

SEC/Enforcement/228/2004/
May 9, 2006

By Special Messenger

Md. Rafiuddin Khandakar
Authorized Representative
Haji Mohammad Ali & Co.
DSE MemberShip No.30
Room No.612, DSE Bhaban
9/F, Motijheel C/A, Dhaka-1000

Subject: Non-compliance of securities laws - WARNING

Pursuant to the Commission's Order No. SEC/SRMID/94-15/111 dated April 20, 2004, to enquire into the transactions made by Md. Asaduzzaman, director of Uttara Bank Ltd., in the securities of Uttara Bank Limited as per his declaration dated 12th April, 2004 through Haji Mohammad Ali & Co.(DSE stock-broker), it is observed that the stock broker:

- (i) executed the transactions without having proper buy and sell orders from the customers;
- (ii) executed the buy orders of Md. Asaduzzaman without receiving the required fund from the buyer, the buyer provided the requisite money afterward and the transaction was settled through the stock exchange;
- (iii) provided false/incorrect documents to the SEC's surveillance team showing receipt of necessary fund from the buyer on 19.04.2004, but the buyer, in fact, provided fund on 21.04.2004 through pay order; and
- (iv) executed sell of 23,858 shares of Mr. M. A. Samad (not a customer of the broker) through its customer's account (Mr. Fazlul Haque) despite those shares were not in the name of or belonged to the customer.

By doing so, Haji Mohammad Ali & Co. has contravened rules 4 & 8 of the Securities and Exchange Rules, 1987, Margin Rules, 1999, Code of conduct Nos. 1, 2(1), 2(6) & 8 to the Schedule Two of the Securities and Exchange Commission Act, 1993, rule 4, sub-rule (1), clause (Q) of the Securities and Exchange Commission Regulations, 2000, Conditions Nos. 2 & 3 of the stock broker registration certificate issued by the Commission, section 18, read with section 7(1), of the Securities and Exchange Ordinance, 1969.

As registered authorized representative of the stock broker, you have dealt with and executed the transactions for Md. Asaduzzaman without having proper buy orders and receiving the required fund and provided false/incorrect documents to the SEC's surveillance team showing receipt of necessary fund from the buyer on 19.04.2004 and sell of 23,858 shares of Mr. M. A. Samad (not a customer of the broker) through its customer's account (Mr. Fazlul Haque) despite those shares were not in the name of or belonged to the broker's customer.

Your aforementioned activities appeared deliberate attracting provisions of section 12 of the Securities and Exchange Commission Act, 1993, as amended, read with the provisions of section 10 (3) of the Securities and Exchange Commission Act, 1993, and the provisions of section 22 of the Securities and Exchange Ordinance, 1969, as amended.

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Show cause cum hearing notice No. SEC/Enforcement/228/2004/628 dated November 24, 2005 was issued to you for written explanation for the alleged contravention and also for providing an opportunity of being heard and the hearing was conducted on December 21, 2005.

You appeared at the hearing and submitted a letter dated December 21, 2005 mentioning, among others, that there was no settlement failure and that you were not aware of concerned securities laws. Apart from the above, you also mentioned that, for the abovementioned reason, DSE suspended you from any involvement with share trading on behalf of the broker from May 24, 2004 to April 18, 2005.

The Commission, considering your above submissions, has decided to dispose of the proceedings against you by placing on record the Commission's dissatisfaction on the defaults/contraventions made by you, with a warning to ensure compliance of all securities related laws in future.

Please note that this disposal does not absolve you from your lawful responsibilities/obligations to any person, if affected as a result of your above said defaults.

For the Securities and Exchange Commission

(Mansur Alam)
Executive Director

Copy for information:

Chief Executive Officer, Dhaka Stock Exchange Ltd.
Haji Mohammad Ali & Co., Room No.612, DSE Bhaban, 9/F, Motijheel C/A, Dhaka-1000
Executive Director (R&D), SEC
Executive Director (Registration), SEC
Director (MIS), SEC
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