SEC/Enforcement/864/2011/ August , 2011

Order

Whereas, as per section 2(g) of the Securities and Exchange Ordinance, 1969(ORDINANCE No. XVII of 1969) Pioneer Insurance Company Limited is an issuer (herein after referred to as an “issuer”);

Whereas, as per the Commission’s Order No. GmBwm/GmAviGgAvBwW/2000-985/2248/c-02/1 ZwiL 19 wW‡m¤i, 2000Bs gazetted on February 25, 2001, read as under:

“ wmwKDwiwUR I G·‡PÄ Kwgkb (mweavfMx-e¨emv wbwl×KiY) cweavbgvjv, 1995 Gi cweavb 3, Dc-cweavb (2) G c`Ë ¶gZve‡j Kwgkb GZØviv gj¨ ms‡e`bkxj Z_¨ mieiv‡ni wb‡æv³ c×wZ wbavviY Kwij, h_vt-
(1) óK G·‡P‡Ä ZwjKvf³ cwZwU wmwKDwiwU Bm¨Kvix Dnvi ‡Kvb gj¨ ms‡e`bkxj Z_¨ mswkó wel‡q wm×vš Mn‡Yi wZwik wgwb‡Ui g‡a¨ wKsev Z_¨wU Dnvi †MvP‡i Avmvi Zwi‡LB Zvr¶wbKfv‡e Dnvi †Pqvig¨vb, cavb wbevnx KgKZv ev †Kv¤úvbx mwPe Gi ¯v¶‡i wjwLZfv‡e GKB mv‡_ wmwKDwiwUR I G·‡PÄ Kwgkb Ges mswkó óK G·‡PÄ ( hw` Dfq G·‡P‡Ä ZwjKvf³ _v‡K Z‡e GKB mv‡_ Dfq G·‡P‡Ä) Gi wbKU d¨v· I we‡kl evZv evnK gvidZ, †¶Îwe‡k‡l Kwiqvi mwfm‡hv‡M, †ciY Kwi‡e; Ges D³ Z_¨ `BwU eûj cPwiZ %`wbK cwÎKvqI (GKwU evsjv Ges AciwU Bs‡iRx) Awej‡¤ cKvkbv wbwðZ Kwi‡e;

(2) ZwjKvf³ wmwKDwiwU Bm¨Kvix KZK †cwiZ I cKwkZ D³iƒc Z_¨wU‡Z Bm¨Kvixi cwiPvjbv cl‡`i wm×vš Mn‡Yi ZwiL I mgq, wKsev †¶Îg‡Z Z_¨wU Dnvi †MvP‡i Avmvi ZwiL, D‡jL Kwi‡Z nB‡e;

(3) mswkó ÷K G·‡PÄ D³ Z_¨ cwß gvÎB Z_¨wU wbDR gwbU‡ii gva¨‡g cPvi Kwi‡e|”

Whereas, it was observed from the record that the issuer company conducted Board meeting on September 29,2010 at 5.15 P.M and took a price sensitive decision regarding purchase of office space at Moulovibazar,Lalbagh,Dhaka.But the issuer did not send this price sensitive information to SEC within the stipulated time.

Whereas, a show cause-cum-hearing notice No. SEC/Enforcement/864/2011/ 12 dated January 06, 2011 was issued to the issuer company, it’s managing director, company secretary and directors to appear at the hearing on the January 23, 2011. Hearing was conducted as per schedule. Mr.S.M Mizanur Rahman (D.M.D and Company Secretary) and Mr.Dhruba Kumar (CFO) attended the hearing and submitted a reply letter No. PIONEER/HO/C.S./05/2011 dated January 20, 2011.In the letter they confessed the allegation and begged apology.In the letter among others they mentioned that

“We are humbly informing you that the Board of Director of Pioneer Insurance Co. Ltd. in their 151st Board Meeting held on May 26, 2010 considered the proposal to purchase around 1000 sft. Office space at Tajmahal Tower Ltd. (3rd floor), 66 Moulovi Bazar, Dhaka at the cost of Tk. 10,000 (Ten thousand) only per sft. The Board authorized the Managing Director to do the needful including signing the Sub-kabla and the deed of agreement with the land lords. There after the Managing Director requested the land owners to furnish the necessary papers.

The office took all steps including obtaining legal opinion, regarding genuineness of the ownership of the said space. After scrutiny the office sought Commission to register the space. The office of the sub-register gave their consent to register the space at evening on Wednesday, 29th September, 2010.

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The Managing Director apprised the above mentioned facts to the Board Meeting held on 29th September, 2010 and the Board after due discussion endorsed the steps taken by the office and advised the Managing Director to execute the Sub-kabla in the name of Pioneer Insurance Co. Ltd. through commission. It may be mentioned that the registration under commission was completed at 10.30 P.M. on 29th September, 2010.

To this effect, we sent the Information on 30.09.10 to the Daily Somokal & the Daily Financial Express for publication. The news was duly published on 01.10.10 which was sent for your kind information in the next working day vide our letter bearing Ref. No. PIONEER/HO/CS/80 dated 03.10.2010. But due to oversight we failed to forward the Information to you instantly.

Under the above circumstance we apologize and pray for condonation for our unintentional and inadvertent mistake and ensure you to be highly cautious to abide by the rules of the Securities and Exchange Commission."

Whereas, the above mentioned written statement proves that the mentioned allegation against Pioneer Insurance Company Limited is correct. Their explanation is not acceptable to the Commission

Whereas, the aforesaid activities are tantamount to non-compliance of securities law, deliberate and clear contravention of the above mentioned Order. The said non compliance attracts penal provision of section 18(2) of the Securities and Exchange Commission Act, 1993.

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 Pioneer Insurance Company Limited for the aforesaid noncompliance.

Now, therefore, Securities and Exchange Commission, in exercise of the power conferred by section 18(2) of the Securities and Exchange Commission Act, 1993 hereby imposes penalty for Tk.1 (Tk.One) Lac upon Pioneer Insurance Company Limited which is to be deposited to the Commission in the form of Bank Draft/Payorder favouring 'Securities and Exchange Commission' within 30 days from the date of issuance of this order.

By order of the Securities and Exchange Commission

Professor Dr. M. Khairul Hossain
Chairman

Distribution:
Pioneer Insurance Company Limited, Symphony (5th floor), Plot #SE (F) 9, Road#142, South Avenue, Gulshan-1, Dhaka-1212.