**SEC/Enforcement/1174/2013/588** **By Courier**
**August 31 , 2014**

Mr.Md.Neamul Kabir
(Client of Be Rich Limited)
Be Rich Limited
C&F Tower (9th floor)
1222, Sk. Mujib Road
Agrabad
Chittagong

**Subject: Penalty Order: Non-compliance of Section 17 (e) (ii) (iii) (iv) (v) of Securities and Exchange Ordinance, 1969 in connection with trading in shares of JMI Syringes & Medical Devices Ltd**

Dear Sir,

Commission's penalty order No. SEC/Enforcement/1174/2013/587 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
Chief Executive Officer, Be Rich Limited (with a request to send the penalty order to the client Md.Neamul Kabir, code no.15374)

**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/1174/2013/567 dated October 10, 2013 was issued to Mr.Md.Neamul Kabir (Client of Be Rich Limited). He has been accused for violating sections 17(e) ((ii), 17(e) (iii), 17(e) (iv) and 17(e) (v) of the Securities and Exchange Ordinance, 1969. In the show cause-cum-hearing notice following have been mentioned among others;-

**Quote**

Whereas, as per section 17(e) (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-

(ii) create a false and misleading appearance of active trading in any security;

(iii) effect any transaction in such security which involves no change in its beneficial ownership;

(iv) enter into an order or orders for the purchase and sale of security which will ultimately cancel out each other and will not result in any change in the beneficial ownership of such security;

(v) 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, an enquiry has been conducted by BSEC on unusual trading in shares of JMI Syringes & Medical Devices Ltd. Enquiry Committee reported the following among others ;

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%** | | | | |

**Contraventions: Through the aforesaid activities the client has violated Section 17(e)(v) of the Securities and Exchange Ordinance, 1969(Ordinance No. XVII of 1969).**

**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** |

Percentages of fake transaction of each client are given 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%** |

**Contraventions:** Through the aforesaid activities Neamul Kabir has violated sections 17(e) ((ii), 17(e) (iii), 17(e) (iv) and 17(e) (v) of the Securities and Exchange Ordinance, 1969.

**<u>In-house trading</u>**

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 | 20.60 | 1204180027071971 | 1204180045780320 |
| 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: Through the aforesaid activities the clients have violated Section 17(e)(v) of the Securities and Exchange Ordinance, 1969(Ordinance No. XVII of 1969).**

From the above mentioned activities it appears that the client tried to establish minimum price level of shares of JMISMDL during the period of 25 March 2013 to 08 May 2013 at CSE. Furthermore, he created fake trade volume by unusual transactions. He tried to prove that trade volume of JMISMDL shares increased day by day. The enquiry officers collected necessary documents from the stock broker and same were also collected from Surveillance Department of Bangladesh Securities and Exchange Commission. After analyzing both the documents, the enquiry officers found that:

1. the client tried to establish a minimum price level of shares of JMISMDL at CSE.

he tried to increase trade volume of JMISMDL at CSE by doing fake transaction."

**Unquote**

Whereas, Md.Neamul Kabir has neither attended the hearing nor submitted any explanation letter.

Whereas, Neamul Kabir has effected the transactions mentioned in the showcause cum hearing notice.

Whereas, from the report it is proved that by effecting a significant percentage of fake trade and by effecting arranged trade with A.S.M Sayem Chowdhury (BO-1204180045780320) , Md. Neamul Kabir has violated sections 17(e)((ii), 17(e) (iii), 17(e) (iv) and 17(e) (v) of the Securities and Exchange Ordinance, 1969.

Whereas, the aforesaid activities are tantamount to non-compliance of securities law that appears deliberate and clear contravention of sections 17(e)((ii), 17(e) (iii), 17(e) (iv) and 17(e) (v) 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 Md. Neamul Kabir.

Now, therefore, Bangladesh Securities and Exchange Commission, in exercise of the power conferred by section 22 of the Securities and Exchange Ordinance, 1969 hereby imposes penalty for Tk.2.00 (Tk.Two) Lac upon Mr.Md. Neamul Kabir 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

Mr.Md.Neamul Kabir
(Client of Be Rich Limited)
Be Rich Limited
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