRA PRADESH, PIN 522503
[ADDL.R4 IS IMPLEADED AS PER ORDER DATED 12.06.2026 IN I.A.2/2026 IN WP(C)43188/2025].

ADDL.R5 SHO,
TANUR POLICE STATION,
MALAPPURAM
(ADDL.R5 IS *SUO MOTU* IMPLEADED VIDE JUDGMENT DATED 10.07.2026 IN WP(C) NO. 43188 OF 2025)

BY ADV. SHRI.V.K. RAFEEK (SR.G.P.)
SHRI.JAWAHAR JOSE, SC

THIS WRIT PETITION (CIVIL) HAVING COME UP FOR ADMISSION ON 10.07.2026, THE COURT ON THE SAME DAY DELIVERED THE FOLLOWING:

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JUDGMENT

1. The growing menace of financial cyber fraud is jeopardising our society, especially the younger generation. Its impact is also reflected among young legal professionals.

2. A large number of Bank Accounts are required for hiding/parking the huge amounts received through financial cyber fraud. Certain individuals, especially those from the younger generation, consider maintaining Mule Accounts to be an easy and effortless way to make money. When financial cyber fraud is committed, the proceeds are split into multiple smaller amounts and channelled through a series of Bank Accounts to render the funds untraceable and irrecoverable. These Mule Accounts are maintained to facilitate illegal money trails. The Mule Account Holder will get a portion of the credited money as a reward to him. In most cases, the role of the Mule Account Holder ends after the

opening of the Account. The Accounts are operated by the agents and associates of the persons who are involved in the commission of regular financial cyber fraud. Most of the Commercial Banks have developed an AI Mechanism to identify and prevent the Mule Accounts. It is disturbing to note that in some Banks, Mule Accounts are opened and operated with the knowledge of the Bank Officials.

3. The Government of India introduced the National Cybercrime Reporting Portal (NCRP) to prevent financial cyber fraud. When a cyber financial fraud is reported to the Portal, all the Accounts through which the said amount is passed are frozen, and a lien is marked for the disputed amounts credited in the said Accounts. The Requisitioning Police Authorities usually issue a Request for freezing the Account, and Banks proceed to freeze the entire operation of the Account. In such cases, the Account Holder approaches this Court contending that he is entirely unconnected with the alleged financial cyber fraud, that the amount credited to his Account was received pursuant to a genuine

transaction, and that there is no justification for freezing the operation of the entire Account. He prays that he be permitted to operate the Account, subject to a lien being retained only to the extent of the disputed amount credited therein. This Court used to issue orders to the Banks to permit the Account Holders to operate the Accounts, limiting the lien to the disputed amounts credited to the Accounts. Such indulgence of this Court is being misused by the Mule Account Holders. Whenever the operation of the Mule Account is frozen, the Mule Account Holder approaches this Court and gets an order for continuing operations of his Account, and on the strength of the Order of this Court, he continues with his money mule activities. As a matter of fact, not all financial cyber frauds are reported to NCRP on account of the lesser amounts involved in the fraud, ignorance of the person defrauded, their reluctance to indulge in legal entanglements and various other factors. Mule Accounts are frozen only when financial cyber frauds are reported to the NCRP or the Police Authorities. In all other cases, defrauded amounts are shared among the persons who committed the fraud, their agents and the Mule Account Holders without any issue. There are genuine Account Holders also who get a part of the defrauded money out of genuine transactions. This Court used to grant the same orders to the genuine Account Holders and Mule Account Holders alike.

4. Financial cybercrimes have been increasing at an alarming rate on account of the advancement of technology. Digital transactions have made the lives of citizens easier. But they have also made the work of defrauders easier. The rise in the number of financial cyber frauds and the consequent freezing of Bank Accounts has resulted in the filing of a large number of Writ Petitions before the High Courts seeking the unfreezing of the Accounts and consequential reliefs. A large number of Writ Petitions happened to be filed before this Court at the instance of persons involved in financial cyber fraud and their associates for obtaining orders to ensure the smooth functioning of Mule Accounts,

even without the knowledge of the Account Holders. Such persons used to file the Writ Petitions through some of the young members of the Bar, as the pleadings and grounds are the same in all the Writ Petitions and this Court used to pass uniform orders in all such Writ Petitions permitting the operation of the Accounts while limiting the lien to the disputed amounts. It gave undue confidence to several junior lawyers to start independent practice during the initial stage of their practice itself. Junior Lawyers have found it a lucrative field for their practice on account of effortless practice and assured orders. There are several lawyers who started independent practice immediately after their enrolment. Of course, there are several junior lawyers who have been fairly conducting these types of cases of genuine Account Holders. Some junior lawyers get trapped in this field only because of their carelessness alone. In ***Blue Star Aluminium & Door House v. Federal Bank Ltd. [2025 KHC 2357]***, this Court has already commented about the filing of AI-generated Writ Petitions by the young members of the Bar without having sufficient pleadings and prayers and about the instances where the Advocates are not even able to answer or explain the queries put to them by this Court with reference to the pleadings in the Writ Petitions filed by them. At present, several young lawyers with two to three years' standing at the Bar have been exclusively practising in this field with independent offices and many juniors. Some of the lawyers who have been regularly filing Writ Petitions for unfreezing Bank Accounts have not appeared before this Court even on a single occasion. In most cases, the matters are conducted through their inexperienced juniors.

5. When this Court noticed that this jurisdiction was largely being misused by filing Writ Petitions through some of the young members of the Bar, without the knowledge of the Account Holders, this Court in ***Blue Star Aluminium (supra)*** held that even if the Petitioner is entitled to get the reliefs prayed by him based on the legal contentions advanced by him, still this Court has ample discretion to deny the reliefs while exercising

its jurisdiction under Article 226 of the Constitution of India considering the totality of the circumstances, when this Court has reason to believe that the Petitioner has been operating his Account to facilitate cyber fraud. In the said decision, this Court ordered the impleadment of the Police Station which covers the area of the address of the Petitioner, which is shown in the Writ Petition, in all the Writ Petitions praying for the unfreezing of Bank Accounts, to confirm that the filing of the Writ Petitions is by the Petitioners themselves, and also to get the details of the Petitioners to enable this Court to form a *prima facie* opinion. The Registry of this Court was further directed to ensure that the SHO of the Police Station, which covers the area of the Petitioner's address, is made a party in all the Writ Petitions pertaining to the unfreezing of Accounts. After this direction, this Court noticed a significant decline in the filing of new Writ Petitions pertaining to the unfreezing of Accounts.

6. Today's young law graduates are brilliant and capable, owing to their rigorous law school curriculum, moot court experiences, and legal internships. They enter the profession with astute theoretical knowledge and possess the practical skills to deal with legal issues. Their tech-savviness and passion for justice make them a valuable addition to the Bar. The future of our legal system is in safe hands, provided these sharp minds are nurtured with the proper guidance from the Senior Bar and Bench.

7. In several Writ Petitions pertaining to the unfreezing of Accounts, reports are received from the SHO of the Petitioner that the Writ Petition was not filed by the Petitioner shown in the Writ Petition or that the Writ Petitioner was not available in India at the time of filing the Writ Petition. On account of the above direction, this Court could prevent the filing of the Writ Petitions without the knowledge of the Account Holders. This Court has sought explanations from certain lawyers who filed the Writ Petition either without the knowledge of the

Account Holder or by fabricating false Vakalath, Writ Petition and Affidavit. The lack of elementary legal knowledge is revealed from the explanations submitted by certain junior lawyers which include an explanation in the form of an Affidavit sworn and attested by the same person, an explanation that the Writ Petition and Affidavit are prepared using blank papers obtained from the Petitioner before the Petitioner left the country, etc. This Court is yet to decide on the action to be taken against those lawyers.

8. When this Court exercised greater caution while considering the Writ Petitions filed by young persons who do not have any specific job or income, this Court noticed a trend of an increase in the filing of Writ Petitions by aged persons and reports from the local SHO to the effect that the Accounts are opened and operated in their name by their grandchildren. In several cases, it is observed that persons who have just crossed the age of majority have opened multiple Accounts in different Banks as money mules. There are instances of crediting huge

amounts running to several Crores of Rupees in such Accounts within a couple of months immediately after opening the Accounts.

9. When this Court considers a Writ Petition seeking the unfreezing of a Bank Account, it is a difficult task for this Court to ascertain whether an Account is a genuine one or a Mule Account. This Court depends on the assessment made by the Banks, the layer number of the disputed transactions, the pattern and frequency of the transactions, and the job and income of the Petitioner to ascertain whether the Account is a genuine one or a Mule Account. In all cases where the genuineness is doubted, this Court directs the Petitioner to explain the transactions. If this Court is not satisfied with the explanation, this Court dismisses the Writ Petition. In several cases, reports have come from the Police that the establishment claimed by the Petitioner does not exist, even when the Petitioner has produced Permissions/Licenses from statutory authorities. In some cases, it is found that even genuine businessmen also use their Business Accounts for money mules. It is extremely

difficult to identify those Accounts.

10. The above facts and circumstances compel this Court to take more stringent measures to prevent the operation of Money Mule Accounts. The financial cybercrime offenders know very well that if they keep the looted money in their Account itself, it is easy for the law enforcement agency to seize the money and restore it to the victims. That is why they use a large number of Mule Accounts for money trails to make the looted money invisible. If the operation of Money Mule Accounts were effectively prevented, it would definitely reduce financial cyber fraud. It will be difficult to hide the looted money in the absence of Mule Accounts. As per the Reports available, there are more than 6.5 lakh Mule Accounts in India. There are positive moves from the part of the Reserve Bank of India and the Indian Cyber Crime Coordination Centre (I4C), Ministry of Home Affairs, Government of India, to design a mechanism to prevent money mules. They are in the process of finalising a Memorandum of Understanding for sharing suspect registry

data to enrich mule account detection tools and the Hon'ble Supreme Court has been monitoring their process in the pending ***Suo Moto Writ Petition (Criminal) No.3/2025 In Re: Victims of Digital Arrest Related to Forged Documents***.

11. The Government of India introduced the Citizen Financial Cyber Fraud Reporting and Management System (CFCFRMS) in April 2021 with the laudable object of preventing financial cybercrimes. Originally, the Government of India introduced NCRP in August 2019 for the purpose of setting up a mechanism to prevent and address the issue of the circulation of videos related to sexual violence. Subsequently, the scope of the portal was widened to facilitate the reporting of all types of cybercrimes, including cyber-enabled financial crimes. A module by the name CFCFRMS was developed in 2021.

12. Recently, I4C introduced the ***Standard Operating Procedure (SOP) for NCRP – CFCFRMS, Custody, Restoration of Money and Grievance Redressal 2026*** to make the system more effective. As per the data prior

to the formulation of the SOP, as stated therein, the total amount involved in the financial cybercrime for the period from April 2021 to November 2025 is Rs.52,969/- Crores. The CFCFRMS could prevent only Rs.7,647/- Crores out of the said Rs.52,969/- Crores from going into the hands of cybercriminals. Despite all these efforts, the amount which could be restored to the victims is only Rs.167 Crore. This persuaded the Government to introduce the SOP for making the system more effective. The above facts and circumstances compel this Court to adopt more stringent measures to prevent the operation of Money Mule Accounts. There must be an effective deterrent against persons approaching this Court seeking direction to unfreeze Bank Accounts that have been used as a money mule. While dismissing such Writ Petitions, it is for this Court to consider whether a direction is to be issued to the Police to register an FIR and investigate the involvement of the Petitioner and his/her associates in the commission of financial cybercrime. ‘Cybercrimes’ fall within the definition of ‘organised crime' under Section 111 of the Bharatiya Nyaya Sanhita, 2023, and constitute a cognizable offence. It is for the Police to investigate the commission of the said offence by the Petitioner and to ascertain the involvement of any other persons acting in concert with, or operating through, the Petitioner.

13. Coming to the facts of the present case, the Petitioner is a 21-year-old woman who has filed this Petition seeking a direction to unfreeze the Account maintained by her with the Respondent No.1/Bank.

14. The learned Standing Counsel for the Respondent No.1/Bank submitted that the Bank had received two Requisitions from Respondents Nos.3 and 4, who are the concerned Police Authorities, with respect to the Account of the Petitioner. In the Requisition from the Respondent No.3, the lien amount is stated as Rs.3,50,000/- (Rupees Three Lakh Fifty Thousand), whereas the Requisition issued by Respondent No.4 is for Debit Freezing without specifying any amount for marking lien. On receipt of a Court Order with respect to the Requisition made by

Respondent No.3, the Bank has already transferred an amount of Rs.3,50,000/- (Rupees Three Lakh Fifty Thousand) to the Account of the victim.

15. The Respondent No.2/SHO has recorded a Statement from the Petitioner. The Signed Statement of the Petitioner dated 21.05.2026, and the Statement of the SHO dated 21.05.2026 are produced by the Government Pleader along with a Memo dated 01.06.2026. It is stated that an amount of Rs.3,50,000/- (Rupees Three Lakh Fifty Thousand) is credited to the Account of the Petitioner and that the Petitioner is unaware of the origin of the said amount. It is further stated that, although the Petitioner had filed the present Writ Petition, she does not wish to pursue the same and does not intend to operate the said Bank Account.

16. Even though the learned Government Pleader has filed a Memo dated 01.06.2026 producing the Statement of the SHO dated 21.05.2026, the Petitioner has not controverted the said Statement by filing any Reply.

The Petitioner has also not lodged any complaint regarding the credit of the said amount into her Account. The statement given to the SHO is inconsistent with her case in the Writ Petition. It is stated in the Writ Petition that the Petitioner has been trading in the share market for the past few years; that recently she started investing in online currency through the Binance App; that she has been selling USDT currency whenever the market is high and purchasing the same whenever the market is low; that USDT is sold to buyers within India in exchange for Indian Rupees; and that the amounts credited to her Account are mostly received through the Unified Payments Interface (UPI). It is specifically averred in the Writ Petition that the amount was credited to the Petitioner's Account as part of a legitimate transaction. The Petitioner has not disclosed the details of such a legitimate transaction in the Writ Petition. No document has been produced to support the averments made in the Writ Petition. However, she pleaded ignorance about the source of the amount when the statement was given to the SHO. Now, she does not claim the said amount, which she had claimed in the Writ Petition to have been received through a legitimate transaction. It appears that the Petitioner, who is only 21 years old, has no job or source of income.

17. Even though the learned Counsel for the Petitioner sought permission to withdraw the Writ Petition, I am not inclined to permit the Petitioner to withdraw the Writ Petition on account of the attending circumstances. It has become a common practice to seek withdrawal of a Writ Petition or allow it to be dismissed for default when it is found that there is no likelihood of the Writ Petition being allowed.

18. The facts *prima facie* reveal that the Petitioner has opened the Bank Account solely for the purpose of facilitating cyber fraud. In such a case, this Writ Petition is liable to be dismissed; at the same time, the Police are liable to be directed to register an FIR against the Petitioner and investigate.

19. The SHO impleaded as Respondent No.2 is that of Kalpakanchery Police Station. The learned Government Pleader submitted that the Petitioner has been residing within the limits of the Tanur Police Station. The SHO, Tanur Police Station, Malappuram, is *suo motu* impleaded as Respondent No.5.

20. Accordingly, this Writ Petition is dismissed, but directing the Respondent No.5 to register an FIR against the Petitioner under Section 111 of the Bharatiya Nyaya Sanhita, 2023, and investigate.

Sd/-

M.A.ABDUL HAKHIM
JUDGE

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APPENDIX OF WP(C) NO. 43188 OF 2025

PETITIONER EXHIBITS

EXHIBIT P1	**THE TRUE COPY OF THE OFFICIAL LETTER SENT BY THE RESPONDENT BANK TO THE PETITIONER DATED 24.09.2025**
EXHIBIT P2	**THE TRUE COPY OF THE JUDGMENT PASSED BY THIS HONOURABLE COURT IN WP(C) 12960 OF 2023 DATED 25.09.2023**