

**SEC/Enforcement/2094/2014/341**  
**July 20 , 2014**

**By Special Messenger**

Managing Director/CEO  
Unicap Investments Limited  
A-A Bhaban 9<sup>th</sup> Floor  
23 Motijheel C/A  
Dhaka-1000

**Subject: Penalty Order: Non compliance of Securities Law by submitting fake land documents  
relating to IPO**

Dear Sir,

Commission's penalty order No. SEC/Enforcement/2094/2014/340 July 20, 2014 is enclosed herewith for your kind information and necessary action.

For Bangladesh Securities and Exchange Commission

Mustari Jahan  
Deputy Director (Enforcement)

**Distribution:**

Chief Executive Officer, Dhaka Stock Exchange Limited  
Chief Executive Officer, Chittagong Stock Exchange Limited

**Copy for information:**

P.O to Commissioner (Enforcement), BSEC  
P.O to Executive Director (CI), BSEC  
P.O to Executive Director (MIS), BSEC  
Chairman's office, BSEC

## Order

Whereas, as per section 2 (cc) of the Securities and Exchange Ordinance, 1969 (ORDINANCE No. XVII of 1969) "Commission" means Bangladesh Securities and Exchange Commission constituted under Securities and Exchange Commission Act 1993;

Whereas, as per section 2(T) of the Securities and Exchange Ordinance, 1969, Unicap Investments Limited is an "issue manager" (here in after referred to as "issue manager").

Whereas, as per section 2(g) of the Securities and Exchange Ordinance, 1969 (XVII of 1969), Aman Cotton Fibrous Limited is an "issuer" (here in after referred to as "issuer");

Whereas, on the basis of the observation report of the Commission regarding land documents submitted by Aman Cotton Fibrous Limited for IPO purpose, a show cause-cum-hearing notice No. SEC/Enforcement/2094/2014/241 dated: May 22, 2014 was issued to Unicap Investments Limited (issue manager) to appear at the hearing accusing for violating Rule-19 of Securities and Exchange Commission (Public Issue) Rules, 2006 and Section 18 of the Securities and Exchange Ordinance, 1969. Hearing has been conducted with the accused. In the show cause-cum-hearing notice following have been mentioned among others:-

### Quote

Whereas, Unicap Investments Limited is the issue manager of the company;

Whereas, as per Rule-19 of Securities and Exchange Commission (Public Issue) Rules, 2006, "If any issuer or its representative violates any of the provisions of these Rules or furnishes false, incorrect, misleading information or suppresses any information, the Securities and Exchange Commission may take appropriate action under the Securities and Exchange Ordinance, 1969."

Whereas, as per section 18 of the Securities and Exchange Ordinance, 1969, "No person shall, in any document, paper, accounts, information or explanation which he is, by or under this Ordinance, required to furnish, or in any application made under this Ordinance, make any statement or give any information which he knows or has reasonable cause to believe to be false or incorrect in any material particular";

Whereas, the Commission asked vide Commission's letter no. SEC/CI/IPO-202/2012/53 dated January 23, 2013 the company to submit valid rent receipt and mutation of land shown in the land schedule but the company submitted those documents doing duplication and alteration, the details of which are as follows:

**(a) Rent receipt**

Receipt No.	date	Location of the ladn	Dag No.	Khatian No.	Area of land
R 088946	16-05-13	Mouza-Shripur, Thana-Shripur, Dist-Gazipur	1843/7740,774 6,7742 &7743	466/937	70.75 decimals
R 088946	16-05-13	Mouza-Shripur, Thana-Shripur, Dist-Gazipur	1843/7757	477/329	5.52 decimals

**Remarks: The issuer company has prepared 2<sup>nd</sup> document duplicating 1<sup>st</sup> one altering Dag No. , Khatian No. and area of land.**

**(b) Mutation/ DCR**

Book No.	Page No.	date	Location of the ladn	Khatian No.	Dag No.	Area of land
23537	12	23-05-12	Bairagichala, thana- Shripur, Dist-Gazipur Mouza- Kewa	573/626	1971/12660	64 decimals
23537	12	23-05-12	Bairagichala, thana- Shripur, Dist-Gazipur Mouza- Kewa	806/71	1962/12584	24 decimals

**Remarks: The issuer company has prepared 2<sup>nd</sup> document duplicating 1<sup>st</sup> one altering Dag No. , Khatian No. and area of land.**

**(c) Khatian page No.**

J L No.	date	Khatian No.	Dag No.	DCR No. & date	Jot No.	Area of land
7	19-04-14	573/626	1971/12660	235537 dt-23-05-12	485	64 decimals
7	19-10-12	06/71	1962/12584	-----	520	24 decimals

**Remarks: The issuer company has prepared 2<sup>nd</sup> document duplicating 1<sup>st</sup> one altering date, khatian no., Dag No. , DCR No., Jot No. and area of land;**

Whereas, it is stated in the due diligence certificates of issue managers

**Quote**

‘WE CONFIRM THAT

b) All the legal requirements connected with the said issue have been duly complied with’

**Unquote;**

Whereas, the aforesaid activities are tantamount to non-compliance of securities law that appears deliberate and clear contravention of Rule-19 of Securities and Exchange Commission (Public Issue) Rules, 2006 and section 18 of the Securities and Exchange Ordinance, 1969, and attracting penal provision of section 22 of the Securities and Exchange Ordinance, 1969;

**Unquote**

Whereas, Mr. Md.Akter Hossain Sannamat (Representative Director,, Unicap Investments Limited) has attended the hearing. He has submitted an explanation letter to the Commission, wherein the following have been stated among others;

### **Quote**

This is to bring to your kind notice that an Issue Management Agreement was signed amongst Aman Cotton Fibrous Limited, Uni Cap Investment Limited and Lankabangla Investments Limited on 26 September 2012 for managing its IPO. Since then we have been working together with professional integrity for due compliance of the regulatory requirements. At the time of submission of Prospectus to your good self, we have verified all the supporting documents including land related papers & documents. More particularly the legal department of Uni Cap Investment have physically verified all the land deeds with the **Balam Book** kept with the concerned Sub-registrar Office where necessary. All the land deeds were found all right that evidenced the true ownership of those lands. Moreover, all the lands were under the possession of Aman Cotton Fibrous Limited.

After submission of important documents, while verifying some land related papers it was found that the mutation copy, rent receipts and DCR of 56.34 decimals land out of total 663.34 decimals was not in order. Immediately the Management took over the matter and got it corrected. As soon as we have received the corrected copy of mutation, rent receipt etc. the same have been submitted to BSEC for its kind consideration.

It may be mentioned that purchase of land was a continuous job and for certain jobs the Issuer company had to depend on outsourced people particularly for identification of land, mutation etc. The outsourced people performed well in the past but unfortunately despite payment of required amount for mutation and some other jobs they failed to give professional services.

However, we are extremely sorry for submission of few documents that appeared to be falsified. We agree that we should have checked the papers subsequently provided to you relating to 56.34 decimals land. But we sincerely declare that we have submitted all the papers in good faith and we had no ill motives for deceiving the shareholders.

Sir, from the above you would be convinced that it was our unintentional mistake. Where all the land purchase deeds were genuine, submission of few fake relevant documents do not mean that we have done these with mala fide intention. We can assure you that we shall be more careful in future while submitting papers and documents to BSEC. We once again beg apology for our unintended mistakes.

In view of above we shall be grateful if you please consider our submission compassionately and exempt us from taking any adverse action against us

### **Unquote**

Whereas, as per Rule-19 of Securities and Exchange Commission (Public Issue) Rules, 2006, “If any issuer or its representative violates any of the provisions of these Rules or furnishes false, incorrect, misleading information or suppresses any information, the Securities and Exchange Commission may take appropriate action under the Securities and Exchange Ordinance, 1969.”

Whereas, as per section 18 of the Securities and Exchange Ordinance, 1969, “No person shall, in any document, paper, accounts, information or explanation which he is, by or under this Ordinance, required to furnish, or in any application made under this Ordinance, make any statement or give any information which he knows or has reasonable cause to believe to be false or incorrect in any material particular”;

Whereas, the issuer's IPO for 2,50,00,000 ordinary shares for Tk.75,00,00,000/- is under process.

Whereas, from the observation report of the Commission and the written confession of the issuer it is found that **the issuer** has submitted fabricated Mutation, DCR and Rent Receipt to the Commission. They have prepared fake documents by fabricating **Dag No. , Khatian No., area of land, date, DCR No., Jot No. of land in other submitted documents**. The issuer has confessed that they have submitted the fake land documents to the Commission.

Whereas, Unicap Investments Limited (issue manager) has explained among others that they are extremely sorry for submission of few documents that appeared to be falsified. They agree that they should have checked the papers subsequently provided to the Commission relating to 56.34 decimals land. But they sincerely declare that they have submitted all the papers in good faith.

Whereas, from the above explanation it is proved that Unicap Investments Limited (issue manager) has not verified the authenticity of the documents by searching in the Land Office. They have depended on issuer company on good faith. Issuer Company may try to submit fake documents, but these must be checked and verified by the issue manager. But in this connection the issue manager has not applied due diligence although they have declared in the due diligence certificates submitted to the Commission, like the following;

**Quote**

‘WE CONFIRM THAT

b) All the legal requirements connected with the said issue have been duly complied with’

**Unquote;**

Whereas, from the observation report of the Commission and the written confession of the Unicap Investments Limited (issue manager) it is **proved** that the allegation of violating Rule-19

of Securities and Exchange Commission (Public Issue) Rules, 2006 and Section 18 of the Securities and Exchange Ordinance, 1969 against

Unicap Investments Limited (issue manager) is **correct**. The explanation of Unicap Investments Limited (issue manager) in this regard is not acceptable to the Commission.

Whereas, the issue manager's aforesaid activities are tantamount to non-compliance of securities law that appears deliberate and clear contravention of Rule-19 of Securities and Exchange Commission (Public Issue) Rules, 2006 and Section 18 of the Securities and Exchange Ordinance, 1969 attracting penal provision of section 22 of the Securities and Exchange Ordinance, 1969.

Whereas, to protect the discipline and transparency of the capital market along with its development the Commission deems it appropriate and necessary to impose penalty upon Unicap Investments Limited (issue manager).

Now, therefore, Bangladesh Securities and Exchange Commission, in exercise of the power conferred by section 22 (amended by the Securities and Exchange (Amendment) Act, 2000) of the Securities and Exchange Ordinance, 1969 (XVII of 1969) hereby imposes penalty for Tk.05.00 (Tk.Five) Lac upon Unicap Investments Limited (issue manager) which is to be deposited to the Commission in the form of Bank Draft/Payorder favouring 'Bangladesh Securities and Exchange Commission' within 15 days from the date of issuance of this order.

By order of the Bangladesh Securities and  
Exchange Commission

Professor Dr. M. Khairul Hossain  
Chairman

Distribution

Managing Director/CEO, Unicap Investments Limited  
A-A Bhaban 9<sup>th</sup> Floor, 23 Motijheel C/A, Dhaka-1000