



বাংলাদেশ সিকিউরিটিজ অ্যান্ড এক্সচেঞ্জ কমিশন
Bangladesh Securities and Exchange Commission

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SEC/Enforcement/1006/2011/33
January 27 , 2013

Mr.Abdul Mobin Molla
S/O Late Humayun Mollah and Rokeya Begum
Salta Capital Limited,
Suit#1002,Modhumita Cinema Hall Building,9th floor
158-160,Motijheel C/A.

Subject: Penalty Order: Non-compliance of Section 17 (e) (ii) and 17 (e) (v) of Securities and Exchange Ordinance, 1969 in connection with trading in shares of FU-WANG Foods Limited

Dear Sir,

Commission's penalty order No. SEC/Enforcement/1006/2011/32 dated January 27, 2013 is enclosed herewith for your kind information and necessary action.

For Bangladesh Securities and Exchange Commission

Mustari Jahan
Deputy Director (Enforcement Dept.)

Distribution:

Chief Executive Officer, Dhaka Stock Exchange Limited
Chief Executive Officer, Chittagong Stock Exchange Limited
Chief Executive Officer, IIDFC Capital Limited (with a request to send the copy of the order to Mr.Abdul Mobin Molla, a client of IIDFC Capital Limited, Client code –00034)

Copy for information:

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

Order

Whereas, on the basis of the investigation report of Dhaka Stock Exchange Limited on unusual trading in shares of Fuwang Food Limited, a show cause-cum-hearing notice No. SEC/Enforcement/1006/2011/30 dated January 10, 2012 was issued to Mr. Abdul Mobin Mollah and his associates to appear at the hearing. In the show cause-cum-hearing notice among others following were mentioned;-

“Whereas, as per section 17(e) (ii)(v) of the Securities and Exchange Ordinance, 1969 (XVII of 1969), “No person shall, for the purpose of inducing, dissuading, effecting, preventing or in any manner influencing or turning to his advantage, the sale or purchase of any security, directly or indirectly,-

do any act or practice or engage in a course of business, or omit to do any act which operates or would operate as a fraud, deceit or manipulation upon any person, in particular-
create a false and misleading appearance of active trading in any security;

directly or indirectly effect a series of transactions in any security creating the appearance of active trading therein or of raising of price for the purpose of inducing its purchase by others or depressing its price for the purpose of inducing its sale by others;”

Whereas, Investigation Team reported as per enclosure I.

Contravention: As per findings of the investigating officers, you have violated Section 17 (e) (ii) & 17 (e) (v) of the Securities and Exchange ordinance, 1969 (XVII of 1969) in connection with trading in shares of FU-WANG Foods Limited.”

Whereas, hearing was conducted. Mr. Abu Sadat Md.Sayem attended the hearing on behalf of Mr. Abdul Mobin Mollah. He submitted a written explanation. In the letter among others he has stated the following;

“

1. ““I bought 275,000 shares of FU-WANG Foods Limited on July 11, 2011 in my account named Abdul Mobin Mollah (Client code # 00034, IIDFC Capital Ltd.). My average rate of buying is Tk. 55.81. Later on, I sold 275,000 shares of FU-WANG Foods Limited on July 24, 2011 at Tk. 64.00.
2. I have neither beneficial relationship with Mr. Abu Sadat Md. Sayem, Mrs. Mahmuda Yasmin and Dream Holdings Ltd. nor the said persons depend on me or I depend on them.
3. Whereas, as per Section 17 (e) (ii) of Securities and Exchange Ordinance, 1969, “..... create a false and misleading appearance of active trading in any securities;”
4. Whereas, as per Section 17 (e) (v) of Securities and Exchange Ordinance, 1969, “..... directly or indirectly effect a series of transactions in any security creating the appearance of active trading therein or of raising of price for the purpose of including its purchase by others or depressing its price for the purpose of inducing its sale by others;”
5. Since I have no beneficial ownership on the shares bought by Mr. Abu Sadat Md. Sayem, Mrs. Mahmuda Yasmin and Dream Holdings Ltd., I did not engage in creating false and misleading appearance of active trading of FU-WANG Foods Limited. For the same reason, also, I did not engage

in series of transactions of FU-WANG Foods Ltd. for the appearance of active trading therein or of raising of price for the purpose of including its purchase by others or depressing its price for the purpose of inducing its sale by others.

Lastly, with due respect to the Securities and Exchange Commission, I want to clarify my position that I do not violate Section 17 (e) (ii) and 17 (e) (v) of the Securities and Exchange Ordinance, 1969 (xvii of 1969) in connection with trading in shares of FU-WANG Foods Ltd.”

Whereas, the transaction reported by the investigation officers is attached herewith.

Whereas, in the reported transaction the commission has observed that Abdul Mobin Molla and his associates have transacted through the following four accounts;

S.L. No	Name of Member Company/ Merchant Bank	Name of Client	Client code	Relationships among the associates
1	Salta Capital Limited	Abu Sadat Md.Sayem	M526	-
2	IIDFC Capital Limited traded through Salta Capital Limited	Abdul Mobin Molla	00034	Brother of Md.Sayem
3	Salta Capital Limited	Mahmuda Yasmin	1038	Sister of Md.Sayem.He is also the Nominee of this account.
4	IIDFC Capital limited traded through Salta Capital Limited	Dream Holdings Limited (CEO of this account is Syed Siraj Ud doula)	Z00038	Traded through the same member company and client of IIDFC Capital limited where sayem’s brother is one of the clients.

Whereas, Commission has observed that Abu Sadat Md. Sayem, Abdul Mobin Mollah, Mahmuda Yasmin and Dream Holdings Ltd. bought and sold significant quantity of the said share.

Date	% of Total Trade	Buy/Sell
July 7, 2011	15.67%	Buy
July 11, 2011	11.36%	Buy
July 13, 2011	19.46%	Buy
July 14, 2011	8.36%	Buy
July 17, 2011	9.90%	Buy
July 20, 2011	8.94%	Sell
July 21, 2011	13.04%	Sell
July 24, 2011	29.86%	Sell

Whereas, during the reported period they have transacted as follows;

		Sayem				Mobin				Mahmuda				Dream Holdings			
Jul y, 11		buy volume and rate		sale volume and rate		buy volume and rate		sale volume and rate		buy volume and rate		sale volume and rate		buy volume and rate		sale volume and rate	
7	dse									519800							
										55.7							

7	cse							80200 55.6								
11	dse				275000 55.8											
13	dse							400000 56.6		50000 57		100000 56.7				
14	dse	200000 59.2														
14	cse									16200 58.09						
17	dse											445000 59.35				
19	dse									10400 63.3						
20	dse									312900 62.91						
20	cse									100000 63						
21	dse			173300 64.9						310500 64.54						
21	cse									15800 65.01						
24	dse						275000 64			152800 63.87				5,45,000 63.3		
24	cse			26700 63.6						31200 63.48						
26	dse									200 66.9						

Whereas, the reported transaction proves that Abu Sadat Md. Sayem, Abdul Mobin Mollah, Mahmuda Yasmin and Dream Holdings Ltd was involved directly or indirectly in a series of transaction of shares of FU-WANG Foods Ltd. in order to create the appearance of active trading of the said share and to influence the price of the said share. Moreover, they have created a false and misleading appearance of active trading in the said share.

Whereas, from the reported transaction it is proved before the Commission that the allegation of violating 17 (e)(ii) (v) of Securities and Exchange Ordinance, 1969 is correct. His explanation is not accepted by the Commission.

Whereas, the aforesaid activities are tantamount to non-compliance of securities law that appears deliberate and clear contravention of the section 17 (e) (v) of the Securities and Exchange Ordinance, 1969 (XVII of 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 it's development the Commission deems it appropriate and necessary to impose penalty upon Abdul Mobin Molla, for the stated violation.

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.12.00 (Tk.Twelve) Lac upon Mr. Abdul Mobin Molla 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:

Mr.Abdul Mobin Molla,S/O Late Humayun Mollah and Rokeya Begum,C/O-Abu Sadat Md Sayem,Salta Capital Limited,Suit#1002,Modhumita Cinema Hall Building,9th floor,158-160,Motijheel C/A