SEC/Enforcement/1174/2013/590
August 31, 2014 **By courier**

Be Rich Limited
CSE's Membership No. 27
C&F Tower (9th floor)
1222,Sk. Mujib Road
Agrabad
Chittagong.
Attention: Managing Director/CEO

Subject: Penalty Order: Non-compliance of SEC directive No. SEC/CMRRCD/2001-43/42 dated June 15, 2010 and AvPiY wewa bs 1,6,8 **of** wØZxq Zdwmj **of** wmwKDwiwUR I G·‡PÄ Kwgkb (óK wWjvi, óK †evKvi I Ab¨‡gw`Z cwZwbwa) wewagvjv, 2000 **in connection with trading in shares of JMI Syringes & Medical Devices Ltd.**

Dear Sir,

Commission's penalty order No. SEC/Enforcement/1174/2013/589 dated August 31, 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 (Surveillance), BSEC
P.O to Executive Director (MIS), BSEC
Chairman's office, BSEC

Order

Whereas, on the basis of the enquiry report of Bangladesh Securities and Exchange Commission regarding unusual and suspicious trading in shares of JMI Syringes & Medical Devices Ltd, show cause-cum-hearing notice No. SEC/Enforcement/1174/2013/563 dated October 10, 2013 was issued to Be Rich Limited (Broker of Chittagong Stock Exchange Limited, TREC No. 27). The broker has been accused for violating Commission's Directive No. SEC/CMRRCD/ 2001-43/42 dated June 15, 2010 and AvPiY wewa 1,6,8 of দ্বিতীয় তফসিল of wmwKDwiwUR I G·‡PÄ Kwgkb (óK wWjvi, óK †evKvi I Ab‡gvw`Z cwZwbwa) wewagvjv, 2000. In the show cause-cum-hearing notice following have been mentioned among others;-

Quote

Whereas, as per the Commission's Directive No. SEC/CMRRCD/ 2001-43/42 dated June 15, 2010, equity securities with price-earning ratio of above 40 (forty) shall not be entertained as 'marginable securities' under clause (d) of sub-rule (12) of rule 3 of the Margin Rules, 1999 and the stock brokers shall not provide loan facilities to their clients to purchase the said securities.

Whereas, as per AvPiY wewa ১ of দ্বিতীয় তফসিল of wmwKDwiwUR I G·‡PÄ Kwgkb (óK wWjvi, óK †evKvi I Ab‡gvw`Z cwZwbwa) wewagvjv, 2000;

'১। **সততা, দক্ষতা ইত্যাদি**।- প্রত্যেক স্টক ডিলার, স্টক ব্রোকার ও অনুমোদিত প্রতিনিধিকে তাহার ব্যবসা ও এতদসংক্রান্ত কার্যাদি পরিচালনার ক্ষেত্রে সুনাম, দক্ষতা, বিশ্বস্ততা ও সততা বজায় রাখিতে হইবে।"

"6| wbR ¯v_ msi×i Rb¨ Ac‡KŠkj c‡qvM wbwl×|- †Kvb ÷K wWjvi, ÷K ‡evKvi ev Ab‡gvw`Z cwZwbwa wbR ¯v_ msi×i Rb¨ ‡Kvb Ac‡KŠk‡ji Avkq jB‡Z cwi‡eb bv, Kvnv‡KI VKv‡bv ev ceÂbvi D‡Ï‡k¨ ‡Kvb ‡jb‡`b Kwi‡Z cwi‡eb bv ev wbR ¯v_ msi×i D‡Ï‡k¨ A_ev evRv‡ii fvimvg¨ webó Kivi D‡Ï‡k¨ ‡Kvb ¸Re QovB‡Z ev Kvhµg cwiPvjbv Kwi‡Z cwi‡eb bv|"

"8| m‡›`nRbK Kvhµg m¤ú‡K AewnZKiY|- wmwKDwiwUR µq-weµq I †jb‡`b msµvš †Kvb cKvi m‡›`ngjK Kvhµg ‡Kvb ÷K wWjvi, ÷K †evKvi wKsev Ab‡gvw`Z cwZwbwai †MvP‡i Avmvi mv‡_ mv‡_B wZwb Dnv mswkó ÷K G·‡PÄ I Kwgkb‡K wjwLZfv‡e AewnZ Kwi‡Z eva¨ _wK‡eb|"

Whereas, an enquiry has been conducted by BSEC regarding unusual and suspicious trading in shares of JMI Syringes & Medical Devices Ltd.

Whereas, the Enquiry Committee among others reported the following:

Broker's Name : Be Rich Ltd. (Membership # 27)

Name of the Brokerage Company	Member	Client Code	Date	Buy Qty	Buy price	Buy value(Tk.)	Total fund available to purchase	Excess financing
Be Rich Limited	CSE	53573	30.06.13	5,000	62.00	310,000	81,720	228,280

Contravention:

Be Rich Ltd. has violated Directive No. SEC/CMRRCD/ 2001-43/42 dated June 15, 2010 by allowing margin facilities to it 's clients in purchasing shares of JMI Syringes & Medical Devices Ltd. which PE ratio is more than 40.

<u>Trading pattern in connection with the shares of JMISMDL</u>

After analyzing the trading pattern of selected clients as listed above, some are found unusual and suspicious. They had exercised dominant role by trading larger percentages of total market trading of shares of JMISMDL. Through these activities they also realized significant profit during the period of June 2, 2013 to July 16, 2013. Details are delineated below:

Brokerage Company: Be Rich Limited
Name of the client: MOHAMMED NAZRUL ISLAM
BOID :
Client code:2753

Date	Buy Qty	Buy rate	Buy value	Sale Qty	Sale rate	Sale value		Trade volume		
								CSE	Client	Client Contribution
16-Jun-13	4,000	26.80	**107,200**			**0**		9,500	**4,000**	42.11%
17-Jun-13	3,000	29.40	**88,200**			**0**		6,000	**3,000**	50.00%
18-Jun-13	7,000	32.30	**226,100**			**0**		27,000	**7,000**	25.93%
20-Jun-13	30,000	39.00	**1,170,000**	8,500	39.00	**331,500**		140,500	**38,500**	27.40%
30-Jun-13			**0**	20,000	62.50	**1,250,000**		306,000	**20,000**	6.54%
14-Jul-13	1,500	122.83	**184,245**			**0**		244,000	**1,500**	0.61%
Total	**45,500**	**39.03**	**1,775,745**	**28,500**	**55.49**	**1,581,500**				
Realized profit						**469,220**				
Realized gain (%)						**42.19%**				

Brokerage Company: Be Rich Limited
Name of the client: MD. NEAMUL KABIR
BOID :
Client code:15374

Date	Buy Qty	Buy rate	Buy value	Sale Qty	Sale rate	Sale value		Trade volume		
								CSE	Client	Client Contribution
2-Jun-13	5,000	21.20	**106,000**	5,000	21.20	**106,000**		46,000	**10,000**	21.74%
4-Jun-13	6,000	22.60	**135,600**	6,000	22.60	**135,600**		40,000	**12,000**	30.00%
5-Jun-13			**0**	4,000	22.43	**89,720**		47,500	**4,000**	8.42%
6-Jun-13	1,000	22.50	**22,500**	1,000	22.50	**22,500**		60,500	**2,000**	3.31%
9-Jun-13	6,000	21.80	**130,800**	6,000	21.80	**130,800**		26,500	**12,000**	45.28%
10-Jun-13	1,000	22.30	**22,300**			**0**		31,500	**1,000**	3.17%
11-Jun-13			**0**	1,000	22.10	**22,100**		41,000	**1,000**	2.44%
13-Jun-13			**0**	2,500	22.52	**56,300**		180,500	**2,500**	1.39%
30-Jun-13			**0**	4,500	62.30	**280,350**		306,000	**4,500**	1.47%
Total	**19,000**	**21.96**	**417,200**	**30,000**	**28.11**	**843,370**				
Realized profit						**116,934**				
Realized gain (%)						**28.03%**				

Contravention: **The concerned authorized representative as well as Stock Broker have violated** AvPiY wewa bs 1 **of** ØZxq Zdwmj **of** wmwKDwiwUR I G· ‡PÄ Kwgkb (óK wWjvi, óK †evKvi I Ab‡gw`Z cÖwZwbwa) wewagvjv, 2000|

Same instrument buy-sale by same person (Auto Client)

Four clients of Be Rich Limited (CSE Member# 27) sold 78,000 shares of JMI Syringes & Medical Devices Limited during the period of 01 March 2013 to 21 July 2013 and bought the same quantity at same rate by themselves at the same period. Details are shown below:

Broker: Be Rich Limited (CSE Member# 27)
Client: Md. Neamul Kabir (BO ID:1204180027071971)

Date	Time	Rate (Tk.)	Quantity
28.03.13	13.51.44	21.10	500
05.05.13	14.28.27	20.20	5000
06.05.13	14.01.41	20.30	5000
08.05.13	11.02.57	23.70	500
09.05.13	10.37.58	22.30	2000
09.05.13	14.24.10	22.40	5000
12.05.13	13.55.21	22.90	2000
19.05.13	12.15.05	22.70	5000
20.05.13	13.50.19	22.10	5000
22.05.13	10.47.25	21.70	500
22.05.13	13.42.22	21.30	5000
26.05.13	13.28.21	20.40	3000
27.05.13	10.46.05	21.40	1000
27.05.13	12.56.53	21.10	500
28.05.13	14.14.00	20.40	5000
30.05.13	10.33.35	21.30	500
30.05.13	12.41.23	21.30	5000
02.06.13	12.33.24	21.20	5000
04.06.13	11.56.58	22.60	6000
06.06.13	13.30.36	22.50	1000
09.06.13	13.43.18	21.80	6000
Total			**68,500**

Broker: Be Rich Limited (CSE Member# 27)
Client: Md. Nurul Amin Akando (BO ID: 1204180040207426)

Date	Time	Rate (Tk.)	Quantity
02.06.13	10.58.38	21.30	1000
Total			**1,000**

Broker: Be Rich Limited (CSE Member# 27)
Client: Nurul Anwar (BO ID: 1204180038333400)

Date	Time	Rate	Quantity

		(Tk.)	
09.05.13	14.29.16	22.50	2000
27.05.13	13.31.34	21.00	1000
30.05.13	13.36.48	21.20	1000
06.06.2013	13.31.30	22.50	500
Total			**4,500**

Broker: Be Rich Limited (CSE Member# 27)
Client: Md. Jahir Uddin Majumder (BO ID: 1204180028297475)

Date	Time	Rate (Tk.)	Quantity
21.05.13	11.07.24	22.10	500
27.05.13	12.51.36	21.10	500
29.05.13	12.41.08	20.70	500
30.05.13	12.31.43	21.20	500
03.06.13	11.07.09	21.40	500
04.06.13	12.21.00	22.60	500
09.06.13	11.04.12	21.60	1000
Total			**4,000**

Total auto clients by four clients of Be Rich Limited

SL	Name of the client	BO ID	Quantity
01.	Md. Neamul Kabir	1204180027071971	68,500
02.	Md. Nurul Amin Akando	1204180040207426	1,000
03.	Nurul Anwar	1204180038333400	4,500
04.	Md. Jahir Uddin Majumder	1204180028297475	4,000
Total			**78,000**

Participation of four clients of Be Rich Limited in share trading of JMISMDL at CSE

Percentages of fake transaction of each client are given bellow which is shown below:
Md. Neamul Kabir
BO ID No. 1204180027071971)

Date	CSE Closing price	Auto client price by Mr. Kabir	Trade volume of JMI at CSE	Mr. Kabir trade volume at CSE	% of fake transaction by Md. Neamul Kabir
28.03.13	21.00	21.10	7000	500	**7.14%**
05.05.13	20.20	20.20	6500	5000	**76.92%**
06.05.13	20.40	20.30	11000	5000	**45.45%**
08.05.13	21.80	23.70	14500	500	**3.45%**
09.05.13	22.40	22.30/ 22.40	23000	7000	**30.43%**
12.05.13	23.00	22.90	19500	2000	**10.26%**
19.05.13	22.30	22.70	42000	5000	**11.90%**
20.05.13	21.90	22.10	36000	5000	**13.89%**
22.05.13	20.50	21.70/ 21.30	21000	5500	**26.19%**
26.05.13	20.10	20.40	19500	3000	**15.38%**
27.05.13	20.50	21.40/ 21.10	8000	1500	**18.75%**
28.05.13	20.40	20.40	24500	5000	**20.41%**
30.05.13	20.80	21.30	39500	5500	**13.92%**
02.06.13	21.10	21.20	46000	5000	**10.87%**
04.06.13	22.00	22.60	40000	6000	**15.00%**
06.06.13	22.10	22.50	60500	1000	**1.65%**
09.06.13	21.70	21.80	26500	6000	**22.64%**

Md. Nurul Amin Akando
BO ID No. 1204180040207426

Date	CSE Closing price	Auto client price by Mr. Amin	Trade volume of JMI at CSE	Mr. Amin trade volume at CSE	% of fake transaction by Mr. Amin
02.06.13	21.10	21.30	46000	1000	**2.17%**

Nurul Anwar
BO ID No. 1204180038333400

Date	CSE Closing price	Auto client price by Mr. Anwar	Trade volume of JMI at CSE	Mr. Anwar trade volume at CSE	% of fake transaction by Mr. Anwar
09.05.13	22.40	22.50	23000	2000	**8.70%**
27.05.13	20.50	21.00	8000	1000	**12.50%**
30.05.13	20.80	21.20	39500	1000	**2.53%**
06.06.13	22.10	22.50	60500	500	**0.83%**

Md. Jahir Uddin Majumder
BO ID No. 1204180028297475

Date	CSE Closing price	Auto client price by Mr. Jahir	Trade volume of JMI at CSE	Mr. Jahir trade volume at CSE	% of fake transaction by Mr. Jahir
21.05.13	21.10	22.10	18000	500	**2.78%**
27.05.13	20.50	21.10	8000	500	**6.25%**
29.05.13	20.80	20.70	21000	500	**2.38%**
30.05.13	20.80	21.20	39500	500	**1.27%**
03.06.13	22.50	21.40	92500	500	**0.54%**
04.06.13	22.00	22.60	40000	500	**1.25%**
09.06.13	21.70	21.60	26500	1000	**3.77%**

Contraventions: From the report it appears through the aforesaid activities, Be Rich Limited (CSE Member# 27) violated 1. AvPiY wewa 1,6,8 of wmwKDwiwUR I G·‡PÄ Kwgkb (÷K wWjvi, óK ‡evKvi I Ab‡gw`Z cwZwbwa) wewagvjv, 2000

In-house trading

The enquiry officers found regular trading between two clients of **Be Rich Limited** (BO-1204180027071971(Mr. Md. Neamul Kabir) and BO-1204180045780320 (A.S.M Sayem Chowdhury) which are as follows :

Date	Qty	Rate	Buyer	Seller
25.03.2013	500	25.90	1204180027071971	1204180045780320
28.03.2013	500	22.60	1204180027071971	1204180045780320
31.03.2013	1000		1204180027071971	1204180045780320

Date	Qty	Rate	Buyer	Seller
		20.60		
04.04.2013	500	21.70	1204180027071971	1204180045780320
07.04.2013	500	21.40	1204180027071971	1204180045780320
10.04.2013	500	21.70	1204180027071971	1204180045780320
02.05.2013	500	19.70	1204180045780320	1204180027071971
08.05.2013	500	22.50	1204180027071971	1204180045780320

Contraventions: From the report it appears that through the aforesaid activities, Be Rich Limited (CSE Member# 27) violated AvPiY wewa 1,6,8 of wmwKDwiwUR I G·‡PÄ Kwgkb (÷K wWjvi, óK ‡evKvi I Ab‡gw`Z cwZwbwa) wewagvjv, 2000.

<u>**Unquote**</u>

Whereas, Kazi Rafiqul Hasan (Director, Be Rich Limited) has attended the hearing. He has submitted a letter to the Commission, wherein the following has been stated among others;

<u>**Quote**</u>

<u>**Point – A - Same Instrument buy-sale by same person in some BO Account**</u>

Actually this was happened beyond management knowledge and Traders has done it to show his trade performance to management by doing this false trade. After receiving the enquiry letter from BSEC on 07 July 2013, we investigate this issue and found these illegal trading activities of Trader. We immediately released him from service to violate the Company policy.

<u>**Point – B - In-house trading**</u>

This also done by same Trader for same reason as stated above in Point-A and as mentioned we released the concern person from service to violate the Company policy.

<u>**Point – C - Allowing margin facilities for JMI which PE ratio is more than 40**</u>

This investor is one of our valuable clients. Investor has given buy order over telephone and committed that he will deposit the amount by cash and based on good relationship with investor trader has executed the order.

But due to last banking transaction date (30.06.13) he could not able to withdrawal the money from his bank account and unfortunately fail to keep his commitment. So, we hope that you will consider this issue as no intention was there to violate the BSEC rules.

Point – D - Exercise Dominant Role By Trading Larger Percentages of Total Market Trading of JMI Shares

Investor has given buy order at beginning of trade time and accordingly our trader has executed the order. It was not possible to predict at the beginning of trade hour that what will be the total trade quantity at day end of a particular script. Further Investor has bought total 45,500 shares, which is only 0.41% of total number of shares of JMI and if we consider free float share percentage come to 1.23% only. So, we don't think by buying such a small percentage of shares it is possible for investor to exercise dominant role in the market. Thus we think that for this issue we or investor did not violate any rules of BSEC.

However, we are really sorry for the issues of Point – "A" and Point - "B" as it is beyond management knowledge and as soon as we noticed it, we have taken serious action against concerned personnel and for the issue of Point – "C" we will be more careful and will try not to repeat it.

We appeal for your kind consideration and satisfaction of our explanation and requesting you not to take any actions for these issues.

Unquote

Whereas, Be Rich Limited has allowed margin facilities to its clients in purchasing shares of JMI Syringes & Medical Devices Ltd. which PE ratio is more than 40.

Whereas, the broker has executed AUTO Client's order on many days in the following accounts.

Total auto clients by four clients of Be Rich Limited

SL	Name of the client	BO ID	Quantity
01.	Md. Neamul Kabir	1204180027071971	68,500
02.	Md. Nurul Amin Akando	1204180040207426	1,000
03.	Nurul Anwar	1204180038333400	4,500
04.	Md. Jahir Uddin Majumder	1204180028297475	4,000
Total			**78,000**

Whereas, from the reported data it is proved that they have practiced such illegal activities.

Whereas, the broker has not informed the Commission and Stock Exchange regarding manipulative and suspicious arranged trading. On several dates Mr. Md. Neamul Kabir (BO- 1204180027071971) and A.S.M Sayem Chowdhury (BO-1204180045780320) has done arranged trade between them.

Whereas, regarding allegation of auto client trade, suspicious in house trading and margin facility in purchasing shares that has PE ratio more than 40, broker's explanation is not acceptable.

Whereas, from the report and the broker's written confession it is proved that the aforesaid allegation of violating the following is proved as correct.

1. Directive No. SEC/CMRRCD/ 2001-43/42 dated June 15, 2010 by allowing margin facilities to it 's clients in purchasing shares of JMI Syringes & Medical Devices Ltd. which PE ratio is more than 40.

2. AvPiY wewa 1,6,8 of wmwKDwiwUR I G·‡PÄ Kwgkb (÷K wWjvi, óK ‡evKvi I Ab‡gw`Z cwZwbwa) wewagvjv, 2000 by executing order of auto client and by not informing the Commission and Stock Exchange regarding suspicious and manipulative in house arranged trade.

Whereas, the aforesaid activities are tantamount to non-compliance of securities law that appears deliberate and clear contravention of Commission's Directive No. SEC/CMRRCD/ 2001-43/42 dated June 15, 2010 and AvPiY wewa 1,6,8 of দ্বিতীয় তফসিল of wmwKDwiwUR I G·‡PÄ Kwgkb (óK wWjvi, óK †evKvi I Ab‡gw`Z cwZwbwa) wewagvjv, 2000 attracting penal provision of section 22 of the Securities and Exchange Ordinance, 1969, wewa 12 of the wmwKDwiwUR I G·‡PÄ Kwgkb (÷K-wWjvi, ÷K-‡evKvi I Ab‡gw`Z cwZwbwa) wewagvjv, 2000 and aviv 18 of wmwKDwiwUR I G·‡PÄ Kwgkb AvBb, 1993;

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 Be Rich Limited (Broker of Chittagong Stock Exchange Limited, TREC No. 27).

Now, therefore, Bangladesh Securities and Exchange Commission, in exercise of the power conferred by section 22 of the Securities and Exchange Ordinance, 1969, wewa 12 of the wmwKDwiwUR I G·‡PÄ Kwgkb (÷K-wWjvi, ÷K-‡evKvi I Ab‡gw`Z cwZwbwa) wewagvjv, 2000 and aviv 18 of wmwKDwiwUR I G·‡PÄ Kwgkb AvBb, 1993 hereby imposes penalty for Tk.5.00 (Tk.Five) Lac upon Be Rich Limited 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

Be Rich Limited
CSE's TREC No. 27
C&F Tower (9th floor)
1222,Sk. Mujib Road
Agrabad
Chittagong